

EMPLOYMENT PRACTICES LIABILITY COVERAGE  
THIS POLICY IS WRITTEN ON A CLAIMS-MADE BASIS. IT COVERS ONLY CLAIMS FIRST  
MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED TO  
UNDERWRITERS NO LATER THAN SIXTY (60) DAYS AFTER THE EXPIRATION OF THE  
POLICY  
CONTRACT NO. 1808

Policy Number: \_\_\_\_\_

Previous Number: \_\_\_\_\_

Item A. Named Insured: \_\_\_\_\_  
Principal Address: \_\_\_\_\_  
\_\_\_\_\_

Item B. Policy Period: \_\_\_\_\_ to \_\_\_\_\_, 12:01 a.m. Standard Time at the  
Principal Address Stated in Item A.

Item C. Limits and Retention:  
a) Limits of Liability \$ \_\_\_\_\_ in the aggregate  
b) Retention \$ \_\_\_\_\_ each **Claim**

Item D. Prior and Pending Date: \_\_\_\_\_  
(See Section C. Exclusions l.h.)

Item E. Premium: \_\_\_\_\_

Item F. Notification under the Policy shall be given to:

NAS Insurance Services, Inc.  
16501 Ventura Blvd., Suite 200  
Encino, CA 91436

Item G. Form Numbers of Endorsements Attached at Policy Issuance:

Item H. Service of Suit:

**EMPLOYMENT PRACTICES LIABILITY COVERAGE  
TERMS AND CONDITIONS**

In consideration of the payment of premium, in reliance on the statements in the **Application** and subject to all of the provisions of the Policy, Underwriters and the **Insureds** agree as follows:

**A. INSURING CLAUSE**

Underwriters shall pay on behalf of the **Insureds** the **Loss** resulting from any **Claim** first made during the **Policy Period** for a **Wrongful Employment Act**.

**B. DEFINITIONS**

The following terms, whenever used in boldface type, shall have the meanings indicated.

1. **Application** means:

- a) the **Application** for this Policy or any policy of which this Policy is a renewal, and
- b) any materials submitted therewith, which shall be retained on file by Underwriters and shall be deemed attached hereto, as if physically attached hereto.

2. **Claim** means:

- a) any written demand for damages or other relief against any of the **Insureds** arising out of a **Wrongful Employment Act(s)**.
- b) any judicial, administrative or arbitration proceeding initiated against any of the **Insureds** by or on behalf of an **Employee** in which they may be subjected to a binding adjudication of liability for damages or other relief, including:
  - (i) any proceeding before the Equal Employment Opportunity Commission or any similar federal, state or local governmental body, and
  - (ii) any appeal therefrom.

A **Claim** is deemed first made when it is received by an **Insured**.

3. **Costs, Charges and Expenses** means reasonable and necessary legal fees and expenses incurred in defense of any **Claim** and costs of attachment or similar bonds, but shall not include:

- a) salaries, wages, overhead or benefit expenses associated with officers or **Employees** of the Underwriters or the **Insured Organization**, or
- b) any amounts incurred in defense of any **Claim** for which any other insurer has a duty to defend.

4. **Discrimination** means termination of the employment relationship, a demotion or failure or refusal to hire or promote or denial of an employment benefit or the taking of any adverse or differential employment position because of race, color, religion, age, sex, disability, pregnancy, sexual orientation or national origin, or any other basis prohibited by federal, state or local law.

