

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRINCIPALS PROTECTIVE LIABILITY COVERAGE

This endorsement modifies insurance provided under the following:

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

A. Paragraphs 1.a. and 1.b. of Insuring Agreement in Section I – Coverages are replaced by the following:

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" sustained by any one person:

- (1)** Coverage **A** while engaged as an independent contractor, or as an "employee" of an independent contractor, performing operations for you; or
- (2)** Coverage **B** arising out of the activities of any independent contractor or of any "employee" of an independent contractor, while engaged in operations for you.

All persons engaged in the operations to which this insurance applies are deemed independent contractors or "employees" of independent contractors.

We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

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

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to "bodily injury" only if:

- (1)** The "bodily injury" is caused by an "occurrence"; and
- (2)** The "bodily injury" occurs during the policy period.

B. Paragraph 2. Exclusions in Section I – Coverages is replaced by the following:

2. Exclusions

a. Coverages **A** and **B** do not apply to:

(1) Expected Or Intended Injury

"Bodily injury" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

(2) Pollution

"Bodily injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- (a)** At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i)** "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests; or
 - (ii)** "Bodily injury" arising out of heat, smoke or fumes from a "hostile fire";

- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible; or
 - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by or on behalf of any insured; or
 - (iii) "Bodily injury" arising out of heat, smoke or fumes from a "hostile fire".
- b. Coverage A does not apply:**
- (1) If you fail to maintain Workers' Compensation Insurance for your business operations.
 - (2) To "bodily injury" arising out of the violation of any statute, ordinance or regulation by any insured.
 - (3) If you are entitled to recover damages under another contract or agreement.
- c. Coverage B does not apply:**
- (1) To "bodily injury" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading". This exclusion does not apply to:
 - (a) A watercraft while ashore on premises you own or rent;
 - (b) A watercraft you do not own that is:
 - (i) Less than 26 feet long; and
 - (ii) Not being used to carry persons or property for a charge;
 - (c) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
 - (d) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
 - (e) "Bodily injury" arising out of:
 - (i) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
 - (ii) The operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment" (Section V).

- (2) To "bodily injury" arising out of:
 - (a) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
 - (b) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.
- (3) To "bodily injury" to:
 - (a) An "employee" of the insured arising out of and in the course of:
 - (i) Employment by the insured; or
 - (ii) Performing duties related to the conduct of the insured's business; or
 - (b) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (a) above.

This exclusion applies:

- (a) Whether the insured may be liable as an employer or in any other capacity; and
- (b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

- (4) To any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

C. Conditions 8., 9. and 10. of Section IV – Conditions are replaced by the following:

8. Other Insurance

Coverage A

The insurance afforded by this Coverage Part applies only if the loss is not covered by the insured's Workers' Compensation Insurance.

Coverage B

The insurance afforded by this Coverage Part is primary insurance and we will not seek contribution from any other insurance available to you.

9. Premiums

The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

10. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

D. The following conditions are added to Section IV – Conditions:

14. 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.

15. When Independent Contractor Is Designated

If an independent contractor is designated in the Declarations of this policy, this insurance applies only to "bodily injury" arising out of the activities of, or sustained by that designated independent contractor and the "employee" of such independent contractor.

- E. All references to "contractor" contained in any condition are deleted.
- F. Definitions 3., 4., 9. and 11. in Section V – Definitions do not apply.

G. The following definition is added:

"Loading or unloading" means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b.** While it is in or on an aircraft, watercraft or "auto"; or

- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

- H.** All references to "property damage" are deleted.

SAMPLE