

**HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM
MIDDLESEX MUTUAL ASSURANCE COMPANY
COMMERCIAL UMBRELLA
MAINE, NEW HAMPSHIRE AND VERMONT
ADVISORY NOTICE TO POLICYHOLDERS**

**COVERAGE RESTRICTIONS, NEUTRAL CHANGES AND COVERAGE
ENHANCEMENTS**

This notice has been prepared in conjunction with the implementation of changes to your policy. It contains a brief synopsis of the significant reductions, neutral clarifications and broadenings of coverage which were made in the Umbrella Coverage Form. This notice does not reference every editorial change made in the form.

Please read your policy, and the endorsements attached to your policy, carefully.

We have arranged this summary in chronological order by section as the provisions appear in the policy.

Within each section, the changes descriptions are organized in the following order:

Coverage Restrictions

Neutral Changes

Coverage Enhancements

Use this information to determine changes important to you, and then review your new policy, including the declarations and any endorsements, to understand your coverages. This summary describes what has changed from the old policy compared to the new policy. It is not a summary of coverage provided by the new policy.

If you previously signed any restrictions or coverage rejections/selections, those signatures remain on file and the applicable restrictions remain in effect. If you would like to change your selections, contact your agent.

Caution: The following information does not determine coverage. It should not be construed to replace any provisions of your policy. The coverage you have is determined by the information in your policy on the date of loss including the declarations and endorsements in effect at that time. If there is a conflict between the policy and this information, the policy will control.

NEUTRAL CHANGE

Our new Umbrella ISO CU 00 01 12 04 separates Coverage for bodily injury and property damage (Coverage A) from Coverage for Personal and Advertising Injury Liability (Coverage B). In our expiring form 0103 07 88 Coverage was shown as one coverage.

The insuring agreements are fundamentally the same.

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

COVERAGE RESTRICTIONS

Our new Umbrella adds the following clarification regarding the duty to defend:
However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. At our

**HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM
MIDDLESEX MUTUAL ASSURANCE COMPANY
COMMERCIAL UMBRELLA
MAINE, NEW HAMPSHIRE AND VERMONT**

discretion, we may investigate any "occurrence" that may involve this insurance and settle any resultant claim or "suit", for which we have the duty to defend.

But:

- (1) The amount we will pay for the "ultimate net loss" is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B.

Our expiring Umbrella did not address this issue.

Our new Umbrella adds the following clarification regarding the circumstance surrounding the occurrence of a claim:

- b. This insurance applies to "bodily injury" and "property damage" only if:
 - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (2) The "bodily injury" or "property damage" occurs during the policy period; and
 - (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

Our expiring Umbrella did not address the issue of the insured's knowledge of the occurrence.

**HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM
MIDDLESEX MUTUAL ASSURANCE COMPANY
COMMERCIAL UMBRELLA
MAINE, NEW HAMPSHIRE AND VERMONT**

EXCLUSIONS

Our new Umbrella has named exclusions for ERISA and Employer's Liability.

Our expiring Umbrella referred to did not individually name these exclusions but included them in the workers' compensation, unemployment compensation or disability benefits law or other similar law.

Our new Umbrella adds the following exclusions:

k.Racing Activities

"Bodily injury" or "property damage" arising out of the use of "mobile equipment" or "autos" in, or while in practice for, or while being prepared for, any prearranged professional or organized racing, speed, demolition, or stunting activity or contest.

t.Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access or inability to manipulate electronic data.

Our expiring policy did not address these issues.

NEUTRAL CLARIFICATION

Our new Umbrella ISO CU 00 01 states our duty to defend and Exclusions within each (Coverage A and B) Insuring Agreement.

In our expiring policy there is a separate section for Defense (Section II in form 0103).

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

COVERAGE RESTRICTION

INSURING AGREEMENT

Our new Umbrella adds the following clarification regarding the duty to defend:

However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. At our discretion, we may investigate any "occurrence" that may involve this insurance and settle any resultant claim or "suit", for which we have the duty to defend.

But:

- (1) The amount we will pay for the "ultimate net loss" is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B.

Our expiring Umbrella did not address this issue.

EXCLUSIONS

**HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM
MIDDLESEX MUTUAL ASSURANCE COMPANY
COMMERCIAL UMBRELLA
MAINE, NEW HAMPSHIRE AND VERMONT**

Our new Umbrella expands the exclusion to Insureds in Media to include Internet Type Businesses as follows:

(10) Insureds In Media And Internet Type Businesses

Committed by an insured whose business is:

- (a) Advertising, broadcasting, publishing or telecasting;
- (b) Designing or determining content of websites for others; or
- (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a., b. and c.** of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

(11) Electronic Chatrooms Or Bulletin Boards

Arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

Our expiring Umbrella did not address the internet or chat rooms.

Our new Umbrella expands the exclusion of professional services.

SUPPLEMENTARY PAYMENTS COVERAGE A AND B

NEUTRAL CLARIFICATION

Our new Umbrella add the clarifying clause regarding the payment of expenses when we have the right but not the duty to defend:

When we have the right but not the duty to defend the insured and elect to participate in the defense, we will pay our own expenses but will not contribute to the expenses of the insured or the "underlying insurer".