5. **Employees** means all persons who were, now are or shall be:

- a) individuals whose labor or service is engaged by and directed by the **Insured Organization**. This includes volunteers, part-time, seasonal, temporary and leased **Employees**, and
  - b) applicants for employment with the **Insured Organization**, and
  - c) independent contractors for the **Insured Organization**, provided such individuals perform work or services solely for or on behalf of the **Insured Organization**. Persons who are leased to another employer are not **Employees**.
6. **Harassment** means unwelcome advances, requests for favors or other verbal or physical conduct of either a sexual or non-sexual nature that (a) are explicitly or implicitly made a condition of employment, (b) are used as a basis for employment decisions, or (c) create a work environment that interferes with performance. **Harassment** includes allegations of assault and battery but only if such allegations are related to a **Claim** of sexual harassment.
7. **Interrelated Wrongful Employment Acts** means more than one **Wrongful Employment Act** which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.
8. **Insureds** means the **Insured Organization** and any **Insured Persons**.
9. **Insured Organization** means:
- a) the **Named Insured**, and
  - b) any **Subsidiary**.
10. **Insured Persons** means all persons who were, now are or shall be:
- a) the duly elected or appointed directors and officers of the **Insured Organization**,
  - b) any **Employees**, and
  - c) the functional equivalent of directors, officers and **Employees** in the event the **Insured Organization** is incorporated or domiciled outside the United States, including their estates, heirs, legal representatives or assigns in the event of their death, incapacity or bankruptcy.
11. **Loss** means damages, including compensatory damages, back pay and front pay, punitive, multiplied and exemplary damages where insurable; judgments (including post-judgment interest resulting from actions of the insured); settlements; statutory attorney fees; and **Costs, Charges and Expenses** excess of the Retention. **Loss** shall not include civil or criminal fines or penalties or taxes imposed by law or any other matters deemed uninsurable under the law pursuant to which this Policy shall be construed; stock options or amounts reflecting the value of stock options; amounts owed under employment contracts, partnership, stock, or other ownership agreements or any other contracts; severance pay; disability, social security, workers' compensation, medical, insurance, retirement benefits or other benefits; and the **Insured's** costs to modify any premises to make the premises more accessible to any disabled person

With respect to punitive and exemplary damages, the applicable law for purposes of insurability will be the law most favorable to the **Insured** provided the most favorable law has a reasonable relationship to the **Claim**. For any **Claim** arising under Illinois Law, coverage shall apply only to punitive damages imposed solely as a result of the **Insured's** vicarious liability for another's acts or omissions.

Law which will be deemed reasonably related includes the law:

- a) of the state where the **Insured** is incorporated or has a place of business;
- b) of the state where the **Claim** is pending; or
- c) of the state where any **Wrongful Employment Act** happened.

12. **Named Insured** means the entity named in Item A. of the Declarations.

13. **Optional Extension Period** means the period described in Condition J. below.

14. **Policy Period** means the period from the effective date and hour of the inception of this Policy to the Policy expiration date and hour as set forth in Item B. of the Declarations, or its earlier cancellation date and hour, if any, or the end of the **Optional Extension Period**, if purchased.

15. **Prior and Pending Date** means the date set forth in Item D. of the Declarations.

16. **Retaliation** means any actual or alleged response of any of the **Insureds** to:

- a) the disclosure or threat of disclosure by an **Employee** to a superior or to any governmental agency of any act by any of the **Insureds** where such act is alleged to be a violation of any federal, state, local or foreign law, whether common or statutory, or any rule or regulation promulgated thereunder, or
- b) the actual or attempted exercise by an **Employee** of any right that such **Employee** has under law, including rights under any workers' compensation law, the Family and Medical Leave Act, the Americans with Disabilities Act or any other law relating to employee rights, or
- c) the filing of any claim under the Federal False Claims Act or any other federal, state, local or foreign "whistleblower" law, or
- d) any **Employee** work stoppage or slowdown.

17. **Subsidiary** means any entity in which the **Named Insured** owns, directly or indirectly, more than 50% of the outstanding securities representing the present right to vote for the election of such entity's governing body, if such entity:

- a) was so owned prior to the inception date of this Policy and was insured under a Policy issued by Underwriters of which this Policy is a renewal,
- b) was so owned on the inception date of this Policy, or
- c) was created or acquired after the inception date of this Policy, as described in Condition K. below

18. **Takeover** means:

- a) the acquisition by any person or entity of more than 50% of the outstanding securities of the **Named Insured** representing the present right to vote for the election of directors, and
- b) the merger of the **Named Insured** into another entity such that the **Named Insured** is not the surviving entity.

