Liability Excess of Loss Section

Definitions

Underlying Limit
The total of the limit or limits of liability provided by the Underlying Insurance or Insurances as stated in the Schedule

Underlying Insurers
The Primary Policy Insurer and all insurers providing indemnity in excess of the Primary Policy up to the Underlying Limit as stated in the Schedule

Underlying Insurance or Insurances
The Primary Policy and all policies providing indemnity in excess of the Primary Policy up to the Underlying Limit as stated in the Schedule
The Insurer will indemnify the Insured subject to the terms of this Policy and to the Limit of Indemnity against legal liability in accordance with the terms of the Primary Policy stated in the Schedule which is incorporated herein and which shall run concurrently with this Section.

Provided that

a. no liability shall attach to the Insurer unless and until the Underlying Insurer(s) have admitted liability or have paid or agreed to pay the full amount of the Underlying Limit after making deductions for all recoveries, salvages and other valid and collectable insurances.

b. all Underlying Insurance or Insurances shall be maintained in full effect during the currency of this Policy except for any reduction(s) of the aggregate limit(s) contained therein solely by payment of a claim or claims during the Period of Insurance.

Limit of Indemnity

The Insurer’s liability for all compensation payable in respect of

A. any one claim or series of claims arising from one cause
B. all claims arising during the Period of Insurance in respect of which there is an aggregate limit in the Underlying Insurance or Insurances

shall not exceed the Limit of Indemnity stated in the Schedule.
Section Conditions

1. Interpretation
Any word or expression to which a specific meaning has been given shall have the same meaning wherever it may appear in this Section.

2. Costs and Expenses
If the Underlying Insurance or Insurances provide(s) for costs and expenses to be payable in addition to the limit of indemnity, the Insurer’s liability for costs and expenses shall be limited to that proportion which the amount payable under this Section excluding such costs and expenses bears to the total sum payable under all contributing insurances excluding such costs and expenses.

If the Underlying Insurer(s) have invoked a right under their insurance or insurances to pay the limit(s) of indemnity thereunder and only be liable for costs and expenses for which they are responsible up to the time of such payment then the Insurer shall be liable for costs and expenses for which the Underlying Insurer(s) would have been liable had they not invoked that right.

3. Exhaustion of Underlying Limit
If the Underlying Limit is exhausted by claims paid by the Underlying Insurer(s) or which they have been held liable to pay the Insurer shall in the event of
A. partial exhaustion provide indemnity in excess of the reduced Underlying Limit for the remainder of the Period of Insurance
B. total exhaustion continue this Section in force as the underlying insurance for the remainder of the Period of Insurance subject to the terms of the Primary Policy.

4. Claims Notification and Consultation
The Insured shall give written notice to the Insurer immediately upon being made aware of an occurrence reasonably likely to produce a claim which exceeds 50% of the Underlying Limit. In respect of such occurrence the liability of the Insurer under this Section shall be subject to the Insurer having the right to consult with the Underlying Insurer(s) in connection with subsequent payments under the Underlying Insurance or Insurances.

5. Alteration
No material alteration to the Underlying Insurance or Insurances making any changes in the terms or conditions of such Underlying Insurance or Insurances shall apply to this Section unless otherwise agreed by the Insurer.

6. Liquidation
The Insurer shall not be liable for the failure of the Underlying Insurer(s) to meet their commitments under the Underlying Insurance or Insurances due to their inability or refusal to pay any claim in the event of their insolvency or entering into liquidation or their affairs being subject to any scheme of administration or receivership approved by a court.