

OLD REPUBLIC INSURANCE COMPANY
Mt. Pleasant, Pennsylvania

Private Company Policy
General Terms and Conditions
Declarations

Policy Number: _____
Previous Number: _____

IMPORTANT NOTICE

THE LIABILITY COVERAGE SECTIONS ARE CLAIMS MADE COVERAGE - THAT APPLIES ONLY TO **CLAIMS** FIRST MADE DURING THE **POLICY PERIOD** OR THE **EXTENDED REPORTING PERIOD**, IF EXERCISED. **DEFENSE COSTS** SHALL BE APPLIED AGAINST THE RETENTION, IF APPLICABLE. **DEFENSE COSTS** PAID BY THE INSURER SHALL REDUCE AND MAY COMPLETELY EXHAUST THE LIMIT OF LIABILITY OF THE POLICY.

PLEASE READ THE ENTIRE POLICY CAREFULLY.

Item 1. **Named Insured** and Address: <NamedInsured/Address>

Item 2. **Policy Period:** <date1> to <date2> 12:01 a.m. local time at the address shown in Item 1

Item 3. Notice To The Insurer <Writing Company>:

(a) Notice of **Claim** or Potential **Claim**:
Old Republic Professional Liability, Inc.
191 North Wacker Drive, Suite 1000
Chicago, Illinois 60606
Attention: Claims Department
Email: ClaimNotice@oldrepublicpro.com
Fax: 312-750-8965

(b) All Other Notices:
Old Republic Professional Liability, Inc.
191 North Wacker Drive, Suite 1000
Chicago, Illinois 60606
Attention: Underwriting Department

Item 4. Maximum Aggregate Limit Of Liability For All **Liability Coverage Sections**:

\$<MaxAgg> inclusive of **Defense Costs**

Item 5. **Extended Reporting Period**:

Period: <XXmonths> <percentage>% of Policy Premium

Item 6. Applicable Coverages to this Policy:

Liability Coverage Sections: <libcovsecpurchased>

Non-Liability Coverage Sections: <nonlibcovsecpurchased>

Item 7. Policy Premium: \$<Premium>

[Surcharges/Assessment \$_____]

[Total: \$_____]

Item 8. Forms/Endorsements Effective At Inception:

**OLD REPUBLIC INSURANCE COMPANY
PRIVATE COMPANY POLICY
GENERAL TERMS AND CONDITIONS**

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OLD REPUBLIC INSURANCE COMPANY

PRIVATE COMPANY POLICY

GENERAL TERMS AND CONDITIONS

In consideration of the payment of the premium, and in reliance upon the **Application**, which is incorporated and made a part hereof, subject to the applicable Declarations and to all other terms of this Policy, Old Republic Insurance Company (herein the "Insurer"), the **Named Insured** and all other **Insureds** agree as follows:

I. TERMS AND CONDITIONS

- A. These General Terms and Conditions are attached to and incorporated into any and all purchased Coverage Section(s) as set forth in Item 6 of the General Terms and Conditions' Declarations.
- B. This Policy is comprised of the General Terms and Conditions, all Declarations, the **Application**, any and all purchased Coverage Section(s), and endorsements.
- C. The General Terms and Conditions, the Declarations, the terms and conditions of each Coverage Section of this Policy apply only to that Coverage Section and shall not be construed to apply to any other Coverage Section of this Policy.
- D. In the event of any inconsistency between any provision in the General Terms and Conditions and any provision within a Coverage Section, the provision set forth in the Coverage Section shall apply.
- E. Bolded terms shall have the meaning as set forth in the definitions. Any defined term referenced in the General Terms and Conditions but defined in a Coverage Section shall have the meaning set forth in that Coverage Section for purposes of coverage under that Coverage Section.

II. SUPPLEMENTARY BENEFITS FOR LIABILITY COVERAGE SECTIONS

A. MEDIATION RETENTION REDUCTION

If, prior to, or within sixty (60) days after a covered **Claim** is made against the **Insured**, the claimant and the **Insured** agree (with the consent of the Insurer) to use a non-binding alternative dispute resolution process to resolve such **Claim**, and if such **Claim** is entirely resolved through such process, then the Retention applicable to that **Claim** shall be reduced by fifty percent (50%) of such Retention or by ten thousand dollars (\$10,000), whichever is less.

