

# Executive Protection Policy

## DECLARATIONS

### EXECUTIVE LIABILITY AND INDEMNIFICATION COVERAGE SECTION

Item 1. **Parent Organization:**

Item 2. Limits of Liability:

- (A) Each **Loss**
- (B) Each **Policy Period**

Note that the limits of liability and any deductible or retention are reduced or exhausted by **Defense Costs**.

Item 3. Coinsurance Percent:

Item 4. Deductible Amount:

Insuring Clause 2

Item 5. **Insured Organization:**

Item 6. **Insured Persons:**

Item 7. Extended Reporting Period:

- (A) Additional Premium:
- (B) Additional Period:

Item 8. Pending or Prior Date:

Item 9. Continuity Date:

---

# SPECIMEN

# Executive Protection Policy

## Executive Liability and Indemnification Coverage Section

In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, and the limitations, conditions, provisions and other terms of this coverage section, the Company agrees as follows:

---

### Insuring Clauses

#### Executive Liability Coverage Insuring Clause 1

1. The Company shall pay on behalf of each of the **Insured Persons** all **Loss** for which the **Insured Person** is not indemnified by the **Insured Organization** and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against him, individually or otherwise, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by such **Insured Person** before or during the **Policy Period**.

---

#### Executive Indemnification Coverage Insuring Clause 2

2. The Company shall pay on behalf of the **Insured Organization** all **Loss** for which the **Insured Organization** grants indemnification to each **Insured Person**, as permitted or required by law, which the **Insured Person** has become legally obligated to pay on account of any **Claim** first made against him, individually or otherwise, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by such **Insured Person** before or during the **Policy Period**.

---

#### Estates and Legal Representatives

3. Subject otherwise to the General Terms and Conditions and the limitations, conditions, provisions and other terms of this coverage section, coverage shall extend to **Claims** for the **Wrongful Acts** of **Insured Persons** made against the estates, heirs, legal representatives or assigns of **Insured Persons** who are deceased or against the legal representatives or assigns of **Insured Persons** who are incompetent, insolvent or bankrupt.

---

#### Extended Reporting Period

4. If the Company terminates or refuses to renew this coverage section other than for nonpayment of premium, the **Parent Organization** and the **Insured Persons** shall have the right, upon payment of the additional premium set forth in Item 7(A) of the Declarations for this coverage section, to an extension of the coverage granted by this coverage section for the period set forth in Item 7(B) of the Declarations for this coverage section (Extended Reporting Period) following the effective date of termination or nonrenewal, but only for any **Wrongful Act** committed, attempted, or allegedly committed or attempted, prior to the effective date of termination or nonrenewal. This right of extension shall lapse unless written notice of such election, together with payment of the additional premium due, is received by the Company within 30 days following the effective date of termination or nonrenewal. Any **Claim** made during the Extended Reporting Period shall be deemed to have been made during the immediately preceding **Policy Period**.

If the **Parent Organization** terminates or declines to accept renewal, the Company may, if requested, at its sole option, grant an Extended Reporting Period. The offer of renewal terms and conditions or premiums different from those in effect prior to renewal shall not constitute refusal to renew.

