

**ENDORSEMENT**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

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

**SELF-INSURED RETENTION ENDORSEMENT  
(DEFENSE COSTS INCLUDED IN RETENTION)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

AGREEMENT: Such insurance is as afforded by this policy shall apply in excess of the "Self-Insured Retention" as stated below:

SELF-INSURED RETENTION: The words "Self-Insured Retention" shall mean the amount of loss which the insured shall pay first from "claims" otherwise covered under the policy. Such "Self-Insured Retention" shall be primary or underlying to such insurance as is afforded by this policy. The insured shall pay 100% of such "Self-Insured Retention" before this policy applies.

**SELF-INSURED RETENTION**

\$ XXX,XXX	Each "Claim"
\$ XXX,XXX	Each Occurrence
\$ XXX,XXX	Aggregate
\$ XXX,XXX	Maintenance

(Fill in amounts, if applicable.)

The Limits of Insurance of this policy shall be excess of and not reduced by the insured's payments of damages and/or defense costs under the "Self-Insured Retention(s)".

If the "Self-Insured Retention" applies to each "claim", the insured shall be responsible for and pay up to that "Self-Insured Retention" all damages arising from each "claim" against the insured to which this policy applies.

If the "Self-Insured Retention" applies to each "occurrence," the insured shall be responsible for and pay up to that "Self-Insured Retention" all damages for which the insured is liable in all "claims" and/or "suits" arising from one "occurrence," regardless of the number of persons or companies making such "claim(s)" or properties sustaining such damages.

If the "Self-Insured Retention" applies in the aggregate, the insured shall be responsible for and pay all damages, either on an each "claim" or each "occurrence" basis as applicable, up to the aggregate "Self-Insured Retention".

Upon satisfaction by the insured of the aggregate "Self-Insured Retention", we shall have the right, subject to the maintenance "Self-Insured Retention", if applicable, to assume charge of the settlement or defense of any "claim" or "suit" against the insured not yet settled, whether or not reported to us.

If the maintenance "Self-Insured Retention" applies after the aggregate "Self-Insured Retention" has been satisfied by the insured, the insured shall be responsible for and pay all damages, either on an each "claim" or each occurrence basis, as applicable, up to the maintenance "Self-Insured Retention" for each "claim" or "occurrence."

“Loss Adjustment Expenses” and “Defense Costs” as defined in this Section are included within the “Self-Insured Retention(s).”

It is agreed that all policy provisions regarding the right and duty of the Company to defend any “suit” against the insured seeking damages on account of “occurrence” covered hereunder are deleted and replaced by the following:

- A.** The Company shall have no obligation to participate in or to assume charge of the investigation, defense, or settlement of any claims made, or “suits” brought or proceedings instituted against the insured unless the “Self-Insured Retention” of the insured has been paid; but the Company shall have the right and be given the opportunity to associate with the insured and the insured’s defense counsel in defense and control of any “claim”, “suit,” or proceeding relative to any “occurrence” which, in the opinion of the Company, may involve liability on the part of the Company under the terms of this policy. In the event of the actual or probable exhaustion or reduction of the “Self-Insured Retention”, the Company, at its sole discretion, may elect to assume control and defense of any or all “claims”, “suits” and proceedings which, in the Company’s opinion, may involve this policy.
- B.** Unless the Company elects otherwise, the insured shall be solely responsible for the investigation, defense, settlement and final disposition of any “claim” made or “suit” brought or proceedings instituted against the insured to which this policy would apply up to the limit of the “Self-Insured Retention”. The insured shall use due diligence and prudence to settle all such “claims” and “suits” which, in the exercise of sound judgment should be settled; provided, however, that the insured shall not make or agree to any settlement for any sum, which would involve the limits of this insurance without the prior written approval of the Company.

For purposes of this endorsement, “Loss Adjustment Expense” shall mean expenditures, including, but not limited to, investigations, experts, adjustment services, legal services, court costs and other such costs.

We shall have the right, but no obligation, in all cases, at our expense, to assume charge of the defense or settlement of any “claim”, and, upon our written request, you shall tender such portion of the “Self-Insured Retention” as we may deem necessary to complete settlement of such “claim”.

