

**DECLARATIONS**  
**THB EPL 2007**  
**EMPLOYMENT PRACTICES LIABILITY INSURANCE**

Insurance is provided by: Various Insurers as per Schedule attached.

Policy Number:

1. NAMED INSURED:

**NOTICE: This is a Claims First Made and Reported Policy which includes Costs of Defense within Coverage Limits. Please read this Policy carefully and discuss the coverage with your insurance agent. The Application Form and attachments are hereby attached and made a part of this Policy.**

Individual  Partnership  Joint Venture  Corporation  Other

2. POLICY PERIOD:

(Standard Time at YOUR address shown below).

3. ADDRESS:

4. LIMIT OF LIABILITY (INCLUDES COST OF DEFENSE):

a) Each Claim Limit: USD

b) Total Aggregate Limit: USD

5. SELF-INSURED RETENTION: (INCLUDES COST OF DEFENSE):

Each Claim: USD

6. CONTINUITY DATE:

7. PREMIUM: USD

8. AUTHORIZED REPRESENTATIVES: Mr Jeffrey Hirsch  
Kissel, Pesce Hirsch & Wilmer LLP  
580 White Plains Road  
Tarrytown, NY 10591  
Tel: (914) 750 5933  
Fax: (914) 750 5922

9. Application Form signed and dated:  
TRIA Notice signed and dated:

**Dated in London:**

SAMPLE

## **THB EPL 2007**

### **EMPLOYMENT PRACTICES LIABILITY INSURANCE**

**This is a Claims Made and Reported Policy which includes  
Cost of Defense within Coverage Limits.**

This policy covers Claims: (1) that are first made against the Insured during the Policy Period or any extension thereof; and (2) that are reported to us or our Authorized Representatives in accordance with the policy provisions regarding notice (Section X., Conditions A. and C.); and that arise from Insured Events or Third Party Insured Events consistent with the terms, conditions, limitations and exclusions set forth in this policy. It has been issued in reliance upon statements made to us in the application and any attachments thereto which, application and attachments, are incorporated herein and form part of this policy.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured.

Under this policy the words "we", "us" and "our" refer to the Underwriters providing this insurance.

The word "Insured" means any person or organization qualifying as such under Who Is Insured.

**READ THIS POLICY CAREFULLY TO DETERMINE THE EXTENT OF COVERAGE.  
IMPORTANT: THIS IS A CLAIMS MADE AND REPORTED POLICY WHICH INCLUDES  
COST OF DEFENSE WITHIN THE COVERAGE LIMITS.**

#### **I. COVERAGE: WHAT IS COVERED**

- A. **Claims Made By Claimants.** We will pay on behalf of the Insured Loss that the Insured is legally obligated to pay because of a Claim first made during the Policy Period or any extension thereof by a Claimant because of an Insured Event, provided that the Claim is reported to us in accordance with Section X., CONDITIONS A.
- B. **Claims Made by Third Party Claimants.** We will pay on behalf of the Insured Loss amounts that the Insured is legally obligated to pay because of a Claim first made during the Policy Period or any extension thereof by a Third Party Claimant because of a Third Party Insured Event, provided that the Claim is reported to us in accordance with Section X., CONDITIONS A.

## II. DEFENSE OF CLAIMS

- A. **Duty to Defend.** We have the right and duty to appoint and select counsel and to defend any Claim because of an Insured Event or Third Party Insured Event made or brought against any Insured to which this policy applies. Our consent to your preference for counsel shall not be unreasonably withheld. We have no duty to provide other services or take other actions. Our duty to defend any Claim ends when the Coverage Limits that apply have been exhausted.
- B. **Duty to Pay.** We have the duty to pay any Loss that results from any Claim because of an Insured Event or Third Party Insured Event made or brought against any Insured to which this policy applies. Our duty to pay ends when the available Coverage Limits have been exhausted. We will not pay more than the applicable Coverage Limits.  
We have the duty to pay Defense Costs incurred for the defense of any Claim which is controlled by us. Payment of Defense Costs are included in the Coverage Limits, they are not in addition to the Coverage Limits.
- C. **Consent To Settle.** We have the right to investigate and settle any Claim in the manner and to the extent that we believe is proper. We will not settle any Claim without your consent. If you refuse to consent to any settlement recommended by us or our Authorized Representatives and you elect to contest or continue any legal proceedings, then our liability shall not exceed: 1) the amount for which the Claim could have been settled including Defense Costs incurred with our consent, up to the date of such refusal; plus 2) 80% of covered Loss excess of the proposed settlement as long as 20% is borne by the Insured at its own risk and uninsured. This provision shall not apply unless the total Loss, including the proposed settlement, would exceed the applicable Self-Insured Retention.

