

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 A.M.,
Forms a part of Policy No.:

SEXUAL MISCONDUCT LIABILITY COVERAGE ENDORSEMENT (CLAIMS-MADE – DEFENSE INSIDE THE LIMITS OF INSURANCE)

NOTICE: COVERAGE PROVIDED UNDER THIS ENDORSEMENT IS PROVIDED ON A CLAIMS-MADE BASIS AND REQUIRES THAT A CLAIM BE FIRST MADE AGAINST AN INSURED AND BE REPORTED TO THE COMPANY WITHIN THE POLICY PERIOD OR AN EXTENDED REPORTING PERIOD, IF APPLICABLE.

NOTICE: THE LIMITS OF INSURANCE AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED AS DEFENSE EXPENSES.

This endorsement modifies insurance provided by the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SCHEDULE

	Limits Of Insurance		Deductible	
Sexual Misconduct Liability Coverage	\$	Each "Insured Event" Limit	\$	Each "Insured Event"
	\$	Aggregate Sexual Misconduct Limit		
Retroactive Date:				
These Sexual Misconduct Liability Limits of Insurance are subject to the General Aggregate Limit of Insurance of the Policy.				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

- I. The following exclusion is added to the policy and is applicable to "bodily injury" and "property damage" under **COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and "personal and advertising injury" under **COVERAGE B - PERSONAL AND ADVERTISING INJURY**:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury", caused by, arising out of, or resulting from:

1. Any actual, threatened or alleged "sexual misconduct" and resulting "bodily injury" including, but not limited to mental or emotional injury of any person, committed by or alleged against any person, including, but not limited to any:
 - a. Insured;
 - b. "Employee" of such insured;
 - c. "Leased worker" of such insured;

- d. "Temporary worker" of such insured;
 - e. "Volunteer worker" of such insured;
 - f. Independent contractor under contract with you regardless of any duty to defend and/or indemnify such independent contractor contained in such contract and notwithstanding whether you would be liable in the absence of such contract;
 - g. Patron of such insured; or
 - h. Other person; or
2. Any act or failure to act to stop or prevent actual or threatened "sexual misconduct" and resulting "bodily injury" including, but not limited to mental or emotional injury of any person, by any person in Paragraph 1. above

and regardless of the theory of liability or cause of action alleged in the "claim" against the insured, including, but not limited to, vicarious liability, negligent employment, negligent investigation, negligent instruction, negligent supervision, negligent reporting to the proper authorities, or failure to so report, negligent retention, negligent hiring, negligent credentialing, negligent placement, and/or negligent training.

II. Section I – Coverages is amended to include the following Coverage:

SEXUAL MISCONDUCT LIABILITY COVERAGE

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of an "insured event" to which this insurance applies. We will have the right and duty to defend the insured against any "claim" seeking those damages even if the allegations of the "suit" are groundless, false or fraudulent. However, we will have no duty to defend the insured against any "claim" seeking damages for an "insured event" to which this insurance does not apply. We may, at our discretion, investigate any alleged "insured event" and settle any "claim" that may result. But:
 - (1) The amount we will pay for damages and/or "defense expenses" under this Sexual Misconduct Liability Coverage is limited as described in Section III – Limits of Insurance of the Policy; and
 - (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of:
 - (a) judgments and/or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**; or
 - (b) judgments and/or settlements and/or "defense expenses" under this Sexual Misconduct Liability Coverage.
- b. "Defense expenses" are included within and shall reduce the applicable limit of insurance for Sexual Misconduct Liability Coverage.
- c. For this Sexual Misconduct Liability Coverage to apply, all of the following conditions must be met:
 - (1) A "claim" because of an "insured event" must first be made against the insured and reported to us during the policy period or extended reporting period, if applicable;