“Defense Costs”, as used herein, means:

- 1. “Claims” expense, including attorneys fees, incurred by or on behalf of the insured in the handling and defense of “claims” or “suits” against the insured arising out of an “occurrence” to which this policy applies, but excluding salaries or wages of the insured’s officers or employees or the insured’s office expenses.
- 2. Up to \$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 applies. We do not have to furnish these bonds.
- 3. The cost of bonds to release attachments, but only for the bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- 4. 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 \$1,000 a day because of time off from work.
- 5. All costs taxed against the insured in the “suit.”
- 6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to apply the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- 7. 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.

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We shall have the right and opportunity to associate, at our own expense, with the insured in the defense, appeal, settlement, or control of any "claim" or "suit" to which this policy applies seeking damages in excess of the "Self-Insured Retention". In such event, we and the insured shall cooperate fully.

Should any "claim" or "suit" to which this policy applies appears likely to exceed the "Self-Insured Retention", no defense costs shall be incurred on behalf of us without our prior consent.

"Claim" means, whenever used in this policy, a demand received by the Insured for money or services, including the service of suit or institution of arbitration proceedings against the Insured.

A. For the purposes of this endorsement only, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, paragraph 2. **Duties In The Event of Occurrence, Offense, Claim or Suit** is replaced by the following:

**2. Duties in the Event of Occurrence, Offense, Claim or Suit**

a. You must see to it that the Claims Service Company is notified promptly of an "occurrence" or an offense which may result in a "claim". Notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. You must see to it that we are notified promptly of an "occurrence" or an offense that may result in a "claim" or "suit," which is likely to involve this policy or that involves the following:

- (1) Fatality;
- (2) Amputation of a major extremity;
- (3) Any serious head injury, including skull fracture, loss of sight of either or both eyes, or serious hearing impairment;
- (4) Any injury to the spinal cord resulting in hemiplegia/paraplegia/quadruplegia;
- (5) Any disability of more than one year or where it appears reasonably likely that there will be a disability of more than one year;
- (6) Any burn of 25% or more of the body;
- (7) Heart or vascular disorders;
- (8) Accident where multiple injuries are involved;
- (9) Cosmetic deformities;
- (10) Loss of, or loss of function of, vital organ;
- (11) Sexual molestation, abuse, rape, or harassment;
- (12) Reserves at more than 50% of the insured's "Self-Insured Retention";
- (13) Verdict potential at more than 75% of the insured's "Self-insured Retention";
- (14) All potential coverage disputes of bad faith situations that may give rise to an excess of original policy limits judgment or an extra contractual obligation award; or
- (15) Any "suit" in which the ad damnum exceeds the policy Limits of Insurance.

Notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses. Failure to notify us of any act or omission which at the time of its happening did not appear to give rise to "claims" hereunder, shall not prejudice such "claims"; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

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, or settlement of the "claim" or defense against the "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 injury or damage to which this insurance may also apply.

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

**B. SPECIAL CONDITIONS**

- 1. Under the terms and conditions of this Self-Insured Retention Endorsement, you shall contract with:

# \_\_\_\_\_ #  
 (Name of Claims Service Company)

to administer "claims" handling within the "Self-Insured Retention" until the conclusion of all reported incidents or "claims". The expiration or termination of this policy with us shall not absolve you of this obligation.

- 2. In the event of a cancellation, expiration or revision of the contract between you and the Claims Service Company, you will notify us within ten (10) days from the date of such cancellation, expiration or revision of the contract. If you fail to contract with a substitute Claims Service Company acceptable to us or are unable to pay for covered damages, "Defense Costs", or supplementary payments within the "Self-Insured Retention" you acknowledge that we shall have the right but not the obligation, including but not limited to contracting directly with a Claims Service Company, to administer "claims" handling within the "Self-Insured Retention" until the conclusion of all reported "claims" and you shall indemnify us for any costs or expenses incurred to administer claims handling within the "Self-Insured Retention" should we elect to exercise our rights under the circumstances set forth above, including the right to contract directly with a Claims Service Company.
- 3. We shall have the right but not the duty to assume charge of the defense and/or settlement of any "claim" or "suit" brought against the Insured and, upon written request from us, you shall tender such portion of the "Self-Insured Retention" as we may deem necessary to complete the settlement of such "claim" or "suit" and to pay for "Defense Costs".
- 4. You shall provide us quarterly reports of all "claims" or incidents occurring within the "Self-Insured Retention" including a description of each "claim" and amounts paid or reserved. Each report is to be submitted within twenty (20) days following the end of each quarterly period and this shall apply in addition to the individual "claim" reporting requirements set forth above.

This policy will not drop down to assume or satisfy your obligation under the "Self-Insured Retention".

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

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 Authorized Representative

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