Notwithstanding the foregoing, you may settle any matter without our consent if it can be fully resolved (including all defense fees and costs incurred in connection with the handling and settlement of the matter) for 100% (or less) of the Self-Insured Retention amount; provided, however, that before agreeing to such settlement (1) you provide us or our Authorized Representatives with advance notice of such proposed settlement and (2) the settlement would resolve any claim for coverage potentially afforded by this policy.

- D. **Transfer of Control.** You may take over control of any outstanding Claim previously reported to us only if we agree that you should or if a court orders you to take over control.

If your Coverage Limits are exhausted, we will notify you of all outstanding Claims so that you can take over control of their defense. We will transfer control to you.

During the transfer of control, we agree to take whatever steps are necessary to continue the defense of any outstanding Claims and avoid a default judgment during the transfer of control to you. If we do so, you agree to pay reasonable expenses we incur for taking such steps after the Coverage Limits are exhausted.

### III. **DEFINITIONS**

A. **Claim** means:

1. a letter, written complaint or written demand where specific charges of Employment Discrimination, Employment Harassment and/or Inappropriate Employment Conduct are made against the Insured or where specific charges of discrimination against or harassment of a Third Party Claimant are made against the Insured;
2. a written demand or notice seeking to hold the Insured liable for Employment Discrimination, Employment Harassment or Inappropriate Employment Conduct, or a written demand or notice seeking to hold the Insured liable for discrimination against or harassment of a Third Party Claimant.
3. a charge, administrative complaint or other notice of the commencement of a federal, state or local administrative proceeding;
4. a civil complaint, action or lawsuit;
5. an arbitration proceeding to which any Insured must submit or to which any Insured submits with our consent, or
6. any written complaint, writ or other proceeding in which an Insured is alleged to have committed or engaged in a criminal offense or violation of a federal, state or local penal law where the facts contained in such involve an Insured Event or Third Party Insured Event. Underwriters will have the final decision whether to identify such a proceeding as a Claim and must be agreed to by the Insured Company.

The date of Claim, for purposes of Section I., Coverage A. and B., and Section V., When Coverage is Provided, will be the date the Insured is served or first receives notice of a Claim.

B. **Claimant** means a current or former Employee, applicant for employment with an Insured, or the Equal Opportunity Employment Commission or a similar state or local agency acting on behalf of such current or former Employee or applicant for employment.

C. **Coverage Territory** means Worldwide.

D. **Defense Costs** mean those reasonable and necessary expenses that result from the investigation, settlement or defense of a specific Claim because of an Insured Event or a Third Party Insured Event, including attorney fees and expenses, the cost of legal proceedings, the cost of appeal bonds, the cost of bonds to release property being used to secure a legal obligation (but only for bond amounts within the Coverage Limits of this policy that apply; we have no obligation to furnish any bonds).

We do not consider the following to be **Defense Costs**: 1) salaries and expenses of our employees, including our in-house and/or coverage

attorneys and/or our independent adjusters; 2) salaries and/or expenses of any Insured.

**Defense Costs** shall not include any amount incurred by you or any Insured(s) before notice of the Claim was given to us or our Authorized Representatives, as shown in the Declarations.

E. **Employment Discrimination** means termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit or the taking of any adverse or differential employment actions because of race, color, religion, age, sex, disability (including AIDS), pregnancy, sexual orientation, sexual preference, national origin, or any other basis prohibited by federal, state or local law.

F. **Employee** means an individual whose labor or service is or was engaged by and directed by the Named Insured, or any covered entity. This includes volunteers, part time, seasonal, temporary and leased Employees, as well as any individual employed in a supervisory, managerial or confidential position. Independent contractors whose labor or service is or was engaged by and directed by the Named Insured are Employees but only with respect to the conduct of the insured entity's business.