---

## Exclusions

*Exclusions Applicable  
to Insuring  
Clauses 1 and 2*

5. The Company shall not be liable for **Loss** on account of any **Claim** made against any **Insured Person**:
- (a) based upon, arising from, or in consequence of any circumstance if written notice of such circumstance has been given under any policy or coverage section of which this coverage section is a renewal or replacement and if such prior policy or coverage section affords coverage (or would afford such coverage except for the exhaustion of its limits of liability) for such **Loss**, in whole or in part, as a result of such notice;
  - (b) based upon, arising from, or in consequence of any demand, suit or other proceeding pending, or order, decree or judgement entered against any **Insured** on or prior to the Pending or Prior Date set forth in Item 8 of the Declarations for this coverage section, or the same or any substantially similar fact, circumstance or situation underlying or alleged therein;
  - (c) brought or maintained by or on behalf of any **Insured** except:
    - (i) a **Claim** that is a derivative action brought or maintained on behalf of an **Insured Organization** by one or more persons who are not **Insured Persons** and who bring and maintain the **Claim** without the solicitation, assistance or participation of any **Insured**,
    - (ii) a **Claim** brought or maintained by an **Insured Person** for the actual or alleged wrongful termination of the **Insured Person**, or
    - (iii) a **Claim** brought or maintained by an **Insured Person** for contribution or indemnity, if the **Claim** directly results from another **Claim** covered under this coverage section;
  - (d) for an actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974 and amendments thereto or similar provisions of any federal, state or local statutory law or common law upon fiduciaries of any pension, profit sharing, health and welfare or other employee benefit plan or trust established or maintained for the purpose of providing benefits to employees of an **Insured Organization**;
  - (e) for bodily injury, mental or emotional distress, sickness, disease or death of any person or damage to or destruction of any tangible property including loss of use thereof; or
  - (f) based upon, arising from, or in consequence of (i) the actual, alleged or threatened discharge, release, escape or disposal of **Pollutants** into or on real or personal property, water or the atmosphere; or (ii) any direction or request that the **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so; including but not limited to any **Claim** for financial loss to the **Insured Organization**, its security holders or its creditors based upon, arising from, or in consequence of the matters described in (i) or (ii) of this exclusion.

# Executive Protection Policy

## Exclusions

(continued)

*Exclusions Applicable  
to Insuring  
Clause 1 Only*

6. The Company shall not be liable under Insuring Clause 1 for **Loss** on account of any **Claim** made against any **Insured Person**:
  - (a) for an accounting of profits made from the purchase or sale by such **Insured Person** of securities of the **Insured Organization** within the meaning of Section 16 (b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law or common law;
  - (b) based upon, arising from, or in consequence of any deliberately fraudulent act or omission or any willful violation of any statute or regulation by such **Insured Person**, if a judgement or other final adjudication adverse to the **Insured Person** establishes such a deliberately fraudulent act or omission or willful violation; or
  - (c) based upon, arising from, or in consequence of such **Insured Person** having gained in fact any personal profit, remuneration or advantage to which such **Insured Person** was not legally entitled.

---

*Severability  
of Exclusions*

7. With respect to the Exclusions in Subsections 5 and 6 of this coverage section, no fact pertaining to or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** to determine if coverage is available.

---

**Limit of Liability,  
Deductible and  
Coinsurance**

8. For the purposes of this coverage section, all **Loss** arising out of the same **Wrongful Act** and all **Interrelated Wrongful Acts** of any **Insured Person** shall be deemed one **Loss**, and such **Loss** shall be deemed to have originated in the earliest **Policy Period** in which a **Claim** is first made against any **Insured Person** alleging any such **Wrongful Act** or **Interrelated Wrongful Acts**.

The Company's maximum liability for each **Loss**, whether covered under Insuring Clause 1 or Insuring Clause 2 or both, shall be the Limit of Liability for each **Loss** set forth in Item 2(A) of the Declarations for this coverage section. The Company's maximum aggregate liability for all **Loss** on account of all **Claims** first made during the same **Policy Period**, whether covered under Insuring Clause 1 or Insuring Clause 2 or both, shall be the Limit of Liability for each **Policy Period** set forth in Item 2(B) of the Declarations for this coverage section.

The Company's liability under Insuring Clause 2 shall apply only to that part of each **Loss** which is excess of the Deductible Amount set forth in Item 4 of the Declarations for this coverage section and such Deductible Amount shall be borne by the **Insureds** uninsured and at their own risk.

If a single **Loss** is covered in part under Insuring Clause 1 and in part under Insuring Clause 2, the Deductible Amount applicable to the **Loss** shall be the Insuring Clause 2 deductible set forth in Item 4 of the Declarations for this coverage section.

