

Travelers Casualty and Surety Company of America
Hartford, Connecticut 06183
(Stock Insurance Company, herein called the Company)

THIS IS A CLAIMS MADE POLICY WITH DEFENSE EXPENSES INCLUDED IN THE LIMIT OF LIABILITY. PLEASE READ IT CAREFULLY.

IN CONSIDERATION of the payment of the premium stated in the Declarations and subject to all of the terms, conditions and limitations of this Policy, the Company agrees as follows:

I. INSURING AGREEMENTS.

A. The Company shall pay on behalf of the **Insured Damages** and **Defense Expenses** on account of a **Claim** first made during the **Policy Period** for an alleged **Wrongful Employment Practice**.

B. If Item 3 of the Declarations indicates that coverage has been purchased for **Claims** for **Third Party Wrongful Acts**, then the Company shall pay on behalf of the **Insured Damages** and **Defense Expenses** on account of a **Claim** first made during the **Policy Period** for an alleged **Third Party Wrongful Act**.

II. DEFINITIONS.

A. “**Application**” means the application attached to and forming part of this Policy, including any materials submitted and statements made in connection therewith, or public information created by or on behalf of the **Insured Organization**. If the **Application** uses terms or phrases that differ from the terms defined in this Policy, no inconsistency between any term or phrase used in the **Application** and any term defined in this Policy will waive or change any of the terms, conditions and limitations of this Policy.

B. “**Claim**” means any of the following submitted to an **Insured** by or on behalf of or for the benefit of a **Claimant** for an alleged **Wrongful Employment Practice** (or by or on behalf of or for the benefit of any other person for an alleged **Third Party Wrongful Act**, if applicable): (1) a written demand for monetary or injunctive relief; (2) a civil or administrative proceeding commenced with a summons, pleading or other legal document; or (3) a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding; provided, that **Claim** does not include any labor or grievance arbitration or other proceeding pursuant to a collective bargaining agreement or any type of criminal proceeding.

A **Claim** shall be deemed to be made on the earliest date such written demand or notice is received by the **Insured**.

All **Related Claims** are a single **Claim** for purposes of this Policy, and all **Related Claims** shall be deemed to have been made at the time the first of such **Related Claims** was made whether prior to or during the **Policy Period**.

C. “**Claimant**” means: (1) a present or former **Employee** of or applicant for employment with the **Insured Organization**; (2) a governmental entity or agency, including but not limited to the Equal Employment Opportunity Commission or similar state or local agency, when acting on behalf of or for the benefit of present or former **Employees** or applicants for employment; or (3) any **Independent Contractor**.

D. “**Damages**” means money which an **Insured** is legally obligated to pay as a result of a **Claim**, including settlements; judgments; back and front pay; compensatory damages; punitive or exemplary damages if insurable under the applicable law most favorable to the insurability of punitive or exemplary damages; prejudgment and postjudgment interest; and legal fees and expenses of a **Claimant** awarded pursuant to a court order or judgment. “**Damages**” does not include:

1. Civil or criminal fines; sanctions; the multiplied portion of any multiplied damage award; liquidated damages other than liquidated damages awarded under the Age Discrimination in Employment Act or the Equal Pay Act; payroll or other taxes; or damages, penalties or types of relief deemed uninsurable under applicable law;

2. Future compensation, including salary or benefits, for a **Claimant** who has been or will be hired, promoted or reinstated to employment pursuant to a settlement, court order, judgment, award or other resolution of a **Claim**; or that part of any judgment or settlement which constitutes front pay, future monetary losses including but not limited to pension and other benefits, or other future economic relief or the value or equivalent thereof, if the **Insured** has been ordered, or has the option pursuant to a judgment, order or other award or disposition of a **Claim**, to promote, accommodate, reinstate, or hire the **Claimant** to whom such sums are to be paid, but fails to do so; or

3. Medical, pension, disability, life insurance, stock options or other similar employee benefits, except and to

the extent that a judgment or settlement of a **Claim** includes a monetary component measured by the value of pension, medical, disability, life insurance, stock options or other similar employee benefits, as consequential damages for a **Wrongful Employment Practice**.