**Employee** shall not include: 1) employees leased to others; or 2) temporary employees provided to another employer.

G. **Employment Harassment** means unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors or other verbal or physical conduct of a sexual or non-sexual nature that: 1) explicitly or implicitly are made a condition of employment, 2) are used as basis for employment decisions, or 3) create a work environment that interferes with performance.

H. **Inappropriate Employment Conduct** means:

1. Any actual or alleged wrongful dismissal, discharge or termination (either actual or constructive) of employment, including breach of an implied employment contract or an alleged implied covenant of good faith and fair dealing in the employment contract;
2. Any actual or alleged wrongful demotion, wrongful deprivation of career opportunity, failure to grant tenure, negligent supervision, wrongful discipline, negligent Employee evaluation and investigation, retaliation, retaliatory discharge, whistle blowing, violation of public policy, promissory estoppel or intentional interference with an employment contract;
3. Any actual or alleged wrongful failure to employ or promote;
4. Any actual or alleged employment related misrepresentation to an Employee or applicant for employment;
5. Any actual or alleged employment related infliction of emotional distress (whether negligently or intentionally), mental injury, mental anguish, humiliation, shock, disease, sickness or other personal injury;

6. Any actual or alleged employment related false imprisonment, detention or malicious prosecution;
  7. Any actual or alleged employment related libel, slander, defamation, disparagement, invasion of right of privacy; or
  8. Any actual or alleged violation of the Family Medical Leave Act or Uniformed Services Employment and Re-employment Rights Act or any similar state law.
- I. **Insured Event** means: actual or alleged acts of Employment Discrimination, Employment Harassment, and/or Inappropriate Employment Conduct by an Insured against an Employee, former Employee or applicant for employment
- J. **Interrelated Claim** means: 1) one or more covered Claims containing allegations which are related by an unbroken chain of events; 2) related Claims brought by or on behalf of the same Claimant or Third Party Claimant; or 3) class action or multiple plaintiff Claims.
- K. **Loss** means damages, Punitive Damages, statutory liquidated damages, judgments (including prejudgment and post judgment interest awarded against an Insured or that part of any judgment paid by us), settlements, statutory attorney fees, back pay, front pay, damages representing the loss of insurance benefits, and Defense Costs.

With respect to Punitive Damages only, the applicable law for purposes of insurability will be the law most favorable to the Insured provided the most favorable law has a reasonable relationship to the Claim. Law which will be deemed reasonably related to the Claim shall include: 1) the law of the state where the Insured is incorporated; 2) the law of the state where the Claim is pending; or 3) the law of the state where any Insured Event happened.

**Loss** shall not include:

1. non-monetary relief (this provision does not apply to Defense Costs where non-monetary relief is sought for alleged Employment Discrimination, Employment Harassment, or Inappropriate Employment Conduct);
2. payment of actual insurance plan benefits claimed by or on behalf of retired Employees, or actual insurance plan benefits that a Claimant would have been entitled to as an Employee of the Insured had the Insured provided the Claimant with a continuation of insurance;

3. costs incurred by an Insured to modify or adapt any building or property in order to make such building or property more accessible or accommodating to any disabled person or Third Party Claimant; costs associated with eliminating non-essential duties from the job description of a disabled person; costs associated with providing a disabled person with reasonable workplace accommodations; and costs associated with lost productivity by an employer as the result of making a reasonable workplace accommodation for a disabled person;
4. matters which may be deemed uninsurable according to the law under which this policy is construed;
5. amounts owed under federal, state, or local wage and hour laws;
6. commissions, bonuses, profit sharing or benefits, including but not limited to medical, stock options, vacation, holiday, and/or sick pay;
7. severance payments;
8. amounts owed under a written or express contract of employment for a definite period of time, or
9. any payment, incentive, or other compensation that is granted in the form of securities of an Insured or is based on the value of securities of an Insured

K. **Management Personnel** means owner, director, officer, partner, president, chief executive officer, chief financial officer, chief operating officer, executive director, general manager, in-house attorney involved in employment matters, head of risk management or head of human resources.

