

Carolina Casualty Insurance Company

Directors' and Officers' and Corporate Liability Insurance
Policy

*This is a Claims Made Policy. Please
read it carefully.*

CLAIMS MADE WARNING FOR POLICY

NOTICE: THIS POLICY PROVIDES COVERAGE ON A CLAIMS-MADE BASIS SUBJECT TO ITS TERMS. THIS POLICY APPLIES ONLY TO ANY "CLAIM" (AS DEFINED IN THE POLICY) FIRST MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE. THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES OR SETTLEMENTS SHALL BE REDUCED AND MAY BE EXHAUSTED BY AMOUNTS INCURRED AS "COSTS OF DEFENSE" (AS DEFINED IN THE POLICY) AND "COSTS OF DEFENSE" SHALL BE APPLIED TO THE RETENTION.

PLEASE READ AND REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

In consideration of the payment of the premium, and in reliance upon the statements made to the **Insurer** by application forming a part hereof and its attachments and the material incorporated therein, the **Insurer** agrees as follows:

I. Insuring Agreements

Coverage A. Directors and Officers Insurance

This Policy shall pay the **Loss** of each and every **Director or Officer** of the **Company** arising from any **Claim** first made against the **Directors or Officers** during the **Policy Period** or the Extended Reporting Period (if applicable) for any actual or alleged **Wrongful Act**, except and to the extent that the **Company** has indemnified the **Directors or Officers**. The **Insurer** shall, subject to section VI., advance **Costs of Defense** of such **Claim** prior to its final disposition.

Coverage B. Corporate Liability Insurance

This Policy shall pay the **Loss** of the **Company** arising from any:

1. **Securities Claim** first made against the **Company**, or
2. **Claim** first made against the **Directors or Officers**,

during the **Policy Period** or the Extended Reporting Period (if applicable) for any actual or alleged **Wrongful Act**, but, in the case of Coverage B. 2. above, only to the extent that the **Company** has indemnified the **Directors or Officers** for such **Loss** as permitted by law. The **Insurer** shall, subject to section VI., advance **Costs of Defense** of such **Claim** prior to its final disposition.

II. Extended Reporting Period

- A. Except as indicated below, if the **Parent Organization** cancels or if the **Insurer** or the **Parent Organization** refuses to renew this Policy, the **Parent Organization** shall have the right, upon payment of an additional premium of 75 percent of the "full annual premium", to an extension of the coverage granted by this Policy with respect to any **Claim** first made during the period of 12 months immediately following the effective date of such cancellation or non-renewal, but only with respect to any **Wrongful Act** occurring prior to the end of the **Policy Period** and otherwise covered by this Policy. Such 12 month period or such other period as the **Insurer** may provide pursuant to section II. B. below shall be referred to as the Extended Reporting Period. As used herein, "full annual premium" means the premium level in effect immediately prior to the end of the **Policy Period**. The rights contained in this paragraph shall terminate, however, unless written notice of such election together with the additional premium due is received by the **Insurer** within 30 days of the effective date of cancellation or non-renewal.
- B. In the event of a Transaction, as defined in section VIII. C., the **Parent Organization** shall have the right, within 30 days before the end of the **Policy Period**, to request an offer from the **Insurer** of an Extended Reporting Period of no less than 3 years or for such longer or shorter period as the **Parent Organization** may request (but such extension shall only be with respect to **Wrongful Acts** occurring prior to the effective time of the Transaction). The **Insurer** shall offer such Extended Reporting Period pursuant to such terms, conditions and premium as the **Insurer** may reasonably decide. In the event of a Transaction, the **Insureds** shall have no right to an Extended Reporting Period except as indicated in this section II. B.
- C. The additional premium for the Extended Reporting Period shall be fully earned at the inception of the Extended Reporting Period. The Extended Reporting Period is not cancelable.

III. Definitions

Whenever printed in boldface type in this Policy, the following terms shall have the meanings indicated below.

- A. **"Claim"** means:
1. a written demand for monetary or non-monetary relief, or
 2. a civil, criminal, administrative or arbitration proceeding for monetary or non-monetary relief which is commenced by:
 - a. service of a complaint or similar pleading, or
 - b. return of an indictment (in the case of a criminal proceeding), or
 - c. receipt or filing of a notice of charges.

