



In consideration of payment of the premium and subject to the Declarations, the General Terms and Conditions, and the limitations, conditions, provisions and other terms of this Coverage Section, the Company and the Insureds agree as follows:

Insuring Clauses

Individual Non-Indemnified Liability Coverage Insuring Clause 1

1. The Company shall pay, on behalf of each of the **Insured Persons**, **Loss** for which the **Insured Person** is not indemnified by the **Organization** and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured Person**, 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**, but only if such **Claim** is reported to the Company in writing in the manner and within the time provided in Subsection 6 of the General Terms and Conditions.

Individual Indemnified Liability Coverage Insuring Clause 2

2. The Company shall pay, on behalf of the **Organization**, **Loss** for which the **Organization** grants indemnification to an **Insured Person**, as permitted or required by law, and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured Person**, 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**, but only if such **Claim** is reported to the Company in writing in the manner and within the time provided in Subsection 6 of the General Terms and Conditions.

Entity Liability Coverage Insuring Clause 3

3. The Company shall pay, on behalf of the **Organization**, **Loss** which the **Organization** becomes legally obligated to pay on account of any **Claim** first made against the **Organization** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by the **Organization** or the **Insured Persons** before or during the **Policy Period**, but only if such **Claim** is reported to the Company in writing in the manner and within the time provided in Subsection 6 of the General Terms and Conditions.

Definitions

4. When used in this Coverage Section:

Claim means:

- (1) when used in reference to the coverage provided by Insuring Clause 1 or 2:
 - (a) a written demand for monetary damages or non-monetary relief;



- (b) a civil proceeding commenced by the service of a complaint or similar pleading;
- (c) a criminal proceeding commenced by the return of an indictment; or
- (d) a formal civil administrative or civil regulatory proceeding commenced by the filing of a notice of charges or similar document, or by the entry of a formal order of investigation or similar document,

against an **Insured Person** for a **Wrongful Act**, including any appeal therefrom; or

(2) when used in reference to the coverage provided by Insuring Clause 3:

- (a) a written demand for monetary damages or non-monetary relief;
- (b) a civil proceeding commenced by the service of a complaint or similar pleading;
- (c) a criminal proceeding commenced by the return of an indictment; or
- (d) a formal civil administrative or civil regulatory proceeding commenced by the filing of a notice of charges or similar document, or by the entry of a formal order of investigation or similar document, but only while such proceeding is also pending against an **Insured Person**,

against an **Organization** for a **Wrongful Act**, including any appeal therefrom.

Except as may otherwise be provided in Subsection 8(e) of this Coverage Section, or Subsection 4 or Subsection 6(b) of the General Terms and Conditions, a **Claim** will be deemed to have first been made when such **Claim** is commenced as set forth in this definition (or, in the case of a written demand, when such demand is first received by an **Insured**).

Defense Costs means reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees or benefits of the directors, officers, trustees or any duly constituted committee member or **Employees** of the **Organization**) incurred in defending any **Claim** and the premium for appeal, attachment or similar bonds.

Employee means any natural person whose labor or service is engaged by and directed by the **Organization**, including any part-time, seasonal, leased or temporary employees or volunteers. **Employee** shall not include any independent contractor.

Excess Benefit Transaction means an "excess benefit transaction" as that term is defined in Section 4958(c) of the Internal Revenue Code, 26 U.S.C. § 4958(c).

Excess Benefit Transaction Excise Tax means any excise tax imposed by the Internal Revenue Service, pursuant to Section 4958(a)(2) of the Internal Revenue Code, 26 U.S.C. § 4958(a)(2), on an **Insured Person** who is an **Organization Manager** as a result of such **Insured Person's** participation in an **Excess Benefit Transaction**.

Executive means any natural person who was, now is or shall become:

- (a) a duly elected or appointed director, officer, trustee, **Manager**, in-house general counsel, or duly constituted committee member of any **Organization** chartered in the United States of America; or



- (b) a holder of a position equivalent to any position described in (a) above in any **Organization** that is chartered in any jurisdiction other than the United States of America.