B. ATTENDANCE EXPENSES REIMBURSEMENT

If the Insurer requests an **Insured Person's** presence at a trial, hearing, deposition, mediation, or arbitration, the Insurer will pay up to five hundred dollars (\$500) per day, per **Insured Person**, for reimbursement of costs and expenses incurred in connection with such presence, subject to a maximum of five thousand dollars (\$5,000) per **Claim** for all **Insured Persons** combined. Such payment will be in addition to the applicable Limit of Liability and no Retention will be applied to such payment.

C. PRE-CLAIM EXPENSES

In the event a covered **Claim** arises from a **Noticed Matter**, the Insurer shall credit **Pre-Claim Expenses** that the **Insured** has paid toward satisfaction of up to ten percent (10%) of the applicable Retention for such **Claim** subject to a maximum amount of \$25,000 Retention credit.

III. DEFINITIONS

Any term not defined in the General Terms and Conditions will have the meaning set forth in the definitions section of the respective Coverage Section. When used in this Policy, either in the singular or plural:

Application means any signed application, whether ours or that of another insurance carrier, any written materials and information attached thereto, or incorporated by reference submitted to the Insurer in connection with the underwriting of this Policy.

Change of Control means when: (i) the **Named Insured** merges into or consolidates with another entity and is not the surviving entity; (ii) another person, entity, or affiliated group of persons or entities acquires **Management Control** of the **Named Insured**; (iii) the **Named Insured** sells all or substantially all of its assets to another person, entity, or affiliated group of persons or entities; or (iv) the **Named Insured** emerges from bankruptcy.

Claim shall have the meaning as set forth in the respective Coverage Section.

Control Group Officer shall have the meaning as set forth in the respective Coverage Section.

Defense Costs shall have the meaning as set forth in the respective Coverage Section.

Domestic Partner means any natural person qualifying as a domestic partner of an **Insured Person** under either: (i) the provisions of any applicable federal, state, or local law; or (ii) the provisions of any formal program established by the **Insured Entity**.

Extended Reporting Period means the extended time period, if purchased, under the **Liability Coverage Sections** as described in Section XII, Extended Reporting Period for Liability Coverage Sections, of the General Terms and Conditions.

Insured means any **Insured Entity** and/or any **Insured Person** as defined in the respective Coverage Section.

Insured Entity means the **Named Insured** or any **Subsidiary**, 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. **Insured Entity** shall also include any entity added as such by endorsement.

Insurance Manager means an **Insured Entity's** in-house chief legal officer, risk manager, or person designated to represent the **Insured** with respect to effecting and maintaining insurance.

Insured Person shall have the meaning as set forth in the respective Coverage Section.

Interrelated Wrongful Acts mean all **Wrongful Acts** that are based upon, arise out of, or are logically or causally connected by the same, related, common facts, or series of the same, related, or common facts, circumstances, transactions, or **Wrongful Acts**.

Liability Coverage Section means the purchased Coverage Section(s) as set forth in Item 6 of the General Terms and Conditions' Declarations.

Loss shall have the meaning as set forth in the respective Coverage Section.

Management Control means:

- (i) owning interests representing more than fifty percent (50%) of the voting, appointment, or designation power to select a majority of: (a) the Board of Directors of a corporation; (b) the members of the management board of a limited liability company; or (c) the general partners of a limited partnership; or
- (ii) having the right, pursuant to a written contract or the by-laws, charter, operating agreement, or similar documents, to elect, appoint, or designate a majority of: (a) the Board of Directors of a corporation; or (b) the members of the management board of a limited liability company.

Manager means any natural person who was, now is, or shall become a manager, member of the Board of Managers or equivalent executive of an **Insured Entity** that is a limited liability company.

Named Insured means the organization named in Item 1 of the General Terms and Conditions' Declarations.

Non-Indemnifiable Loss means any **Loss** incurred by an **Insured Person** that an **Insured Entity** fails or refuses to pay, advance, or indemnify due to **Financial Impairment** or because such indemnification is not permitted pursuant to law.

Non-Liability Coverage Section means the purchased Coverage Section(s) as set forth in Item 6 of the General Terms and Conditions' Declarations.

