

THE INSURANCE AFFORDED BY THIS POLICY PROVIDES THAT THE LIMIT OF LIABILITY AVAILABLE TO PAY **DAMAGES** WILL BE REDUCED BY AMOUNTS INCURRED FOR **CLAIM EXPENSES**. **CLAIM EXPENSES** SHALL ALSO BE APPLIED AGAINST ANY DEDUCTIBLE AMOUNT SPECIFIED IN THE DECLARATIONS.

Key words and phrases that appear in **bold type** have special meanings. Refer to Section II. Definitions.

The Company and the **Insureds** agree as follows, in consideration of the premiums paid, and in reliance upon the statements in the **Application** furnished to the Company designated in the Declarations, a stock insurance corporation, hereinafter called the "Company":

I. TERMS AND CONDITIONS OF COVERAGE PARTS

The terms and conditions of each **Coverage Part** apply only to that **Coverage Part** and shall not apply to any other **Coverage Part**. If any provision in the General Terms & Conditions is inconsistent or in conflict with the terms and conditions of any **Coverage Part**, the terms and conditions of such **Coverage Part** shall control for purposes of that **Coverage Part**.

II. DEFINITIONS

For purposes of this Policy, words in bold have the meaning set forth below. However, any bolded word referenced in these General Terms & Conditions but defined in a **Coverage Part** shall, for purposes of coverage under that **Coverage Part**, have the meaning set forth in that **Coverage Part**.

- A. **Application** means all signed applications for this Policy and for any policy in an uninterrupted series of policies issued by the Company or any affiliate of the Company of which this Policy is a renewal or replacement. **Application** includes any materials submitted or required to be submitted therewith. An "affiliate of the Company" means an insurer controlling, controlled by or under common control with the Company.
- B. **Claim** means a demand received by the **Insured** for money or services. A demand shall include the institution of a civil adjudicatory proceeding or arbitration against an **Insured**, including any appeal therefrom.

Claim does not include a criminal complaint.

- C. **Claim Expenses** means:
 - 1. fees charged by attorneys designated by the Company or by the **Insured** with the Company's written consent; and
 - 2. all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim** if incurred by the Company, or by the **Insured** with the written consent of the Company, including, but not limited to, post-judgment interest, premiums for any appeal bond, attachment bond or similar bond but without any obligation of the Company to apply for or furnish any such bond.

Claim Expenses shall not include: fees, costs or expenses of directors, officers or employees of the Company; or salaries, loss of earnings or other remuneration by or to any **Insured**.

Claim Expenses will be paid first and payment will reduce the amount available to pay **Damages**.

- D. **Coverage Part** means only those coverage parts designated as included in Item 5 4. of the Declarations.

- E. **ERISA or any Similar Act** means the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law of the United States, Canada or their states, territories or provinces or any other jurisdiction anywhere in the world.
- F. **Insured** has the meaning as defined in each **Coverage Part**.
- G. **Material** means the content of any media.
- H. **Media Activity** means an act or omission committed in the course of:
1. gathering, acquiring, obtaining, researching, developing, preparing, filming, videotaping and recording of **Material**; and
 2. the dissemination or utterance of **Material**, by any means, including:
 - i. publishing, producing, printing, advertising and exhibiting;
 - ii. broadcasting, telecasting, webcasting, cablecasting;
 - iii. syndicating, selling, leasing, licensing, distributing, serializing or releasing;

