

Executive Protection Policy

DECLARATIONS

EMPLOYMENT PRACTICES
LIABILITY COVERAGE SECTION

Item 1. **Parent Organization:**

Item 2. Limits of Liability:

- (A) Each **Loss**
- (B) Each **Policy Period**

Note that the limits of liability and any deductible or retention are reduced or exhausted by **Defense Costs.**

Item 3. Coinsurance Percent:

Item 4. Deductible Amount:

Item 5. **Insured Organization:**

Item 6. **Insured Persons:**

Item 7. Extended Reporting Period:

- (A) Additional Premium:
- (B) Additional Period:

Item 8. Pending or Prior Date:

Item 9. Continuity Date:

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Employment Practices Coverage Section

In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, and the limitations, conditions, provisions and other terms of this coverage section, the Company agrees as follows:

Insuring Clause

1. The Company shall pay on behalf of the **Insureds** all **Loss** for which the **Insured** becomes legally obligated to pay on account of any **Claim** first made against the **Insured** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted, by an **Insured** before or during the **Policy Period**.

Estates and Legal Representatives

2. Subject otherwise to the General Terms and Conditions and the limitations, conditions, provisions and other terms of this coverage section, coverage shall extend to **Claims** for the **Wrongful Acts** of the **Insured Persons** made against the estates, heirs, legal representatives or assigns of **Insured Persons** who are deceased or against the legal representatives or assigns of **Insured Persons** who are incompetent, insolvent or bankrupt.

Defense Provisions

3. The Company shall have the right and duty to defend any **Claim** covered by this coverage section. Coverage shall apply even if any of the allegations are groundless, false or fraudulent. The Company's duty to defend shall cease upon exhaustion of the Company's applicable Limit of Liability set forth in Item 2 of the Declarations for this coverage section.

Defense Costs incurred by the Company, or by the **Insured** with the written consent of the Company, are part of and not in addition to the Company's applicable Limit of Liability set forth in Item 2 of the Declarations for this coverage section, and the payment by the Company of **Defense Costs** reduces such applicable Limit of Liability.

The **Insureds** agree to provide the Company with all information, assistance and cooperation which the Company reasonably requests and agree that in the event of a **Claim** the **Insureds** will do nothing that may prejudice the Company's position or its potential or actual rights of recovery.

The **Insureds** agree not to settle any **Claim**, incur any **Defense Costs** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Company's written consent, which shall not be unreasonably withheld. The Company shall not be liable for any settlement, **Defense Costs**, assumed obligation or admission to which it has not consented.

Extended Reporting Period

4. If the Company terminates or refuses to renew this coverage section other than for nonpayment of premium, the **Insureds** shall have the right, upon payment of the additional premium set forth in Item 7(A) of the Declarations for this coverage section, to an extension of the coverage granted by this coverage section for the period set forth in Item 7(B) of the Declarations for this coverage section (Extended Reporting Period) following the effective date of termination or nonrenewal, but only for any **Wrongful Act** committed, attempted, or allegedly committed or attempted, prior to the effective date of termination or nonrenewal. This right of extension shall lapse unless written notice of such election, together with payment of the additional premium due, is received by the Company within 30 days following the effective date of termination or nonrenewal. Any **Claim** made during the Extended Reporting Period shall be deemed to have been made during the immediately preceding **Policy Period**.

**Extended
Reporting Period**
(continued)

If the **Parent Organization** terminates or declines to accept renewal, the Company may, if requested, at its sole option, grant an Extended Reporting Period. The offer of renewal terms and conditions or premiums different from those in effect prior to renewal shall not constitute refusal to renew.