Noticed Matter means any written notice of circumstance submitted to, and accepted by, the Insurer pursuant to Section VI, Claim and Notice Reporting, subsection B, Notice of Circumstances Under Liability Sections, of the General Terms and Conditions.

Policy Period means the time period from the inception date to the expiration date of this Policy as set forth in Item 2 of the General Terms and Conditions' Declarations, subject to its earlier termination or cancellation as provided in Section XV, Termination, Cancellation, and Nonrenewal of the Policy, of the General Terms and Conditions.

Pre-Claim Expenses mean the reasonable fees, costs, and expenses of an **Insured** to respond to or defend a **Noticed Matter**, which are incurred by the **Insured** on or after the date the Insurer has accepted the notice of circumstances and prior to the date the **Noticed Matter** became a **Claim**. **Pre-Claim Expenses** will not include: (i) **Derivative Investigation Costs**; (ii) **Books and Records Costs**; (iii) **Asset Protection Costs**; (iv) **Reputational Costs**; (v) regular or overtime wages, salaries, fees, or benefits associated with any **Insured**; or (vi) any fees, costs, or expenses incurred by an **Insured** as a result of, or arising from, any routine or regularly scheduled examinations, inspections, audits, or any industry sweep examination, or general oversight or compliance activity, or any general or informal request for information. The Insurer shall apply all Policy provisions including the determination of the reasonableness of such **Pre-Claim Expenses**.

Subsidiary means any:

- (i) entity under the **Management Control** of one or more **Insured Entities**; or
- (ii) foundation, charitable trust, or political action committee controlled, or exclusively sponsored, by the **Named Insured**.

Wrongful Act shall have the meaning as set forth in the respective Coverage Section.

IV. LIMITS OF LIABILITY, INTERRELATED CLAIMS, AND RETENTION

A. LIMITS OF LIABILITY

(i) Maximum Aggregate Limit of Liability

The Maximum Aggregate Limit of Liability designated in Item 4 of the General Terms and Conditions' Declarations shall be the Insurer's maximum aggregate liability for all **Loss** covered under all **Liability Coverage Sections**, combined, subject to any applicable sublimit of liability and excess of any applicable Retention.

(ii) Each Coverage Section Limit of Liability

The Insurer's aggregate liability for all **Loss** under each **Liability Coverage Section** shall be the Aggregate Limit of Liability for such Coverage Section, as set forth in the Declarations for such Coverage Section. The Limit of Liability for each Coverage Section shall be part of, and not in addition to, the Maximum Aggregate Limit of Liability as set forth in Item 4 of the General Terms and Conditions' Declarations.

(iii) Shared Limit of Liability Coverage Section

If a Shared Limit of Liability is indicated on the Declarations for any **Liability Coverage Section** ("Shared Limits Coverage Section"), then the following shall apply:

- (a) the Insurer's aggregate liability for each Coverage Section shall be the maximum liability of the Insurer for all **Loss** afforded coverage under such Coverage Section;
- (b) any **Loss** paid under one Shared Limits Coverage Section shall reduce the Aggregate Limit of Liability for all Shared Limit Coverage Sections; and
- (c) the total of all **Loss** covered under all Shared Limits Coverage Sections shall not exceed the highest aggregate Limit of Liability indicated in (a) above.

Such Shared Limits of Liability shall be part of, and not in addition to the Maximum Aggregate Limit of Liability as set forth in Item 4 of the General Terms and Conditions' Declarations. The Shared Limits of Liability limits the Insurer's maximum liability under each such Shared Limits Coverage Section and will not increase the respective separate Aggregate Limit of Liability for each Coverage Section.

(iv) Liability Under Multiple Liability Coverage Sections

If a single **Claim** is covered in whole, or in part, under more than one **Liability Coverage Section**, then the Aggregate Limit of Liability under each such **Liability Coverage Section** shall apply for such covered **Claim** under the respective **Liability Coverage Section**. The Insurer's maximum aggregate limit of liability for covered **Loss** on account of such **Claim** under all applicable **Liability Coverage Sections** shall not exceed the highest Aggregate Limit of Liability, which shall be reduced by payment of such **Loss**.

(v) Defense Costs Within Limit of Liability

Defense Costs are part of, and not in addition to, the applicable Limits of Liability, and the payment by the Insurer of **Defense Costs** shall reduce such Limits of Liability.