E. “**Defense Expenses**” means reasonable and necessary legal fees and expenses incurred in the investigation, adjustment, defense and appeal of **Claims**, including but not limited to, cost of expert consultants and witnesses and premiums for appeal, injunction, attachment or supersedeas bonds (without the obligation to furnish such bonds); provided, that **Defense Expenses** shall not include salaries, wages, benefits or overhead of, or paid to, any **Insured**.

F. “**Discrimination**” means any actual or alleged: (1) violation of any employment discrimination law; or (2) disparate treatment of, or the failure or refusal to hire a **Claimant** because he or she is or claims to be a member of a class which is or is alleged to be legally -protected.

G. “**Employee**” means an individual whose labor or service is engaged by and directed by the **Insured Organization** and: (1) who is on the payroll of the **Insured Organization**, including full-time, part-time and seasonal workers; (2) who is a temporary worker or volunteer; or (3) whose services have been leased by the **Insured Organization**. The status of an individual as an **Employee** shall be determined as of the date of the alleged **Wrongful Employment Practice** (or **Third Party Wrongful Act**, if applicable).

H. “**Employment Agreement**” means any express or implied employment agreement regardless of the basis in which such agreement is alleged to exist, other than a collective bargaining agreement.

I. “**Independent Contractor**” means any natural person independent contractor who performs labor or service solely for the **Insured Organization** on a full-time basis pursuant to a written contract or agreement, where such labor or service is under the exclusive direction of the **Insured Organization**. The status of an individual as an **Independent Contractor** shall be determined as of the date of the alleged **Wrongful Employment Practice**.

J. “**Insured**” means: (1) the **Insured Organization**; (2) any present or former **Employee**, duly elected or appointed officer, director, natural person partner or member of the board of managers of the **Insured Organization** for alleged **Wrongful Employment Practices** (or **Third Party Wrongful Acts**, if applicable) committed in the discharge of his or her duties as such; and (3) any heir, executor, administrator, assignee or other legal representative of any **Insured** in paragraph (2) above in the event of his or her death, incapacity or bankruptcy.

K. “**Insured Organization**” means the **Named Insured**, any **Subsidiary**, and any entity for which coverage is provided pursuant to Section XI.A. of this Policy.

L. “**Named Insured**” means the entity named in Item 1 of the Declarations.

M. “**Policy Period**” means the dates set forth in Item 2 of the Declarations to the Policy, or, if the Policy has been renewed, the dates set forth in the most recent Renewal Certificate; in no event shall the **Policy Period** continue past the effective date of termination or cancellation of the Policy.

N. “**Potential Claim**” means a complaint lodged with a **Responsible Person** that a **Wrongful Employment Practice** (or **Third Party Wrongful Act**, if applicable) has occurred, and which does not constitute a **Claim**, but which reasonably may be expected to subsequently give rise to a **Claim**.

O. “**Related Claims**” means all **Claims** based upon, directly or indirectly arising or resulting from, or in any way involving, the same facts, circumstances, situations, transactions, events, or **Wrongful Employment Practices** (or **Third Party Wrongful Acts**, if applicable); and all **Claims** based upon a series of continuous or related facts, circumstances, situations, transactions, events, or **Wrongful Employment Practices** (or **Third Party Wrongful Acts**, if applicable).

P. “**Responsible Person**” means: (1) a duly elected or appointed officer, director, natural person partner, principal, or member of the board of managers of the **Insured Organization**, (2) a member of the staff of the human resources department of the **Insured Organization**, or (3) a member of the **Insured Organization's** in-house legal department or general counsel's office.

Q. “**Retaliation**” means **Wrongful Termination** or other adverse employment action against a **Claimant** on account of such **Claimant's** exercise or attempted exercise of rights protected by law, refusal to violate any law, or on account of the **Claimant** having assisted or testified in or cooperated with a proceeding or investigation regarding alleged violations of law.

