

# Carolina Casualty Insurance Company

Management Liability Insurance Policy  
*with Employment Practices Liability*

*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 INSURED(S) 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 DEDUCTIBLE.

**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, in reliance on all statements in the **Proposal** and all other information provided to the **Insurer**, and subject to all provisions of this Policy, the **Insurer** and **Insured(s)** agree as follows:

### I. Insuring Agreements

---

#### Coverage A. Directors and Officers Liability Insurance

This Policy shall pay the **Loss** of:

1. each and every **Director or Officer** of the **Insured Entity** arising from any **Claim** first made against the **Directors or Officers** during the **Policy Period** or the Extended Reporting Period (if applicable) for any **Wrongful Act**, except and to the extent that the **Insured Entity** has indemnified the **Directors or Officers**.
2. the **Insured Entity** arising from any **Claim** first made against the **Directors or Officers** during the **Policy Period** or the Extended Reporting Period (if applicable) for any **Wrongful Act**, but only to the extent that the **Insured Entity** has indemnified the **Directors or Officers** for such **Loss** as permitted by law.

#### Coverage B. Corporate Liability Insurance

This Policy shall pay the **Loss** of the **Insured Entity** arising from any **Claim** first made against the **Insured Entity** during the **Policy Period** or the Extended Reporting Period (if applicable) for any **Wrongful Act**.

#### Coverage C. Employment Practices Liability Insurance

This Policy shall pay the **Loss** of the **Insured(s)** arising from any **Claim** first made against the **Insured(s)** during the **Policy Period** or the Extended Reporting Period (if applicable) for any **Wrongful Employment Act**.

### II. Extended Reporting Period

---

- A. If the **Named Insured** cancels or if the **Insurer** or the **Named Insured** refuses to renew this Policy, then the **Named Insured** shall have the right, upon payment of an additional premium of 50 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** or **Wrongful Employment Act** occurring prior to the end of the **Policy Period** and otherwise covered by this Policy. Such 12 month period 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. 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, or
3. any proceeding brought or initiated by a federal, state or local government agency.

The term **"Claim"** shall not include labor or grievance arbitration subject to a collective bargaining agreement with respect to Coverage B. and Coverage C.

B. **"Continuity Date"** means the date set forth in:

1. Item 6. A. of the Declarations with respect to Coverage A., or
2. Item 6. B. of the Declarations with respect to Coverage B., or
3. Item 6. C. of the Declarations with respect to Coverage A. for a **Claim** against an **Insured** arising out of such **Insured** serving as a director, officer, trustee or governor of an **Outside Entity**, or
4. Item 6. D. of the Declarations with respect to Coverage C.

C. **"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, wages, overhead or benefit expenses associated with any **Insured**, or any amount covered by the duty to defend obligation of any other insurer.

D. **"Director(s) or Officer(s)"** means any past, present or future duly elected or appointed directors or officers of the **Insured Entity**. In the event that the **Insured Entity** operates outside the United States, then the term **"Director(s) or Officer(s)"** also means those titles, positions or capacities in such foreign **Insured Entity** which is equivalent to the position of a director or officer in a corporation incorporated within the United States. Coverage will automatically apply to all new **Directors or 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 Act** or **Wrongful Employment Act** 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 **Wrongful Act** or **Wrongful Employment Act** of the spouse, but shall apply only to **Claims** arising out of any **Wrongful Acts** or **Wrongful Employment Acts** of an individual **Director or Officer**.

E. **"Employee"** means an individual whose labor or service is engaged by and directed by an **Insured Entity**, including part-time, seasonal and temporary individuals. Independent contractors are not **Employees**. An individual's employment status shall be determined as of the date of the **Wrongful Employment Act**.