COVERAGE ENHANCEMENTS

The cost of bail bonds has been increased from \$250 to \$2000 including traffic related law violations.

The amount of payment for loss of earnings has been increased from the actual loss sustained up to \$100 a day to the actual loss sustained up to \$250 a day.

Our New Umbrella provides coverage for an indemnitee of the insured as follows:

.If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

**HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM
MIDDLESEX MUTUAL ASSURANCE COMPANY
COMMERCIAL UMBRELLA
MAINE, NEW HAMPSHIRE AND VERMONT**

- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I – Coverage A – Bodily Injury And Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments, or settlements, or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

Our expiring Umbrella did not address the indemnitee of the insured.

SECTION II WHO IS AN INSURED

NEUTRAL CHANGE

A limited liability company, a trust, volunteer workers and additional insureds named in the underlying are added as follows:

A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

Volunteer Workers as defined in the policy

Any additional insured under any policy of underlying insurance as defined in the policy.

SECTION III LIMITS OF INSURANCE

There are no fundamental changes from the expiring Umbrella policy to the new Umbrella policy.

**HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM
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COMMERCIAL UMBRELLA
MAINE, NEW HAMPSHIRE AND VERMONT**

SECTION IV CONDITIONS

COVERAGE RESTRICTION

Our new Umbrella contains the following new conditions:

Representations or Fraud

By accepting this policy, you agree:

d. This policy is void in any case of fraud by you as it relates to this policy or any claim under this policy

NEURTAL CHANGE

Our new Umbrella adds the following conditions as clarification:

Expanded Coverage Territory

- a.** If a "suit" is brought in a part of the "coverage territory" that is outside the United States of America (including its territories and possessions), Puerto Rico or Canada, and we are prevented by law, or otherwise, from defending the insured, the insured will initiate a defense of the "suit". We will reimburse the insured, under Supplementary Payments, for any reasonable and necessary expenses incurred for the defense of a "suit" seeking damages to which this insurance applies, that we would have paid had we been able to exercise our right and duty to defend.

If the insured becomes legally obligated to pay sums because of damages to which this insurance applies in a part of the "coverage territory" that is outside the United States of America (including its territories and possessions), Puerto Rico or Canada, and we are prevented by law, or otherwise, from paying such sums on the insured's behalf, we will reimburse the insured for such sums.

- b.** All payments or reimbursements we make for damages because of judgments or settlements will be made in U.S. currency at the prevailing exchange rate at the time the insured became legally obligated to pay such sums. All payments or reimbursements we make for expenses under Supplementary Payments will be made in U.S. currency at the prevailing exchange rate at the time the expenses were incurred.
- c.** Any disputes between you and us as to whether there is coverage under this policy must be filed in the courts of the United States of America (including its territories and possessions), Canada or Puerto Rico.
- d.** The insured must fully maintain any coverage required by law, regulation or other governmental authority during the policy period, except for reduction of the aggregate limits due to payments of claims, judgments or settlements.

Failure to maintain such coverage required by law, regulation or other governmental authority will not invalidate this insurance. However, this insurance will apply as if the required coverage by law, regulation or other governmental authority was in full effect.

Our expiring Umbrella did not address these issues.

**HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM
MIDDLESEX MUTUAL ASSURANCE COMPANY
COMMERCIAL UMBRELLA
MAINE, NEW HAMPSHIRE AND VERMONT**

SECTION V DEFINITIONS

COVERAGE RESTRICTIONS

Our new Umbrella revises the definitions of "mobile equipment" and "auto". Any land vehicle that had been classified as a piece of mobile equipment under your previous policy, will now be defined as an auto if that vehicle is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. If the underlying insurance does not include an auto insurance policy (other than garage coverage), this revision represents a reduction in coverage. If the underlying includes a garage policy, this revision represents no change in coverage.

Our new Umbrella contains the following new definitions to clarify the meaning of words and terms in our policy:

"Insured contract" means:

- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b.** A sidetrack agreement;
- c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e.** An elevator maintenance agreement;
- f.** That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".
- g.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraphs **f.** and **g.** do not include that part of any contract or agreement:

- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2)** That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or
- (3)** That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a "covered auto" over a route or territory that person or organization is authorized to serve by public authority.

"Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

**HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM
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COMMERCIAL UMBRELLA
MAINE, NEW HAMPSHIRE AND VERMONT**

"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 or watercraft;
- b.** While it is in or on an aircraft or watercraft; or
- c.** While it is being moved from an aircraft or watercraft 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 or watercraft.

"Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

"Pollution cost or expense" means any loss, cost or expense arising out of any:

- a.** Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
- b.** Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

"Ultimate net loss" means the total sum, after reduction for recoveries or salvages collectible, that the insured becomes legally obligated to pay as damages by reason of settlement or judgments or any arbitration or other alternate dispute method entered into with our consent or the "underlying insurer's" consent.

"Underlying insurer" means any insurer who provides any policy of insurance listed in the schedule of "underlying insurance".

"Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.