---

**Limit of Liability,  
Deductible and  
Coinsurance**  
(continued)

With respect to all **Loss** (excess of the applicable Deductible Amount) originating in any one **Policy Period**, the **Insureds** shall bear uninsured and at their own risk that percent of all such **Loss** specified as the Coinsurance Percent in Item 3 of the Declarations for this coverage section, and the Company's liability hereunder shall apply only to the remaining percent of all such **Loss**.

Any **Loss** covered in whole or in part by this coverage section and the Employment Practices Liability coverage section of this policy (if purchased) shall be subject to the limits of liability, deductible and coinsurance percent applicable to such other coverage section; provided, however, if any limit of liability applicable to such other coverage section is exhausted with respect to such **Loss**, any remaining portion of such **Loss** otherwise covered by this coverage section shall be subject to the Limits of Liability and Coinsurance Percent applicable to this coverage section, as reduced by the amount of such **Loss** otherwise covered by this coverage section which is paid by the Company pursuant to such other coverage section.

For purposes of this Subsection 8 only, the Extended Reporting Period, if exercised, shall be part of and not in addition to the immediately preceding **Policy Period**.

---

**Presumptive  
Indemnification**

9. If the **Insured Organization**:

- (a) fails or refuses, other than for reason of **Financial Impairment**, to indemnify the **Insured Person** for **Loss**; and
- (b) is permitted or required to indemnify the **Insured Person** for such **Loss** pursuant to:
  - (i) the by-laws or certificate of incorporation of the **Insured Organization** in effect at the inception of this coverage section, or
  - (ii) any subsequently amended or superseding by-laws or certificate of incorporation of the **Insured Organization** provided, however, that such amended or superseding by-laws or certificate of incorporation expand or broaden, and do not restrict or in any way limit, the **Insured Organization's** ability to indemnify the **Insured Person**;

then, notwithstanding any other conditions, provisions or terms of this coverage section to the contrary, any payment by the Company of such **Loss** shall be subject to (i) the Insuring Clause 2 Deductible Amount set forth in Item 4 of the Declarations for this coverage section, and (ii) all of the Exclusions set forth in Subsections 5 and 6 of this coverage section.

For purposes of this Subsection 9, the shareholder and board of director resolutions of the **Insured Organization** shall be deemed to provide indemnification for such **Loss** to the fullest extent permitted by such by-laws or certificate of incorporation.

# Executive Protection Policy

## Reporting and Notice

10. The **Insureds** shall, as a condition precedent to exercising their rights under this coverage section, give to the Company written notice as soon as practicable of any **Claim** made against any of them for a **Wrongful Act**.

If during the **Policy Period** or Extended Reporting Period (if exercised) an **Insured** becomes aware of circumstances which could give rise to a **Claim** and gives written notice of such circumstance(s) to the Company, then any **Claims** subsequently arising from such circumstances shall be considered to have been made during the **Policy Period** or the Extended Reporting Period in which the circumstances were first reported to the Company.

The **Insureds** shall, as a condition precedent to exercising their rights under this coverage section, give to the Company such information and cooperation as it may reasonably require, including but not limited to a description of the **Claim** or circumstances, the nature of the alleged **Wrongful Act**, the nature of the alleged or potential damage, the names of actual or potential claimants, and the manner in which the **Insured** first became aware of the **Claim** or circumstances.

---

## Defense and Settlement

11. Subject to this Subsection, it shall be the duty of the **Insured Persons** and not the duty of the Company to defend **Claims** made against the **Insured Persons**.

The **Insureds** agree not to settle any **Claim**, incur any **Defense Costs** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Company's written consent, which shall not be unreasonably withheld. The Company shall not be liable for any settlement, **Defense Costs**, assumed obligation or admission to which it has not consented.

The Company shall have the right and shall be given the opportunity to effectively associate with the **Insureds** in the investigation, defense and settlement, including but not limited to the negotiation of a settlement, of any **Claim** that appears reasonably likely to be covered in whole or in part by this coverage section.

The **Insureds** agree to provide the Company with all information, assistance and cooperation which the Company reasonably requests and agree that in the event of a **Claim** the **Insureds** will do nothing that may prejudice the Company's position or its potential or actual rights of recovery.