R. “**Sexual Harassment**” means unwelcome sexual advances, requests for sexual favors or any other conduct of a sexual nature: (1) which is made a term or condition of a **Claimant's** employment or advancement; (2) which the submission to or rejection of is used as a basis for decisions affecting the **Claimant**; or (3) which has the purpose or effect of creating an intimidating, hostile or offensive work environment.

EPL-3001 (07-01)

Page 2 of 8

S. “**Subsidiary**” means any corporation or limited liability company in which, on or prior to the first day of the **Policy Period** shown in Item 2 of the Declarations, the **Named Insured** owns, directly or through one or more **Subsidiaries**, more than fifty percent (50%) of the outstanding securities representing

the right to vote for the election of such corporation's directors, or the right to elect, appoint or designate more than fifty percent (50%) of the members of such limited liability company's board of managers.

T. "Third Party Wrongful Act" means, with respect to any natural person other than a **Claimant**, any actual or alleged: (1) disparate treatment in violation of any discrimination law or because he or she is or claims to be a member of a class which is or is alleged to be legally-protected; or (2) unwelcome sexual advances, requests for sexual favors or any other conduct of a sexual nature which violates the civil rights of any such person.

U. "Workplace Harassment" means harassment, other than **Sexual Harassment**, which creates a work environment that interferes with job performance, or creates an intimidating, hostile, or offensive work environment.

V. "Wrongful Employment Practice" means any of the following occurring in the course of or arising out of the **Claimant's** employment, application for employment or performance of services with the **Insured Organization**: (1) **Discrimination**; (2) **Retaliation**; (3) **Sexual Harassment**; (4) **Workplace Harassment**; (5) **Wrongful Termination**; (6) breach of **Employment Agreement**; (7) violation of the Family Medical Leave Act; (8) employment-related misrepresentation; (9) invasion of privacy, or defamation, including libel or slander; (10) failure to: create or enforce adequate workplace or employment policies and procedures, employ or promote, or grant tenure; and (11) wrongful: discipline, denial of training, deprivation of career opportunity, denial or deprivation of seniority, or evaluation.

W. "Wrongful Termination" means actual or constructive termination of an employment relationship with the **Insured Organization** in a manner or for a reason which is contrary to applicable law or public policy, or in violation of an **Employment Agreement**.

III. EXCLUSIONS.

A. This insurance shall not apply to, and the Company shall have no duty to defend or pay **Defense Expenses** for, any **Claim**:

1. for damage to, or destruction of, loss of, or loss of use of any tangible property; or for or arising out of bodily injury, sickness, loss of consortium, disease or death of any person; provided, that this exclusion shall not apply to that portion of a **Claim** seeking **Damages** for emotional distress, loss of reputation, mental anguish, or humiliation;

2. for or arising out of facts, transactions or events which are or reasonably would be regarded as **Wrongful Employment Practices** (or **Third Party Wrongful Acts**, if applicable), about which any **Responsible Person** had knowledge prior to the applicable Continuity Date set forth in ITEM 9. of the Declarations;

3. for any obligation imposed by, or arising out of an **Insured's** failure to comply with, any law concerning workers' compensation, unemployment insurance, social security, disability insurance, or any similar state, federal or local law or regulation; provided, that this exclusion shall not apply to **Claims** for alleged **Retaliation**;

4. for or arising from or in consequence of the liability of others assumed by an **Insured** under any contract or agreement, oral or written, except to the extent that the **Insured** would have been liable in the absence of such contract or agreement;

5. for alleged violation of responsibilities, duties or obligations imposed on an **Insured** under the Employee Retirement Income Security Act of 1974 ("ERISA"), including amendments thereto and regulations promulgated thereunder, or any similar or related federal, state or local law; or for an **Insured's** failure or refusal to establish, contribute to, pay for, insure, maintain, provide benefits pursuant to, or enroll or maintain the enrollment of an **Employee** or dependent in, any employee benefit plan, fund or program, including contracts or agreements which are not subject to the provisions of ERISA; provided, that this exclusion shall not apply to **Claims** for alleged **Retaliation**;

