

I. INSURING AGREEMENTS1. Directors and Officers Liability (Individual)

If Insuring Agreement 1 coverage is included as set forth in the Coverage Schedule of the Declarations, the Insurer shall pay on behalf of the **Insured Person Loss** resulting from any **Claim** first made against them during the **Policy Period** or the Extended Reporting Period, if applicable, for a **Wrongful Act**, except and to the extent that **ABC Corp.** or any **Subsidiary** has indemnified them for such Loss.

2. Directors and Officers Liability (Reimbursement)

If Insuring Agreement 2 coverage is included as set forth in the Coverage Schedule of the Declarations, the Insurer shall pay on behalf of **ABC Corp.** or any **Subsidiary Loss** for which **ABC Corp.** or any **Subsidiary** is required, or has determined as permitted by law, to indemnify the **Insured Persons** and which results from any **Claim** first made against the **Insured Persons** during the **Policy Period** or the Extended Reporting Period, if applicable, for a **Wrongful Act**.

3. Entity Securities Liability

If Insuring 3 coverage is included as set forth in the Coverage Schedule of the Declarations, the Insurer shall pay on behalf of **ABC Corp.** or any **Subsidiary Loss** resulting from any **Securities Claim** first made against them during the **Policy Period** or Extended Reporting Period, if applicable, for a **Wrongful Act**.

4. Not-For-Profit Outside Directorship Liability (Individual and Reimbursement)

If Insuring Agreement 4 coverage is included as set forth in the Coverage Schedule of the Declarations, Insuring Agreements 1 and 2 are extended to cover **Loss** resulting from any **Claim** first made during the **Policy Period** or the Extended Reporting Period, if applicable, and made against any duly elected or appointed director or officer of **ABC Corp.** or any **Subsidiary** while serving in an **Outside Position** in a **Not-For-Profit Outside Entity**, for a **Wrongful Act**. However, any such coverage shall be specifically excess of any indemnification from and insurance provided by **the Not-For-Profit Outside Entity**.

Payment by the Insurer or any affiliate of the Insurer under another policy as a result of a **Claim** against an insured director or officer in an **Outside Position** in a **Not-For-Profit Outside Entity** shall reduce, by the amount of such payment, the Insurer's Limit of Liability under this Coverage Part with respect to such **Claim**.

5. For-Profit Outside Directorship Liability (Individual)

If Insuring Agreement 5 coverage is included as set forth in the Coverage Schedule of the Declarations, Insuring Agreement 1 is extended to cover **Loss** resulting from any **Claim** first made during the **Policy Period** or the Extended Reporting Period, if applicable, and made against any duly elected or appointed director or officer of **ABC Corp.** or any **Subsidiary** while serving in an **Outside Position** in a **For-Profit Outside Entity** for a **Wrongful Act**. However, any such coverage shall be specifically excess of any indemnification from and insurance provided by the **For-Profit Outside Entity** and any indemnification from **ABC Corp.** or any **Subsidiary**.

Payment by the Insurer or any affiliate of the Insurer under another policy as a result of a **Claim** against an insured director or officer in an **Outside Position** in a **For-Profit Outside Entity** shall reduce, by the amount of such payment, the Insurer's Limit of Liability under this Coverage Part with respect to such **Claim**.

II. DEFINITIONS

For purposes of coverage under this Coverage Part :

1. **Claim** means:
 - a. a written demand for monetary damages or non-monetary relief against an **Insured Person** or, with respect to Insuring Agreement 3 (if included), **ABC Corp.** or any **Subsidiary**,
 - b. a civil or criminal adjudicatory proceeding or arbitration against an **Insured Person** or, with respect to Insuring Agreement 3 (if included), **ABC Corp.** or any **Subsidiary**,
 - c. a formal administrative or regulatory adjudicatory proceeding against an **Insured Person**, or
 - d. a formal civil, criminal, administrative or regulatory investigation against an **Insured Person**, including any appeal therefrom.
2. **For-Profit Outside Entity** means any organization other than **ABC Corp.**, any **Subsidiary** and any **Not-For-Profit Outside Entity** if such organization is specifically listed as such in a schedule attached to this Policy.
3. **Insured Persons** means:
 - a. all past, present or future duly elected or appointed directors and/or officers of **ABC Corp.** or any **Subsidiary** or, with respect to a **Subsidiary** incorporated outside the United States, their functional equivalent; and
 - b. solely with respect to any **Securities Claim**, any other past, present or future full-time or part-time employees of **ABC Corp.** or any **Subsidiary**, provided such other employees are not included as **Insured Persons** for purposes of Exclusions 1.g or 1.h of this Coverage Part.
4. **Loss** means damages, settlements, judgments (including any award of pre-judgment and post-judgment interest) and **Defense Costs** for which the **Insured Persons** or, with respect to Insuring Agreement 3 (if included), **ABC Corp.** or any **Subsidiary** are legally obligated to pay on account of a covered **Claim**. **Loss** shall not include: (i) criminal or civil fines or penalties imposed by law; (ii) taxes; (iii) any amounts for which there is no legal recourse against the **ABC Corp. Insureds**; (iv) punitive or exemplary damages and the amount of any multiplied damage award which is in excess of the damage award so multiplied if such damages result from employment-related **Wrongful Acts**; or (v) matters which are uninsurable under the law pursuant to which this Policy shall be construed. **Loss** shall include punitive, exemplary or multiple damages not described in (iv) above if insurable to the fullest extent permitted by any applicable law. Where the **ABC Corp. Insureds** reasonably determine that punitive, exemplary or multiple damages are insurable under any applicable law, the Insurer shall not challenge that determination of insurability.
5. **Not-For-Profit Outside Entity** means any organization exempt from federal income taxation pursuant to 26 U.S.C. §501(c)(3), as amended.
6. **Outside Entity** means any **For-Profit Outside Entity** and any **Not-For-Profit Outside Entity**.