19. **Wrongful Employment Act** means any of the below, whether actual or alleged, but only if employment-related and claimed by or on behalf of an **Employee**, and only if committed or allegedly committed by any of the **Insureds** in their capacity as such:
- a) termination, actual or constructive, of an employment relationship in any manner which is against the law and wrongful;
  - b) wrongful demotion, wrongful failure to hire, retaliation, misrepresentation, promissory estoppel and intentional interference with contract, which arise from an employment decision to employ, terminate, evaluate, discipline, promote or demote;
  - c) defamation, infliction of emotional distress or mental anguish, humiliation, false imprisonment, invasion of privacy and other personal injury allegations which arise from the terminating, disciplining, promoting or demoting of an **Employee**;
  - d) breach of an implied employment contract and breach of the covenant of good faith and fair dealing in the employment contract;
  - e) **Discrimination**;
  - f) **Harassment**;
  - g) employment terminations, disciplinary actions, demotions or other employment decisions which violate public policy or the Family Medical Leave Act or similar state law;
  - h) violations of the Uniformed Services Employment and Reemployment Rights Act;
  - i) breach of an **Employee's** federal, state or local civil rights including but not limited to any violation of the Civil Rights Act of 1886 or 42 U.S.C. Section 1983;
  - j) **Retaliation** against any **Insured**; or
  - k) wrongful deprivation of career opportunity, negligent evaluation, or failure to grant tenure.

## C. EXCLUSIONS

1. Underwriters shall not be liable to make any payment in connection with any **Claim**:
- a) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving:
    - (i) any **Wrongful Employment Act** or any fact, circumstance or situation which has been the subject to any notice given prior to the **Policy Period** under any other similar insurance policy, or
    - (ii) any other **Wrongful Employment Act**, whenever occurring, which, together with a **Wrongful Employment Act** which has been the subject of such prior notice, would constitute **Interrelated Wrongful Employment Acts**;
  - b) for any actual or alleged violation of the Employee Retirement Income Security Act of 1974, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the

Occupational Safety and Health Act, all as amended, or any rules or regulations promulgated thereunder, or similar provisions of any federal, state or local statutory or common law, including any actual or alleged violations of any federal, state or local wage and hour laws or regulations, whether or not such allegations are made in connection with any governmental or administrative proceedings provided, however, this exclusion does not apply to any such **Claim** alleging violations of (i) the Equal Pay Act, or (ii) Section 510 of the Employee Retirement Income Security Act, or (iii) **Retaliation**;

- c) arising out of a strike, lockout, picket line, replacement, or other similar actions arising from labor disputes or negotiation;
- d) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving, any actual or alleged obligation of any of the **Insureds** pursuant to any workers' compensation, unemployment insurance, social security, disability benefits or similar law; provided, however, this exclusion shall not apply to any such **Claim** for **Retaliation**;
- e) against any **Subsidiary** or any of the **Insured Persons** of a **Subsidiary** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving:
  - (i) any **Wrongful Employment Act** occurring prior to the date such entity became a **Subsidiary** or subsequent to the date such entity ceased to be a **Subsidiary**, or
  - (ii) any **Wrongful Employment Act** occurring while such entity was a **Subsidiary** which, together with a **Wrongful Employment Act** occurring prior to the date such entity became a **Subsidiary** would constitute **Interrelated Wrongful Employment Acts**;
- f) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving, any **Wrongful Employment Act** actually or allegedly committed subsequent to a **Takeover** or bankruptcy;
- g) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving:
  - (i) any prior and/or pending administrative or arbitration proceeding, demand letter or litigation received by any **Insured** as of the **Prior and Pending Date**, or
  - (ii) any fact, circumstance, situation, transaction or event underlying or alleged in such administrative or arbitration proceeding, demand letter or litigation,regardless of the legal theory upon which such **Claim** is predicated; or
- h) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving, any **Wrongful Employment Act** which any of the directors, officers, managers or supervisory **Employees** had knowledge of prior to the inception date of this Policy or prior to the inception date of any prior Policy of which this Policy is a renewal thereof, and where such **Insureds** had reason to believe at the time that such known **Wrongful Employment Act** could reasonably be expected to give rise to such **Claim**.

