



LIQUOR LIABILITY INSURANCE POLICY

(Occurrence Form)



HOSPITALITY™
MUTUAL Insurance
Company

Taking the Risk Out of Hospitality

106 Southville Road
Southborough, MA 01772
(508) 366-1140

THIS POLICY JACKET WITH THE LIQUOR LIABILITY POLICY FORM, DECLARATIONS PAGE AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

Liquor Liability Insurance Policy

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(Policy Declarations)

(Occurrence Form)
LIQUOR LIABILITY INSURANCE POLICY
Hospitality Mutual Insurance Company

In consideration of the payment of the premium, in reliance upon the statements in the Declarations made a part hereof, and subject to all of the terms of this Policy, Hospitality Mutual Insurance Company agrees with the Insured as follows:

Introduction

Various provisions in this Policy define and restrict your coverage. Read the entire Policy carefully to determine your rights and duties and what is and is not covered.

Throughout this Policy the words “you” and “your” refer to the Insured designated in the Declarations. The words “we” and “us” and “our” and “the Company” refer to Hospitality Mutual Insurance Company which provides this insurance.

The word “Insured” means any person or organization qualifying as such under SECTION II - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks also have special meaning, which are explained in SECTION V - DEFINITIONS.



SECTION I - LIQUOR LIABILITY COVERAGE

A. Insuring Agreement.

We will pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as “damages” because of “bodily injury” to any person, caused by an “occurrence”, if such liability is imposed upon the Insured by reason of the negligence of the Insured in the distribution, sale or serving of any alcoholic beverage at the “Insured premises”. We shall have the right and duty to defend any “suit” against the Insured seeking such “damages”, even if the allegations of the “suit” are groundless, false or fraudulent, and may make such investigation and settlement of any claim or “suit” as we deem expedient. This insurance applies only to “occurrences” which result in “bodily injury” during the Policy period in the “coverage territory”. We have no other obligation or liability to pay any other sums or perform any other acts of services unless they are explicitly provided for under SUPPLEMENTARY PAYMENTS.

B. Exclusions.

This insurance **DOES NOT APPLY** to:

- I. “Bodily injury” arising out of “your product”, or reliance upon a representation or warranty made at any time with respect to “your product”. This exclusion does not apply to “bodily injury” for which the Insured may be held liable by reason of:
 - (a) causing or contributing to the intoxication of any person;

- (b) the distribution, sale or serving of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (c) except as otherwise provided in this Policy, violation of any statute, ordinance or regulation relating to the distribution, sale, service or use of alcoholic beverages.

2. "Bodily injury" arising out of the distribution, sale or serving of any alcoholic beverage while any required license is suspended or after such license expires, is canceled or revoked.
3. Any obligation of the Insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
4. "Bodily injury" to an employee of the Insured or to the spouse, child, parent, brother or sister of that employee, arising out of and in the course of employment of the employee by the Insured.

This exclusion applies:

- (a) whether the Insured may be liable as an employer or in any other capacity; and
 - (b) to any obligation to share "damages" with or repay someone else who must pay "damages" because of the injury.
5. Any "bodily injury" with respect to which other insurance is afforded to the Insured. This exclusion does not apply if the other insurance provides coverage for "bodily injury" imposed on the Insured by reason of the distribution, sale or serving of any alcoholic beverage. In that case, our obligations under this Policy will be determined in accordance with Section IV - Conditions, C. Other Insurance.

C. Supplementary Payments.

We will pay with respect to any claim or "suit" we defend:

1. All expenses we incur.
2. 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.
3. 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 \$100 a day because of time off from work.
4. All costs taxed against the Insured in the "suit".
5. All interest on that portion of any judgment we owe 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.
6. Expenses incurred by the Insured for first aid to others at the time of an "occurrence" to which this insurance applies.

These payments will not reduce the limits of insurance of this Policy.

SECTION II - WHO IS AN INSURED

A. If you are designated in the Declarations as:

1. An individual, you and your spouse are Insureds.
2. A partnership or joint venture, you are an Insured. Your members, your partners, and their spouses are also Insureds, but only with respect to the conduct of your business.
3. An organization, other than a partnership or joint venture, you are an Insured. Your executive officers and directors are Insureds, but only with respect to their duties as your officers or directors. Your stockholders are also Insureds, but only with respect to their liability as stockholders.

B. Each of the following is also an Insured:

1. Your employees or agents, but only for acts within the scope of their employment or agency by you.
2. Any person or organization having proper temporary custody of your property if you die, but only:
 - (a) with respect to liability arising out of the maintenance or use of that property; and
 - (b) until your legal representative has been appointed.
3. 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 Policy.

C. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will be deemed to be an Insured, but only with respect to the “insured premises” designated in the Declarations and only if (i) the first Insured designated in the Declarations notifies us within 30 days after such acquisition or formation and (ii) there is no other insurance available to that organization similar to the coverage afforded by this Policy.



SECTION III - LIMITS OF INSURANCE

A. The Limits of Insurance designated in the Declarations and in paragraphs B, C and D below fix the maximum amount we will pay regardless of the number of:

1. Insureds;
2. Claims made or “suits” brought arising out of any one “occurrence”;
3. Persons or organizations making claims or bringing “suits”; or
4. “Occurrences”.

B. The Per Person limit stated in the Declarations is the most we will pay to one or more persons as the result of “bodily injury” to any one person in any one “occurrence”.

C. Subject to the Per Person limit described above, the Per Occurrence limit stated in the Declarations is the most we will pay for “bodily injury” to two or more persons arising out of any one “occurrence”.

D. The Aggregate limit stated in the Declarations is the most we will pay regardless of the number of:

1. Insureds;
2. Claims or “suits” brought;
3. Persons or organizations making claims or bringing “suits”; or
4. “Occurrences”.

SECTION IV -CONDITIONS

A. Duties in the Event of “Bodily Injury”, Claim or “Suit”.

1. You must notify us promptly as soon as you become aware of any “bodily injury” which may result in a claim. Notice should include:
 - (a) how, when and where the “bodily injury” or “damage” took place; and
 - (b) the names and addresses of any injured persons and witnesses.
2. If a claim is made or “suit” is brought against any Insured, you must give us prompt written notice of the claim or “suit”.
3. You and any other involved Insured must:
 - (a) immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or “suit”;
 - (b) authorize us to obtain records and other information;
 - (c) cooperate with us in the investigation, settlement or defense of the claim or “suit” including but not limited to the prosecution of an appeal from an adverse judgment against you; and
 - (d) 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 “bodily injury” to which this insurance may also apply.
4. Your duty to cooperate with us in the investigation, settlement, or defense of a “suit”, including but not limited to the prosecution of an appeal from an adverse judgment against you, shall continue until the “suit”, including any appellate proceedings, is finally concluded; you may not, without our consent, assign any rights you may have against us with respect to the investigation, settlement or defense of a “suit” for which you claim we are obligated to indemnify you, until all appellate proceedings are concluded or until we notify you that we will no longer pay the costs of such defense or appeal.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.
6. We will notify the first Insured designated in the Declarations within twenty days of any judgment or settlement paid under this Policy.

B. Legal Action Against Us.

1. No person or organization has a right under this Policy:
 - (a) to join us as a party or otherwise bring us into a “suit” asking for “damages” from an Insured; or
 - (b) to sue us on this Policy unless all of its terms have been fully complied with.
2. A person or organization may sue us to recover on an agreed settlement or on a final judgment against an Insured obtained after an actual trial; but we will not be liable for “damages” that are not payable under the terms of this Policy and/or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the Insured and the claimant or the claimant’s legal representative.
3. The rights and obligations of Hospitality Mutual Insurance Company under this Policy shall be determined in accordance with the laws of the Commonwealth of Massachusetts.

C. Other Insurance.

If other valid and collectible insurance is available to the Insured for a loss we cover under this Policy, our obligations are limited as follows:

1. Primary Insurance

This insurance is Primary. Our obligations are not affected unless any other available insurance is also Primary. Then, we will share with that other insurance by the method described in 2. below.

2. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contributions by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

D. Premium Audit and Inspection.

1. We will compute the premiums for this Policy in accordance with rules and rates approved by the Commissioner of Insurance.
2. The premium for this Policy will be computed based upon the dollar sales of alcoholic beverages by the Insured, unless otherwise indicated in this Policy or by Endorsement. The premium designated in the Declarations as a Deposit Premium must be paid at the beginning of the Policy period before coverage begins. The Estimated Annual Premium, designated in the Declarations, is an estimated premium only, based upon your expected sales of alcoholic beverages. At the close of each audit period we will compute the earned premium for that period, which will constitute what you actually owe us as a premium for that period. Earned premiums are due and payable on notice to the first Insured designated in the Declarations. If the sum of the Deposit Premium and Estimated Annual Premium paid for the policy term are greater than the earned premium, we will return the excess to the first Insured designated in the Declarations, and if it is less than the earned premium, you will be obligated to pay us the balance within 10 days of receiving notice thereof.
3. The first Insured designated in the Declarations must maintain records of the information we need for premium computation for three (3) years following termination of this Policy or any extension thereof, send us copies of such records or information at such times as we may request and make such records and information available to us at the "insured premises" at such times during the Policy period and thereafter as we may determine.
4. We shall be permitted but not obligated to inspect the "insured premises" at any time. Neither our right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or any other person, to determine or warrant that such property or operations are safe or healthful or are in compliance with any law, rule or regulation.