L. **Punitive Damages** means punitive damages, exemplary damages and additional damages resulting from the multiplication of compensatory damages.

M. **Third Party Claimant** means any natural person who is not an Employee of the Insured who makes a Claim because of a Third Party Insured Event.

N. **Third Party Insured Event** means actual or alleged acts of discrimination against or harassment of a Third Party Claimant by an Insured which violate any federal, state or local statute which prohibits discrimination or harassment.



#### IV. EXCLUSIONS: WHAT IS NOT COVERED

A. **Worker's Compensation.** This policy does not cover any Loss arising out of any obligation under worker's compensation, disability benefits, social security benefits, or unemployment compensation law, or any similar law. *However*, this exclusion does not apply to any Claim made against the Insured by a Claimant for retaliation, Discrimination or Inappropriate Employment Conduct on account of the filing of a workers' compensation claim, a claim for disability benefits, a claim for social security benefits, a claim for unemployment compensation, or a claim under any similar law.

B. **Liability Assumed by a Contract.** This policy does not cover any Loss which any Insured is obligated to pay by reason of the assumption of another's liability for an Insured Event or Third Party Insured Event in a contract or agreement.

This exclusion does not apply to liability for damages because of an Insured Event or Third Party Insured Event that any Insured would have had without such contract or agreement.

C. **ERISA, FLSA, NLRA, COBRA and OSHA.** This policy does not cover any Loss arising from the Employee Retirement Income Security Act of 1974 Public Law 93-406, the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety Act and Health Act, or any amendments thereto, or any similar federal, state or local law; provided, however, this exclusion does not apply to any Claim of any actual or alleged retaliatory treatment on account of the exercise of rights pursuant to any such law. In the event such Claim also alleges an Insured Event otherwise covered by this policy, notwithstanding the provisions of Section II. Defense of Claims, and subject to all other terms, conditions and exclusions contained in this policy, we agree to pay Loss solely for that portion of the Claim involving such Insured Event.

D. **Prior Knowledge and Prior Notice.** This policy does not cover any Loss arising from: 1) any Claim based upon, arising out of or related to any incident or circumstance indicating the possibility of a Claim for an Insured Event or Third Party Insured Event which any Management Personnel had knowledge of before the Continuity Date of the policy, as shown in the Declarations; or 2) an Insured Event or Third Party Insured Event which was the subject of notice under any prior policy.

E. **Wage and Hour Law.** This policy does not cover any Loss arising out of a Claim alleging violations of any federal, state or local wage and hour law, however, this exclusion does not limit our duty to pay Loss arising from any Claim alleging retaliatory treatment on account of the exercise of rights pursuant to any such law, subject to the limitations set forth in paragraphs (1) and (2):

(1) In the event such Claim alleging violation of any federal, state or local wage and hour law is made by or on behalf of a single plaintiff or claimant and also alleges an Insured Event otherwise covered by this policy, notwithstanding the provisions of Section II. Defense of Claims, and subject to all other terms, conditions and exclusions contained in this policy, we agree to pay Defense Costs of such Claim; however, our agreement to pay

Loss, (exclusive of Defense Costs), is limited to that portion of the Claim involving such Insured Event.

(2) In the event such Claim alleging violation of any federal, state or local wage and hour law is made by or on behalf of multiple claimants or plaintiffs (irrespective of whether it constitutes a class action) and also alleges an Insured Event otherwise covered by this policy, notwithstanding the provisions of Section II. Defense of Claims, and subject to all other terms, conditions and exclusions contained in this policy, we agree to pay Defense Costs and/or Loss but solely for that portion of the Claim involving such Insured Event.

**F. Fraud and Collusion.**

1. This policy does not cover any Loss based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any Claim alleging fraud or collusion involving a Named Insured, as shown in the Declarations to this policy and as defined in Section VII. of this policy.
2. Without limiting the foregoing, we will pay Defense Costs incurred relating to allegations of fraud and collusion to defend an innocent Insured named in such Claim so long as such Claim also contains allegations against that innocent Insured involving an Insured Event otherwise covered by this policy.
3. The obligation to pay Defense Costs in accordance with F.2. immediately above shall end in the event there is an adjudication, judicial finding or jury determination of actual fraud or wrongdoing, in which event we shall be entitled to repayment of Defense Costs that have been expended to defend the Claim.