- (2) The “insured event” forming the basis of the “claim” must first take place on or after the “retroactive date” and prior to the end of the policy period;
 - (3) Prior to the effective date of this policy, none of your “executive officers”, directors, principals, partners, claim managers, insurance managers, risk managers, human resource directors, in-house counsel, or any “employee” authorized by you to give or receive notice of a “claim” had knowledge of any actual or alleged “insured event”, or of any circumstance(s) that could reasonably give rise to a “claim” under this endorsement. If such “executive officers”, directors, principals, partners, claim managers, insurance managers, risk managers, human resource directors, in-house counsel, or any “employee” authorized by you to give or receive notice of a “claim” had such knowledge prior to the effective date of this policy of any “insured event” or of any circumstance(s) that could reasonably give rise to a “claim” under this endorsement, then any continuation, change or resumption of such “insured event” or circumstance during or after the policy period will be deemed to have been known prior to this policy period; and
 - (4) The “insured event” must occur within the “coverage territory”.
- d. An “insured event” will be deemed to have been known to have occurred at the earliest time when any “executive officer”, director, principal, partner, claim manager, insurance manager, risk manager, human resource director, in-house counsel, or any “employee” authorized by you to give or receive notice of a “claim”:
 - (1) Reports all, or any part, of the “insured event” to us or any other insurer;
 - (2) Receives a written or verbal demand or “claim” for damages because of the “insured event”; or
 - (3) Becomes aware by any other means that an “insured event” has occurred or has begun to occur.
 - e. In the event one or more “claims” are made against the insured which allege multiple acts of “sexual misconduct” against one or more “victims”, coverage is provided only if the first of such alleged acts of “sexual misconduct” occurs after the “retroactive date”.
 - f. All “claims” arising out of an “insured event” shall be deemed to be a single “claim” and shall be deemed to have been made at the time that the first of such “claims” is made against the insured.

2. Exclusions

This insurance does not apply to:

a. Workers’ Compensation and Similar Laws

Any obligation under a workers’ compensation, disability benefits, unemployment compensation law, or any similar law.

b. Contractual Liability

An “insured event” for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

c. Employer’s Liability

Any “claim” made by or on behalf of:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

d. Intentional Acts

- (1) Any individual who allegedly committed the "insured event";
- (2) Any "insured event", if you or any other insured knew that such "insured event" was allegedly committed by the individual, but failed to prevent or stop it; or
- (3) Any intentional failure by you or any other insured to report an "insured event" to the proper authorities.

However, we will provide a civil defense to an insured until it is determined by final adjudication that such insured committed the "insured event", failed to prevent or stop the "insured event" or failed to report an "insured event" to the proper authorities. If it is determined by final adjudication that such insured committed the "insured event", failed to prevent or stop the "insured event" or failed to report an "insured event" to the proper authorities, we will not pay any damages with respect to such insured, nor will we defend or pay any "defense expenses" after such final adjudication.

e. Prior Sexual Misconduct of Individual Insured

Any "claim" arising out of an actual or alleged "insured event" perpetrated by any individual insured if, prior to the date of the "insured event" out of which such "claim" arises, any:

- (1) Of your "executive officers", directors, principals, partners, claim managers, insurance managers, risk managers, human resource directors, or in-house counsel;
- (2) "Employees" authorized by you to give or receive notice of a "claim"; or
- (3) "Employees" who supervise such individual insured

were aware of any prior history of "sexual misconduct", or any "claims" or allegations of "sexual misconduct" made or any circumstances that could reasonably give rise to a "claim" of "sexual misconduct", or an "insured event" against that same individual insured.

f. Prior Circumstances

Any "claim" arising out of any circumstances that have been notified to any insurer prior to the effective date of this Policy.

g. Insured Against Insured

"Sexual misconduct" perpetrated by an insured against any other insured.

h. Punitive, Exemplary, Multiplied Damages, Fines or Penalties

Punitive damages, exemplary damages, or the multiple portion of multiplied damages or any fines or penalties.

i. Employment Related Practices

Any refusal to employ, termination of employment, discrimination, retaliation, coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, wrongful reference or other similar actions, practices or policies related to employment.

j. Minor Against Minor

"Sexual misconduct" against a minor perpetrated by another minor.

k. Student Against Student

"Sexual misconduct" against a student perpetrated by another student.

l. Patient Against Patient

"Sexual misconduct" against a patient perpetrated by another patient.

III. With respect to **COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY and **COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY**, Subparagraph 1.a.(2) of each Coverage is deleted in its entirety and replaced with the following:**

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of:

(a) judgments and/or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**; or

(b) judgments and/or settlements and/or "defense expenses" under the Sexual Misconduct Liability Coverage.

IV. For the purposes of this Sexual Misconduct Liability Coverage Endorsement only (hereinafter, the "Endorsement"), **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B is deleted in its entirety and replaced with the following:**

DEFENSE EXPENSES

We will pay "defense expenses" with respect to any "claim" we investigate or settle or any "suit" against an insured that we defend. "Defense expenses" are included within and shall reduce the applicable limit of insurance for Sexual Misconduct Liability Coverage.