- F. **"Insured(s)"** means:
1. with respect to Coverage A., any **Director or Officer**;
  2. with respect to Coverage B., an **Insured Entity**;
  3. with respect to Coverage C.,
    - a. any **Director or Officer** or **Employee** of an **Insured Entity**;
    - b. an **Insured Entity**.
- G. **"Insured Entity"** means the **Named Insured** and any **Subsidiary**.
- H. **"Insurer"** means the entity issuing this Policy as listed on the Declarations Page.
- I. **"Loss"** means damages, judgments, settlements, pre-judgment interest and post-judgment interest and **Costs of Defense**; provided, however, **Loss** shall not include:
1. taxes (provided, however, that the **Insurer** will reimburse an **Insured Entity** for any employer share of payroll taxes on any portion of damages or settlements which constitute backpay otherwise considered a **Loss**), civil or criminal fines, or penalties imposed by law, or
  2. payment of insurance, disability, pension, health or other plan benefits claimed by or on behalf of any former or current **Employee**, or
  3. costs incurred by any **Insured** to make any building or property more accessible or accommodating to any disabled person, or
  4. amounts owed under federal, state or local wage and hour laws (provided, however, **Loss** shall include amounts owed under the Equal Pay Act of 1963), or
  5. commissions, bonuses, profit sharing or severance payment, or
  6. future wages or benefits of a reinstated **Employee** or wages or benefits associated with the continued employment of an **Employee**, or
  7. payment by the **Insured Entity** of allegedly inadequate price or consideration for the purchase of its own securities or the securities of a **Subsidiary**, or
  8. any matter deemed uninsurable under the law pursuant to which this Policy shall be construed.
- The term **"Loss"** also means liquidated, punitive or exemplary damages, or any multiplied damages award in excess of the amount so multiplied, where insurable. Such coverage for liquidated, punitive, exemplary or multiplied damages is part of and not in addition to the Limit of Liability, and any payment of such damages shall serve to reduce the Limit of Liability. Only for the purpose of resolving any dispute between the **Insurer** and the **Insured** regarding whether such liquidated, punitive, exemplary or multiplied damages are insurable under this Policy, the law of the jurisdiction most favorable to the insurability of those damages shall control, provided that such jurisdiction: (1) is where those damages were awarded or imposed, or (2) is where any **Wrongful Act** or **Wrongful Employment Act** occurred for which such damages were awarded or imposed, or (3) is where the **Insured** resides, is incorporated or has its principal place of business, or (4) is where the **Insurer** is incorporated or has its principal place of business.
- J. **"Named Insured"** means the corporation designated in Item 1. of the Declarations.
- K. **"Outside Entity"** means:
1. a not-for-profit organization under Section 501(c)(3), (c)(4), (c)(6) or (c)(7) 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. **"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.
- M. **"Proposal"** means the Proposal Form and any material submitted therewith.
- N. **"Related Wrongful Acts"** means **Wrongful Acts** or **Wrongful Employment Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event or decision.

- O. **"Subsidiary"** means:
1. a corporation of which the **Named Insured** 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 25 percent of the total consolidated assets of the **Insured Entity** as of the Policy inception date, which corporation becomes a **Subsidiary** during the **Policy Period**. The **Named Insured** 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. O. 2. above) but only upon the condition that within 90 days of it becoming a **Subsidiary**, the **Named Insured** 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 **Named Insured** paying when due any additional premium required by the **Insurer** relating to such new **Subsidiary**.

A corporation becomes a **Subsidiary** when the **Named Insured** 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 **Named Insured** 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**.

In all events, coverage as is afforded with respect to a **Claim** made against a **Subsidiary** or an **Insured** thereof shall only apply for **Wrongful Acts** or **Wrongful Employment 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**.

- P. **"Wrongful Act"** means:
1. with respect to individual **Directors or Officers**, any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act by the **Directors or Officers** of an **Insured Entity** in their respective capacities as such, or any matter claimed against them by reason of their status as **Directors or Officers** of an **Insured Entity**, 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 request or direction of the **Insured Entity**,
  2. with respect to an **Insured Entity**, any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act by the **Insured Entity**.
- Q. **"Wrongful Employment Act"** means any actual or alleged act by an **Insured** arising from an actual or potential employment relationship with the claimant for:
1. discrimination or harassment because of race, color, religion, age, sex, disability, pregnancy, national origin, sexual orientation, or any other basis prohibited by law which results in termination of the employment relationship, or demotion or failure or refusal to hire or promote, or failure to accommodate an **Employee** or potential **Employee**, or denial of an employment privilege, or the taking of any adverse or differential employment action, or
  2. sexual harassment including unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature that is made a condition of employment, is used as a basis for employment decisions, or creates an intimidating, hostile or offensive work environment that interferes with work performance, or
  3. termination, constructive discharge, wrongful failure to hire, wrongful demotion, retaliation, misrepresentation, infliction of emotional distress, defamation, invasion of privacy, humiliation, wrongful evaluation, or breach of an implied contract or agreement relating to employment, whether arising out of any personnel manual, policy statement or oral representation.