(vi) Limit of Liability Exhaustion and Payment

If the applicable Limit of Liability under this Policy is exhausted by payment of **Loss** with respect to any **Claim** covered under any **Liability Coverage Section**, the Insurer's obligations (including without limitation any duty to defend) with respect to such **Claim** shall be completely fulfilled and extinguished. Subject to any applicable Priority of Payments provision, the Insurer is entitled to pay **Loss** as it becomes due and payable by the **Insureds**, without consideration of other future payment obligations.

B. INTERRELATED CLAIMS

All **Claims** which in whole, or in part, arise out of the same **Wrongful Act, Interrelated Wrongful Acts** or arise from, are based upon, or logically or causally connected to the same or series of related or common facts, circumstances, situations, events, transactions or causes, shall be deemed to be a single **Claim**. Such single **Claim** shall be deemed to be first made on the earliest date any such **Claims** was first made or deemed to be made, regardless of whether such date is before or during the **Policy Period**.

C. RETENTION

- (i) The Insurer's liability under any **Liability Coverage Section** with respect to covered **Loss** arising from each **Claim** shall apply only to that part of **Loss** which is excess of the applicable Retention amount set forth in the Declarations for such Coverage Section. The Insurer shall not be responsible for any **Loss** incurred within the Retention.
- (ii) The Retention shall only apply to covered **Loss**. Any Retention shall be borne by the **Insureds** and at their own risk. The Insurer shall recognize payment of, or payment toward any applicable Retention amount by an **Insured**, Excess Difference in Conditions Side A Insurer, or any other source.
- (iii) All covered **Defense Costs** incurred in excess of the Retention shall reduce the Limit of Liability.
- (iv) If a single **Claim** is covered in whole or in part under more than one **Liability Coverage Section** then the applicable per **Claim** Retention under each such Coverage Section shall be applied separately to the **Loss**, provided that the sum of such Retentions shall not exceed the largest applicable Retention.

D. The applicable Declarations for any **Non-Liability Coverage Section** shall indicate the maximum amount for the Insurer's liability as well as any applicable Retention amount.

V. PRESUMPTIVE INDEMNIFICATION AND ADVANCEMENT OF DEFENSE COSTS

Each **Insured Entity** agrees to indemnify its **Insured Persons** to the fullest extent permitted by law. For purposes of this Policy, the governing documents, or resolutions of the **Insured Entity** shall be deemed to require indemnification for such **Defense Costs** or other **Loss** to the fullest extent permitted by law.

If an **Insured Person** makes a written request for indemnification from an **Insured Entity** and within sixty (60) days the **Insured Entity** fails to indemnify due to **Financial Impairment**, or refuses to indemnify, or fails to respond to the request, then the Insurer will advance such covered **Defense Costs** or **Non-Indemnifiable Loss** on behalf of such **Insured Persons** provided the **Claim** has been noticed properly under Section VI, Claim and Notice Reporting. Such advancement will continue until the **Insured Entity** fulfills its indemnification obligation subject to the applicable Limit of Liability.

The Insurer reserves all right of repayment by the **Insured Entity** of any amount of **Loss** paid or advanced by the Insurer on behalf of an **Insured** in the event such amount was not owed under this Policy.

VI. CLAIM AND NOTICE REPORTING

A. CLAIM REPORTING UNDER LIABILITY COVERAGE SECTIONS

As a condition precedent to coverage under this Policy, the **Insureds** shall give to the Insurer written notice of any **Claim** made against the **Insureds** as soon as practicable after a **Control Group Officer** first learns of such **Claim**, but in no event later than: (i) ninety (90) days after expiration of the **Policy Period**, if the **Extended Reporting Period** is not exercised; or (ii) the expiration of the **Extended Reporting Period**, if exercised. Provided, if this Policy is renewed with the Insurer, and the **Insureds** fail to provide notice of a **Claim** as soon as practicable, the Insurer will not assert late notice, unless the Insurer was materially prejudiced by such failure.