through any medium, including wireless or electronic medium.
- I. **Media Claim** means a **Claim** arising out of **Media Activity** and alleging:
1. any form of defamation or other tort related to disparagement or harm to the character, reputation or feelings of any person or organization, including libel, slander, product disparagement, trade libel, negligent or intentional infliction of emotional distress, outrage or outrageous conduct;
 2. any form of invasion, infringement or interference with rights of privacy or publicity, including false light, public disclosure of private facts, intrusion and commercial appropriation of name or likeness;
 3. false arrest, detention or imprisonment or malicious prosecution;
 4. wrongful entry or eviction, trespass, eavesdropping or other invasion of the right of private occupancy;
 5. infringement of copyright, title, slogan, logo, trademark, trade name, trade dress, service mark or service name;
 6. plagiarism, piracy, misappropriation of ideas under implied contract or other misappropriation of property rights, ideas or information;
 7. unfair competition or unfair trade practices alleged in conjunction with 5 or 6 above, including but not limited to dilution, confusion, deceptive trade practices or unfair trade practices, civil actions for consumer fraud, false, disruptive or misleading advertising or misrepresentation in advertising;
 8. negligence.
- J. **Named Insured** means the person or entity specified in Item 1 of the Declarations.
- K. **Policy Period** means the period of time between the Effective Date and Expiration Date, specified in Item 3. of the Declarations or the earlier termination date.
- L. **Professional Liability Claim** means a **Claim** arising out of a **Wrongful Act** in the performance of **Professional Services**.

- M. **Professional Services** means those services specified in Item 5B. of the Declarations performed by an **Insured** for others for a fee.
- O. **Pollutants** means any substance exhibiting hazardous characteristics as is or may be defined or identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state, local or foreign counterpart. **Pollutants** also means, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed), as well as any air emission, odor, waste water, oil, oil products, infectious or medical waste, asbestos, asbestos products or any noise.
- O. **Property Damage** means:
 - 1. physical injury to, loss or destruction of tangible property, including the loss of use thereof; or
 - 2. loss of use of tangible property which has not been physically injured or destroyed.
- P. **Subsidiary** means any entity of which more than 50% of the issued and outstanding voting stock is owned by **Named Insured**, either directly or indirectly:
 - 1. on or before the effective date of this Policy; or
 - 2. after the Effective Date of this Policy by reason of being created or acquired by the **Named Insured** after such date, if and to the extent coverage with respect to the entity is afforded pursuant to Section V. Paragraph L.

including any such entity as a debtor in possession under United States bankruptcy law or an equivalent status under the law of any other country.

An entity ceases to be a **Subsidiary** at such time when the **Named Insured** ceases to own more than 50% of the issued and outstanding voting stock of the entity

III. LIMITS OF LIABILITY AND DEDUCTIBLE

- A. Subject to paragraph B. below, the per **Claim** Limit of Liability set forth in Item 3A. of the Declarations shall be the Company's maximum Limit of Liability for each **Claim** under this Policy.
- B. The Aggregate Limit of Liability set forth in Item 4A. of the Declarations shall be the Company's maximum Limit of Liability for all **Claims** under this Policy.
- C. The Limits of Liability shown in the Declarations and subject to the provisions of this Policy is the amount the **Company** will pay for **Damages** and **Claim expenses** regardless of the number of **Insureds**, **Coverage Parts** or **Claims** made, or persons or entities making **Claims**. The Company's obligations under this Policy shall be completely fulfilled and extinguished when the Limit of Liability is exhausted by payment of **Claims Expenses** and **Damages**.
- D. The Deductible set forth in Item 4B. of the Declarations shall apply to each **Claim**. The Company's obligation to pay **Claims** is in excess of any applicable Deductible. The Company will have no obligation to pay all or any portion of any applicable Deductible. Should the Company, in its sole discretion, pay any Deductible, then the **Named Insured** shall have the obligation to reimburse the Company for such amounts.
- E. Any **Media Activity** that occurs on one or more dates during the **Policy Period**, or during two or more consecutive policies issued by the Company, involving the same or related subject, event, situation, person or class of persons, irrespective of the number of repetitions, versions

or forms of said **Media Activity**, shall be considered as a single **Media Claim** and the Limit of Liability and Deductible in effect when the first **Media Activity** took place shall apply.