## 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 of any profit or advantage to which an **Insured** was not legally entitled; provided, however, this exclusion shall not apply unless a judgment or other final adjudication adverse to any of the **Insureds** in such **Claim** shall establish that such **Insureds** gained such 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 any criminal or deliberate fraudulent act; provided, however, this exclusion shall not apply unless a judgment or other final adjudication adverse to any of the **Insureds** in such **Claim** shall establish that such **Insureds** committed such 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 payments to an **Insured** of any remuneration without the previous approval of the stockholders of the **Insured Entity**, which payment without such previous approval shall be held to have been illegal;

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

- D. for:
1. bodily injury, sickness, disease, death, assault or battery of any person, or
  2. damage to or destruction of any tangible property, including the loss of use thereof, or
  3. invasion of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, libel, slander, mental anguish, humiliation, emotional distress, oral or written publication of defamatory or disparaging material;

provided, however, this exclusion shall not apply to the following personal injury damages or causes of action in connection with a **Claim** for a **Wrongful Employment Act** for: emotional distress, mental anguish, defamation, invasion of privacy, libel, slander, or humiliation;

- E. for any actual or alleged violation of the Employee Retirement Income Security Act of 1974 as amended or any regulations promulgated thereunder or any similar provisions of any state or federal common law or statute;

- F. by, on behalf of, or in the right of the **Insured Entity**, or by any **Directors or Officers**; provided, however, this exclusion does not apply to:

1. any derivative action by any security holder of the **Insured Entity**, 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 **Insured Entity**, or
2. any **Claim** for a **Wrongful Employment Act**, 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, 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. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any **Wrongful Act** or **Wrongful Employment Act** of the **Directors or Officers** serving in their capacities as directors, officers, trustees or governors of any other entity other than an **Insured Entity** or an **Outside Entity**, or by reason of their status as directors, officers, trustees or governors of such other entity;

- I. for any **Wrongful Act** or **Wrongful Employment 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** or **Wrongful Employment Act** occurred prior to the **Continuity Date** and if the **Insured** knew that such **Wrongful Act** or **Wrongful Employment 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**, and (if applicable) 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, then this Policy shall apply only to **Loss** excess over such indemnification and insurance (if applicable);

- J. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged seepage, pollution or contamination of any kind;

## Carolina Casualty Insurance Company

---

- K. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
1. any **Wrongful Act** or **Wrongful Employment 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** or **Wrongful Employment Act** whenever occurring, which together with a **Wrongful Act** or **Wrongful Employment Act** which has been the subject of such claim or notice, would constitute **Related Wrongful Acts**;
- L. 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;
- M. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any nuclear reaction, radiation or contamination, regardless of cause;
- N. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any oral or written contract or agreement. This exclusion shall not apply to Coverage A. or Coverage C., in the event that such liability would have attached to an **Insured** in the absence of the oral or written contract or agreement, or in the event a claimant alleges a breach of implied contract.
- With respect to Coverage B. and Coverage C. only, the **Insurer** shall not be liable to make any payment for **Loss** in connection with a **Claim** made against any **Insured**:
- O. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged lockout, strike, picket line, replacement or other similar actions resulting from labor disputes or labor negotiations or any protections contained within the National Labor Relations Act as amended, or any regulations promulgated thereunder, or any similar provisions of any state or federal common law or statute;
- P. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged violation of the Worker's Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, or any similar provisions of any federal, state or local statutory or common law or any rules or regulations promulgated under any of the foregoing; provided, however, this exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant by the **Insured** on account of the claimant's exercise of rights pursuant to any such law;
- Q. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged obligations under any workers' compensation, social security, disability benefits or unemployment compensation law or any similar provisions of any federal, state or local statutory or common law, or any rules or regulations promulgated under any of the foregoing; provided, however, this exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant by the **Insured** on account of the claimant's exercise of rights pursuant to any such law.