2. Underwriters shall not be liable to make any payment, other than **Costs, Charges and Expenses**, in connection with any **Claim**:

- a) which constitutes insurance plan benefits claimed by or on behalf of retired **Employees**; or that a former **Employee** would have been entitled to had the **Insured** provided a continuation of insurance, except as damages representing lost insurance benefits;
- b) related to costs incurred by the **Insured Organization** to modify or adapt any building or property in order to make such building or property more accessible or accommodating to any disabled person; or
- c) for commissions, bonuses, stock options, profit sharing or benefits; severance payments; or any amounts owed under any written or express contract or agreement of employment.

No **Wrongful Employment Act** of one or more **Insureds** shall be imputed to any other **Insured** for the purpose of determining the applicability of the above Exclusions.

#### D. LIMITS OF LIABILITY AND RETENTIONS

1. The Underwriters shall be liable to pay **Loss** in excess of the Retention up to the Limits of Liability as stated in Item C. of the Declarations.
2. The amount shown in Item C. of the Declarations shall be the maximum aggregate Limits of Liability of Underwriters under this Policy.
3. More than one **Claim** involving the same **Wrongful Employment Act** or **Interrelated Wrongful Employment Acts** shall be deemed to constitute a single **Claim** and shall be deemed to have been made at the earliest of the following times:
  - a) the time at which the earliest **Claim** involving the same **Wrongful Employment Act** or **Interrelated Wrongful Employment Acts** is first made, or
  - b) the time at which the **Claim** involving the same **Wrongful Employment Act** or **Interrelated Wrongful Employment Acts** shall be deemed to have been made pursuant to Clause E.2., below.
4. Payments of **Loss** by Underwriters shall reduce the Limits of Liability.

#### E. NOTIFICATION

1. The **Insureds** shall, as a condition precedent to their rights to payment, give to Underwriters written notice of any **Claim** as soon as practicable but in no event later than sixty (60) days after the end of the **Policy Period**.
2. If, during the **Policy Period**, any of the **Insureds** first becomes aware of a specific **Wrongful Employment Act** and if the **Insureds**, during the **Policy Period**, give written notice to Underwriters as soon as practicable of:
  - a) the specific **Wrongful Employment Act**, and
  - b) the consequences which have resulted or may result therefrom, and
  - c) the circumstances by which the **Insureds** first become aware thereof, then any **Claim** made subsequently arising out of such **Wrongful Employment Act** shall be deemed to have been made at the time such notice was first given to Underwriters.
3. Notice to Underwriters shall be given to the firm shown under Item F. of the Declarations for this Policy.

#### F. **WARRANTY CLAUSE**

It is warranted that the particulars and statements contained in the **Application**, a copy of which is attached hereto, are the basis of this Policy and are to be considered as incorporated into and constituting a part of the Policy and of each Coverage Section.

By acceptance of this Policy, the **Insureds** agree that Underwriters have relied upon the statements and representations contained in the **Application** for this Policy (including materials submitted thereto and, if this is a renewal **Application**, all such previous Policy **Applications** for which this Policy is a renewal) as being accurate and complete. All such statements and representations shall be deemed to be material to the risk assumed by Underwriters, are the basis of this Policy and are to be considered as incorporated into this Policy.

With respect to such statements and representations, no knowledge or information possessed by any **Insured Person**, except for those person or persons who executed the **Application**, shall be imputed to any other **Insured Person**. If any person who executed the **Application** knew that such statement or representation was inaccurate or incomplete, then this Policy will be void as to all **Insureds**.