E. Representations.

By accepting this Policy, you agree that:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations made by you or on your behalf in your application for Liquor Liability Insurance and otherwise; and
3. We have issued this Policy in reliance upon the representations made by you or on your behalf. These representations are a condition precedent to issuance of the Policy and the Company shall have the right to void this Policy in which case we shall have no obligation under this Policy if those representations are false or materially incomplete.

F. Separation of Insureds.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the first Insured designated in the Declarations, this insurance applies:

1. As if each Insured designated in the Declarations were the only Insured; and
2. Separately to each Insured against whom claim is made or "suit" is brought.

G. Transfer of Rights of Recovery Against Others to Us.

If the Insured has any rights to recover all or part of any payment we have made under this Policy, those rights are transferred to us. The Insured must do nothing after loss to impair them. At our request, the Insured will bring "suit" or transfer those rights to us and help us enforce them.

H. Cancellation.

1. The first Insured designated in the Declarations may cancel this Policy by mailing or delivering to us written notice of cancellation, in advance of the requested date of cancellation.
2. We may cancel this Policy by mailing to the first Insured designated in the Declarations at the address designated in the Policy, written notice of cancellation:
 - (a) at least 10 days prior to the effective date of cancellation, if cancellation is for nonpayment of premium for this policy or for any previous policy issued by the Company to the Named Insured or for failure to provide the Company with alcoholic beverage sales information sufficient to calculate a premium due under a prior policy issued by the Company.
 - (b) at least 60 days prior to the effective date of cancellation in all cases except as set forth in 3. below.
3. This Policy and the coverage provided hereunder shall be automatically canceled without further notice to the Insured if the license for the "insured premises" is revoked or the Insured ceases for any reason to hold a valid license for the "insured premises".

I. Renewal.

1. This Policy will NOT be automatically renewed. If you want to renew or continue this Policy, you must submit a completed application and the required Deposit Premium to us before the end of the Policy period shown in the Declarations.

2. If we decide not to renew or continue this Policy, we will mail notice to the first Insured designated in the Declarations at the address designated in this Policy at least 60 days before the end of the Policy period.

J. Bankruptcy.

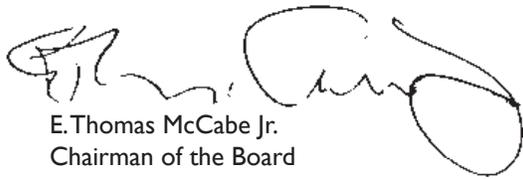
Bankruptcy or insolvency of the Insured or of the Insured's estate will not relieve us of our obligations under this Policy.



SECTION V - DEFINITIONS

- A. "Bodily Injury" means bodily injury, sickness or disease sustained by a person, which occurs during the policy period, including death resulting from any of these at any time.
- B. "Coverage Territory" means the United States of America (including its territories and possessions), Puerto Rico and Canada.
- C. "Damages" means all monetary sums which the Insured is legally obligated to pay as "damages" including judgments, awards and settlements entered into with our prior written consent. "Damages" also includes pre-judgment interest awarded against an Insured. "Damages" does not include expenses relating to the defense of a claim, or to fines, penalties or taxes, punitive, exemplary, doubled, trebled or multiplied "damages", or the refund, restitution or disgorgement of sums paid to or earned by the Insured.
- D. "Suit" means any lawsuit in which "damages" are sought because of "bodily injury" to which this insurance applies. "Suit" also includes an arbitration proceeding alleging such "damages" to which you must submit or submit with our consent. "Suit" does not include any proceeding or any lawsuit where injunctive relief or relief for other than money damages is the only relief sought.
- E. "Insured Premises" means the premises designated in the Declarations.
- F. "Occurrence" means an accident, including injurious exposure to conditions, which results during the policy period, in "bodily injury", neither expected nor intended from the standpoint of the Insured. For the purpose of determining the limit of the Company's liability, all "bodily injury" arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one occurrence.
- G. "Your Product" means goods or products manufactured, sold, handled, served, or distributed by the Insured, including all forms of alcoholic beverages and foodstuffs, whether or not in their original container and whether or not mixed with other substances.

In Witness Whereof, we have caused this Policy to be executed and attested, and if required by state law, this policy shall not be valid unless countersigned by our authorized representative.



E. Thomas McCabe Jr.
Chairman of the Board



John W. Tympanick
President and CEO

Annual Meeting

As a member of the company the insured is entitled to vote either in person or by proxy at the Annual Meeting held in the Company's Corporate office, Westborough, Massachusetts on the 2nd Thursday of May in each year at 10:00 o'clock a.m. The inclusion of this notice in this policy shall constitute notice of the time and place of the Annual Meeting.

