



GENERAL LIABILITY MANUSCRIPT ENDORSEMENTS

Limited Pollution Liability Extension:

The General Liability Pollution Exclusion is deleted and replaced by the Extension Endorsement.

What's excluded: Bodily Injury or Property Damage arising out of an actual or alleged release of pollutants:

- a) at or from a premises/site/location owned or occupied or rented or loaned to any insured; or
- b) at or from a premises/site/location which is or was a waste disposal site; or
- c) which are transported, processed or disposed of by or for any insured; or
- d) at or from a premises/site/location where waste remediation or monitoring operations are being conducted.

In addition all costs arising from statutory or regulatory requirements issued to remediate, clean up, test or monitor for pollutants or damages claimed by a government authority for remediation, cleaning up, testing or monitoring of pollutants is excluded.

However the above limitations do not apply to a pollution incident that meets the time element and sudden and accidental conditions below:

- Covered pollution incident defined – Bodily Injury and/or Property Damage arising from the actual, alleged or threatened release of pollutants first commencing during the policy period and resulting in environmental damages. The pollution event must be sudden and accidental, known within 30 days of its beginning and reported within 90 days of becoming known.
- Coverage includes an affirmative statement providing voluntary or legal liability for “clean up costs” from covered pollution incidents. Coverage also includes testing and monitoring expenses required by regulatory authorities following a covered pollution incidents.
- Coverage applies above and below ground and includes covered pollution incidents at owned and third party disposal sites.

“Clean up costs” are a defined term in addition to and separate from “bodily injury” and “property damage”.

Energy Liability Extension Endorsement

- Adds specific exclusions of co-owner suits, cost of well control and redrilling expenses, and wet operations.
- The ISO CGL CCC exclusion is deleted and replaced. Specifically excludes drilling and contractors equipment in the insured's CCC – but the exclusion does not apply to unsound location assumed under insured contracts.
- In hole equipment is excluded but the exclusion does not apply to the extent coverage is provided by the underground resources hazard (or the underground equipment hazard if endorsed to the policy).
- While operators are not often required to add contractors as additional insureds, we also provide blanker AI where required by written contract including primary and noncontributory language if required in the contract.
- Coverage for the named insured's non-operating interest in wells operated by others is provided. We also provide AI coverage for the non-operating working interests of third parties for whom the insured is contractually obligated to provide insurance.
- AI coverage is also extended to State of Political subdivisions where required for permits.
- Blanket waiver of subrogation is provided as required under written contract.
- Underground Resources is included at \$1,000,000 limit (underground equipment is available for additional premium).
- The ISO definition of insured contract is amended to delete the word “tort” which provides pass through indemnity obligations to be covered.

COVERAGE SUMMARY

Admitted Lines of coverage available:

Commercial General Liability/Auto Liability and Physical Damage/Workers' Compensation and Employers' Liability/Property/Umbrella

Security:

HDD-Gerling American – Admitted

Eligible states of domicile:

TX, OK, NM

Base General Liability:

ISO

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General Liability Enhancement Endorsement

- Includes both Bodily Injury and Property Damage resulting from intentional acts of the insured resulting from the use of reasonable force to protect persons or property.
- Aircraft exclusion amended not to apply to aircraft chartered with crew.
- \$1,000,000 limit for damage to premises rented by fire, explosion, sprinkler leakage or lightning.
- Broad named insured to include all subsidiaries and any company you control or actively manage. Does not apply to named insureds who are partnerships, joint ventures or LLCs.
- Newly acquired or formed organizations majority owned by the named insured are automatically insured to end of policy period. Does not apply to partnerships, joint ventures or LLCs.
- Medical payments limit increased to \$20,000.
- Knowledge of occurrence and reporting requirements limited to designated persons.
- Failure to promptly report an occurrence that may result in a claim does not void coverage if the occurrence did not appear to be a General Liability loss – such as an employee injury that became an action over.
- Unintentional failure to disclose a hazard or material fact will not preclude coverage.
- Broadened Bodily Injury definition to include resulting mental injury and mental anguish.
- Notice of cancellation amended to 120 days.

COMMERCIAL UMBRELLA LIABILITY

Security:

HDD/Gerling America – Admitted

Limit:

\$5,000,000 Occurrence/Aggregate (auto is unaggregated)

Terms and Conditions

The umbrella does not follow underlying and has its own insuring agreements, exclusions, definitions and conditions. Coverage is very similar to an ISO CGL policy with provisions that will include coverage for BI/PD arising from:

- Autos (if insured in underlying);
- Employers' Liability (if insured in underlying);
- Aircraft or watercraft (if insured in underlying); and
- Pollution damages and cleanup costs (if insured in underlying).

Commercial Umbrella Liability Coverage

Amendatory Endorsement

CU AM 2001(12/07)

- Under Coverage A (BI/PD): Excludes aircraft products and grounding, Asbestos related damages and Discrimination.
- Under coverage B (Personal Injury and Advertising liability): excludes Liquor Liability, Auto Liability, owned leased or operated aircraft or watercraft, racing activities, discrimination and Employer's Liability.
- Amends supplemental payments to exclude prejudgment interest after an offer of policy limits.
- Who is insured amended to exclude newly formed or acquired organizations.
- Knowledge of occurrence is limited to the person responsible for insurance.
- Failure to disclose all hazards at inception shall not reduce or negate coverage if unintentional.

Underground Resources and Equipment

Policy can be endorsed to include or exclude. See CU 22 16 05 09 and CU 22 13 09 00.

Employee Benefits Liability

Policy can be endorsed – see CU 04 03 12 07.

NOC

Amended to 120 days.

Waiver of subrogation

As required by written contract.

State Mandatory Endorsements

Paramount Exclusions

Lead, silica, abuse or molestation, terrorism (if not taken), nuclear, data related liability.

The following provisions of the underlying General Liability Energy Liability Extension Endorsement are followed in the Umbrella:

- Specific exclusion of co-owner suits and cost of well control and redrilling expenses.
- While operators are not often required to add contractors as additional insureds, we also provide blanket AI where required by written contract including primary and noncontributory language if required in the contract.
- Coverage for the named insured's non-operating interest in wells operated by others is provided.
- AI coverage for the non-operating working interests of third parties for which the insured is contractually obligated to provide.
- AI coverage is also extended to State of Political subdivisions where required for permit.
- The ISO definition of insured contract is amended to delete the word "tort" which provides pass through indemnity obligations to be covered.