V. For the purposes of this Endorsement only, Paragraphs 2. and 3. of **SECTION II - WHO IS AN INSURED are deleted in their entirety and replaced with the following:**

2. Each of the following is also an insured:

a. Your "volunteer workers" only while performing duties related to the conduct of your business, or 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. However, none of these "employees" or "volunteer workers" are insureds for "sexual misconduct" :

- (1) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (2) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Subparagraph (1) above; or
 - (3) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Subparagraph (1) or (2) above.
- 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 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
 - b. Coverage under this provision does not apply to "sexual misconduct" that occurred before you acquired or formed the organization.

VI. Paragraphs 1. and 2. of SECTION III – LIMITS OF INSURANCE are deleted in their entirety and replaced with the following:

- 1. The Limits of Insurance shown in the Declarations, the Schedule of the Sexual Misconduct Liability Coverage Endorsement (hereinafter, the "Schedule") and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Insured events";
 - c. "Claims" made or "suits" brought; or
 - d. Persons or organizations making "claims" or bringing "suits".
- 2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical Expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";
 - c. Damages under Coverage B; and
 - d. Damages and/or "defense expenses" under the Sexual Misconduct Liability Coverage.

VII. Paragraphs 8. and 9. are added to SECTION III – LIMITS OF INSURANCE as follows:

- 8. Subject to 2. above, the Aggregate Sexual Misconduct Limit shown in the Schedule is the most we will pay for the sum of all damages and/or "defense expenses" for all "claims" arising out of all "insured events" under this Sexual Misconduct Liability Coverage.

9. Subject to 2. or 8. above, whichever amount remaining is less, the Each "Insured Event" Limit shown in the Schedule is the most we will pay for all damages and/or "defense expenses" for all "claims" arising out of any one "insured event".

VIII. With respect to this Endorsement only, Paragraph 2. **Duties In The Event of Occurrence, Offense, Claim or Suit** of **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS** is deleted in its entirety and replaced with the following:

2. Duties in the Event of an Insured Event or Claim

- a. Notice of incident. You shall give us written notice as soon as practicable after an insured becomes aware of an "insured event" or any circumstance(s) that could reasonably give rise to a "claim" covered by this Endorsement. Such notice shall include as much detail as possible and shall include, to the extent possible:

- (1) The identity of the persons alleging "sexual misconduct";
- (2) The identities of the insureds who allegedly committed the "sexual misconduct" ;
- (3) The date the alleged "insured event" took place; and
- (4) Any other information or documentation pertinent to the alleged "insured event".

If notice of an "insured event" conforming to the requirements of this Paragraph 2.(a) is made during the policy period, then any resulting "claim" which is subsequently made against any insured shall be considered to be a "claim" made within the policy period.

- b. If a "claim" is made or "suit" is brought against any insured you must:

- (1) Immediately record the specifics of the "claim" and the date it is received;
- (2) Notify us in writing as soon as practicable;
- (3) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
- (4) Authorize us to obtain records and other information;
- (5) Submit to examination under oath at such times as we reasonably may require concerning any matter relating to this insurance or any "claim";
- (6) Cooperate with us in the investigation, settlement or defense of the "claim"; and
- (7) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to any insured because of injury or damage to which this insurance may also apply.

- c. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

IX. Paragraph 18. of **SECTION V – DEFINITIONS** is deleted in its entirety and replaced with the following:

18. "Suit" means a civil proceeding in which damages because of "sexual misconduct" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
- X. In addition to the definitions in **SECTION V – DEFINITIONS** of the Policy which apply to this endorsement, the following additional definitions apply to this endorsement only and supersede any similar definitions of the policy to the contrary:
 - 2. “Claim” means a written demand or written notice for damages received by an insured. “Claim” includes a “suit”.
 - 3. “Defense expenses” mean
 - 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”, including actual loss of earnings up to \$250 a day because of time off from work.
 - d. All court costs taxed against the insured in the “suit”. However, these payments do not include attorneys’ fees or attorneys’ expenses taxed against the insured.
 - e. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable 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 the applicable limit of insurance.
 - 4. “Insured event” means an act or a series of related acts of “sexual misconduct” committed by an insured, or an independent contractor under a written contract with you, while performing duties related to the conduct of your business regardless of the:
 - a. Number of acts of “sexual misconduct”;
 - b. Number of “victims”;
 - c. Number of “claims” made against an insured alleging “sexual misconduct”;
 - d. Length of time over which such acts of “sexual misconduct” occur; or
 - e. Number of policy periods over which such “insured events” occur.