#### G. **CANCELLATION CLAUSE**

1. By acceptance of this Policy, the **Insureds** hereby confer the exclusive power and authority to cancel this Policy on their behalf to the **Named Insured**. Such entity may cancel this Policy by surrender thereof to Underwriters, and by mailing to Underwriters written notice stating when thereafter cancellation shall be effective. The mailing of such notice shall be sufficient notice and the effective date of cancellation shall become the end of the **Policy Period**. Delivery of such written notice shall be equivalent to mailing.
2. This Policy may only be cancelled by Underwriters for non-payment of premium by mailing to the **Named Insured, at the last known address to Underwriters**, written notice stating when, not less than 10 days thereafter, such cancellation shall be effective. The mailing of such notice shall be sufficient notice. If the foregoing notice period is in conflict with any governing law or regulation, then such period shall be amended to afford the minimum notice period permitted thereunder.
3. If this Policy is cancelled by the **Named Insured**, Underwriters shall retain the short rate proportion of the premium hereon. Payment or tender of any unearned premium by Underwriters shall not be a condition precedent to the effectiveness of cancellation.

#### H. **SPOUSAL EXTENSION**

Underwriters agree to extend coverage to all persons who were, now are, or shall be the lawful spouse of any natural person who is one of the **Insureds** solely to the extent such spouse is the subject of any **Claim** because of marriage to any such natural person **Insured**.



I. **INSURED ORGANIZATION AUTHORIZATION CLAUSE**

By acceptance of this Policy, the **Insureds** agree that the **Named Insured** will act on their behalf with respect to the giving of all notice to Underwriters, the receiving of notice from Underwriters, the payment of the premium and the receipt of any return premium.

J. **OPTIONAL EXTENSION PERIOD**

1. If this Policy is cancelled or non-renewed by the **Named Insured** or Underwriters then the **Named Insured** shall have the right, upon payment of an additional premium, to an extension of the coverage granted by this Policy with respect to any **Claim** first made during the period of time elected after the effective date of such cancellation or, in the event of such refusal to renew, after the Policy's expiration date, but only with respect to any **Wrongful Employment Act** committed before such date.

Options:

12 months for 125% of the premium for the **Policy Period**, or  
24 months for 180% of the premium for the **Policy Period**, or  
36 months for 200% of the premium for the **Policy Period**.

2. The right to purchase the **Optional Extension Period** shall terminate unless written notice, together with full payment of the premium for the **Optional Extension Period**, is received by Underwriters within 30 days after the effective date of cancellation, or, in the event of a refusal to renew, within 30 days after the Policy expiration date. If such notice and premium payment is not so given to Underwriters, there shall be no right to purchase the **Optional Extension Period**.
3. In the event of the purchase of the **Optional Extension Period**, the entire premium therefore shall be deemed earned at its commencement.
4. The exercise of the **Optional Extension Period** shall not in any way increase the Underwriters' Limits of Liability.

K. **COVERAGE FOR CREATED AND ACQUIRED SUBSIDIARIES**

If, after the inception of the **Policy Period**, an **Insured Organization** creates or acquires a **Subsidiary**, the **Subsidiary** shall be an **Insured Organization**, but only with respect to **Wrongful Employment Acts** committed, attempted or allegedly committed or attempted, after the creation or acquisition of the **Subsidiary**. In the event that the number of **Employees** of the new **Subsidiary** exceeds 15% of the total **Employees** of the **Insured Organization** prior to the creation or acquisition, as reflected in the most recent **Application** for this insurance, written notice of such acquisition shall be given to Underwriters within 45 days of the acquisition together with such information as Underwriters may require. There may be an additional premium charged, and the premium must be paid in order for coverage for the new **Subsidiary** to continue beyond the initial 45 day period.