Exclusions

5. The Company shall not be liable for **Loss** on account of any **Claim** made against any **Insured**:
- (a) based upon, arising from, or in consequence of any circumstance if written notice of such circumstance has been given under any policy or coverage section of which this coverage section is a renewal or replacement and if such prior policy or coverage section affords coverage (or would afford such coverage except for the exhaustion of its limits of liability) for such **Loss**, in whole or in part, as a result of such notice;
 - (b) based upon, arising from, or in consequence of a written demand for monetary damages, suit, formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document or arbitration proceeding pending, or order, decree or judgment entered against any **Insured** on or prior to the Pending or Prior Date set forth in Item 8 of the Declarations for this coverage section or the same or any substantially similar fact, circumstance or situation underlying or alleged therein;
 - (c) for an actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974 (except Section 510), the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, rules or regulations promulgated thereunder and amendments thereto or similar provisions of any federal, state or local statutory law or common law. However, this exclusion shall not apply to any **Claim** for any retaliatory treatment of any claimant because of any claimant's actual or alleged protected lawful activity under the Fair Labor Standards Act or the Occupational Safety and Health Act;
 - (d) for bodily injury (except mental anguish), sickness, disease or death of any person or damage to or destruction of any tangible property including loss of use thereof;
 - (e) based upon, arising from, or in consequence of **Pollution**. However, this exclusion shall not apply to any **Claim** for wrongful dismissal, discharge or termination of employment of any claimant in retaliation for such claimant's actual or alleged (i) refusal to violate any federal, state or local statutory law or common law regarding **Pollution** or (ii) disclosure regarding any actual or alleged **Pollution** by any **Insured Organization**;
 - (f) based upon, arising from, or in consequence of any deliberately fraudulent act or omission by such **Insured** if a judgment or other final adjudication adverse to the **Insured** establishes such a deliberately fraudulent act or omission;
 - (g) based upon, arising from, or in consequence of any actual or alleged obligation of any **Insured** pursuant to any workers' compensation, unemployment insurance, social security, disability benefits or similar law. However, this exclusion shall not apply to any **Claim** for any retaliatory treatment of any claimant by any **Insured** based upon such claimant's exercise of rights pursuant to any such law;

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Exclusions (continued)

- (h) based upon, arising from, or in consequence of (i) any actual or alleged violation of any federal, state or common law relating to securities, or (ii) any actual or alleged purchase, sale or distribution of or offer, representation or agreement relating to securities. However, this exclusion shall not apply to any **Claim** for any retaliatory treatment of any claimant for (i) such claimant's actual or alleged refusal to violate any such securities laws or (ii) any actual or threatened disclosure by such claimant of any actual or alleged violation of such securities laws; or
 - (i) based upon, arising from, or in consequence of liability of others assumed by the **Insured** under any contract or agreement, either oral or written, except to the extent that the **Insured** would have been liable in the absence of the contract or agreement.
6. The Company shall not be liable for that part of **Loss**, other than **Defense Costs**:
- (a) which constitutes **Benefits** due or to become due or the equivalent value of such **Benefits**. However, this exclusion shall not apply where such **Loss** is based upon a **Claim** for actual or alleged wrongful dismissal, discharge or termination of employment;
 - (b) which constitutes front pay, future damages or other future economic relief or the equivalent thereof, if the **Insured Organization** is ordered, pursuant to a judgment or other final adjudication, but fails to reinstate the claimant as an employee;
 - (c) which constitutes any costs associated with any accommodation required pursuant to the American With Disabilities Act, the Civil Rights Act of 1964, rules or regulations promulgated thereunder, amendments thereto, or similar provisions of any federal, state or local law or common law; or
 - (d) which constitutes the cost of compliance with any order for, grant of or agreement to provide injunctive or non-pecuniary relief.

Severability of Exclusions

7. With respect to the Exclusions in subsections 5 and 6 of this coverage section, no fact pertaining to or knowledge possessed by any **Insured** shall be imputed to any other **Insured** to determine if coverage is available.

Limit of Liability, Deductible and Coinsurance

8. For the purposes of this coverage section, all **Loss** arising out of the same **Wrongful Act** and all **Interrelated Wrongful Acts** of any **Insured** shall be deemed one **Loss**, regardless of the number of **Claims** made, claimants, or **Insureds** against whom such **Claims** are made, shall be deemed to have originated at the time a **Claim** is first made against any **Insured** alleging any such **Wrongful Act** or **Interrelated Wrongful Acts** and only the policy in effect at that time, if any, shall apply to all such **Loss**.

The Company's maximum liability for each **Loss** shall be the Limit of Liability for each **Loss** set forth in Item 2(A) of the Declarations for this coverage section. The Company's maximum aggregate liability for all **Loss** on account of all **Claims** first made during the same **Policy Period** shall be the Limit of Liability for each **Policy Period** set forth in Item 2(B) of the Declarations for this coverage section.

The Company's liability under this coverage section shall apply only to that part of each **Loss** which is excess of the Deductible Amount set forth in Item 4 of the Declarations for this coverage section and such Deductible Amount shall be borne by the **Insured Organization** uninsured and at its own risk.