7. **Outside Position** means the position of director, officer, trustee, regent or governor held by any duly elected or appointed director or officer of **ABC Corp.** or any **Subsidiary** in any **Not-For-Profit Outside Entity** (if Insuring Agreement 4 coverage is included as set forth in the Coverage Schedule of the Declarations) or in any **For-Profit Outside Entity** (if Insuring Agreement 5 coverage is included as set forth in the Coverage Schedule of the Declarations), provided and so long as such service is part of the director's or officer's regularly assigned duties with **ABC Corp.** or any **Subsidiary** or is at the specific written request or direction of **ABC Corp.** or any **Subsidiary**.
8. **Securities** means:
- a. common or preferred stock or rights, warrants or options in such stock representing an ownership interest in **ABC Corp.** or any **Subsidiary** or a right to acquire or dispose of such interest; or
 - b. notes, bonds or debentures representing a debt owed by **ABC Corp.** or any **Subsidiary** to the extent such instruments would be deemed securities under the federal or state laws of the United States.
9. **Securities Claim** means a **Claim** which is, in whole or in part (i) based upon or arising out of the purchase or sale of, or offer or solicitation of an offer to purchase or sell, any **Securities** issued by **ABC Corp.** or any **Subsidiary**, whether such purchase, sale or offer involves a transaction with **ABC Corp.** or any **Subsidiary** or occurs in the open market or otherwise, or (ii) brought by a **Securities** holder of **ABC Corp.** or any **Subsidiary**, whether it be an individual action, class action, or derivative action on behalf of **ABC Corp.** or any **Subsidiary**, provided such **Claim** is based upon, arises out of, or involves an interest in such **Securities**.
10. **Wrongful Act** means:
- a. any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty committed or attempted by the **Insured Persons** in their capacity as such or, with respect to Insuring Agreements 4 and 5 (if included), in an **Outside Position** or, with respect to Insuring Agreement 3 (if included), by **ABC Corp.** or any **Subsidiary**, or
 - b. any matter claimed against the **Insured Persons** solely by reason of their serving in such capacity or, with respect to Insuring Agreements 4 and 5 (if included), in an **Outside Position**.

III. EXCLUSIONS

1. Exclusions Applicable to All Insuring Agreements

The Insurer shall not be liable to pay any **Loss** under this Coverage Part in connection with any **Claim** made against the **Insured Persons** or, with respect to Insuring Agreement 3 (if included), **ABC Corp.** or any **Subsidiary**:

- a. for any actual or alleged bodily injury, sickness, disease, emotional distress, mental anguish or death of any person, or damage to or destruction of any tangible property including loss of use;
- b. for any actual or alleged violation of **ERISA** or any **Similar Act** in connection with any employee pension benefit plan, employee welfare benefit plan or excess benefit plan as defined in 29 U.S.C. §1002, or employee stock ownership plan as defined in 26 U.S.C. §4975, of **ABC Corp.**, any **Subsidiary** or any **Outside Entity**;