## V. Limit of Liability and Deductibles

---

- 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. In the event the Limit of Liability stated in Item 3. of the Declarations is exhausted by payment of **Loss**, or the Limit of Liability has been tendered to or on behalf of the **Insured**, then any and all obligations of the **Insurer** hereunder shall be deemed to be completely fulfilled and extinguished.
- B. **Costs of Defense** are not payable by the **Insurer** in addition to any applicable Limit of Liability. **Costs of Defense** are part of **Loss** and as such are subject to applicable 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 Deductible amount stated in Item 4. of the Declarations. Such Deductible amount shall be borne by the **Insured Entity** and/or the **Insureds**, with regard to all **Loss** arising thereunder, unless indemnification otherwise required under Coverage A. 1. is not made by an **Insured Entity** solely by reason of its financial insolvency.

## Carolina Casualty Insurance Company

---

- D. One Deductible amount shall apply to each and every **Claim**. If the **Insurer** advances any **Loss** within the Deductible, the **Insured** shall, upon written demand, reimburse the **Insurer** for such amounts within 30 days. Any funds so advanced by the **Insurer** shall serve to reduce the Limit of Liability to the extent that they are not repaid to the **Insurer**.

## VI. Defense, Cooperation and Settlements

---

- A. An **Insured** shall not admit liability for, enter into any settlement agreement, stipulate to any judgment, or incur **Costs of Defense** without the **Insurer's** prior written consent. 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 regarding such consent. Any **Loss** incurred and settlements agreed to prior to the **Insurer** giving its consent shall not be covered hereunder.
- B. The **Insurer** shall have the right and the duty to defend any **Claim** to which this insurance applies, even if any allegations of the **Claim** are groundless, false or fraudulent. The **Insurer's** right and duty to defend any **Claim** shall end when any of the **Insurer's** Limit of Liability has been exhausted by payment of **Loss**, or has been tendered to, or on behalf of, the **Insured**.
- C. Each **Insured** shall cooperate with the **Insurer** in the defense and settlement of any **Claim**, and in enforcing any right of contribution or indemnity against any person or organization that may be liable to the **Insured**, at no cost to the **Insurer**. Upon the request of the **Insurer**, the **Insured** shall submit to examination and interrogation, under oath if required by a representative of the **Insurer**, and shall attend hearings, depositions and trials, assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses, as well as giving written statement(s) to the **Insurer's** representatives, and meeting with such representatives for purposes of investigation or defense, all without charge to the **Insurer**.
- D. The **Insurer** shall not settle any **Claim** without the **Named Insured's** consent. If, however, the **Named Insured** shall refuse to consent to any settlement recommended by the **Insurer** and shall elect to contest the **Claim**, or continue any legal, administrative, or arbitration proceedings in connection with such **Claim**, then the **Insurer's** liability for the **Claim** shall not exceed the amount for which the **Claim** could have been settled, including **Costs of Defense** incurred up to the date of such refusal. Such amounts are subject to the provisions of section V. Limit of Liability and Deductibles. In the event that the **Named Insured** refuses to consent to any settlement as set forth in this section VI. D., the **Insurer's** right and duty to defend such **Claim** shall end upon the date of such refusal.

## VII. Notice of Claim and Multiple Claims

---

- A. As a condition precedent to their rights under this Policy, an **Insured** shall give the **Insurer** written notice of any **Claim**:
1. in the event of a lawsuit, as soon as practicable, but in no event later than 15 days after such **Claim** is first made, or
  2. in the event of all other **Claims**, 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 any **Insured** and shall give written notice to the **Insurer**, as soon as practicable (but prior to the expiration of or cancellation of the Policy), of:
1. the specific fact, circumstance or situation, with full details as to dates, persons, and entities involved; and
  2. the injury or damages which may result therefrom; and
  3. the circumstances by which the **Directors or Officers** or the **Insured Entity** first became aware thereof;
- then any **Claim** subsequently made arising out of such fact, circumstance or situation shall be deemed to have been made when notice was first given to the **Insurer**.
- C. All **Claims** based upon or arising out of the same **Wrongful Act** or **Wrongful Employment Act** or any **Related Wrongful Acts**, or one or more series of any similar, repeated or continuous **Wrongful Act** or **Wrongful Employment Act** or **Related Wrongful Acts**, shall be considered a single **Claim**. Each **Claim** shall be deemed to be first made at the earliest of the following times:
1. when the earliest **Claim** arising out of such **Wrongful Act** or **Wrongful Employment Act** or **Related Wrongful Act** is first made, or
  2. when notice pursuant to section VII. B. of a fact, circumstance or situation giving rise to such **Claim** is given.
- D. In addition to furnishing the notice as provided in sections VII. A. and VII. B., the **Insureds** shall give the **Insurer** such information and cooperation as it may reasonably require and shall, as soon as practicable, furnish the **Insurer** with copies of reports, investigations, pleadings and other papers in connection therewith.