L. **RUN-OFF COVERAGE**

1. In the event of bankruptcy or **Takeover** of the **Named Insured**, this Policy will continue until its natural expiration date as set forth in Item B. of the Declarations but only with respect to any **Wrongful Act** committed before the date of bankruptcy or the **Takeover**.
2. In the event of a **Takeover** of the **Named Insured**:
  - a) The **Named Insured** shall have the right and option, upon payment of an additional premium, less any pro rata unearned premium, to an extension of the coverage granted by this Policy with respect to any **Claim** first made during the period of time elected after the effective date

of the **Takeover**, but only with respect to any **Wrongful Employment Act** committed before such date.

Options:

12 months for 125% of the premium for the **Policy Period**, or

36 months for 200% of the premium for the **Policy Period**, or

72 months for 300% of the premium for the **Policy Period**.

- b) The right to purchase this extension of coverage shall terminate unless written notice, together with full payment of the premium, as set forth in a) above, is received by Underwriters within 15 days after the effective date of the **Takeover**. If such notice and premium payment is not given to Underwriters, there shall be no right to purchase this extension of coverage.
- c) If this extension of coverage is elected and purchased, then:
  - i) Clause G.1. above, is deleted in its entirety, and
  - ii) Clause J. above, is deleted in its entirety, and
  - iii) the maximum aggregate **Limits of Liability** of Underwriters under this Policy for this extension of coverage shall be the amount shown in Item C. of the Declarations.

#### M. **ALLOCATION**

In the event any of the **Insureds** in a **Claim** incur both **Loss** that is covered by the Policy and also loss which is not covered by this Policy, either because such **Claim** includes both covered and uncovered matters or because such **Claim** is made against both covered and uncovered parties, then coverage will be allocated as follows:

1. 100% of **Costs, Charges and Expenses** incurred by such **Insureds** on account of such **Claim** will be allocated as covered **Loss**, and
2. any remaining loss incurred by such **Insureds** on account of such **Claim** will be allocated by the parties between covered **Loss** and uncovered loss using all reasonable efforts based upon the legal liabilities of each of the parties to such matters.

#### N. **OTHER INSURANCE**

If the **Insured** has insurance provided by other insurers against a **Loss** covered by this insurance, the Underwriters shall not be liable under this insurance for a greater proportion of such **Loss** and **Costs, Charges and Expenses** than the applicable limit of liability stated in the declarations bears to the total applicable limit of liability of all valid and collectible insurance against such **Loss**, provided however that if the **Insured** has insurance provided by other insurers whose insurance is stated as excess over any other insurance available to the **Insured**, this insurance shall also apply solely in excess of such insurance, unless such other insurance is written as specific excess over the limit of liability of this insurance.

#### O. **SETTLEMENTS AND DEFENSE**

1. No settlement shall be made or negotiated and no **Costs, Charges and Expenses** shall be incurred without Underwriters' consent, such consent not to be unreasonably withheld. Underwriters have the right to investigate and settle any **Claim** in the manner and to the extent that they believe is proper, however, Underwriters will not settle any **Claim** or pay any **Loss** without the **Insured's** consent. If the **Insured** refuses to consent to any settlement recommended by Underwriters or their representatives and the **Insured** elects to contest or continue any legal proceedings, then Underwriters' liability shall not exceed: a) the amount for which Underwriters could have settled

the **Claim** plus **Costs, Charges and Expenses** incurred as of the date the **Insured** withheld consent to such settlement plus; b) 50% of **Costs, Charges and Expenses** and 50% of covered **Loss** excess of the proposed settlement; provided, however, that the remaining 50% of **Loss** and **Costs, Charges and Expenses** shall be borne by the **Named Insured** at its own risk and uninsured. This provision shall not apply unless the total **Loss** plus **Costs, Charges and Expenses**, including the proposed settlement, would exceed the Retention.