Insured means the **Organization** and any **Insured Person**.

Insured Person means any natural person who was, now is or shall become an **Executive** or **Employee** of any **Organization**.

Loss means the amount that any **Insured** becomes legally obligated to pay on account of any covered **Claim**, including but not limited to:

- (i) damages (including punitive or exemplary damages, if and to the extent that such punitive or exemplary damages are insurable under the law of the jurisdiction most favorable to the insurability of such damages provided such jurisdiction has a substantial relationship to the relevant **Insureds**, to the Company, or to the **Claim** giving rise to the damages);
- (ii) judgments;
- (iii) settlements;
- (iv) pre-judgment and post-judgment interest;
- (v) **Excess Benefit Transaction Excise Taxes** in an amount not to exceed the sublimit set forth in Item 2(B) of the Declarations for this Coverage Section, but only if and to the extent that indemnification by the **Organization** for **Excess Benefit Transaction Excise Taxes** is not expressly prohibited in the bylaws, certificate of incorporation or other organizational documents of the **Organization**; and
- (vi) **Defense Costs**.

Loss does not include:

- (a) any amount not indemnified by the **Organization** for which an **Insured Person** is absolved from payment by reason of any covenant, agreement or court order;
- (b) any costs incurred by the **Organization** to comply with any order for injunctive or other non-monetary relief, or to comply with an agreement to provide such relief;
- (c) any amount incurred by an **Insured** in the defense or investigation of any action, proceeding or demand that is not then a **Claim** even if (i) such amount also benefits the defense of a covered **Claim**, or (ii) such action, proceeding or demand subsequently gives rise to a **Claim**;
- (d) taxes, fines or penalties, or the multiple portion of any multiplied damage award, except as provided above with respect to punitive or exemplary damages and **Excess Benefit Transaction Excise Taxes**;
- (e) any amount not insurable under the law pursuant to which this Coverage Section is construed, except as provided above with respect to punitive or exemplary damages;
- (f) any amount allocated to non-covered loss pursuant to Subsection 11, Allocation, of this Coverage Section, or



- (g) any amount that represents or is substantially equivalent to an increase in the consideration paid (or proposed to be paid) by an **Organization** in connection with its purchase of any securities or assets.

Organization Manager means an “organization manager” as that term is defined in Section 4958(f) of the Internal Revenue Code, 26 U.S.C. § 4958(f).

Outside Capacity means service by an **Insured Person** in the position of director, officer, trustee, regent, or governor (or any equivalent executive position) of an **Outside Entity**, but only during the time that such service is with the knowledge and consent or at the request of the **Organization**.

Outside Capacity 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** in his or her **Outside Capacity**.

Outside Entity means:

- (1) any non-profit corporation, community chest, fund or foundation that is not included in the definition of **Organization** and that is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
- (2) any other entity organized for a religious or charitable purpose under any non-profit organization act or statute; and
- (3) if specifically added as an **Outside Entity** by written endorsement attached to this Policy, any other non-profit or any for-profit entity,

but does not include any **Subsidiary** or **Affiliate**.

Personal Injury Wrongful Act means any:

- (1) false arrest, wrongful detention or imprisonment or malicious prosecution;
- (2) libel, slander, defamation of character, or publication of material in violation of a person’s right of privacy; or
- (3) wrongful entry or eviction or other invasion of the right of privacy.

Publisher Wrongful Act means any:

- (1) infringement of copyright or trademark or unauthorized use of title; or
- (2) plagiarism or misappropriation of ideas.

Securities Laws means the Securities Act of 1933, Securities Exchange Act of 1934, Investment Company Act of 1940, any state “blue sky” securities law, or any other federal, state or local securities law or any amendments thereto or any rules or regulations promulgated thereunder or any other provision of statutory or common law used to impose liability in connection with the offer to sell or purchase, or the sale or purchase, of securities.