- F. If additional **Professional Liability Claims** are subsequently made which arise out of the same **Wrongful Act** as **Professional Liability Claims** already made and reported to the Company, all such **Professional Liability Claims**, whenever made, shall be considered first made when the earliest **Professional Liability Claim** arising out of such **Wrongful Act** was first reported to the Company; all such **Professional Liability Claims** shall be subject to the same Limit of Liability and Deductible in effect when the earliest **Professional Liability Claim** was made and reported to the Company.

IV. DUTY TO DEFEND AND SETTLEMENT

- A. The Company shall have the right and duty to defend any **Claim** even if such **Claim** is groundless, false or fraudulent. The **Insured** shall not admit or assume liability for or settle any **Claim** or incur any cost, charge or expense without the written consent of the Company. The Company has the right to make such investigation and conduct negotiations and, with the written consent of the **Insured**, enter into such settlement of any **Claim** as the Company deems expedient.
- B. The Company will not settle any **Claim** without the prior written consent of the **Insured** which consent shall not be unreasonably withheld. However, with respect to **Professional Liability Claims** only, if the **Insured** refuses to consent to a settlement or compromise recommended by the Company and acceptable to the claimant, the Company's duty to defend shall then cease and the **Insured** shall thereafter at the **Insured's** own expense negotiate or defend such **Claim** independently of the Company, and the Company's liability shall be limited to the amount of **Damages** for which the **Claim** could have been settled, if such recommendation was consented to, and for all **Claim Expenses** incurred up to the time of such refusal.
- C. The Company shall not be obligated to pay any **Damages** or **Claim Expenses** or defend any **Claim** after the applicable Limit of Liability has been exhausted by payment of **Damages** or **Claim Expenses**, or any combination thereof.

V. CONDITIONS

A. Territory/Payments

This Policy applies to **Claims** brought anywhere.

All payments of **Damages** and **Claim Expenses** made by the Company shall be made in United States Dollars at the exchange rate listed in The Wall Street Journal on the date payment amount is approved by the Company.

B. Assistance and Cooperation

The **Insured** shall cooperate with the Company and upon the Company's request shall attend hearings and trials and shall assist in effecting settlements, securing and giving of evidence, obtaining the attendance of witnesses and in the conduct of suits in connection with any **Claim** covered by this Policy. The **Insured** shall assist in the enforcement of any right of contribution or indemnity against any person or organization who or which may be liable to the **Insured**.

C. Action Against the Company

No legal action may be brought against the Company, unless, as a condition precedent thereto, the **Insured** shall have fully complied with all of the terms of this Policy, nor until the amount of

the **Insured's** obligation to pay shall have been fully determined either by judgment against the **Insured** after actual trial and appeal or by written agreement of the **Insured**, the claimant and the Company.

D. Bankruptcy

Bankruptcy or insolvency of the **Insured** or the **Insured's** estate shall not relieve the Company of any of its obligations hereunder.

E. Subrogation

In the event of any payment for any **Claim** under this Policy, the Company shall be subrogated in the amount of such payment to the **Insured's** rights of recovery therefore against any person or organization, 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 after the **Claim** to prejudice such rights.

F. Other Insurance

If any **Damages** or **Claim Expenses** are covered under any other policies, this Policy shall apply only to the extent the **Damages** or **Claim Expenses** exceed the amount paid under such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over this Policy.

G. Cancellation

This Policy may be canceled by the **Named Insured** by surrender of this Policy to the Company or by giving written notice to the Company stating when thereafter such cancellation shall be effective. This Policy may also be canceled by the Company by mailing to the **Named Insured** by registered, certified or other first class mail, at the **Named Insured's** address specified in Item 1. of the Declarations, written notice stating when, not less than thirty (30) days thereafter (or ten (10) days thereafter when cancellation is due to non-payment of premium), the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and the Policy shall terminate at the date and hour specified in such notice. If this Policy is canceled by the **Named Insured**, the Company shall retain the customary short rate proportion of the premium hereon. If this Policy is canceled by the Company, the Company shall retain the pro-rata proportion of the premium hereon.