All acts of “sexual misconduct” committed by an insured shall be deemed to be one “insured event” and the “insured event” shall be deemed to have occurred in its entirety when the first act of “sexual misconduct” is committed.
 - 5. “Retroactive date” means the retroactive date shown in the Schedule.
 - 6. “Sexual misconduct” means any sexual act (even if consensual) including, but not limited to sexual abuse, sexual molestation, sexual harassment, sexual misconduct, sexual assault, sexual victimization, sexual intimacy, sexual contact, sexual advances, sexual exploitation, requests for sexual favors, verbal or physical conduct of a sexual nature, coercion to engage in sexual activities and licentious or immoral misconduct.

7. "Victim" means a person who is the object of "sexual misconduct". "Victim" does not include an insured.

XI. The Policy is amended to include the following Sections:

DEDUCTIBLE APPLICABLE TO THE SEXUAL MISCONDUCT LIABILITY COVERAGE ONLY

- a. The Deductible shown in the Schedule of this Endorsement applies on an each and every "insured event" basis and shall be paid by you. The Deductible shall be applied to the payment of judgments, settlements and/or "defense expenses".
- b. We may advance payment of part or all of the Deductible amount and upon notification of such payment made, you must promptly reimburse us for the Deductible amounts advanced by us.

2. EXTENDED REPORTING PERIODS APPLICABLE TO THE SEXUAL MISCONDUCT LIABILITY COVERAGE ONLY

a. Automatic Extended Reporting Period

- (1) If the first Named Insured or we cancel or do not renew this Policy to which this Endorsement is attached or delete this Sexual Misconduct Liability Endorsement for any reason, other than non-payment of premium, and if the Optional Extended Reporting Period Endorsement is not purchased, then we will provide an Automatic Extended Reporting Period commencing with the end of the policy period and ending sixty (60) days after the end of the policy period.
- (2) The Automatic Extended Reporting Period applies to an "insured event" which first takes place on or after the retroactive date shown on the Schedule and before the end of the policy period, provided that a "claim" for damages because of such "insured event" is first made against the insured during the Automatic Extended Reporting Period.
- (3) The Automatic Extended Reporting Period does not extend the policy period, change the scope of coverage provided, or increase or reinstate the Limits of Insurance. Any "claim" first made during the Automatic Extended Reporting Period shall be deemed to have been made on the last day of the policy period.
- (4) Our offer of different terms, conditions or premium from the expiring policy shall not be considered cancellation or non-renewal of this Policy.

b. Optional Extended Reporting Period

- (1) If the first Named Insured or we cancel or do not renew this Policy to which this Endorsement is attached or delete this Sexual Misconduct Liability Endorsement, the first Named Insured shall have the option to purchase an Optional Extended Reporting Period. The first Named Insured cannot purchase this Optional Extended Reporting Period if we cancel for non-payment of premium.
- (2) The Optional Extended Reporting Period commences at the end of the policy period and ends after the period of time set forth in the Optional Extended Reporting Period Endorsement. The Optional Extended Reporting Period applies to an "insured event" which first takes place on or after the retroactive date shown on the Schedule and before the end of the policy period, provided that a "claim" for damages because of such "insured event" is first made against the insured during the Optional Extended Reporting Period.

- (3) The Optional Extended Reporting Period does not extend the policy period, change the scope of coverage provided, or increase or reinstate the Limits of Insurance. Any "claim" first made during the Optional Extended Reporting Period shall be deemed to have been made on the last day of the policy period.
- (4) To obtain an Optional Extended Reporting Period, the first Named Insured must request it, in writing, within sixty (60) days after the end of the policy period and pay the premium due. The premium shall be fully earned upon the inception date of the Optional Extended Reporting Period and the Optional Extended Reporting Period cannot be canceled. If we do not receive the written request and payment within sixty (60) days after the policy period ends, the first Named Insured may not exercise this option at a later date.
- (5) The insurance provided during the Optional Extended Reporting Period is excess over any other valid and collectible insurance, whether such other insurance applies on a primary, excess, contingent or any other basis.
- (6) We will determine the additional premium for any Optional Extended Reporting Period 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 amounts of insurance; and
 - (c) Limits of Insurance available under this Endorsement for future payment of damages.

Once the Optional Extended Reporting Period is purchased by you, we will send you an Optional Extended Reporting Period Endorsement to affirm the effective date, length of term and premium paid for this Optional Extended Reporting Period provision.

All other terms and conditions of the policy remain the same.

Authorized Representative