6. for alleged violation of responsibilities, duties or obligations imposed on an **Insured** under the Consolidated Omnibus Budget Reconciliation Act of 1985, Workers' Adjustment and Retraining Notification Act, Fair Labor Standards Act (except the Equal Pay Act), Occupational Safety and Health Act, or amendments thereto or regulations promulgated thereunder, or any similar or related law; provided, that this exclusion shall not apply to **Claims** for alleged **Retaliation**;

7. for or arising out of a lockout, strike, picket line, hiring of replacement workers or other similar action in connection with any labor dispute or labor negotiation; or for or arising out of any alleged violation of responsibilities, duties or obligations imposed on an **Insured** under the National Labor Relations Act or amendments thereto or regulations promulgated thereunder, or any similar or related law;

8. for, based upon, or arising directly or indirectly out of any actual, alleged or threatened discharge, release, seepage, escape or disposal of any hazardous or toxic waste, emissions or substances, including but not limited to

EPL-3001 (07-01)

Page 3 of 8

pollution or contamination of any kind, and including but not limited to directions, requests or orders that an **Insured** report, test for, monitor, clean up, remove, contain, treat, detoxify or neutralize hazardous or toxic waste, emissions or substances; provided, that this exclusion shall not apply to **Claims** for alleged **Retaliation**;

9. for, based upon, or arising directly or indirectly out of any actual or alleged **Wrongful Employment**

Practice (or **Third Party Wrongful Act**, if applicable) committed by any **Subsidiary**, any acquired entity, or any person thereof who is an **Insured**, during any time which such entity is not a **Subsidiary** or prior to the acquisition of such entity;

10. for a **Third Party Wrongful Act** alleging discrimination, or other discrimination in violation of any antitrust or unfair trade practices law;

11. for liability under any agreement governing the terms of the labor or service of an **Independent Contractor**, temporary worker or leased employee with the **Insured Organization**;

12. for, based upon, or arising directly or indirectly out of any fact, circumstance, situation, transaction, event or **Wrongful Employment Practice** (or **Third Party Wrongful Act**, if applicable) underlying or alleged in any prior and/or pending civil, criminal, administrative or regulatory proceeding as of the applicable Prior and Pending Proceeding Date in ITEM 8. of the Declarations; or

13. for, based upon, or arising directly or indirectly out of any fact, circumstance, situation, transaction, event or **Wrongful Employment Practice** (or **Third Party Wrongful Act**, if applicable) which, before the Inception Date in Item 2(a) of the Declarations, was the subject of any notice given by or on behalf of any **Insured** under any other policy of insurance.

B. The Company shall have no duty to pay **Damages**, but will pay **Defense Expenses**, resulting from any **Claim** seeking:

1. costs and expenses incurred or to be incurred to comply with an order, judgment or award of injunctive or other equitable relief of any kind, or that portion of a settlement encompassing injunctive or other equitable relief, including but not limited to actual or anticipated costs and expenses associated with or arising from an **Insured's** obligation to provide reasonable accommodation under, or otherwise comply with, the Americans With Disabilities Act or the Rehabilitation Act of 1973, including amendments thereto and regulations thereunder, or any related or similar law or regulation; or

2. severance pay, damages or penalties under an express written **Employment Agreement**, or under any policy or procedure providing for payment in the event of separation from employment; or sums sought solely on the basis of a claim for unpaid services.

IV. TERRITORY.

This insurance applies to **Wrongful Employment Practices** (and **Third Party Wrongful Acts**, if applicable) occurring and **Claims** made anywhere in the world.