B. NOTICE OF CIRCUMSTANCES UNDER LIABILITY COVERAGE SECTIONS

If during the **Policy Period**, or the **Extended Reporting Period**, the **Insureds** first become aware of any circumstances which may reasonably give rise to a future **Claim** under this Policy and during such **Policy Period**, or the **Extended Reporting Period**, give written notice to the Insurer of the circumstances, the anticipated **Wrongful Act** allegations, the reasons for anticipating such **Claim**, and particulars as to dates, persons and entities involved, then any **Claim** which arises out of such circumstances shall be deemed to have been first made during the **Policy Period**, or the **Extended Reporting Period**, in which such written notice was received and accepted by the Insurer.

With the exception of dedicated Coverage Extension fees, costs, expenses, or **Pre-Claim Expenses** all other fees, expenses, and/or costs incurred by the **Insureds** with respect to a **Claim** prior to the date such **Claim** is made against the **Insureds** are not covered under this Policy.

C. REPORTING UNDER ANY NON-LIABILITY COVERAGE SECTION

Each **Non-Liability Coverage Section** shall specify the reporting requirements for that Coverage Section.

D. NOTICE

Any notice under any provision of this Policy shall be in writing and given by email, mail, or facsimile properly addressed to the appropriate party as set forth in Item 3 of the General Terms and Conditions' Declarations. A notice on one Coverage Section shall be considered notice on all other Coverage Sections. The Insurer shall send any correspondence to the **Insureds** at the address set forth in Item 1 of the General Terms and Conditions' Declarations.

Such written notice shall be deemed to be received and effective upon the earlier of the actual receipt by the addressee or one day following the date such notice is sent.

VII. MUTUAL RIGHTS AND OBLIGATIONS

The Insurer has the right to conduct any investigation it deems necessary and may, with the consent of the **Insureds**, make any settlement of any **Claim** it deems appropriate. Such consent shall not be unreasonably withheld or delayed.

The **Insureds** agree to provide the Insurer with all information, assistance, and cooperation which the Insurer reasonably requests including, without limitation: attendance at hearings and trials; assistance in effecting settlements, obtaining and giving evidence, obtaining the attendance of witnesses, and/or obtaining copies of records, investigations, pleadings, and/or other documents. The **Insureds** further agree not to prejudice the Insurer's position or its potential or actual rights of

recovery. The failure of any **Insured** to give the Insurer such information, assistance or cooperation shall not impair the rights of any other **Insured Person** under this Policy.

The **Insureds** agree not to settle or offer to settle any **Claim**; incur any **Loss**, costs, fees, expenses; assume any contractual obligation; or admit to any liability with respect to any **Claim** without the Insurer's prior written consent, such consent shall not be unreasonably withheld or delayed. Such consent is not required if the **Insured** is able to fully settle any **Claim**, including all **Loss** (inclusive of **Defense Costs**) and all related **Claims** for a total combined amount that does not exceed the applicable Retention.

Subject to the above paragraph, the Insurer shall not be liable for any settlement, **Loss**, costs, fees, expenses, or any assumed obligation or admission to which it has not consented.

VIII. DEFENSE AND SETTLEMENT

A. DUTY TO DEFEND COVERAGE

In the event that the Insurer has the Duty to Defend as set forth in the Coverage Section's Declarations, then the Insurer shall have the right and duty to defend any **Claim**, including the right to select defense counsel, even if the **Claim** allegations are groundless, false, or fraudulent.

The Insurer's obligation to pay **Loss** (inclusive of **Defense Costs**), or to defend any **Claim** shall cease upon exhaustion of the applicable Limit of Liability.

B. REIMBURSEMENT COVERAGE

In the event the **Insured** has the duty to defend as set forth in the Coverage Section's Declarations as Reimbursement Coverage, or if the **Insured** has the duty to defend any specific **Claim**, then it shall be the duty of the **Insureds** and not the Insurer to defend any applicable **Claim**.

If the **Insured** has the duty to defend a **Claim**, this shall include the right to select defense counsel, subject to the Insurer's consent, such consent shall not be unreasonably withheld or delayed. The **Insured** agrees that defense counsel will adhere to and abide by the Insurer's Litigation Management and Billing Guidelines for defense counsel.

The Insurer shall advance covered **Defense Costs** which the **Insured** has incurred in the defense of a **Claim**. Such advancement shall be made on a current basis but no later than sixty (60) days after the Insurer has received and approved itemized invoices or bills for such **Defense Costs**. Such advancement shall be subject to the **Insured's** satisfaction of any applicable Retention.