**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 **Named Insured**;
  - 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 **Named Insured** and the **Insurer**; or
  - d. 20 days after receipt by the **Named Insured** 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 **Named Insured**, 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 **Named Insured** 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 Deductible amount, premium, Limit of Liability or other terms and conditions, the **Insurer** shall provide written notice to the **Named Insured** at least 60 days prior to the end of the **Policy Period**.
6. Any notices to be given to the **Named Insured** under this section shall be provided to the **Named Insured** 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. Proposal**

The **Proposal** is the basis of this Policy and is incorporated in and constitutes a part of this Policy. A copy of the Proposal Form is attached hereto. Any material submitted with the Proposal Form shall be maintained on file with the **Insurer** and shall be deemed to be attached hereto as if physically attached. It is agreed by the **Insureds** that the statements in the **Proposal** are their representations, that they are material and that this Policy is issued in reliance upon the truth of such representations. With respect to such statements and representations, no knowledge or information possessed by any **Insureds**, except for those person or persons who executed the Proposal Form, shall be imputed to any other **Insureds**. If any person or persons who executed the Proposal Form knew that such statements or representations were inaccurate or incomplete, then this Policy will be void as to all **Insureds**.

**C. 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** to determine the **Insureds'** liability, nor shall the **Insurer** be impleaded by the **Insureds** or their legal representatives. Bankruptcy or insolvency of the **Insureds** or of their estates shall not relieve the **Insurer** of any of its obligations hereunder.

**D. Changes in Ownership**

If during this **Policy Period**:

1. the **Named Insured** 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 **Named Insured**, 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** or **Wrongful Employment 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** or **Wrongful Employment Act** occurring after the effective time of the Transaction.

The **Named Insured** 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.

**E. Securities Offerings**

If during the **Policy Period** the **Named Insured** offers for sale:

1. securities issued by an **Insured Entity** which are not subject to a Registration Statement under the Securities Act of 1933, then this Policy shall continue in full force and effect. The **Named Insured** shall give the **Insurer** written notice of such sale of securities as soon as practicable after the effective date of such sale of securities.
2. securities issued by an **Insured Entity** pursuant to a Registration Statement under the Securities Act of 1933, then this Policy shall continue in full force and effect; provided, however, the **Insurer** shall not be liable to make any payment for **Loss** in connection with a **Claim** made against any **Insured** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the Securities Act of 1933, the Securities Exchange Act of 1934, rules or regulations promulgated thereunder or any similar state statutes, rules, regulations or common law occurring on or after the effective time of such filing of a Registration Statement under the Securities Act of 1933. The **Named Insured** shall give the **Insurer** written notice of such sale of securities as soon as practicable but not later than 30 days after the effective date of such sale of securities.

**F. Subrogation**

In the event of any payment under this Policy, the **Insurer** shall be subrogated to the extent of such payment to all the **Insureds'** rights of recovery thereof, 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 **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.

**G. Assignment**

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

**H. 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.

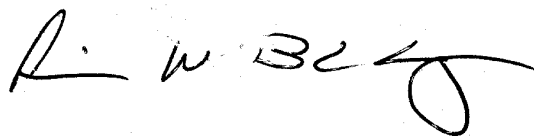
**I. Representation by Named Insured**

It is agreed that the **Named Insured** 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.

**J. Coverage Territory**

This Policy only applies to a **Wrongful Act** or **Wrongful Employment Act** taking place anywhere in the world.

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*