V. DEFENSE, INVESTIGATION AND SETTLEMENT.

A. If duty-to-defend coverage is indicated in Item 10 of the Declarations:

1. The Company shall have the right and duty to defend any **Claim**, even if the allegations are groundless, false or fraudulent including the right to select defense counsel with respect to such **Claim**; provided, that the Company shall not be obligated to defend or to continue to defend any **Claim** after the applicable Limit of Liability has been exhausted by payment of **Damages** or **Defense Expenses** or both; and

2. The **Insured** shall cooperate with the Company and, upon the Company's request, assist in making settlements and in defense of **Claims** and in enforcing rights of contribution or indemnity against any person or entity which may be liable to the **Insured** because of an act or omission insured under this Policy, shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

B. If reimbursement coverage is indicated in Item 10 of the Declarations:

1. The Company shall have no duty to defend any **Claim**. It shall be the duty of the **Insureds** to defend **Claims**. The Company shall have the right to participate with the **Insureds** in the investigation, defense and settlement, including but not limited to the negotiation of a settlement of any **Claim** that appears reasonably likely to be covered in whole or in part by this Policy and the selection of appropriate defense counsel;

2. Upon written request, the Company will advance **Defense Expenses** with respect to any **Claim**. Such advanced payments by the Company shall be repaid to the Company by the **Insureds** severally according to their respective interests in the event and to the extent that the **Insureds** shall not be entitled to payment of such **Defense Expenses** under the Policy. As a condition of any payment of **Defense Expenses** under this subsection, the Company may require a written undertaking on terms and conditions satisfactory to the Company guaranteeing the repayment of any **Defense Expenses** paid to or on behalf of any **Insured** if

EPL-3001 (07-01)

Page 4 of 8

it is finally determined that any such **Claim** or portion of any **Claim** is not covered under this Policy.

VI. RETENTION.

The sum stated in Item 5 of the Declarations shall be deducted from all amounts, including **Defense Expenses**, paid by the Company for each **Claim**. The Company shall be liable only for sums in excess of the Retention Amount. The Company shall have no obligation to pay **Damages** or **Defense Expenses** until the Retention Amount has been paid by the **Insured**. The Company may elect to pay all or part of the Retention Amount and, upon notice of the action taken by the Company, the

Insured shall promptly reimburse the Company such part of the Retention Amount as has been paid by the Company.

VII. LIMITS OF LIABILITY.

A. Regardless of the number of persons or entities bringing **Claims** and regardless of the number of persons or entities who are **Insureds**, the total limit of the Company's liability to make any payment, including **Defense Expenses**, because of all **Claims**, including **Related Claims**, made during a single **Policy Period**, shall not exceed the amount shown in Item 4 of the Declarations as the Aggregate Limit of Liability, regardless of when payment is made and regardless of when an **Insured's** legal obligation with regard thereto arises or is established. Payment of **Defense Expenses** shall reduce and may exhaust the Aggregate Limit of Liability.

B. In the event of a judgment in excess of the portion of the Aggregate Limit of Liability remaining after prior payments of judgments, settlements, and **Defense Expenses**, the Company's liability with regard thereto shall not exceed the then remaining amount of the Aggregate Limit of Liability. In no event shall the Company be obligated to make any payment with regard to a **Claim** or judgment after the Aggregate Limit of Liability has been exhausted by payment or tender of payment with regard to **Defense Expenses**, judgments or settlements.

VIII. CONSENT TO SETTLE.

A. The Company may, with the written consent of the **Insured**, make such settlement or compromise of any **Claim** as the Company deems expedient. In the event that the Company recommends a bona fide offer of settlement of any **Claim** which is acceptable to the **Claimant** (a "Settlement Offer"), and:

1. the **Insured** consents to such Settlement Offer within thirty (30) days of being made aware of such offer by the Company; and

2. the amount of such Settlement Offer:

a. is less than the remaining Aggregate Limit of Liability available at the time; and

b. combined with **Defense Expenses** incurred with respect to such **Claim**, exceeds the Retention Amount shown under ITEM 5. of the Declarations Page;

then the Retention Amount shall be retroactively reduced by ten percent (10%) with respect to such **Claim**.