The term **"Claim"** shall include a **Securities Claim**; provided, however, that with respect to Coverage B. 1. only, **Claim** or **Securities Claim** shall not mean an administrative proceeding against the **Company**.

- B. **"Company"** means the **Parent Organization** and any **Subsidiary**.
- C. **"Continuity Date"** means the date set forth in:
1. Item 6. A. of the Declarations with respect to Coverages A. and B. 2., or
 2. Item 6. B. of the Declarations with respect to Coverage B. 1., or
 3. Item 6. C. of the Declarations with respect to Coverages A. or B. for a **Claim** against an **Insured** arising out of such **Insured** serving as a director, officer, trustee or governor of an **Outside Entity**.
- D. **"Costs of Defense"** means reasonable and necessary fees, costs and expenses (including premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond) resulting solely from the investigation, adjustment, defense and appeal of a **Claim** against the **Insureds**, but excluding salaries of **Officers** or employees of the **Company** or any amount covered by the duty to defend obligation of any other insurer.
- E. **"Director(s) or Officer(s)"** means any past, present or future duly elected or appointed directors or officers of the **Company**. In the event the **Parent Organization** or a **Subsidiary** thereof operates outside the United States, then the term **"Director(s) or Officer(s)"** also means those titles, positions or capacities in such foreign **Parent Organization** or **Subsidiary** which is equivalent to the position of **Director or Officer** in a corporation incorporated within the United States. Coverage will automatically apply to all new **Directors and Officers** after the Policy inception date.

This Policy shall cover **Loss** arising from a **Claim** made against the estates, heirs, or legal representatives of deceased **Directors or Officers**, and the legal representatives of **Directors or Officers** in the event of incompetency, insolvency or bankruptcy, who were **Directors or Officers** at the time the **Wrongful Acts** upon which such **Claims** are based were committed.

This Policy shall cover **Loss** arising from a **Claim** made against the lawful spouse (whether such status is derived by reason of statutory law, common law or otherwise of any applicable jurisdiction in the world) of an individual **Director or Officer** for a **Claim** arising solely out of his or her status as the spouse of an individual **Director or Officer**, including a **Claim** that seeks damages recoverable from marital community property, property jointly held by the individual **Director or Officer** and the spouse, or property transferred from the individual **Director or Officer** to the spouse; provided, however, that this extension shall not afford coverage for any **Claim** for any actual or alleged **Wrongful Act** of the spouse, but shall apply only to **Claims** arising out of any actual or alleged **Wrongful Acts** of an individual **Director or Officer**, subject to this Policy's terms, conditions and exclusions.

- F. **"Financial Insolvency"** means the appointment of a receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate the **Company** or the **Company** becoming a debtor in possession.
- G. **"Insured(s)"** means:
1. with respect to Coverages A. and B. 2., any **Directors and Officers**; and
 2. with respect to Coverage B. 1. only, the **Company**.
- H. **"Insurer"** means the entity issuing this Policy as listed on the Declarations Page.

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- I. "Loss" means damages, judgments, settlements and **Costs of Defense**; however, **Loss** shall not include civil or criminal fines or penalties imposed by law, punitive or exemplary damages, the multiplied portion of multiplied damages, taxes, any amount for which the **Insureds** are not financially liable or which are without legal recourse to the **Insureds**, or matters which may be deemed uninsurable under the law pursuant to which this Policy shall be construed.

Further, with respect to Coverage B. only, **Loss** shall not include damages, judgments or settlements arising out of a **Claim** alleging that the **Company** paid an inadequate price or consideration for the purchase of its own securities or the securities of a **Subsidiary**.

Notwithstanding the foregoing, with respect to Coverage B. 1. only and subject to the other terms, conditions and exclusions of the Policy, **Loss** shall include punitive or exemplary damages (if insurable by law) imposed upon the **Company**.