**V. WHEN COVERAGE IS PROVIDED**

- A. This policy applies only to Claims because of an Insured Event or Third Party Insured Event which are first made during the Policy Period and reported to us or our Authorized Representative in accordance with Section X. CONDITIONS. A and C. A Claim is considered to be first made on the date the Insured is served or first receives notice of a Claim.
- B. All Interrelated Claims will be considered to have been made or brought on the date that the first Claim was made or brought.
- C. **Limited Reporting Period** means the sixty (60) day period after the policy ends, during which Claims because of Insured Events or Third Party Insured Events which happen or commence during the Policy Period can be made.

The Limited Reporting Period will apply if this policy is not renewed. Coverage under the Limited Reporting Period may not be canceled. However, the Limited Reporting Period will not apply to Claims if other insurance the Insureds buy covers them or would cover them if its limits of coverage had not been exhausted. A change in the premium, terms or conditions we require shall not be deemed non-renewal by us.

The Limited Reporting Period does not extend the Policy Period, as shown in the Declarations, or change the scope of coverage provided. We will consider any Claim because of an Insured Event or Third Party Insured Event which was first made during the Limited Reporting Period to have been made on the last date on which this policy is in effect.

- D. **Extended Reporting Period.** If this policy is non-renewed or canceled, an Extended Reporting Period of either twelve (12) months, twenty-four (24) months or thirty-six (36) months from the end of the Policy Period, or the effective date of cancellation, which ever is earlier, can be added by us issuing you an Extended Reporting Period Endorsement in exchange for your payment of an additional premium.

Coverage under the Extended Reporting Period is limited to Claims because of Insured Events or Third Party Insured Events which happen or commence before the policy is canceled or the Policy Period ends and which are otherwise covered by this policy.

The Extended Reporting Period Endorsement will not be issued unless we receive a written request for it within thirty (30) days after the policy ends, nor will it take effect unless the additional premium is paid within forty five (45) days after the policy ends. Once the additional premium is paid, the Extended Reporting Period Endorsement may not be canceled and the premium will be fully earned.

The additional premium for a 12 month Extended Reporting Period will be one hundred percent (100%) of the premium charged for the last Policy Period. The additional premium for a 24 month Extended Reporting Period will be one hundred and twenty five percent (125%) of the premium charged for the last Policy Period. The additional premium for a 36 month Extended Reporting Period will be one hundred and fifty percent (150%) of the premium charged for the last Policy Period.

However, the Extended Reporting Period will not apply to any Claim if other insurance you buy covers you or would cover you if its limits of coverage had not been exhausted.

- E. **Coverage Limits For Limited and Extended Reporting Periods.** The Coverage Limits that apply to the policy at the end of the Policy Period shall not be renewed or increased and the Coverage Limits, as shown in the Declarations, shall not be increased in any way by the Limited Reporting Period or the addition of an Extended Reporting Period.

## VI. WHERE COVERAGE IS PROVIDED

This policy covers Claims made or brought in the Coverage Territory for Insured Events or Third Party Insured Events that happen anywhere in the world.

