

POLICY NUMBER:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – GRANTOR OF FRANCHISE WITH DEFENSE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

SALON AND SPA PROFESSIONAL LIABILITY COVERAGE PART

SCHEDULE

Name(s) Of Additional Insured Person(s) Or Organization(s):

Deductible:

- A.** With respect to coverage provided by this endorsement, the words you and your also mean the additional insured person(s) or organization(s) shown in the Schedule, but only with respect to their liability as grantor of a franchise to the Named Insured designated in the Declarations.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which the Named Insured designated in the Declarations is required by the contract or agreement to provide for such additional insured.

- B.** With respect to the insurance afforded to these additional insured(s), the following is added to Paragraph 4., Limits Of Liability:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable limits of insurance;

whichever is less.

This endorsement shall not increase the applicable limits of insurance.

- C.** With respect to the insurance afforded by this endorsement, Exclusion (11) of Paragraph 3.a. does not apply.
- D.** If a "claim" involves more than one insured, and we appoint a separate counsel for an Additional Insured Grantor of Franchise, you are responsible for the Additional Insured Grantor of Franchise Deductible shown in the Schedule above for "ALAE" for expenses attributable to investigating, settling, or defending "claims" against the Additional Insured Grantor of Franchise. The Additional Insured Grantor of Franchise Deductible applies to each "wrongful act", and you may not insure it. All "claims" caused by one "wrongful act" or continuous, repeated, or related "wrongful acts", will be subject to one Additional Insured Grantor of Franchise Deductible. We may pay all or part of the deductible to settle a "claim". You agree to repay us promptly after we notify you that this deductible is due.

The Additional Insured Grantor of Franchise Deductible is in addition to any other deductible applicable to this policy. However, if the Additional Insured Grantor of Franchise Deductible and another deductible applicable to this policy apply to the same expenses, you will not be responsible to pay twice for the same expenses.

E. With respect to the coverage provided by this endorsement, the following definition is added:

“ALAE” (Allocated Loss Adjustment Expense) means expenses directly allocable to “claims” to investigate, settle, or defend “claims” or “suits” brought against an insured. This includes Supplementary Payments; court costs, fees and expenses; costs for attorneys, witnesses, experts, depositions, reported or recorded statements, summonses, service of process, legal transcripts or testimony, copies of public records, alternative dispute resolution, prejudgment interest; investigative services; medical examinations; autopsies; medical cost containment; and other fees, costs or expenses reasonably chargeable to the investigation, settlement, or defense of a “claim” or “suit”. “ALAE” does not include the insurer’s overhead expenses or payments to the insurer’s own agencies or employees or those of the insurer’s affiliated companies.

F. The limits of insurance will be reduced by all the deductible amounts for which you are responsible under this endorsement.

All other terms and conditions remain unchanged.