- c. based upon, directly or indirectly arising out of, or in any way involving:
- (1) any **Wrongful Act** or any matter, fact, circumstance, situation, transaction, or event which has been the subject of any notice given under any prior policy, regardless whether such prior policy affords coverage for such **Loss**, in whole or in part, as a result of such notice; or
 - (2) any other **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** described in (1) above, would constitute **Interrelated Wrongful Acts**;
- d. based upon, directly or indirectly arising out of, in any way involving or constituting any civil, criminal, administrative or regulatory proceeding, investigation or arbitration against any of the **ABC Corp. Insureds** pending prior to or on the Prior or Pending Date set forth in the Coverage Schedule of the Declarations, or any fact, circumstance, situation, transaction or event underlying or alleged in such proceeding, investigation or arbitration;
- e. based upon, directly or indirectly arising out of, or in any way involving: any nuclear reaction, radiation or contamination, or any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, **Pollutants**; any request, direction or order that any of the **ABC Corp. Insureds** test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of **Pollutants** or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person, or financial loss to **ABC Corp.**, any **Subsidiary** or any **Outside Entity**, their security holders, or their creditors resulting from any of the aforementioned matters; provided, however, this exclusion shall not apply to the extent such **Claim** (i) is otherwise covered under Insuring Agreement 1; (ii) is an individual, class or derivative action, and (iii) is brought by or on behalf of any owner(s) of **Securities** in their capacity as such, while acting totally independently of and totally without the solicitation, assistance, participation or intervention of **ABC Corp.**, any **Subsidiary** or any **Insuring Persons**;
- f. for any **Wrongful Act** by the **Insured Persons** in the discharge of their duties in their capacities, or solely by reason of their status, as directors, officers, trustees, regents, governors or employees of any entity other than **ABC Corp.** or any **Subsidiary**, even if directed or requested by **ABC Corp.** or any **Subsidiary** to serve as directors, officers, trustees, regents, governors or employees of such other entity; provided this exclusion shall not apply to service in an **Outside Position** for which coverage is granted pursuant to Insuring Agreement 4 or 5 (if included);
- g. by or on behalf of any of the other **Insured Persons** in any capacity, except and to the extent that:
- (1) such **Claim** is by an officer who is not a director of **ABC Corp.** for any employment-related **Wrongful Act**; or
 - (2) such **Claim** is in the form of a crossclaim, third-party claim or otherwise for contribution or indemnity which is part of and results directly from a **Claim** which is not otherwise excluded under this Coverage Part;
- h. by, on behalf of, or for the benefit of **ABC Corp.** or any **Subsidiary**, or by any security holder of **ABC Corp.** or any **Subsidiary**, whether it be an individual, class or derivative action, except and to the extent that (i) such **Claim** is brought and maintained solely by persons acting totally independently of and totally without the solicitation, assistance, participation or intervention of **ABC Corp.**, any **Subsidiary** or any of the **Insured Persons**, or (ii) such **Claim** is brought or maintained

by or on behalf of a bankruptcy or insolvency trustee, examiner or receiver for **ABC Corp.** or any **Subsidiary** or any assignee of such trustee, examiner or receiver; or

i. for:

- (1) any **Wrongful Act** by **Insured Persons** of any **Subsidiary** or, with respect to Insuring Agreement 3 (if included), by such **Subsidiary**, occurring before the date such entity became a **Subsidiary**, or
- (2) any other **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** described in (1) above, would constitute **Interrelated Wrongful Acts**.

2. Exclusions Applicable to Insuring Agreements 1 and 3 Only

The Insurer shall not be liable to pay any **Loss** under Insuring Agreement 1 (as may be extended by Insuring Agreements 4 and 5) or Insuring Agreement 3 (if included) in connection with any **Claim** made against any **ABC Corp. Insured**:

- a. based upon, directly or indirectly arising out of, or in any way involving such **ABC Corp. Insured** gaining in fact any profit, remuneration or pecuniary advantage to which they were not legally entitled; or
- b. where it is established in a final adjudication by a judge, jury or arbitrator in such **Claim** that such **ABC Corp. Insured** committed any fraudulent or criminal **Wrongful Act** with actual knowledge of its wrongful nature or with intent to cause damage.

For the purpose of determining the applicability of any exclusion set forth in this subsection 2, the **Wrongful Act** of any **Insured Person** shall not be imputed to any other **Insured Person**; and only the **Wrongful Act** of any **Executive Officer** shall be imputed to **ABC Corp.** and any **Subsidiary**.

3. Exclusions Applicable to Insuring Agreement 3 Only

The Insurer shall not be liable under Insuring Agreement 3 (if included) to pay that portion of **Loss**, other than **Defense Costs**, which constitutes an amount attributable to:

- a. the actual or proposed payment by **ABC Corp.** or any **Subsidiary** of an allegedly inadequate price or consideration for the purchase of securities issued by **ABC Corp.** or any **Subsidiary**; or
- b. any dividends or other distributions of corporate profits of **ABC Corp.** or any **Subsidiary** to any shareholder of **ABC Corp.** or any **Subsidiary**.

4. Exclusion Applicable to Insuring Agreements 4 and 5 Only

The Insurer shall not be liable under Insuring Agreements 4 or 5 (if included) to pay any **Loss** in connection with any **Claim** made against the **Insured Persons** by, on behalf of, or for the benefit of the **Outside Entity** or one or more of the **Outside Entity's** directors, officers, trustees, governors or equivalent executives.