## VII. WHO IS INSURED

- A. **Individual and Spousal Extension.** If you are shown in the Declarations as an individual, you are an Insured but only for conduct in connection with a business of which you are the owner.
- B. An Insured's lawful spouse or domestic partner (whether such status is derived by reason of statute or common law as recognized by the applicable jurisdiction) will also be considered to be an individual Insured, but only in respect of a Claim arising solely out of his or her capacity as your spouse where such Claim seeks recovery of marital property, community property, jointly held property, or property you transferred to your spouse; provided however, that no coverage is afforded hereunder for any acts that may have been or are alleged to have been committed by such spouse.
- C. **Estates, Heirs and Legal Representatives.** If you are shown in the Declarations as an individual, upon your death, incapacity or bankruptcy, your estates, heirs, legal representatives and assigns are Insureds; *but only* with respect to Claim(s) made against you because of an Insured Event(s) or a Third Party Insured Event(s) to which this policy applies.
- D. **Limited Liability Company (LLC).** If you are shown in the Declarations as a limited liability company, you are an Insured. Your members and managers are also Insureds, but only with respect to the conduct of your business.
- E. **Corporation.** If you are shown in the Declarations as a corporation or an organization other than a partnership or joint venture, you are an Insured. Your stockholders are also Insureds, but only with respect to their liability as your stockholders. Additionally, any entity more than 50% owned by you is an Insured, along with such entity's Employees but only for conduct within the scope of their employment with the entity and provided that the entity's Employees were included in the employee count of the policy application.
- F. **Partnership or joint venture.** If you are shown in the Declarations as a partnership or joint venture, you are an Insured. Your partners or co-ventures and their spouses are also Insureds, but only for the conduct of your business.
- However, no person or organization is covered for the conduct of any current or past partnership or joint venture not named in the Declarations.*
- G. **Employees.** Your employees, executive officers, directors and your trustees are Insureds only for the conduct of your business within the scope of their employment. Your Employees' status as an Insured will be determined as of: 1) the date of the Employment Discrimination, Employment Harassment or Inappropriate Employment Conduct which caused the Insured Event; or 2) the date of the discrimination against or harassment of a Third Party Claimant which caused the Third Party Insured Event.

- H. **Newly Acquired or Formed Entities.** Any organization that you newly acquire, or form while this policy is in effect is an Insured, if you own at least fifty percent (50%) of it. If the total number of existing employees of such newly acquired organization is greater than twenty five percent (25%) of the employees listed on the application for this policy, no newly acquired organization is covered for more than sixty (60) days or the remainder of the Policy Period, whichever is less, from the date acquired unless we agree to cover such acquisition organization within such for a sixty (60) day period in consideration of an additional premium to be determined by us. Notwithstanding the foregoing, no coverage is available under this Policy for a Claim against any acquired entity if the Claim results from an Insured Event that happened or first commenced before the Insured acquired the entity.

This Paragraph VII.H. does not apply to a partnership or joint venture. Nor does it apply to any organization once it is shown in the Declarations of this policy.

### **VIII. COVERAGE LIMITS**

- A. **Limits of Liability.** The Limits of Liability shown in the Declarations of this policy and the information contained in the Coverage Limits Section establish the most we will pay regardless of the number of Insureds or Claims made.
- B. **Each Claim Limit.** This is the most we will pay for any Claim first made or brought during the Policy Period for Loss.
- C. **Total Aggregate Limit.** This is the most we will pay for the combined total of all Claims first made or brought during the Policy Period for Loss.
- D. **How the Coverage Limits apply to an extension of the Policy Period.** If this Policy Period is extended, the Coverage Limits, as shown in the Declarations, shall not in any way increase. For purposes of the Limits of Liability any policy extension is considered to be part of and not in addition to the former Policy Period.

### **IX. SELF INSURED RETENTION**

- A. Our obligation to pay under the policy applies only to the amount of Loss in excess of any Self Insured Retention amount, as shown in the Declarations, and the Coverage Limits will not be reduced by the amount of such Self Insured Retention.
- B. The Self Insured Retention amount will apply separately to each Claim made, however, it will only apply once to all Interrelated Claims.
- C. If, prior to terminating or demoting an Employee the insured consults with a labor law attorney which we have designated, then the insured's out of pocket exposure (SIR) is reduced by 50% in the event the Insured faces a Claim involving such termination or demotion.. If, prior to terminating or demoting an Employee the insured consults with a labor law attorney who we have not designated, then the insured's out of pocket exposure (SIR) is

reduced by 25% in the event the Insured faces a Claim involving such termination or demotion.

- D. If the Insured accepts our initial recommendation to agree to a settlement proposal, then the unexhausted portion of the Insured's self-insured retention is reduced by 25%.

The Insured may also qualify for the 25% reduction in the Insured's out of pocket exposure to Claims (SIR) if the Insured reports a Claim to us or our Authorized Representative as soon as possible, and in any event, not less than four (4) days prior to the date a response to the agency charge (either the formal response date or the date the respondent must indicate whether it agrees to mediate) is due and before the Insured retains counsel to handle the charge/Claim (even though the Insured may have previously consulted with a labor law or corporate attorney prior to taking employment action, management action or making a management decision, i.e. termination or demotion)

- E. The potential discounts to out of pocket exposure set forth in IX. C. and D. cannot be greater than 50% or USD 25,000 whichever is less.