- J. "No Liability" means with respect to a **Securities Claim** made against the **Insured(s)**:
1. a final judgment of no liability obtained prior to trial, in favor of all **Insureds**, by reason of a motion to dismiss or a motion for summary judgment, after the exhaustion of all appeals, or
 2. a final judgment of no liability obtained after trial, in favor of all **Insureds**, after the exhaustion of appeals.

In no event shall the term "No Liability" apply to a **Securities Claim** made against an **Insured** for which a settlement has occurred.

- K. "Outside Entity" means:
1. a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code of 1986 (as amended), or
 2. any other corporation, partnership, joint venture or other organization listed by endorsement to this Policy.

- L. "Parent Organization" means the corporation designated in Item 1. of the Declarations.

- M. "Policy Period" means the period of time from the inception date shown in Item 2. of the Declarations to the earlier of the expiration date shown in Item 2. of the Declarations or the effective date of cancellation of this Policy; however, to the extent that coverage under this Policy replaces coverage in other policies terminating at noon standard time on the inception date of such coverage hereunder, then such coverage as is provided by this Policy shall not become effective until such other coverage has terminated.

- N. "Related Wrongful Acts" means **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event or decision.

- O. "Securities Claim" means a **Claim** (including a civil lawsuit or criminal proceeding brought by the Securities and Exchange Commission) made against an **Insured** and brought anywhere in the world alleging a violation of any law, regulation or rule, whether statutory or common law, which is brought by:
1. any person or entity alleging, arising out of, based upon or attributable to, in whole or in part, the purchase or sale, or offer or solicitation of an offer to purchase or sell, any securities of the **Company**; or
 2. a security holder of the **Company** directly or by class action alleging any **Wrongful Act** of an **Insured**.

- P. "Subsidiary" means:
1. a corporation of which the **Parent Organization** owns on or before the inception of the **Policy Period** more than 50 percent of the issued and outstanding voting stock either directly or indirectly through one or more of its **Subsidiaries**,
 2. automatically a corporation whose assets total less than 20 percent of the total consolidated assets of the **Company** as of the Policy inception date, which corporation becomes a **Subsidiary** during the **Policy Period**. The **Parent Organization** shall provide the **Insurer** with full particulars of the new **Subsidiary** before the end of the **Policy Period**,
 3. a corporation which becomes a **Subsidiary** during the **Policy Period** (other than a corporation described in section III. P. 2. above) but only upon the condition that within 90 days of it becoming a **Subsidiary**, the **Parent Organization** shall have provided the **Insurer** with full particulars of the new **Subsidiary** and agreed to any additional premium and/or amendment of the provisions of this Policy required by the **Insurer** relating to such new **Subsidiary**. Further, coverage as shall be afforded to the new **Subsidiary** is conditioned upon the **Parent Organization** paying when due any additional premium required by the **Insurer** relating to such new **Subsidiary**.

A corporation becomes a **Subsidiary** when the **Parent Organization** owns more than 50 percent of the issued and outstanding voting stock either directly, or indirectly through one or more of its **Subsidiaries**. A corporation ceases to be a **Subsidiary** when the **Parent Organization** ceases to own more than 50 percent of the issued and outstanding voting stock either directly, or indirectly through one or more of its **Subsidiaries**.

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In all events, coverage as is afforded with respect to a **Claim** made against a **Subsidiary** or any **Director or Officer** thereof shall only apply for **Wrongful Acts** committed or allegedly committed after the effective time that such **Subsidiary** became a **Subsidiary** and prior to the time that such **Subsidiary** ceased to be a **Subsidiary**.

Q. "Wrongful Act" means:

1. with respect to individual **Directors or Officers**, any breach of duty, neglect, error, misstatement, misleading statement, omission or act by the **Directors or Officers** of the **Company** in their respective capacities as such, or any matter claimed against them by reason of their status as **Directors or Officers** of the **Company**, or any matter claimed against them arising out of their serving as a director, officer, trustee or governor of an **Outside Entity** in such capacities, but only if such service is at the specific written request or direction of the **Company**,
2. with respect to the **Company**, any breach of duty, neglect, error, misstatement, misleading statement, omission or act by the **Company**, but solely as respects a **Securities Claim**.