IX. ALLOCATION

A. DUTY TO DEFEND ALLOCATION

In the event the Insurer has assumed the duty to defend any **Claim**, then to the extent any **Insured** afforded coverage incurs **Loss** jointly with others (including **Insureds**) who are not afforded coverage for such **Claim**, or incur an amount consisting of both **Loss** covered by this Policy and loss not covered by this Policy because such **Claim** includes covered and uncovered matters or any portion thereof, such uncovered loss shall be treated as follows:

- (i) one hundred percent (100%) of **Defense Costs** incurred by the **Insured** will be deemed to be covered **Loss**; and
- (ii) loss, other than **Defense Costs**, shall be allocated based upon the relative legal and financial exposures and the relative benefits obtained by all parties to the covered and uncovered loss or matters.

B. REIMBURSEMENT ALLOCATION

In the event the **Insured** has assumed the duty to defend any **Claim**, or is required to defend any **Claim**, then to the extent that any **Insured** incurs **Loss** or **Defense Costs** covered by this Policy jointly with others (including **Insureds**) who are not afforded coverage for such **Claim**, or incur an amount consisting of both **Loss** covered by this Policy and loss not covered by this Policy because such **Claim** includes covered and uncovered matters or any portion thereof, such uncovered loss, **Defense Costs**, fees, costs, or expenses shall be allocated based upon the relative legal and financial exposures and the relative benefits obtained by all parties to covered and uncovered matters and uncovered persons.

If the Insurer and the **Insureds** cannot, after exerting their best efforts, agree on an allocation of **Defense Costs**, then the Insurer shall advance **Defense Costs** excess of any applicable Retention which the Insurer believes to be covered under this Policy until a different allocation is negotiated, arbitrated, or judicially determined.

X. REPRESENTATIONS AND SEVERABILITY

The **Insureds** acknowledge and represent that the statements, information, and representations contained within the **Application** are true and accurate. Such statements, information, and representations are the basis for coverage and are deemed to be incorporated into this Policy. The Insurer has relied upon the truthfulness and accuracy of such statements, information, and representations within the **Application**.

In the event the **Application** contains any actual or knowing misrepresentation or omission with respect to such statements, information, or representations which materially affects either the acceptance of the risk or hazard assumed by the Insurer, then the Insurer shall not be liable to pay any **Loss**, **Defense Costs**, fees, costs, or expenses and shall not be obligated to defend any **Claim** against any:

- (i) **Insured Person** who had actual knowledge of such misrepresentation or omission;
- (ii) **Insured Entity** as indemnification of an **Insured Person** who had actual knowledge of such misrepresentation or omission; or
- (iii) **Insured Entity** if any **Control Group Officer** had actual knowledge of such misrepresentation or omission.

The **Application** shall be considered a separate coverage request by each **Insured Person** and the knowledge of an **Insured Person** shall not be imputed to any other **Insured Person**.

The Insurer shall not have the right to rescind or void this Policy, in whole or in part, for any reason.

XI. CHANGES OF EXPOSURE

A. CHANGE OF CONTROL – LIABILITY COVERAGE SECTIONS

If during the **Policy Period** a **Change of Control** occurs in a **Liability Coverage Section** then:

- (i) the **Liability Coverage Section** will continue until the end of the **Policy Period**, but only with respect to **Claims** for **Wrongful Acts** occurring prior to the effective date of such **Change of Control**;
- (ii) the premium for this Policy will become fully earned as of the effective date of such **Change of Control**;
- (iii) the Insurer will provide to the **Named Insured** a written proposal for extended negotiated run-off coverage for the applicable **Liability Coverage Section** subject to additional terms, conditions and premium, provided the **Insureds** notify the Insurer of such **Change of Control** at least sixty (60) days prior to the effective date of the **Change in Control**; and

(iv) in the event of a **Change of Control** the **Insured** will not have a right to elect an **Extended Reporting Period**.

B. SUBSIDIARIES – LIABILITY COVERAGE SECTIONS

If before or during the **Policy Period** an **Insured Entity** acquires or creates a new **Subsidiary**, or acquires an entity by merger or consolidation, such that the entity becomes a **Subsidiary**, then coverage under any **Liability Coverage Section** automatically shall apply to the new **Subsidiary** and its **Insureds**, provided such coverage shall apply only with respect to **Claims** for **Wrongful Acts** committed or allegedly committed after the effective date of such acquisition or creation.