**X. CONDITIONS**

We have no duty to provide coverage under this policy unless there has been full compliance with all of the conditions contained in this policy.

**A. Duties in the event of a Claim**

It is a condition precedent to any obligation we may have under this policy that you provide us or our Authorized Representatives, as shown in the Declarations, with timely notice of any Claim that was first made during the Policy Period. Timely notice means: within ninety (90) days from the time that any Management Personnel first becomes aware of the Claim; or before the end of the Limited Reporting Period;

Whenever possible when providing notice of a Claim please provide us with name of the Claimant(s) or Third Party Claimants involved in the Claim, the name of the Insured(s) involved in the Claim, the date(s) the alleged Insured Event(s) or Third Party Insured Event(s), took place and copies of any demands, notices, summonses or legal papers received by the Insured in connection with the Claim. With respect to Claims involving Insured Events or Management Insured Events, please provide the Claimant's employee / personnel file.

**B. Prior Consent**

No Insured will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expenses without our consent. Subsequent payments which are deemed by us as having been prejudiced by any such voluntary payment will also be the sole responsibility of the Insured.

**C. Report of a Potential Claim**

Solely at the Insured's option, the Insured may within the Policy Period or during the Extended Reporting Period, if purchased report any incident which they learn about which they believe could lead to a Claim. If such report of a Potential Claim is received by us or our Authorized Representatives within the Policy Period, then any Claim made because of an Insured Event or Third Party Insured Event arising from the Potential Claim will be deemed to have been made on the date such report was received.

Whenever possible when providing notice of a Potential Claim, please provide us with the name of the potential Claimant(s) or Third Party Claimants involved in the incident or circumstance being reported, the name of the Insured(s) involved in the such incident or circumstance, the date(s) the incident or circumstance took place and any supporting documentation or information in connection with the incident or circumstance. If applicable, we also request that you provide us with the Potential Claimant's employee / personnel file.

**D. Legal Action Against Us**

1. No person or organization has the right under this policy:
  - a) To join us as a party or otherwise bring us into a suit asking for damages from an Insured; or
  - b) To sue us on this policy unless all of its terms have been fully complied with.
2. A person or organization may sue us to recover on an agreed settlement or on final judgment against an Insured obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable Coverage Limits. An agreed settlement means a settlement and release of liability signed by us, the Insured and the claimant's legal representative.

**E. Other Insurance**

This policy shall be deemed to be primary with the following exceptions: this policy shall apply only as excess insurance over, and shall not contribute with any fiduciary liability insurance or insurance that applies to any Claim for any violation of ERISA as well as any insurance that applies to any Claim against Independent Contractors. With respect to coverage for Claims involving leased or temporary employees, or in the event other insurance is available for Third Party Insured Events, this coverage shall be excess to such other insurance and all indemnification rights that may otherwise be available to the Insured. Nothing herein prevents us or you from seeking contribution or coverage from any other insurer or responsible party.

**F. Premium**

1. The Premium shown in the Declarations, is for the Policy Period shown in the Declarations.
2. The Policy is subject to a minimum earned premium of twenty five percent (25%) of the total Premium shown in the Declarations.

**G. Cancellation**

You may cancel this policy by mailing to us written notice stating when thereafter such cancellation shall be effective. We may cancel this policy for non-payment of premium only by mailing to the Named Insured, at the address shown in the Declarations, written notice stating when not less than ten (10) days thereafter such cancellation shall be effective.

The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation as stated in the notice shall become the end of the Policy Period. Delivery of such written notice shall be equivalent to mailing.

If you cancel, earned premium shall be computed in accordance with the short rate table and procedures shown in Section XI. of this policy.

**H. Representations In Application and Severability**

By accepting this policy you agree that with respect to the knowledge of any Management Personnel:

1. The statements in any application supplied to us and any attachments are accurate, complete and material;
2. We have issued this policy in reliance upon the statements in any Application and attachments thereto; and



3. Any application and attachments thereto, whether the original or a copy, including a facsimile copy, are deemed part of this policy. Notwithstanding the foregoing, we agree not to rescind the policy because of a misrepresentation of a fact, circumstance or situation which could lead to a Claim. However, no coverage will be available for a Claim involving a misrepresented fact in the application to any of the following Insureds:

- (1) any Management Personnel who knew of facts, circumstances or situations that were misrepresented in the application: and
- (2) the Named Insured as shown in the Declarations if any Management Personnel in subparagraph (1) above supplied the information that was misrepresented in the application.