2. Underwriters shall have the right and duty to defend any **Claim** and such right and duty shall exist even if any of the allegations are groundless, false or fraudulent. Underwriters shall give consideration to the **Insured's** preference for defense counsel, but the final decision rests with Underwriters. The **Named Insured** shall have the right to assume the duty to defend any **Claim** provided Underwriters consent in writing to such assumption. **Costs, Charges and Expenses** incurred by Underwriters, or by the **Insured** when defending or investigating with the written consent of Underwriters, shall be paid by Underwriters as a part of, and not in addition to, Underwriters' Limits of Liability set forth in Item C. of the Declarations.
3. Underwriters will have no obligation to pay **Loss**, including **Costs, Charges and Expenses** or to defend, or continue to defend, any **Claim** after the Limits of Liability as set forth in the Declarations, has been exhausted by payment of **Loss**.
4. Underwriters shall pay **Costs, Charges and Expenses** no more than once every 90 days.

P. **TERRITORY**

This Policy applies to **Claims** brought anywhere in the world.

Q. **ASSISTANCE, COOPERATION AND SUBROGATION**

The **Insureds** agree to provide Underwriters with such information, assistance and cooperation as Underwriters reasonably may request, and they further agree that they shall not take any action which in any way increases Underwriters' exposure under the Policy.

In the event of any payments under this Policy, Underwriters shall be subrogated to the **Insureds'** rights of recovery therefore against any person or entity. The **Insureds'** shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights, including the execution of such documents as necessary to enable Underwriters effectively to bring suit in their name, and shall provide all other assistance and cooperation which Underwriters may reasonably require.

R. **ASSIGNMENTS AND ACTIONS AGAINST UNDERWRITERS**

No action shall lie against Underwriters unless, as a condition precedent thereto, the **Insureds** shall have fully complied with all of the terms of this Policy, nor until the amount of the **Insureds'** obligation to pay shall have been fully and finally determined either by judgment against them or by written agreement between them, the claimant and Underwriters. Nothing contained herein shall give any person or organization any right to join Underwriters as a party to any **Claim** against the **Insureds** to determine their liability, nor shall Underwriters be impleaded by the **Insureds** or their legal representative in any **Claim**. Assignment of interest under this Policy shall not bind Underwriters unless their consent is endorsed hereon.

S. **ENTIRE AGREEMENT**

By acceptance of this Policy, the **Insureds** agree that this Policy embodies all agreements existing between them and Underwriters or any of their agents relating to this insurance. Notice to any agent or knowledge possessed by any agent or other person acting on behalf of Underwriters shall not effect a waiver or a change in any part of this Policy or estop Underwriters from asserting any right under the terms of this Policy, nor shall the terms be deemed waived or changed except by written endorsement or rider issued by Underwriters to form part of this Policy.

**T. SERVICE OF SUIT**

It is agreed that in the event of the failure of Underwriters to pay any amount claimed to be due hereunder, Underwriters, at the request of any person or entity insured hereunder, will submit to the jurisdiction of any court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be deemed to constitute a waiver of Underwriters' right to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court, as permitted by the laws of the United States or of any state, territory, or district in the United States. It is further agreed that service of process in such suit may be made upon Mendes and Mount at the address indicated in Item H. of the Declarations and that in such suit instituted against any one of them upon this Policy, Underwriters will abide by the final decision of such court or of any appellate court in the event of an appeal.

The above-named party is authorized and directed to accept service on behalf of Underwriters in any such suit upon the request of any person or entity to enter a general appearance on behalf of Underwriters in the event such a suit shall be instituted.

Further, pursuant to the applicable statute of any state, territory or district of the United States, Underwriters shall designate the Superintendent, Commissioner or Director of Insurance or other officer specified for the purpose in the statute or any successor in office, as Underwriters' true and lawful attorney, upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of any person or entity insured hereunder or any beneficiary hereunder arising out of this Policy, and hereby designate Mendes and Mount as the party to whom such officer is authorized to mail such process.

**NAS Insurance Services, Inc.**

**By:** \_\_\_\_\_

**On behalf of the Underwriters  
providing this insurance.**

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FORM AIF 2562 (11/05)