**Limit of Liability,
Deductible and
Coinsurance**
(continued)

With respect to all **Loss** (excess of the applicable Deductible Amount) originating in any one **Policy Period**, the **Insureds** shall bear uninsured and at their own risk that percent of all such **Loss** specified as the Coinsurance Percent in Item 3 of the Declarations for this coverage section, and the Company's liability hereunder shall apply only to the remaining percent of all such **Loss**.

Any **Loss** covered by this coverage section and either the Executive Liability and Indemnification or the Fiduciary Liability coverage sections of this policy (if purchased) shall be subject to the limits of liability, deductible and coinsurance percent applicable to this coverage section, not such other coverage section.

For purposes of this subsection 8 only, the Extended Reporting Period, if exercised, shall be part of and not in addition to the immediately preceding **Policy Period**.

**Reporting
and Notice**

9. The **Insureds** shall, as a condition precedent to exercising their rights under this coverage section, give to the Company written notice as soon as practicable of any **Claim** made against any of them for a **Wrongful Act**.

The **Insureds** shall, as a condition precedent to exercising their rights under this coverage section, give to the Company such information and cooperation as it may reasonably require, including but not limited to a description of the **Claim**, the nature of the alleged **Wrongful Act**, the nature of the alleged damage, the names of claimants, and the manner in which the **Insured** first became aware of the **Claim**.

**Arbitration
and Allocation**

10. Any dispute, including but not limited to claims sounding in contract or tort, between the **Insureds** and the Company arising in connection with or relating to this coverage section shall be submitted to binding arbitration.

The rules of the American Arbitration Association shall apply except with respect to the selection of the arbitration panel. The panel shall consist of one arbitrator selected by the **Insureds**, one arbitrator selected by the Company, and a third independent arbitrator selected by the first two arbitrators.

If both **Loss** covered by this coverage section and loss not covered by this coverage section are incurred, either because a **Claim** against the **Insured** includes both covered and uncovered matters or because a **Claim** is made against both an **Insured** and others, the **Insureds** and the Company shall use their best efforts to agree upon a fair and proper allocation of such amount between covered **Loss** and uncovered loss.

Other Insurance

11. If all or any part of **Loss** under this coverage section is also insured:
- (a) under any other prior or current policy, other than a policy issued by the Company, its subsidiaries, affiliates or any other insurer managed by Chubb & Son or Federal Insurance Company, then this coverage section shall cover such **Loss**, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such **Loss** is in excess of the amount of payment from such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limit of Liability provided in this coverage section;

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Other Insurance (continued)

- (b) under any other policy (except another coverage section of this policy) issued by the Company, its subsidiaries, affiliates or any other insurer managed by Chubb & Son or Federal Insurance Company, this coverage section shall cover such **Loss** subject to its limitations, conditions, provisions and other terms, on a primary basis and such other policy shall be excess of the amount of payment under this coverage section.

Changes in Exposure

Acquisition or Creation of Another Organization

12. If the **Insured Organization** (i) acquires securities or voting rights in another organization or creates another organization, which as a result of such acquisition or creation becomes a **Subsidiary**, or (ii) acquires any organization by merger into or consolidation with an **Insured Organization**, such organization and its **Insured Persons** shall be **Insureds** under this coverage section but only with respect to **Wrongful Acts** committed, attempted, or allegedly committed or attempted, after such acquisition or creation unless the Company agrees, after presentation of a complete application and all appropriate information, to provide coverage by endorsement for **Wrongful Acts** committed or attempted, or allegedly committed or attempted, prior to such acquisition or creation.

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If the fair value of all cash, securities, assumed indebtedness and other consideration paid by the **Insured Organization** for any such acquisition or creation exceeds 10% of the total assets of the **Parent Organization** as reflected in the **Parent Organization's** most recent audited consolidated financial statements, the **Parent Organization** shall give written notice of such acquisition or creation to the Company as soon as practicable together with such information as the Company may require and shall pay any reasonable additional premium required by the Company.

Acquisition of Parent Organization by Another Organization

13. If (i) the **Parent Organization** merges into or consolidates with another organization, or (ii) another organization or person or group of organizations and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by the other organization(s) or person(s) of more than 50% of the outstanding securities representing the present right to vote for election of directors of the **Parent Organization**, coverage under this coverage section shall continue until termination of this coverage section, but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted, by **Insureds** prior to such merger, consolidation or acquisition. The **Parent Organization** shall give written notice of such merger, consolidation or acquisition as soon as practicable, together with such information as the Company may require.

Cessation of Subsidiaries

14. In the event an organization ceases to be a **Subsidiary** before or after the inception date of this coverage section, coverage with respect to such **Subsidiary** and its **Insured Persons** shall continue until termination of this coverage section, but only with respect to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted prior to the date such organization ceases to be a **Subsidiary**.

