

This deductible modifies coverage provided by form LI, but only if indicated on the Declarations Page for the form.

AMOUNT AND BASIS OF DEDUCTIBLE - The amount and basis of deductible is as indicated in the Declarations for this deductible as Per occurrence or Per claim including defense costs.

**APPLICATION OF DEDUCTIBLE**

1. Our obligation under Bodily Injury and Property Damage Liability to pay compensatory damages on your behalf applies only to the amount of compensatory damages in excess of any deductible amounts stated in the Declarations for this deductible as applicable to such coverages and the limits of insurance applicable to the Each occurrence limit for Bodily Injury and Property Damage Liability will be reduced by the amount of such deductible. The Aggregate limit for such coverage shall not be reduced by the application of such deductible amount.
2. The deductible amounts stated in the Declarations for this deductible apply as follows:
  - A. PER OCCURRENCE BASIS - if the deductible is on a Per occurrence basis, the deductible amount applies under Coverage A - Bodily Injury and Property Damage Liability to all compensatory damages because of "bodily injury" and "property damage" as the result of any one "occurrence" regardless of the number of persons or organizations who sustain compensatory damages, because of that "occurrence".
  - B. PER CLAIM BASIS - if the deductible is on a Per claim basis, the deductible amount applies Under Coverage A - Bodily Injury Liability and Property Damage Liability to all compensatory damages because of "bodily injury" and "property damage" sustained by one person.
3. The terms of this insurance, including those with respect to:
  - a) our right and duty to defend any "action" seeking those compensatory damages; and
  - b) your duties in the event of an "occurrence", claim or action apply irrespective of the application of the deductible amount.
4. We may pay any part or all of the deductible amount to effect settlement of any claim or "action" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

All other terms and conditions of this policy remain unchanged.