Wrongful Act means:

- (a) any error, misstatement, misleading statement, act, omission, neglect, breach of duty, **Personal Injury Wrongful Act** or **Publisher Wrongful Act** committed, attempted, or allegedly committed or attempted by an **Insured Person** in his or her **Insured Capacity** or, for purposes of coverage under Insuring Clause 3, by the **Organization**;
- (b) any other matter claimed against an **Insured Person** solely by reason of his or her serving in an **Insured Capacity**; or
- (c) any **Outside Capacity Wrongful Act**.

Exclusions

Applicable To All Insuring Clauses

- 5. The Company shall not be liable for **Loss** on account of any **Claim**:
 - (a) based upon, arising from, or in consequence of any fact, circumstance, situation, transaction, event or **Wrongful Act** that, before the inception date set forth in Item 2 of the Declarations of the General Terms and Conditions, was the subject of any notice given under any policy or coverage section of which this Coverage Section is a direct or indirect renewal or replacement;
 - (b) based upon, arising from, or in consequence of any demand, suit or other proceeding pending against, or order, decree or judgment entered for or against any **Insured**, on or prior to the Pending or Prior Date set forth in Item 4 of the Declarations for this Coverage Section, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;
 - (c) brought or maintained by or on behalf of any **Insured** in any capacity; provided that this Exclusion 5(c) shall not apply to:
 - (i) a **Claim** brought or maintained derivatively on behalf of the **Organization** by one or more securityholders of the **Organization** or persons who are not **Insured Persons**, provided such **Claim** is brought and maintained without any active assistance or participation of, or solicitation by, any **Executive**;
 - (ii) a **Claim** brought or maintained by an **Insured Person** for contribution or indemnity, if such **Claim** directly results from another **Claim** covered under this Coverage Section;
 - (iii) a **Claim** brought by an **Executive** who has not served as an **Executive** of the **Organization** for at least four (4) years prior to the date such **Claim** is first made and who brings and maintains such **Claim** without any active assistance or participation of, or solicitation by, the **Organization** or any other **Executive** who is serving or has served as an **Executive** within such four (4) year period; or
 - (iv) a **Claim** brought or maintained by **Employees** who are not past or present **Executives** of an **Organization** if such **Claim** is brought and maintained without any active assistance or participation of, or solicitation by, any such **Executives**;



- (d) based upon, arising from, or in consequence of:
- (i) any actual, alleged, or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, escape, treatment, removal or disposal of any **Pollutants**; or
 - (ii) any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutants**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request;
- including but not limited to any **Claim** for financial loss to the **Organization**, to any member, securityholder or creditor of the **Organization**, to any **Outside Entity**, or to any member, securityholder or creditor of an **Outside Entity** based upon, arising from, or in consequence of any matter described in clause (i) or (ii) of this Exclusion 5(d);
- (e) for bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof whether or not it is damaged or destroyed;
- (f) for an actual or alleged violation of the responsibilities, obligations or duties imposed on fiduciaries by the Employee Retirement Income Security Act of 1974, or any amendments thereto, or any rules or regulations promulgated thereunder, or any similar provisions of any federal, state, or local statutory law or common law anywhere in the world;
- (g) for **Outside Capacity Wrongful Acts**, if such **Claim** is brought or maintained by or on behalf of (i) an **Outside Entity** with which the **Insured Person** is serving or has served in an **Outside Capacity** or (ii) any director, officer, trustee, governor or equivalent executive of such an **Outside Entity** acting in any capacity; provided, however, that this Exclusion 5(g) shall not apply to:
- (i) a **Claim** brought or maintained derivatively on behalf of the **Outside Entity** by one or more securityholders or members of the **Outside Entity** who are not **Insured Persons** and are not directors, officers, trustees, governors or equivalent executives of the **Outside Entity** and who bring and maintain such **Claim** without the solicitation, assistance or participation of any **Insured Person** or of any director, officer, trustee, governor or equivalent executive of the **Outside Entity**; or
 - (ii) a **Claim** brought or maintained by a director, officer, trustee, governor or equivalent executive of an **Outside Entity** for contribution or indemnification, if such **Claim** directly results from another **Claim** covered under this Coverage Section;
- (h) for **Wrongful Acts** of an **Insured Person** in his or her capacity as a director, officer, manager, trustee, regent, governor or employee of any entity other than the **Organization**, even if the **Insured Person's** service in such capacity is with the knowledge and consent or at the request of the **Organization**, provided, however, that this Exclusion 5(h) shall not apply to service in an **Outside Capacity**;
- (i) made against a **Subsidiary** or **Affiliate** or an **Insured Person** of such **Subsidiary** or **Affiliate** for any **Wrongful Act** committed, attempted, or allegedly committed or attempted during any time when such entity was not a **Subsidiary** or **Affiliate**;