Representations and Severability

15. In granting coverage to any one of the **Insureds**, the Company has relied upon the declarations and statements in the written application for this coverage section and upon any declarations and statements in the original written application submitted to another insurer in respect of the prior coverage incepting as of the Continuity Date set forth in Item 9 of the Declarations for this coverage section. All such declarations and statements are the basis of such coverage and shall be considered as incorporated in and constituting part of this coverage section.

Such written application(s) for coverage shall be construed as a separate application for coverage by each of the **Insureds**. With respect to the declarations and statements contained in such written application(s) for coverage, no statement in the application or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** for the purpose of determining if coverage is available. Only facts pertaining to and knowledge possessed by any past, present or future chief financial officer, President or Chairman of any **Insured Organization** shall be imputed to any **Insured Organization** to determine if coverage is available.

Definitions

16. When used in this coverage section:

Benefits means perquisites, fringe benefits, payments in connection with an employee benefit plan and any other payment, other than salary or wages, to or for the benefit of an employee arising out of the employment relationship.

Claim means:

- (i) a written demand for monetary damages,
- (ii) a civil proceeding commenced by the service of a complaint or similar pleading, including any appeal therefrom,
- (iii) an arbitration proceeding, or
- (iv) a formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document,

which is brought and maintained by or on behalf of any past, present or prospective employee(s) of the **Insured Organization** against any **Insured** for any **Wrongful Act** in connection with any actual or alleged wrongful dismissal, discharge or termination of employment, breach of any oral or written employment contract or quasi-employment contract, employment-related misrepresentation, violation of employment discrimination laws (including workplace and sexual harassment), wrongful failure to employ or promote, wrongful discipline, wrongful deprivation of a career opportunity, failure to grant tenure, negligent evaluation, invasion of privacy, employment-related defamation or employment-related wrongful infliction of emotional distress.

Defense Costs means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses (other than regular or overtime wages, salaries or fees of the directors, officers or employees of the **Insured Organization**) incurred in defending or investigating **Claims** and the premium for appeal, attachment or similar bonds.

Insureds either in the singular or plural, means the **Insured Organization** and any **Insured Persons**.

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Definitions (continued)

Insured Capacity means the position or capacity designated in Item 6 of the Declarations for this coverage section held by any **Insured Person** but shall not include any position or capacity in any organization other than the **Insured Organization**, even if the **Insured Organization** directed or requested the **Insured Person** to serve in such other position or capacity.

Insured Organization means, collectively, those organizations designated in Item 5 of the Declarations for this coverage section.

Insured Persons either in the singular or plural means any one or more of those persons designated in Item 6 of the Declarations for this coverage section.

Interrelated Wrongful Acts means all causally connected **Wrongful Acts**.

Loss means the total amount which any **Insured** becomes legally obligated to pay on account of each **Claim** and for all **Claims** in each **Policy Period** and the Extended Reporting Period, if exercised, made against them for **Wrongful Acts** for which coverage applies, including, but not limited to, damages, judgments, settlements, costs and **Defense Costs**. **Loss** does not include (i) any amount not indemnified by the **Insured Organization** for which the **Insured** is absolved from payment by reason of any covenant, agreement or court order, (ii) the future salary or benefits of a claimant who has been or shall be hired, promoted or reinstated to employment pursuant to a settlement, order or other resolution, (iii) fines or penalties imposed by law or the multiple portion of any multiplied damage award, or (iv) matters uninsurable under the law pursuant to which this coverage section is construed.

Pollutants means any substance exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by, the United States Environmental Protection Agency or a state, county, municipality or locality counterpart thereof. Such substances shall include, without limitation, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials. **Pollutants** shall also mean any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products and any noise.

Pollution means (i) the actual, alleged or threatened discharge, release, escape or disposal of **Pollutants** into or on real or personal property, water or the atmosphere; or (ii) any direction or request that the **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so.

Subsidiary either in the singular or plural, means any organization in which more than 50% of the outstanding securities or voting rights representing the present right to vote for election of directors is owned or controlled, directly or indirectly, in any combination, by one or more **Insured Organizations**.

Wrongful Acts means any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted, by an **Insured Organization** or by an **Insured Person**, individually or otherwise, in his **Insured Capacity**, or any matter claimed against an **Insured Person** solely by reason of his serving in such **Insured Capacity**.