**Defense Costs** are part of and not in addition to the Limits of Liability set forth in Item 2 of the Declarations for this coverage section, and the payment by the Company of **Defense Costs** reduces such Limits of Liability.

---

## Allocation

12. If both **Loss** covered by this coverage section and loss not covered by this coverage section are incurred, either because a **Claim** against the **Insured Persons** includes both covered and uncovered matters or because a **Claim** is made against both an **Insured Person** and others, including the **Insured Organization**, the **Insureds** and the Company shall use their best efforts to agree upon a fair and proper allocation of such amount between covered **Loss** and uncovered loss.

---

**Allocation**  
(continued)

If the **Insureds** and the Company agree on an allocation of **Defense Costs**, the Company shall advance on a current basis **Defense Costs** allocated to the covered **Loss**. If the **Insureds** and the Company cannot agree on an allocation:

- (a) no presumption as to allocation shall exist in any arbitration, suit or other proceeding;
- (b) the Company shall advance on a current basis **Defense Costs** which the Company believes to be covered under this coverage section until a different allocation is negotiated, arbitrated or judicially determined; and
- (c) the Company, if requested by the **Insureds**, shall submit the dispute to binding arbitration. The rules of the American Arbitration Association shall apply except with respect to the selection of the arbitration panel, which shall consist of one arbitrator selected by the **Insureds**, one arbitrator selected by the Company, and a third independent arbitrator selected by the first two arbitrators.

Any negotiated, arbitrated or judicially determined allocation of **Defense Costs** on account of a **Claim** shall be applied retroactively to all **Defense Costs** on account of such **Claim**, notwithstanding any prior advancement to the contrary. Any allocation or advancement of **Defense Costs** on account of a **Claim** shall not apply to or create any presumption with respect to the allocation of other **Loss** on account of such **Claim**.

---

**Other Insurance**

13. If any **Loss** arising from any **Claim** made against any **Insured Persons** is insured under any other valid policy(ies), prior or current, then this coverage section shall cover such **Loss**, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such **Loss** is in excess of the amount of payment from 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 the Limits of Liability provided in this coverage section.

---

**Changes in Exposure**

*Acquisition or  
Creation of  
Another Organization*

14. If the **Insured Organization** (i) acquires securities or voting rights in another organization or creates another organization, which as a result of such acquisition or creation becomes a **Subsidiary**, or (ii) acquires any organization by merger into or consolidation with an **Insured Organization**, such organization and its **Insured Persons** shall be **Insureds** under this coverage section but only with respect to **Wrongful Acts** committed, attempted, or allegedly committed or attempted, after such acquisition or creation unless the Company agrees, after presentation of a complete application and all appropriate information, to provide coverage by endorsement for **Wrongful Acts** committed, attempted, or allegedly committed or attempted, by such **Insured Persons** prior to such acquisition or creation.



# Executive Protection Policy

## Changes in Exposure

Acquisition or Creation of Another Organization (continued)

If the fair value of all cash, securities, assumed indebtedness and other consideration paid by the **Insured Organization** for any such acquisition or creation exceeds 10% of the total assets of the **Parent Organization** as reflected in the **Parent Organization's** most recent audited consolidated financial statements, the **Parent Organization** shall give written notice of such acquisition or creation to the Company as soon as practicable together with such information as the Company may require and shall pay any reasonable additional premium required by the Company.

---

Acquisition of Parent Organization by Another Organization

15. If (i) the **Parent Organization** merges into or consolidates with another organization, or (ii) another organization or person or group of organizations and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by the other organization(s) or person(s) of more than 50% of the outstanding securities representing the present right to vote for the election of directors of the **Parent Organization**, coverage under this coverage section shall continue until termination of this coverage section, but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted, by **Insured Persons** prior to such merger, consolidation or acquisition. The **Parent Organization** shall give written notice of such merger, consolidation or acquisition to the Company as soon as practicable together with such information as the Company may require.

