

EMPLOYMENT PRACTICES INSURANCE CLAIMS FIRST MADE AND REPORTED

**READ THIS POLICY CAREFULLY TO DETERMINE THE EXTENT OF COVERAGE.
IMPORTANT: THIS IS A CLAIMS FIRST MADE AND REPORTED POLICY WHICH
INCLUDES DEFENSE COSTS WITHIN THE COVERAGE LIMITS.**

This Policy has been issued in consideration of the payment of the premium and in reliance upon statements made to us in the application and any attachments thereto. The Declarations, application and any attachments are incorporated herein and form a part of this Policy along with any endorsements. This shall include any Professional Liability Insurance Services, Inc. "PLIS, Inc." applications and supplements submitted for all previous policies issued by Underwriters, all of which shall be retained on file and deemed a part of this Policy as if physically attached. The terms, conditions, limitations and endorsements of this Policy may not be waived or changed except by written endorsement issued to form a part of this Policy.

Throughout this policy the words "you" and "your" refer to the **Named Insured** shown in the Declarations, and any other person or organization qualifying as an **Insured** under **SECTION V. INSURED - WHO IS COVERED**.

Under this policy the words "we," "us," "our," "Insurers" and "Underwriters" refer to the certain underwriters providing this insurance.

I. INSURING AGREEMENT – WHAT IS COVERED:

Coverage A: (1) Insured Employment Events

We will pay on behalf of the **Insured** (in excess of any **DEDUCTIBLE**) **Loss** which the **Insured** shall become legally obligated to pay for **Claims** arising out of an **Insured Employment Event** to which this policy applies.

(2) Administrative Proceedings relating to Insured Employment Events

We will pay on behalf of the **Insured**, prior to any **DEDUCTIBLE** being applied, up to the amount set forth in Item 4 of the Declarations for **Defense Costs** incurred in defending **Administrative Proceedings**. The coverage afforded hereunder applies only to **Defense Costs** incurred in defending against **Administrative Proceedings**. This coverage does not apply to any monetary awards, judgments or settlements of any kind relating to, or directly or indirectly resulting from the enforcement or resolution of any **Administrative Proceedings**.

Coverage B: Insured Third-Party Events (if purchased)

We will pay on behalf of the **Insured** (in excess of any **DEDUCTIBLE**) **Loss** which the **Insured** shall become legally obligated to pay for **Claims** arising out of an **Insured Third-Party Event** to which this policy applies.

However, the amount we will pay under Coverage A and Coverage B is limited as described in the terms, limitations, conditions and exclusions of this Policy.

Except where specifically designated, all other provisions of this Policy apply to both **Coverage A** and **Coverage B**.

This policy applies only if:

- A. The **Claim** is first made against any **Insured** during the **Policy Period** or any applicable **ADDITIONAL REPORTING PERIOD**; and
- B. The **Claim** is first reported to us, through our **Appointed Representatives** in accordance with the reporting requirements set forth in **SECTION VI. CONDITIONS PRECEDENT TO UNDERWRITER'S LIABILITY** herein; and
- C. The **Claim** is brought in the **Coverage Territory** for an **Insured Event** occurring anywhere in the world; and
- D. The **Insured Event** giving rise to the **Claim** occurred on or after the **Retroactive Date**, if any, but prior to the end of the **Policy Period**; and
- E. No **Management or Supervisory Employee** had knowledge, prior to the **Inception Date** of this Policy, of the **Insured Event** or **Potential Claim** giving rise to the **Claim**. In addition, knowledge prior to the **Inception Date** of

this Policy, shall also include any **Claim**, or **Potential Claim** which has been identified in any way on the insurance application, including any material submitted with the insurance application, or any material submitted for all previous policies issued by Underwriters; and

- F. The **Claim** is not otherwise excluded or limited by the terms, limitations, conditions, exclusions and endorsements of this Policy.