If during the **Policy Period** an entity ceases to be a **Subsidiary**, then coverage under any **Liability Coverage Section** with respect to such **Subsidiary** and its **Insured Persons** shall continue until the end of the **Policy Period**, provided such coverage shall apply only with respect to **Claims** for **Wrongful Acts** committed or allegedly committed prior to the date such organization ceased to be a **Subsidiary**.

C. CHANGE OF CONTROL UNDER NON-LIABILITY COVERAGE SECTIONS

Coverage under any **Non-Liability Coverage Section** shall apply as described in such **Non-Liability Coverage Section** with respect to any **Change of Control**, any newly acquired, merged, or created **Plan** or **Subsidiary**, and/or any former **Plan** or **Subsidiary**, including the **Insureds** of any such entity.

XII. EXTENDED REPORTING PERIOD FOR LIABILITY COVERAGE SECTIONS

If the **Insureds** or the Insurer refuse to renew this Policy or cancel or terminate this Policy for a reason other than non-payment of premium, the **Insureds** shall have the right to elect an **Extended Reporting Period**.

The right to an **Extended Reporting Period** is waived unless written notice of such election, together with payment of the additional premium due for the requested extended time period (as set forth in Item 5 of the General Terms and Conditions' Declarations) is provided to the Insurer within sixty (60) days following the effective date of termination, cancellation, or nonrenewal.

The entire premium for such **Extended Reporting Period** shall be deemed fully earned and non-refundable upon payment. The **Extended Reporting Period** is not cancellable by the Insurer or the **Insureds** except for non-payment of premium.

The **Extended Reported Period** shall only apply to **Claims**: (i) first made or deemed to be first made during the **Extended Reporting Period**; and (ii) for **Wrongful Acts** committed or allegedly committed during the **Policy Period**, prior to the effective date of termination, cancellation, or nonrenewal.

The requirements of Section VI, Claim and Notice Reporting shall apply to **Claims** reported during the **Extended Reporting Period**.

The purchase of the **Extended Reporting Period** shall not increase or reinstate the aggregate Limit of Liability or any Sublimit of Liability, which shall be the respective maximum liability of the Insurer for the combined **Policy Period** and **Extended Reporting Period**.

XIII. ESTATES, LEGAL REPRESENTATIVES, SPOUSES AND DOMESTIC PARTNERS

The estates (including trusts and estate planning vehicles), heirs, legal representatives, assigns, spouses and **Domestic Partners** of **Insured Persons** shall be considered an **Insured Person** under this Policy but only for a **Claim** arising solely out of their status as such and, in the case of a spouse or **Domestic Partner**, where such **Claim** seeks damages from marital community property, jointly held property or property transferred from the **Insured Person** to the spouse or **Domestic Partner**. No coverage is provided for any wrongful act, breach, error, or omission of an estate, heir, legal representative, assign, spouse, or **Domestic Partner**. All provisions in the General Terms and Conditions and the respective Coverage Section applicable to **Loss** incurred by the **Insured Person** shall also apply to covered loss incurred by such estates, heirs, legal representatives, assigns, spouses, and **Domestic Partners**.

XIV. SUBROGATION

The Insurer shall be subrogated to the extent of its payment of any **Loss** to all the **Insureds'** rights of recovery, and without limitation any right of recovery from an **Insured Entity** for **Loss** incurred by **Insured Persons** which is indemnifiable by the **Insured Entity**. The **Insureds** shall execute and deliver all papers and do whatever else is necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to bring suit or otherwise pursue subrogation rights in the name of the **Insured**. The Insurer shall not exercise its right of subrogation against any **Insured Person** or any client or prospective client of an **Insured Entity**.

Any amount of subrogation or recoveries, less the cost of obtaining them, will be reinstated to the Limit of Liability of the applicable Coverage Section.

Each **Non-Liability Coverage Section** shall address separately subrogation and/or recovery under such **Non-Liability Coverage Section**.

