

This endorsement, effective at 12:01 AM

forms a part of

Policy number

Issued to:

By:

FRANCHISER PROFESSIONAL LIABILITY ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that the policy is hereby amended as follows:

1. Clause II. **DEFINITIONS**, paragraph K., “**professional services**” is hereby amended by appending the following:

“**Professional services**” also means **franchising services**.

2. Clause II. **DEFINITIONS** is hereby amended by adding the following at the end of such Clause:

FR-A. Franchising services means any of the following:

1. marketing and solicitation activities undertaken or engaged in by **you** in connection with the offer of sale of franchises pursuant to any franchise agreement or contract;
2. the preparation, registration, renewal or amendment of a Uniform Franchise Offering Circular;
3. duties, obligations or other responsibilities of **you** to franchisees which render **you** liable to the franchisee arising out of third-party claims against the franchisee, including, but not limited to, failure by **you** to monitor compliance with standards, specifications and operating procedures for the franchisees prescribed by **you**;
4. rendering of, or failing to render, services, training, advertising, or other support to franchisees pursuant to the terms of a franchise agreement or contract or as disclosed to franchisees in an offering circular or other disclosure document;
5. assistance in: (a) the selection of a franchise site; or (b) negotiation of a lease for the premises of a franchise;
6. failure or refusal to approve a sale, transfer or assignment of a franchise or all or part of the assets of a franchise; and
7. grant of a franchise, or the operation of a franchised operation owned by **you**, which encroaches on an existing franchisee’s designated location and/or exclusive area of operation.

FR-B. Vicarious liability means **your** liability arising out of, based upon or attributable to any acts, errors or omissions of **your** franchisees.

3. Clause III. **EXCLUSIONS – CLAIMS NOT COVERED** is amended by adding the following paragraph at the end of the Clause:

Solely with respect to any **claim** arising out of **your wrongful act** in rendering or failing to render **franchising services**, **we** shall not cover **claims**:

- FR-A. alleging, arising out of or resulting, directly or indirectly, from any contractual responsibilities assumed by **you** under the terms, conditions or warranties of any specific contract or agreement, except as pertaining to **franchising services**;
- FR-B. that exclusively seek the recovery by a franchisee of actual sums paid to **you** by a franchisee which constitute any initial fees, service fees, advertising fees, royalties, lease payments or payments for goods and services;
- FR-C. alleging, arising out of or resulting, directly or indirectly, from **your** bankruptcy or insolvency;
- FR-D. alleging, arising out of or resulting, directly or indirectly, from any actual or alleged electrical failure, breakdown, malfunction or defect of any computer hardware and/or software, or arising out of unauthorized access to **your** computer system;
- FR-E. alleging, arising out of or resulting, directly or indirectly, from any way involving **your vicarious liability** for the acts, errors or omissions of a franchisee;
- FR-F. alleging, arising out of or resulting, directly or indirectly, from any failure of any real or personal property to have at any point in time any projected, estimated, represented, warranted or guaranteed economic value;
- FR-G. alleging, arising out of or resulting, directly or indirectly, from **your** investment advice to others in the form of promises or guarantees as to the future value of investments or a specified rate of return or interest;
- FR-H. alleging, arising out of or resulting, directly or indirectly, from any unfair competition, bad faith or unfair business practices including, but not limited to, territorial infringement by either the franchiser or franchisees where such **claims** arise out of or are alleged to arise out of, or in connection with, the commission of a fraudulent, dishonest, criminal, intentional or malicious act, error or omission; or
- FR-I. alleging, arising out of or resulting, directly or indirectly, from any services rendered in the design, development, construction, hosting or maintenance of an Internet site.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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