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- (j) made against any **Insured** based upon, arising from, or in consequence of:
 - (i) the committing of any deliberately fraudulent act or omission or any willful violation of any statute or regulation by such **Insured**, as evidenced by a final and non-appealable judgment or adjudication, or, in a criminal proceeding, as evidenced by any plea of guilty, nolo contendere or no contest, or any similar plea; or
 - (ii) such **Insured** having gained in fact any profit, remuneration or advantage to which such **Insured** was not legally entitled;
 - (k) based upon, arising from, or in consequence of the actual or alleged violation of any **Securities Laws**; provided that this Exclusion 5(k) shall not apply to the extent that such **Claim** is based upon, arises from or is in consequence of the **Organization's** offer or sale of debt securities of the **Organization** in a transaction that is (or in a series of transactions that are) exempt from registration under the Securities Act of 1933, as amended, and under the rules and regulations promulgated thereunder;
 - (l) or any employment-related **Wrongful Act**; or
 - (m) based upon, arising from, or in consequence of any actual or alleged discrimination against or sexual harassment of any person or entity that is not an **Insured**.

Applicable to Insuring Clause 3 Only

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- 6. (a) The Company shall not be liable under Insuring Clause 3 for **Loss**, other than **Defense Costs**, on account of any **Claim** based upon, arising from, or in consequence of any actual or alleged liability of an **Organization** under any written or oral contract or agreement, provided that this Exclusion 6(a) shall not apply to the extent that the **Organization** would have been liable in the absence of such contract or agreement.
 - (b) The Company shall not be liable under Insuring Clause 3 for **Loss** on account of any **Claim** based upon, arising from, or in consequence of any actual or alleged infringement of patent or misappropriation of intellectual property, ideas or trade secrets, provided that this Exclusion 6(b) shall not apply to any **Publisher Wrongful Act**.

Severability of Exclusions

- 7. (a) No fact pertaining to or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** for the purpose of applying Exclusion 5(j) of this Coverage Section.
- (b) Only facts pertaining to and knowledge possessed by any past, present, or future chief financial officer, in-house general counsel, president, chief executive officer, executive director, trustee, duly constituted committee member or chairperson of an **Organization** shall be imputed to such **Organization** for the purpose of applying Exclusion 5(j) of this Coverage Section.



Limit of Liability and Retention

8. (a) The Company's maximum aggregate liability for all **Loss** on account of all **Claims** first made during each **Policy Year**, whether covered under one or more Insuring Clauses, shall be the Limit of Liability for each **Policy Year** set forth in Item 2(A) of the Declarations for this Coverage Section.
- (b) Solely in the event that the Defense Outside the Limits of Liability Option is purchased as set forth in Item 5 of the Declarations of this Coverage Section, **Defense Costs** shall be in addition to, and not part of, the applicable Limits of Liability set forth in Item 2 of the Declarations for this Coverage Section, and payment of **Defense Costs** by the Company shall not reduce or exhaust such applicable Limits of Liability; provided, however, that when such applicable Limits of Liability are exhausted by payment of **Loss** other than **Defense Costs**, any obligation of the Company to pay **Defense Costs** or to defend or continue to defend any **Claim** shall cease.