**I. When We Do Not Renew**

If we decide not to renew this policy, we will mail or deliver to the Named Insured shown in the Declarations, written notice of the non-renewal not less than sixty (60) days before the expiration date.

If notice is mailed, proof of mailing will be sufficient notice of non-renewal.

**J. Transfer Of Rights Of Recovery Against Others to Us/Subrogation**

If the Insured has rights to recover all or part of any payments we have made under this policy, those rights are transferred to us; the Insured must do nothing after a Loss to impair them. At our request, the Insured will bring suit or transfer those rights to us and help us to enforce them.

**K. Bankruptcy**

Bankruptcy or insolvency of the Insured or of the Insured's estate will not relieve us of our obligations under this policy.

**L. False Or Fraudulent Claims**

If any Insured proffers any Claim knowing the same to be false or fraudulent as regards amount or otherwise, this policy will become void and all Claims hereunder shall be forfeited. However, the policy shall not be voided as to any other Insured who was not a party to such false and fraudulent claim submission.

**XI. SHORT RATE TABLE AND PROCEDURES**

NOTWITHSTANDING anything to the contrary contained herein, and in consideration of the premium for which this insurance is written, it is agreed that in the event of cancellation thereof by the Insured the earned premium shall be computed as follows:

**SHORT RATE CANCELLATION TABLE**

A. For insurance written for one year:

Days Insurance In Force		Per Cent of One Year Premium
1-54	.....	25
55-58	.....	26
59-62	(2 months)	27
63-65	.....	28
66-69	.....	29
70-73	.....	30
74-76	.....	31
77-80	.....	32
81-83	.....	33
84-87	.....	34
88-91	(3 months)	35
92-94	.....	36
95-98	.....	37
99-102	.....	38
103-105	.....	39
106-109	.....	40
110-113	.....	41
114-116	.....	42
117-120	.....	43
121-124	(4 months)	44
125-127	.....	45
128-131	.....	46
132-135	.....	47
136-138	.....	48
139-142	.....	49
143-146	.....	50
147-149	.....	51
150-153	.....	52
154-156	.....	53
157-160	.....	54
161-164	.....	55
165-167	.....	56
168-171	.....	57
172-175	.....	58
176-178	.....	59
179-182	(6 months)	60
183-187	.....	61
188-191	.....	62

Days Insurance In Force		Per Cent of One Year Premium
192-196	.....	63
197-200	.....	64
201-205	.....	65
206-209	.....	66
210-214	(7 months)	67
215-218	.....	68
219-223	.....	69
224-228	.....	70
229-232	.....	71
233-237	.....	72
238-241	.....	73
242-246	(8 months)	74
247-250	.....	75
251-255	.....	76
256-260	.....	77
261-264	.....	78
265-269	.....	79
270-273	(9 months)	80
274-278	.....	81
279-282	.....	82
283-287	.....	83
288-291	.....	84
292-296	.....	85
297-301	.....	86
302-305	(10 months)	87
306-310	.....	88
311-314	.....	89
315-319	.....	90
320-323	.....	91
324-328	.....	92
329-332	.....	93
333-337	(11 months)	94
338-342	.....	95
343-346	.....	96
347-351	.....	97
352-355	.....	98
356-360	.....	99
361-365	(12 months)	100

B. For insurance written for more or less than one year:

If the insurance has been in force for 12 months or less, apply the standard short rate table for annual insurances to the full annual premium determined as for an insurance policy written for a term of one year.

1. If the insurance has been in force for more than 12 months:
  - a) Determine the full annual premium as for an insurance policy written for a term of one year.
  - b) Deduct such premium from the full insurance premium and on the remainder, calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the insurance policy was originally written.
  - c) Add the premium calculated in accordance with items a) and b) to obtain the earned premium during the full period the insurance has been in force.