IV. Exclusions

The **Insurer** shall not be liable to make any payment for **Loss** in connection with a **Claim** made against any **Insured**:

- A. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the gaining in fact of any profit or advantage to which an **Insured** was not legally entitled;
- B. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the committing in fact of any criminal or deliberate fraudulent act;
- C. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
 1. profits in fact made from the purchase or sale by an **Insured** of securities of the **Company** within the meaning of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any state statutory law, or
 2. payments to an **Insured** of any remuneration without the previous approval of the stockholders of the **Company**, which payment without such previous approval shall be held to have been illegal;

[The **Wrongful Act** of a **Director or Officer** shall not be imputed to any other **Director or Officer** for the purpose of determining the applicability of Exclusions A., B. and C.]

- D. for bodily injury, sickness, disease, death or emotional distress of any person, or damage to or destruction of any tangible property, including the loss of use thereof, or for injury from libel or slander or defamation or disparagement, or for injury from a violation of a person's right of privacy;
- E. for violation(s) of any of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974, or amendments thereto or any similar provisions of state statutory law or common law in connection with any pension or welfare plan of the **Company**;
- F. by, on behalf of, or in the right of the **Company**, or by any of the **Directors or Officers**; provided, however, this exclusion does not apply to:
 1. any **Claim** by any security holder of the **Company**, whether directly or derivatively, but only if such **Claim** is instigated and continued totally independent of, and totally without the solicitation of, or assistance of, or active participation of, or intervention of, any **Insured** or the **Company**,
 2. any employment-related **Claim** by any of the **Directors or Officers**, or
 3. any **Claim** by any of the **Directors or Officers** for contribution or indemnity, if such **Claim** directly results from another **Claim** covered under this Policy;
- G. which is insured in whole or in part by another valid policy (other than a policy issued to or for the benefit of any **Outside Entity** or its directors or officers), except with respect to any excess beyond the amount or amounts of coverage under such other policy whether such other policy is stated to be primary, contributory, excess, contingent or otherwise;
- H. which is insured in whole or in part under any policy issued to or for the benefit of any **Outside Entity** or its directors or officers; provided, however, if such **Claim** is insured by another policy issued by the **Insurer** or any member company of W. R. Berkley Corporation (Berkley), or would be insured but for the application of the retention amount, exhaustion of the limit of liability or failure to submit a notice of a **Claim**, then the maximum aggregate Limit of Liability for all **Losses** combined resulting from such **Claim** shall be reduced by the limit of liability (as set forth on the Declarations Page) of such other Berkley insurance;

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- I. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged act or omission of the **Directors or Officers** serving in their capacities as directors, officers, trustees or governors of any other entity other than the **Company** or an **Outside Entity**, or by reason of their status as directors, officers, trustees or governors of such other entity;
- J. for any **Wrongful Act** arising out of the **Insured** serving as a director, officer, trustee or governor of an **Outside Entity**:
 - 1. if such **Claim** is brought by the **Outside Entity** or any of its directors or officers, or by any security holder of the **Outside Entity**, whether directly or derivatively, unless such security holder's **Claim** is instigated and continued totally independent of, and totally without the solicitation of, or assistance of, or active participation of, or intervention of, the **Outside Entity**, any of its directors or officers, or any **Insured**,
 - 2. if such **Wrongful Act** occurred prior to the **Continuity Date** and if the **Insured** knew or could have reasonably foreseen that such **Wrongful Act** could lead to a **Claim** under this Policy, or
 - 3. to the extent such **Insured** is indemnified for such **Loss** by such **Outside Entity**;
- K. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving actual or alleged seepage, pollution or contamination of any kind;
- L. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
 - 1. any **Wrongful Act** alleged in any claim which has been reported, or in any circumstance of which notice has been given, prior to the **Policy Period** under any other policy, or
 - 2. any other **Wrongful Act** whenever occurring, which together with a **Wrongful Act** which has been the subject of such claim or notice, would constitute **Related Wrongful Acts**;
- M. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
 - 1. any prior or pending litigation, administrative or arbitration proceeding as of **Continuity Date**, or
 - 2. any fact, circumstance, situation, transaction or event underlying or alleged in such litigation, administrative or arbitration proceeding,regardless of the legal theory upon which such **Claim** is predicated.