XV. TERMINATION, CANCELLATION, AND NONRENEWAL OF THE POLICY

- A. This Policy as a whole, or any purchased Coverage Section, may be terminated or cancelled at the earliest of the following:
 - (i) the effective date of termination or cancellation specified in a prior written notice by the **Named Insured** to the Insurer, provided neither this Policy nor any purchased Coverage Section may be terminated by the **Named Insured** after a **Change of Control**;
 - (ii) twenty (20) days after the receipt by the **Named Insured** of a written notice of termination from the Insurer based upon failure to pay premium due, unless such premium is received by the Insurer prior to the end of such twenty (20) days;
 - (iii) at such other time as may be mutually agreed upon by the Insurer and the **Named Insured**; or
 - (iv) upon expiration of the **Policy Period** as set forth in Item 2 of the General Terms and Conditions Declarations.
- B. If during the Policy Period a financial strength rating for the Insurer is issued: (i) below A- by A.M. Best Co.; or (ii) below BBB by Standard & Poor's Rating Services, then this Policy as a whole may be cancelled by the **Named Insured** by mailing written prior notice to the Insurer of such cancellation or by surrender of this Policy to the Insurer.
- C. The Insurer shall refund any unearned premium computed at customary pro-rata rates if this Policy is terminated or cancelled by the **Named Insured**. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such termination or cancellation, but such payment shall be made as soon as practicable.

D. The Insurer shall not be required to renew this Policy upon its expiration.

XVI. BANKRUPTCY

Bankruptcy or insolvency of any **Insured** shall not relieve the Insurer of its obligations nor deprive the Insurer of its rights or defenses under this Policy.

If a liquidation or reorganization proceeding is commenced by or against an **Insured Entity** pursuant to the United States Bankruptcy Code, as amended, or any similar foreign, state or local law, the **Insureds**: (i) shall waive and release any automatic stay or injunction which may apply in such proceeding to this Policy or its proceeds under such bankruptcy law; and (ii) shall agree not to oppose or object to any efforts by the Insurer or any **Insured** to obtain relief from any such stay or injunction.

XVII. TERRITORY AND VALUATION

All premiums, limits, retentions, **Loss**, and other amounts under this Policy are expressed and payable in the currency of the United States of America. Except as otherwise provided in this Policy, if a judgment is rendered, settlement is denominated or another element of **Loss** under this Policy is stated in a currency other than United States dollars, payment under this Policy shall be made in United States dollars at the rate of exchange published in *The Wall Street Journal* on the date the final judgment is entered, the amount of the settlement is agreed upon or the other element of **Loss** is due, respectively.

Coverage under this Policy shall apply world-wide to the extent legally permitted.

XVIII. ACTION AGAINST THE INSURER

No action shall lie against the Insurer unless, as a condition precedent thereto, there has been full compliance with all the terms and conditions of this Policy. No person or entity shall have any right under this Policy to join the Insurer as a party to any action against the **Insureds** to determine the **Insureds'** liability, nor shall the Insurer be impleaded by the **Insureds** or their legal representatives.

XIX. AUTHORIZATION CLAUSE

Each **Insured** agrees that the **Named Insured**, by acceptance of this Policy, will act on behalf of each **Insured** with respect to giving and receiving notices, paying premiums, and receiving any return premiums, and the agreement and negotiation of endorsements.

XX. ALTERATION, ASSIGNMENT, AND HEADINGS

No change in, modification of, or assignment of interest under this Policy shall be effective except when made by a written endorsement attached to this Policy issued by the Insurer.

The titles and headings to the various sections, subsections and endorsements of the Policy are included solely for ease of reference and do not in any way limit, expand or otherwise affect the provisions of such sections, subsections, or endorsements.

XXI. COMPLIANCE WITH APPLICABLE TRADE AND ECONOMIC SANCTION LAWS

This Policy does not provide coverage that would be in violation of any applicable laws or regulations concerning trade or economic sanctions, including, but not limited to, those administered and enforced by the U.S. Treasury's Office of Foreign Asset Control (OFAC). Payment of **Loss** under this Policy shall be made only if such payment is in full and complete compliance with all economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by OFAC.

XXII. STATE AMENDATORY INCONSISTENCY STATEMENT

In the event there is an inconsistency between the terms and conditions of this Policy and any state amendatory endorsement attached to this Policy, then to the extent permitted by law, such terms and conditions that are most favorable for the **Insureds** shall apply.