B. If the **Insured** does not consent to a Settlement Offer within thirty (30) days of being made aware of such offer by the Company then:

1. The Retention Amount shall not be reduced as provided in paragraph A. above even if consent is given to a subsequent Settlement Offer; and

2. the **Insured** shall be solely responsible for 30% of all **Defense Expenses** incurred after the **Insured** refused to consent to such Settlement Offer, and the **Insured** shall also be responsible for 30% of all **Damages** in excess of the amount of such Settlement Offer; provided, that in no event shall the Company's liability under this Policy for such **Claim** exceed the remaining portion of the Aggregate Limit of Liability.

IX. REPORTING OF POTENTIAL CLAIMS.

If, during the **Policy Period**, the **Insured** first becomes aware of a **Potential Claim** and, during such **Policy Period**, gives written notice thereof as set forth herein to the Company, then if a **Claim** is subsequently made against the **Insured** by the **Claimant** for the alleged **Wrongful Employment Practice** (or **Third Party Wrongful Act**, if applicable) such **Claim** shall be deemed to have been first made during such **Policy Period**. The written notice shall include the particulars of such **Potential Claim**, including all facts constituting the alleged **Wrongful Employment Practice** (or **Third Party Wrongful Act**, if applicable), the identity of each person allegedly involved in or affected by such **Wrongful Employment Practice** (or **Third Party Wrongful Act** if applicable), and the date(s) of the alleged events, all of which shall be provided as soon as practicable, but in any event prior to the end of such **Policy Period**. Notice of any actual **Claim** which is subsequently made with respect to such **Potential Claim** must be given in accordance with Section XIV.A.

X. CANCELLATION.

This policy may be canceled by the **Named Insured** at any time by written notice to the Company. Such written notice must state the date thereafter on which such cancellation shall be effective. If this Policy is canceled by the **Named Insured**, the Company shall retain the customary short rate proportion of the premium hereon. Payment or tender of any unearned

EPL-3001 (07-01)

Page 5 of 8

premium by the Company shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.

This Policy, including any Extended Reporting Period, may be canceled by the Company for nonpayment of premium by mailing to the **Named Insured**, at the address shown in Item 1 of the Declarations, written notice stating when, not less than ten (10) days thereafter, cancellation shall be effective and the Company shall be entitled to any premium earned. Mailing of such notice by the Company shall be sufficient proof of such notice, and the Policy shall terminate at the date and hour specified therein.

XI. CHANGES IN EXPOSURE.

A. If, during the **Policy Period**, the **Named Insured** acquires any entity by merger or forms or acquires any **Subsidiary**, such entity will be included within the term **Insured Organization** but only for **Claims** for **Wrongful**

Employment Practices (or **Third Party Wrongful Act**, if applicable) which occur wholly during the time that the **Named Insured** owns more than fifty percent (50%) of such entity. If such entity is formed or acquired more than 90 days prior to the end of the **Policy Period** and the entity's employees equal more than ten percent (10%) of the number of employees of the **Insured Organization** shown on the most recent application submitted by the **Insured Organization**, then each of the following is a condition precedent to coverage for such entity:

1. Written notice of the formation or acquisition has been given to the Company, and specific application has been submitted on the Company's form in use at the time together with such documentation and information as the Company shall require, all within ninety (90) days after the effective date of such formation or acquisition; and

2. The Company has agreed to provide coverage under the Policy to such entity subject to such additional terms and conditions, including payment of any additional premium, as the Company may require.

If the entity is formed or acquired less than ninety (90) days prior to the end of the **Policy Period**, or if its employees equal no more than ten percent (10%) of the number of employees of the **Insured Organization** shown on the most recent application submitted by the **Insured Organization**, then written notice of such formation or acquisition is required to be given to the Company as soon as possible, but in any event prior to the end of the **Policy Period**.