V. Limit of Liability and Retentions

- A. The Limit of Liability stated in Item 3. of the Declarations is the limit of the **Insurer's** liability for all **Loss**, under all Coverages combined, arising out of all **Claims** first made against the **Insureds** during the **Policy Period** and the Extended Reporting Period (if applicable); however, the Limit of Liability for the Extended Reporting Period shall be part of, and not in addition to, the Limit of Liability for the **Policy Period**. Further, any **Claim** made subsequent to the **Policy Period** or Extended Reporting Period (if applicable) which pursuant to section VII. B. or VII. C. is deemed first made during the **Policy Period** or Extended Reporting Period shall also be subject to the aggregate Limit of Liability stated in Item 3. of the Declarations.
- B. **Costs of Defense** are not payable by the **Insurer** in addition to the Limit of Liability. **Costs of Defense** are part of **Loss** and as such are subject to the Limit of Liability for **Loss**.
- C. The **Insurer** shall only be liable for the amount of **Loss** arising from a **Claim** which is in excess of the applicable Retention amount stated in Item 4. of the Declarations, such Retention amount to be borne by the **Company** and/or the **Insureds**, with regard to all **Loss** under:
 - 1. Coverage A. ("non-indemnifiable **Loss**");
 - 2. Coverage B. 1.; or
 - 3. Coverage B. 2. for which the **Company** has indemnified or is permitted or required to indemnify the **Director(s) or Officer(s)** ("Indemnifiable **Loss**").
- D. Except as provided below, one Retention amount shall apply to each and every **Claim**.
- E. Solely with respect to a **Securities Claim** under this Policy, the Retention shall only apply to **Costs of Defense**. However, no Retention shall apply, even as to **Costs of Defense**, to any **Securities Claim** in which:
 - 1. there is a determination of **No Liability**; or

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2. the **Claim** is dismissed or stipulated dismissed without prejudice and without any payment of any consideration by any **Insured**.

If there is a determination of **No Liability** in a **Securities Claim**, the **Insurer** shall reimburse **Costs of Defense** paid by the **Insured** in such **Claim**.

If a **Securities Claim** is dismissed or stipulated dismissed without prejudice and without any payment of any consideration by any **Insured**, the **Insurer** shall reimburse **Costs of Defense** paid by the **Insured** in such **Claim** 90 days after the date of the dismissal or stipulation so long as (i) the **Claim** (or any other **Claim** which together with such **Claim** would be deemed a single **Claim**) is not brought again within such 90 day period and (ii) the **Company** provides the **Insurer** with a written undertaking in a form satisfactory to the **Insurer** to repay the **Insurer** for such reimbursement in the event the **Claim** (or any other **Claim** which together with such **Claim** would be deemed a single **Claim**) is brought again after such 90 day period and before the expiration of the statute of limitations for such **Claim**.

- F. In the event the **Company** is permitted or required to indemnify the **Director(s)** or **Officer(s)** for **Loss** but the **Company** is financially or legally unable to pay such **Loss** by reason of **Financial Insolvency**, no Retention amount shall apply under Coverage A. or under Coverage B. 2. of this Policy with regard to such **Loss**.