If the Defense Outside the Limits of Liability Option is not purchased as set forth in Item 5 of the Declarations of this Coverage Section, **Defense Costs** are part of and not in addition to the Limits of Liability set forth in Item 2 of the Declarations of this Coverage Section and payment of **Defense Costs** by the Company shall reduce, and may exhaust, such Limits of Liability. When the Limits of Liability are exhausted by payment of **Defense Costs** or other **Loss**, any obligation of the Company to pay **Defense Costs** or to defend or continue to defend any **Claim** shall cease.

- (c) The Company's liability under Insuring Clause 2 or 3 shall apply only to that part of covered **Loss** (as determined by any applicable provision in Subsection 11, Allocation, of this Coverage Section) on account of each **Claim** which is excess of the applicable Retention set forth in Item 3 of the Declarations for this Coverage Section. Such Retention shall be depleted only by **Loss** otherwise covered under this Coverage Section, and shall be borne by the **Insureds** uninsured and at their own risk.
- (d) If different parts of a single **Claim** are subject to different Retentions, the applicable Retentions will be applied separately to each part of such **Claim**, but the sum of such Retentions shall not exceed the largest applicable Retention.
- (e) All **Related Claims** shall be treated as a single **Claim** first made on the date the earliest of such **Related Claims** was first made, or on the date the earliest of such **Related Claims** is treated as having been made in accordance with Subsection 6 of the General Terms and Conditions, regardless of whether such date is before or during the **Policy Period**.
- (f) The limit of liability available during the Extended Reporting Period (if exercised) shall be part of, and not in addition to, the Company's maximum aggregate limit of liability for all **Loss** on account of all **Claims** first made during the immediately preceding **Policy Year**.

Presumptive Indemnification

9. If the **Organization** fails or refuses, other than for reason of **Financial Impairment**, to indemnify an **Insured Person** for **Loss**, or to advance **Defense Costs** on behalf of an **Insured Person**, to the fullest extent permitted by statutory or common law, then, notwithstanding any other conditions, provisions or terms of this Coverage Section to the contrary, any payment by the Company of such **Defense Costs** or other **Loss** shall be subject to the applicable Insuring Clause 2 Retention set forth in Item 3 of the Declarations for this Coverage Section.



Defense and Settlement

10. (a) The Company shall have the right and duty to defend any **Claim** covered by this Coverage Section, even if any of the allegations in such **Claim** are groundless, false or fraudulent. Defense counsel shall be selected by the Company. The Company's duty to defend any **Claim** shall cease upon exhaustion of the applicable Limit of Liability.
- (b) The Company may make any investigation it deems necessary and may, with the consent of the **Insured**, make any settlement of any **Claim** it deems expedient.

Solely in the event that the Defense Outside the Limits of Liability Option is purchased as set forth in Item 5 of the Declarations of this Coverage Section, if an **Insured** in any **Claim** withholds consent to any settlement acceptable to the claimant in accordance with the Company's recommendation (a "Proposed Settlement"), the **Insureds** will thereafter be responsible for defending such **Claim** at their own expense and, subject in all events to the Company's maximum Limit of Liability, the Company's liability for **Loss** with respect to any such **Claim** will not exceed the amount of the Proposed Settlement plus **Defense Costs** incurred up to the date of the **Insured's** refusal to consent to the Proposed Settlement.

If the Defense Outside the Limits of Liability Option is not purchased as set forth in Item 5 of the Declarations of this Coverage Section, in the event an **Insured** in any **Claim** withholds consent to a Proposed Settlement, the Company's liability with respect to such **Claim** shall not exceed:

- (i) the amount of the Proposed Settlement plus **Defense Costs** incurred up to the date of the **Insured's** refusal to consent to the Proposed Settlement; plus
- (ii) seventy percent (70%) of any **Loss**, including **Defense Costs**, in excess of the amount referenced in paragraph (i) above, incurred in connection with such **Claim**; subject in all events to the applicable Retention and Limits of Liability for such **Claim**. The remaining thirty percent (30%) of **Loss**, including **Defense Costs**, in excess of the amount referenced in paragraph (i) above shall be borne by the **Insureds** uninsured and at their own risk, notwithstanding anything to the contrary contained in Subsection 11(a) Allocation.
- (c) The **Insureds** agree not to settle or offer 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 prior written consent. The Company shall not be liable for any element of **Loss** incurred, for any obligation assumed, or for any admission made, by any **Insured** without the Company's prior written consent.
- (d) The Company will have no obligation to pay **Loss**, including **Defense Costs**, or to defend or continue to defend any **Claim** after the maximum Limit of Liability applicable to the **Policy Year** in which such **Claim** was first made or is deemed to have first been made has been exhausted. If the Company's Limit of Liability in any **Policy Year** is exhausted, the Policy premium applicable to such **Policy Year** will be fully earned.
- (e) If the Combined Maximum Aggregate Limit of Liability for all **Liability Coverage Sections** is elected, as set forth in Item 3 of the Declarations of the General Terms and Conditions, then the Company will have no obligation to pay **Loss**, including **Defense Costs**, or to defend or continue to defend any **Claim** after the Company's Combined Maximum Aggregate Limit of Liability applicable to the **Policy Year** in which such **Claim** was first made or is deemed to have first been made has been exhausted. If the Company's Combined Maximum Aggregate Limit of Liability in any **Policy Year** is exhausted, the Policy premium applicable to such **Policy Year** will be fully earned.



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

Allocation

11. (a) If both **Loss** covered under this Coverage Section and loss not covered under this Coverage Section are incurred by the **Insureds** on account of any **Claim** because such **Claim** against the **Insureds** includes both covered and non-covered matters, then coverage under this Coverage Section with respect to such **Claim** shall apply as follows:
- (i) **Defense Costs:** One hundred percent (100%) of reasonable and necessary **Defense Costs** incurred by the **Insured** on account of such **Claim** will be considered covered **Loss**; and
 - (ii) Loss other than **Defense Costs:** All remaining loss incurred by the **Insured** on account of such **Claim** shall be allocated by the Company between covered **Loss** and non-covered loss based on the relative legal and financial exposures of the **Insureds** to covered and non-covered matters and, in the event of a settlement in such **Claim**, also based on the relative benefits to the **Insureds** from such settlement.
- (b) If the **Insureds** and the Company cannot agree on an allocation of loss:
- (i) no presumption as to allocation shall exist in any arbitration, suit or other proceeding; and
 - (ii) 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.

Other Insurance

12. (a) If any **Loss** under this Coverage Section is insured under any other valid and collectible insurance policy(ies) (including General Liability Insurance), 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 applicable retention (or deductible) and limit of liability 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 the Limits of Liability provided in this Coverage Section. Any payment by **Insureds** of a retention or deductible under such other insurance shall reduce, by the amount of such payment which would otherwise have been covered under this Coverage Section, the applicable Retention under this Coverage Section.



- (b) Any coverage for **Claims** for **Outside Capacity Wrongful Acts** will be specifically excess of any insurance provided by or indemnification available from the **Outside Entity** or any other source, other than the **Organization**, for the benefit of the **Insured Person** serving in such **Outside Capacity**. Payment by the Company or any affiliate of the Company under another policy as a result of a **Claim** against an **Insured Person** in an **Outside Capacity** shall reduce, by the amount of such payment, the Company's Limit of Liability under this Coverage Section with respect to such **Claim**.
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Payment of Loss

13. In the event payment of **Loss** is due under this Coverage Section but the amount of such **Loss** in the aggregate exceeds the remaining available Limit of Liability for this Coverage Section, the Company shall:
- (a) first pay such **Loss** for which coverage is provided under Insuring Clause 1 of this Coverage Section; then
 - (b) to the extent of any remaining amount of the Limit of Liability available after payment under (a) above, pay such **Loss** for which coverage is provided under any other Insuring Clause of this Coverage Section.

Except as otherwise provided in this Subsection 13, the Company may pay covered **Loss** as it becomes due under this Coverage Section without regard to the potential for other future payment obligations under this Coverage Section.

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