B. If, at any time during the **Policy Period**, the **Named Insured** ceases to own more than fifty percent (50%) of any entity covered by this Policy, the Policy shall continue to provide coverage for such entity so long as the Policy remains in effect as to the **Named Insured**, but only with regard to **Claims** for **Wrongful Employment Practices** (or **Third Party Wrongful Acts**, if applicable) which occurred wholly prior to the date on which the **Named Insured** ceased to own more than fifty percent (50%) of such entity.

C. If more than fifty percent (50%) of the ownership of the **Named Insured** is changed during the **Policy Period**, this Policy shall continue in full force and effect with respect to **Claims** for **Wrongful Employment Practices** (or **Third Party Wrongful Acts**, if applicable) committed wholly prior to such event, but coverage will cease with respect to **Claims** for **Wrongful Employment Practices** (or **Third Party Wrongful Acts** if applicable) committed, in whole or in part, after such event.

XII. EXTENDED REPORTING PERIOD.

At any time prior to or within thirty (30) days after the effective date of termination or cancellation for any reason other than nonpayment of premium, the **Named Insured** may give the Company written notice that it desires to purchase, under the terms set forth in the Declarations, the Extended Reporting Period following the effective date of termination or cancellation, regarding **Claims** which may be made during

such Extended Reporting Period against persons or entities who at the effective date of termination or cancellation are **Insureds**, but only for **Wrongful Employment Practices** (or **Third Party Wrongful Acts**, if applicable) occurring wholly prior to the effective date of the termination or cancellation, subject to the following provisions:

A. Such Extended Reporting Period shall be deemed to be part of the **Policy Period** and not in addition thereto;

B. Such Extended Reporting Period shall not provide a new, additional or renewed Aggregate Limit of Liability, and the limit of liability applicable to all **Claims** made during such Extended Reporting Period shall be only the remaining portion of the Aggregate Limit of Liability for the **Policy Period** as so extended;

C. Notice of a **Potential Claim** may not be given by any **Insured** pursuant to Section IX. of this Policy during such Extended Reporting Period; and

D. Such Extended Reporting Period shall terminate on the effective date of any insurance purchased or obtained by the **Named Insured** or its successors in business, which replaces in whole or in part the insurance afforded by this Policy. If such other policy provides no coverage for acts occurring prior to its effective date, it shall not be deemed a replacement within the meaning of this provision.

XIII. SPOUSAL EXTENSION.

A. The coverage afforded under this Policy will, subject to all of its terms, conditions, limitations and exclusions, be extended to apply to **Damages** and **Defense Expenses**

EPL-3001 (07-01)

Page 6 of 8

resulting from a **Claim** made against a person who, at the time the **Claim** is made, is a lawful spouse of an **Insured**, but only if:

1. the **Claim** against such spouse results from a **Wrongful Employment Practice** (or **Third Party Wrongful Act**, if applicable) actually or allegedly committed by the **Insured**, to whom the spouse is married; and

2. such **Insured** and his or her spouse are represented by the same counsel in connection with such **Claim**.

B. No spouse of an **Insured** will, by reason of this subsection, have any greater right to coverage under this Policy than the **Insured** to whom such spouse is married.

C. The Company shall not be liable under this subsection to make any payment of **Damages** or **Defense Expenses** in connection with any **Claim** against a spouse of an **Insured** for any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by such spouse.

XIV. CONDITIONS.

A. **Insured's Duties In the Event of a Claim:** It is a condition precedent to all insurance afforded by this Policy that:

1. In the event the **Insured** shall become aware that a **Claim** has been made, written notice of the particulars of such **Claim**, including all facts constituting any alleged **Wrongful Employment Practice** (or **Third Party Wrongful Acts**, if applicable), the identity of each person allegedly involved in or affected by such **Wrongful Employment Practice** (or **Third Party Wrongful Act**, if applicable), and the date(s) of the alleged events, shall be provided to the Company as soon as practicable;

2. The **Insured** shall as soon as practicable forward to the Company every demand, notice, summons or legal process received with respect to any **Claim**; and

3. The **Insured** shall not voluntarily settle any **Claim**, make a settlement offer, assume or admit liability, nor, except at the **Insured's** own cost, voluntarily make any payment, pay or incur any **Defense Expenses**, or assume any obligation or incur any other expense, without the Company's prior written consent, such consent not to be unreasonably withheld.

