

LEGAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. – Definitions.

A. Coverage

We will pay those sums that you become legally obligated to pay as damages because of direct physical loss or damage, including loss of use, to Covered Property caused by accident and arising out of any Covered Cause of Loss. We will have the right and duty to defend any "suit" seeking those damages. However, we have no duty to defend you against a "suit" seeking damages for direct physical loss or damage to which this insurance does not apply. We may investigate and settle any claim or "suit" at our discretion. But:

- (1) The amount we will pay for damages is limited as described in Section C. Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the Limit of Insurance in the payment of judgments or settlements.

1. Covered Property And Limitations

Covered Property, as used in this Coverage Form, means tangible property of others in your care, custody or control that is described in the Declarations or on the Legal Liability Coverage Schedule.

Covered Property does not include electronic data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

2. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

3. Additional Coverage

SUPPLEMENTARY PAYMENTS

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

- a. All expenses we incur.
- b. The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by you at our request, including actual loss of earnings up to \$250 a day because of time off from work.
- d. All costs taxed against you in the "suit".
- e. Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- f. 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 our Limit of Insurance.

These payments will not reduce the applicable Limit of Insurance.

4. Coverage Extensions

a. Additional Insureds

If the Named Insured shown in the Declarations is a partnership, limited liability company or corporation, throughout this Coverage Form, the words "you" and "your" include:

- (1) Partners, members, executive officers, trustees, directors and stockholders of such partnership, limited liability company or corporation, but only with respect to their duties as such; and
- (2) Managers of a limited liability company, but only with respect to their duties as such.

b. Newly Acquired Organizations

Throughout this Coverage Form, the words "you" and "your" also include any organization (other than a partnership, joint venture or limited liability company) you newly acquire or form and over which you maintain ownership or majority interest if there is no other similar insurance available to that organization.

This Coverage Extension ends:

- (1) 90 days after you acquire or form the organization; or
 - (2) At the end of the policy period shown in the Declarations;
- whichever is earlier.

This Extension does not apply to direct physical loss or damage that occurred before you acquired or formed the organization.

c. Newly Acquired Property

- (1) You may extend the insurance that applies to Covered Property, as used in this Coverage Form, to apply to your liability for tangible property of others that comes under your care, custody or control after the beginning of the current policy period. This Extension is subject to the following:
 - (a) All terms and Conditions of this Coverage Form.
 - (b) Buildings must be intended for:
 - (i) Similar use as the building described in the Declarations or on the Legal Liability Coverage Schedule; or
 - (ii) Use as a warehouse.

The most we will pay as the result of any one accident for loss or damage to buildings covered under this Extension is \$250,000 at each building.

- (c) Personal property must be at a location:

- (i) That you own; or
 - (ii) That is or comes under your care, custody or control;
- other than at fairs or exhibitions.

The most we will pay as the result of any one accident for loss or damage to personal property covered under this Extension is \$100,000 at each building.

- (2) Insurance under this Extension for each item of property of others will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after the property has come under your care, custody or control; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date the property comes under your care, custody or control.

This Extension does not apply to direct physical loss or damage that occurred before the property came under your care, custody or control.

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay in damages as the result of any one accident is the applicable Limit of Insurance shown on the Legal Liability Coverage Schedule, or in the Declarations.

Payments under the Additional Coverage and the Newly Acquired Property Coverage Extension are in addition to the Limits of Insurance.

The existence of one or more:

1. Additional Insureds, or
 2. Newly Acquired Organizations,
- does not increase the Limit of Insurance.

D. Loss Conditions

The following conditions apply in addition to the Commercial Property Conditions:

1. Duties In The Event Of Accident, Claim Or Suit

- a. You must see to it that we are notified promptly of any accident that may result in a claim. Notice should include:

- (1) How, when and where the accident took place; and
- (2) The names and addresses of any witnesses.

Notice of an accident is not notice of a claim.

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

- c. You 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 that may be liable to you because of damage to which this insurance may also apply.

- d. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

2. Legal Action Against Us

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

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from you; or
- b. To sue us on this Coverage Form 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 you obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

3. Other Insurance

You may have other insurance covering the same loss as the insurance under this Coverage Form. If you do, we will pay our share of the covered loss. Our share is the proportion that the Limit of Insurance under this Coverage Form covering such loss bears to the Limits of Insurance of all insurance covering the loss.

4. Transfer Of Rights Of Recovery Against Others To Us

If you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. You must do nothing after loss to impair them. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

E. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions.

1. Amendment Of Commercial Property Conditions

None of the Commercial Property Conditions apply to this Coverage Form, except:

- a. Condition **A.**, Concealment, Misrepresentation Or Fraud;
- b. Condition **C.**, Insurance Under Two Or More Coverages; and
- c. Condition **E.**, Liberalization.

2. Bankruptcy

Bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Coverage Form.

3. Policy Period, Coverage Territory

Under this Coverage Form:

- a. We will pay for loss or damage caused by an accident that occurs:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory.
- b. The coverage territory is:
 - (1) The United States of America;
 - (2) Puerto Rico; and
 - (3) Canada.

4. Separation Of Insureds

The insurance under this Coverage Form applies separately to you and each additional insured, except with respect to the Limits of Insurance.

F. Definition

"Suit" includes an arbitration proceeding to which you must submit or submit with our consent.