H. 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 this Policy or prohibit the Company from asserting any right under the provisions of this Policy; nor shall the terms of this Policy be waived or changed, except by written endorsement issued to form a part of this Policy.

I. Terms of Policy Conformed to Statute

The terms of this Policy which are in conflict with the statutes of the state wherein this contract is issued are hereby amended to conform to such statutes in effect at the Effective Date of this Policy.

J. Application

1. The **Insureds** represent and acknowledge that the statements contained in the **Application** (which shall be maintained on file by the Company and be deemed attached

to and incorporated into this Policy as if physically attached), are true and: (i) are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy; and (ii) shall be deemed material to the acceptance of this risk or the hazard assumed by the Company under this Policy. This Policy is issued in reliance upon the truth of such representations.

2. In the event the **Application** contains any misrepresentation or omission:
 - a. made with the intent to deceive, or
 - b.. which materially affects either the acceptance of the risk or the hazard assumed by the Company under the Policy;
 this Policy shall be null and void.

K. Arbitration

Should the **Named Insured** and the Company disagree as to the appropriateness or value of any statement or final disposition of any **Claim** which exceeds the Deductible, the matter shall be arbitrated following final adjudication or compromise of the **Claim**. The propriety of **Claim Expenses** incurred by the Company is not subject to arbitration. Either party may make written demand for arbitration. Each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within thirty (30) days, either may request that selection of a third arbitrator be made by a judge of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

L. Coverage for New Subsidiaries

1. If, after the Effective Date of this Policy, **Named Insured** creates or acquires an entity, then such entity, and its directors, officers, and employees shall be covered under this Policy, subject to its terms and conditions, only if:
 - a. the revenue of such entity as reflected on its most recent audited consolidated financial statement is less than 10% of the total revenue of the **Named Insured** as of the date of the **Named Insured's** most recent audited consolidated financial statement prior to such transaction; or
 - b. other than as described in paragraph a. immediately above, the Company, at its sole option upon submission of such information as the Company may require, and payment of any additional premium and/or amendment of the provisions of the Policy, agrees in writing to provide coverage for such entity, its directors, officers or employees.
2. There shall be no coverage under any **Coverage Part** for any act or omission by such created or acquired entity, or by any persons considered to be **Insureds** pursuant to paragraph 1 above, where such act or omission occurred in whole or in part before the effective date of such acquisition or merger or for any act or omission occurring on or after such date which, together with any acts or omissions occurring before such date, would be considered causally connected by reason of any common fact, circumstance, situation, transaction or event.

M. Estates, Legal Representatives and Spouses

The estates, heirs, legal representatives, assigns and spouses of natural person **Insureds** shall be considered **Insureds** under any **Coverage Part**; provided, however, coverage is afforded to such estates, heirs, legal representatives, assigns and spouses only for a **Claim** arising solely out of their status as such and, in the case of a spouse, where such **Claim** seeks **Damages** from marital community property, jointly held property or property transferred from such **Insured** to the spouse. No coverage is provided for any act or omission of an estate, heir, legal representative, assign or spouse. All terms and conditions of this Policy shall also apply to such estates, heirs, legal representatives, assigns and spouses.


N. Notices

1. Any notices required to be given to the **Named Insured** shall be provided to the **Named Insured** at the last known address and to its insurance agent or broker. The mailing by certified mail of such notice shall be sufficient.
2. Any notices required to be sent to the Company shall be mailed to the Company at the address specified in Item 6 of the Declarations.

O. Coordination Among Coverage Parts

Should two or more **Coverage Parts** apply to the same **Claim**, the Insurer will not pay more than the actual **Damages** incurred by the **Insureds**.

IN WITNESS WHEREOF, the Company has caused this Policy to be signed by its Chairman and Secretary, but this Policy shall not be binding upon the Company unless completed by the attachment of the Declarations and countersigned by a duly Authorized Representative of the Company.



Chairman



Secretary