B. **Action Against The Company:** No action shall lie against the Company 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 **Insured's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the **Claimant** and the Company.

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, in a court of competent jurisdiction in the United States, its territories or possessions, or Canada, to the extent of the insurance afforded by this Policy. No person or organization shall have any right under this Policy to join the Company as a party to any action against the **Insured** to determine the **Insured's** liability, nor shall the Company be impleaded by the **Insured** or said **Insured's** legal representative. Bankruptcy or insolvency of the **Insured** shall not relieve the Company of any of its obligations hereunder.

C. **Other Insurance:** This insurance shall apply only as excess insurance over, and shall not contribute with any: (1) fiduciary liability insurance or other insurance which applies to any claim for any violation of ERISA; or (2) any insurance which applies to any **Claim**: (a) against an **Independent Contractor** or leased or temporary employee, or (b) for a **Third Party Wrongful Act**.

D. **Subrogation:** In the event of payment under this Policy the Company shall be subrogated to all of the **Insured's** rights of recovery against any person or organization to the

extent of such payment and the **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing to prejudice such rights.

E. **Changes:** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of the Policy, or estop the Company from asserting any right under the terms of this Policy, nor may the terms of this Policy be waived or changed, except by a written endorsement issued by the Company to form a part of this Policy.

F. **Assignment:** Assignment of interest under this Policy shall not bind the Company until its consent is endorsed hereon; if, however, the **Insured** becomes incompetent or dies, such insurance as is afforded by this Policy shall apply to the **Insured's** legal representative as an **Insured**, but only while acting within the scope of said **Insured's** duties as such.

G. **Representations:** By acceptance of this Policy, each **Insured** agrees that the statements in the **Application** and any attachments thereto, all of which are deemed to be attached to, are incorporated into, and form a part of, this Policy, are said **Insured's** agreements and representations, that such representations are material to the Company's acceptance of this risk, that this Policy is issued in reliance upon the truth of such representations, and that this Policy embodies all agreements existing between said **Insured** and the Company or any of its agents relating to this insurance.

EPL-3001 (07-01)

Page 7 of 8

In the event that any statement or representation in the **Application**, including any attachments thereto, is untrue, then this Policy void and of no effect whatsoever, but only with respect to:

1. any **Insured** who knew, as of the Policy Inception Date, that the statement or representation was untrue; and

2. the **Insured Organization** if the person who signed the **Application** knew that the statement or representation was untrue.

The Company shall have the right to recover any **Damages** or **Defense Expenses** paid on behalf of such **Insured** or the **Insured Organization**, if applicable.

H. **Authorization:** By acceptance of this Policy, the **Named Insured** agrees to act on behalf of all **Insureds** with respect to the payment of premiums, the receiving of any return premiums that may become due under the Policy, and the receiving of notices of cancellation, nonrenewal, or change of coverages and the **Insureds** each agree that they have, individually and collectively, delegated such authority exclusively to the **Named Insured**; provided, that nothing herein shall relieve the **Insureds**, and each of them, from giving

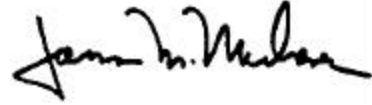
any notice to the Company that is required under Section XIV.A. of this Policy.

I. **Headings:** The descriptions in the headings and subheadings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage.

IN WITNESS WHEREOF, the Company has caused this Policy to be signed by its authorized Company officers at Hartford, CT, and signed on the Declarations page by a duly authorized person on behalf of the Company.



Executive Vice President



Corporate Secretary