VI. Defense, Cooperation and Settlements

- A. Under all Coverages of this Policy, except as hereinafter stated, the **Insurer** shall advance, at the written request of the **Insured**, **Costs of Defense** prior to the final disposition of a **Claim**. Such advance payments by the **Insurer** shall be repaid to the **Insurer** by the **Insureds** or the **Company**, severally according to their respective interests, in the event and to the extent that the **Insureds** or the **Company** shall not be entitled under the terms and conditions of this Policy to payment of such **Loss**.
- B. The **Insurer** does not, however, under this Policy, assume any duty to defend. The **Insureds** shall defend and contest any **Claim** made against them. The **Insureds** shall not admit or assume any liability, enter into any settlement agreement, stipulate to any judgment, or incur any **Costs of Defense** without the prior written consent of the **Insurer**. Only those settlements, stipulated judgments and **Costs of Defense** which have been consented to by the **Insurer** shall be recoverable as **Loss** under the terms of this Policy. The **Insurer's** consent shall not be unreasonably withheld, provided that the **Insurer** shall be entitled to full information and all particulars it may request in order to reach a decision as to such consent and shall be entitled to effectively associate in the defense and the negotiation of any settlement of any **Claim**.
- C. The **Company** is not covered in any respect under Coverage A.; the **Company** is covered, subject to this Policy's terms and conditions, only with respect to its indemnification of its **Directors or Officers** under Coverage B. 2. as respects a **Claim** against such **Directors and Officers**, and subject to this Policy's terms and conditions, under Coverage B. 1. for a **Securities Claim** made against the **Company**. Accordingly, the **Insurer** has no obligation under this Policy for **Costs of Defense** incurred by, judgments against or settlements by the **Company** arising out of a **Claim** made against the **Company** other than a covered **Securities Claim**, or any obligation to pay **Loss** arising out of any legal liability that the **Company** has to a claimant except as respects a covered **Securities Claim** against the **Company**.
- D. With respect to **Costs of Defense** jointly incurred by, any joint settlement made by, and/or any adjudicated judgment of joint and several liability against the **Company** and any **Director or Officer**, in connection with any **Claim** other than a **Securities Claim**, the **Company** and the **Director(s)** or **Officer(s)** and the **Insurer** agree to use their best efforts to determine a fair and proper allocation of the amounts as between the **Company** and the **Director(s)** or **Officer(s)** and the **Insurer**. In determining a fair and proper allocation, the **Directors and Officers** and the **Company** expressly acknowledge that the **Directors and Officers** and the **Company** each face independent exposure. In the event that a determination as to the amount of **Costs of Defense** to be advanced under this Policy cannot be agreed to, then the **Insurer** shall advance such **Costs of Defense** which the **Insurer** states to be fair and proper until a different amount shall be agreed upon or determined pursuant to the provisions of this Policy and applicable law.

VII. Notice of Claim and Multiple Claims

- A. As a condition precedent to their rights under this Policy, the **Insureds** shall give the **Insurer** written notice of any **Claim** made against an **Insured** as soon as practicable, but in no event later than 90 days after such **Claim** is first made.
- B. If during the **Policy Period** or the Extended Reporting Period (if applicable) the **Insureds** become aware of any fact, circumstance or situation which may reasonably be expected to give rise to a **Claim** being made against the **Insureds** and shall give written notice to the **Insurer** of the circumstance and the reasons for anticipating such a **Claim**, with full details as to dates, persons and entities involved, then any **Claim** subsequently made against the **Insureds** based upon or arising out of such circumstance, shall be deemed made at the time such notice of such circumstance was given.

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- C. All **Claims** based upon or arising out of the same **Wrongful Act** or any **Related Wrongful Acts**, or one or more series of any similar, repeated or continuous **Wrongful Acts** or **Related Wrongful Acts**, shall be considered a single **Claim**. Each such single **Claim** shall be deemed to have been made on the earlier of the following times:
1. when the earliest **Claim** arising out of such **Wrongful Act** or **Related Wrongful Acts** was first made, or
 2. when notice pursuant to section VII. B. of a fact, circumstance, or situation giving rise to such **Claim** is given.

VIII. General Conditions

A. Termination of Policy and Non-Renewal

1. This Policy shall terminate at the earliest of the following times:
 - a. upon the receipt by the **Insurer** of written notice of cancellation from the **Parent Organization**;
 - b. upon expiration of the **Policy Period** as set forth in Item 2. of the Declarations;
 - c. at such other time as may be agreed between the **Parent Organization** and the **Insurer**; or
 - d. 20 days after receipt by the **Parent Organization** of the **Insurer's** written notice of cancellation for non-payment of premium.
2. The **Insurer** may not cancel this Policy except for non-payment of any premium when due.
3. If this Policy is cancelled by the **Parent Organization**, the **Insurer** shall retain the customary short rate proportion of the premium herein. Payment or tender of any unearned premium by the **Insurer** shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.
4. If the **Insurer** decides not to renew this Policy, the **Insurer** shall provide written notice to the **Parent Organization** at least 60 days prior to the end of the **Policy Period**. The notice shall include the reason for such non-renewal.
5. If the **Insurer** offers to renew this Policy on terms which involve any change in Retention amount, premium, Limit of Liability or other terms and conditions, the **Insurer** shall provide written notice to the **Parent Organization** at least 60 days prior to the end of the **Policy Period**.
6. Any notices to be given to the **Parent Organization** under this section shall be provided to the **Parent Organization** at the last known principal address and to its insurance agent or broker. The mailing by certified mail of such notice shall be sufficient.