---

Cessation of Subsidiaries

16. In the event an organization ceases to be a **Subsidiary** before or after the Inception Date of this coverage section, coverage with respect to such **Subsidiary** and its **Insured Persons** shall continue until termination of this coverage section but only with respect to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted prior to the date such organization ceased to be a **Subsidiary**.

---

Representations and Severability

17. In granting coverage to any one of the **Insureds**, the Company has relied upon the declarations and statements in the written application for this coverage section and upon any declarations and statements in the original written application submitted to another insurer in respect of the prior coverage incepting as of the Continuity Date set forth in Item 9 of the Declarations for this coverage section. All such declarations and statements are the basis of such coverage and shall be considered as incorporated in and constituting part of this coverage section.

Such written application(s) for coverage shall be construed as a separate application for coverage by each of the **Insured Persons**. With respect to the declarations and statements contained in such written application(s) for coverage, no statement in the application or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** for the purpose of determining if coverage is available.

---

## Definitions

18. When used in this coverage section:

**Claim** means:

- (i) a written demand for monetary damages,
- (ii) a civil proceeding commenced by the service of a complaint or similar pleading,
- (iii) a criminal proceeding commenced by a return of an indictment, or
- (iv) a formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document,

against any **Insured Person** for a **Wrongful Act**, including any appeal therefrom.

**Defense Costs** means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses (other than regular or overtime wages, salaries or fees of the directors, officers or employees of the **Insured Organization**) incurred in defending or investigating **Claims** and the premium for appeal, attachment or similar bonds.

**Financial Impairment** means the status of the **Insured Organization** resulting from (i) the appointment by any state or federal official, agency or court of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate the **Insured Organization**, or (ii) the **Insured Organization** becoming a debtor in possession.

**Insured**, either in the singular or plural, means the **Insured Organization** and any **Insured Person**.

**Insured Capacity** means the position or capacity designated in Item 6 of the Declarations for this coverage section held by any **Insured Person** but shall not include any position or capacity in any organization other than the **Insured Organization**, even if the **Insured Organization** directed or requested the **Insured Person** to serve in such other position or capacity.

**Insured Organization** means, collectively, those organizations designated in Item 5 of the Declarations for this coverage section.

**Insured Person**, either in the singular or plural, means any one or more of those persons designated in Item 6 of the Declarations for this coverage section.

**Interrelated Wrongful Acts** means all causally connected **Wrongful Acts**.

**Loss** means the total amount which any **Insured Person** becomes legally obligated to pay on account of each **Claim** and for all **Claims** in each **Policy Period** and the Extended Reporting Period, if exercised, made against them for **Wrongful Acts** for which coverage applies, including, but not limited to, damages, judgements, settlements, costs and **Defense Costs**. **Loss** does not include (i) any amount not indemnified by the **Insured Organization** for which the **Insured Person** is absolved from payment by reason of any covenant, agreement or court order, (ii) any amount incurred by the **Insured Organization** (including its board of directors or any committee of the board of directors) in connection with the investigation or evaluation of any **Claim** or potential **Claim** by or on behalf of the **Insured Organization**, (iii) fines or penalties imposed by law or the multiple portion of any multiplied damage award, or (iv) matters uninsurable under the law pursuant to which this coverage section is construed.

# Executive Protection Policy

## **Definitions** (continued)

**Pollutants** means any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by, the United States Environmental Protection Agency or a state, county, municipality or locality counterpart thereof. Such substances shall include, without limitation, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials. **Pollutants** shall also mean any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products and any noise.

**Subsidiary**, either in the singular or plural, means any organization in which more than 50% of the outstanding securities or voting rights representing the present right to vote for election of directors is owned or controlled, directly or indirectly, in any combination, by one or more **Insured Organizations**.

**Wrongful Act** means any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted, by an **Insured Person**, individually or otherwise, in his **Insured Capacity**, or any matter claimed against him solely by reason of his serving in such **Insured Capacity**.

---

SPECIMEN