B. Action Against the Insurer

No action shall lie against the **Insurer** unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Policy, nor until the amount of the **Insureds'** obligation to pay shall have been finally determined either by judgment against the **Insureds** after actual trial or by written agreement of the **Insureds**, the claimant and the **Insurer**.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. No person or organization shall have any right under this Policy to join the **Insurer** as party to any action against the **Insureds** or the **Company** to determine the **Insureds'** liability, nor shall the **Insurer** be impleaded by the **Insureds** or the **Company** or their legal representatives. Bankruptcy or insolvency of the **Company** or the **Insureds** or of their estates shall not relieve the **Insurer** of any of its obligations hereunder.

C. Changes in Ownership

If during the **Policy Period**:

1. the **Parent Organization** shall consolidate with or merge into, or sell all or substantially all of its assets to any other person or entity or group of persons and/or entities acting in concert, or
2. any person or entity or group of persons and/or entities acting in concert shall acquire an amount of the outstanding securities representing more than 50 percent of the voting power for the election of **Directors** of the **Parent Organization**, or acquires the voting rights of such an amount of such securities;

(either of the above events herein referred to as the "Transaction")

then, this Policy shall continue in full force and effect as to **Wrongful Acts** occurring prior to the effective time of the Transaction, but there shall be no coverage afforded by any provision of this Policy for any actual or alleged **Wrongful Act** occurring after the effective time of the Transaction. This Policy may not be cancelled after the effective time of the Transaction and the entire premium for this Policy shall be deemed earned as of such time. The **Parent Organization** shall also have the right to an offer by the **Insurer** of an Extended Reporting Period described in section II. B. of this Policy.

The **Parent Organization** shall give the **Insurer** written notice of the Transaction as soon as practicable but not later than 30 days after the effective date of the Transaction.

D. Subrogation

In the event of any payment under this Policy, the **Insurer** shall be subrogated to the extent of such payment to all the **Company's** and the **Insureds'** rights of recovery thereof, and the **Company** and the **Insureds** shall execute all papers required and shall do everything that may be necessary to secure such rights including the execution of such documents necessary to enable the **Insurer** to effectively bring suit in the name of the **Company** and/or the **Insureds**. In no event, however, shall the **Insurer** exercise its rights of subrogation against an **Insured** under this Policy unless such **Insured** has been convicted of a criminal act, or been judicially determined to have committed a deliberate fraudulent act, or obtained any profit or advantage to which such **Insured** was not legally entitled.

E. Assignment

This Policy and any and all rights hereunder are not assignable without the written consent of the **Insurer**.

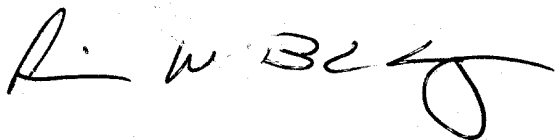
F. Entire Agreement

By acceptance of this Policy, the **Insureds** and the **Insurer** agree that this Policy (including the Proposal) and any written endorsements attached hereto constitute the entire agreement between the parties.

G. Representation by Parent Organization

It is agreed that the **Parent Organization** shall act on behalf of its **Subsidiaries** and all **Insureds** with respect to the giving of notice of **Claim** or giving and receiving any notices under section VIII. A., the payment of premiums and the receiving of any return premiums that may become due under this Policy, the receipt and acceptance of any endorsements issued to form a part of this Policy and the exercising or declining to exercise any right to an Extended Reporting Period.

In witness whereof, the **Insurer** has caused this Policy to be signed by its President and Chief Executive Officer and Secretary, but this Policy shall not be valid unless countersigned on the Declarations Page by a duly authorized representative of the **Insurer**.



President and Chief Executive Officer



Secretary