Defense and Settlement:

- A. We have the right and duty to defend any **Claim** for an **Insured Event** made or brought against any **Insured** to which this Policy applies. Should a **Claim** be found to be excluded from coverage after we have engaged defense counsel on your behalf, we may withdraw from the defense of that **Claim** with notice to you.
- B. We will give consideration to your preference for defense counsel; however we reserve the right to assign defense counsel of our choosing. We will not appoint unapproved defense counsel to any **Claim** in progress, regardless of whether such defense counsel has already been engaged by you. Once defense counsel is appointed, we will only change defense counsel at our sole discretion.
- C. Under any circumstances the designated counsel shall act solely in the interest of the **Insured**. The **Insured** shall cooperate with defense counsel and Insurers and use diligence, prudence, and good faith in the investigation, defense, and settlement of all **Claims**. The **Insured** agrees to direct defense counsel to cooperate with us by providing the following every 30 days unless otherwise agreed in writing by Underwriters:
1. Written reports on claimed damages, potential liability, progress of any litigation, any settlement demands, or any investigation developments that materially affect the **Claim**; and
 2. Any other reasonable information requested; and
 3. Any fully itemized billing.
- D. Payment of **Defense Costs** is a part of and not in addition to the **COVERAGE LIMITS** unless specifically underwritten and endorsed hereto. Our duty to defend any **Claim** ends when the applicable **COVERAGE LIMITS** have been exhausted.
- E. If a transfer of control is necessary due to the exhaustion of applicable **COVERAGE LIMITS** or any other reason, we agree to take any steps necessary to continue the defense of any outstanding **Claim** and avoid a default judgment during the transfer of control to you. If we do so, you agree to reimburse reasonable expenses we incur for taking such steps after the applicable **COVERAGE LIMITS** are exhausted.
- F. We will not settle any **Claim** without your consent. You may refuse to consent to any settlement recommended by us or our **Appointed Representatives** and elect to contest or continue any legal proceedings. Should you refuse to consent to any settlement recommended by us or our **Appointed Representatives**, Underwriter's maximum liability for any **Loss** amount over any **Loss** amount already incurred at the time the **Claim** could have been settled, shall not exceed the amount for which the **Claim** could have been settled.

II. COVERAGE LIMITS:

- A. **Each Insured Event Limit as Respects Coverage A:**

Coverage A (1): In respect to Coverage A (1), as set forth in **SECTION I. INSURING AGREEMENT: COVERAGE A (1)**, Underwriter's maximum liability for **Loss** with respect to each **Claim** shall not exceed the "Each **Insured Event** Limit as Respects Coverage A (1)" set forth in Item 4 of the Declarations and shall be in excess of any **DEDUCTIBLE** amount stated in the Declarations or any endorsement attached hereto.

Coverage A (2): In respect to Coverage A (2), as set forth in **SECTION I. INSURING AGREEMENT: COVERAGE A (2)**, Underwriter's maximum liability for **Defense Costs** with respect to each **Administrative Proceeding** shall not exceed the "Each **Insured Event** Limit as Respects Coverage A (2)", **Administrative Proceedings for Insured Employment Events**, set forth in Item 4 of the Declarations. Once the limits under Coverage A (2) have been exhausted by payment of **Defense Costs**, the Deductible and limits under Coverage A (1) shall apply.

Underwriters shall not be obligated to pay any **Loss** under Coverage A (1) or Coverage A (2) after the "Each **Insured Event** Limit as Respects Coverage A" has been exhausted.

B. Each Insured Event Limit as Respects Coverage B:

In respect to Coverage B, as set forth in **SECTION I. INSURING AGREEMENT: COVERAGE B**, Underwriter's maximum liability for **Loss** with respect to each **Claim** shall not exceed the "Each **Insured Event Limit as Respects Coverage B**" set forth in Item 4 of the Declarations and shall be in excess of any **DEDUCTIBLE** amount stated in the Declarations or any endorsement attached hereto.

Underwriters shall not be obligated to pay any **Loss** under Coverage B after the "Each **Insured Event Limit as Respects Coverage B**" has been exhausted.

C. Total Aggregate Limit

In respect to Coverage A(1), Coverage A(2) and Coverage B, Underwriter's maximum liability for **Loss** with respect to all **Claims** shall not exceed the "Total Aggregate Limit" set forth in Item 4 of the Declarations and shall be in excess of any applicable **DEDUCTIBLE** amount stated in the Declarations or any endorsement attached hereto.

Regardless of the number of successive policies purchased by the **Insured**, the **COVERAGE LIMITS** shall not accumulate over successive **Policy Periods**.

If this **Policy Period** is extended, the **COVERAGE LIMITS**, as shown in Item 4 of the Declarations shall not in any way increase. For purposes of the **COVERAGE LIMITS** any policy extension is considered to be part of and not in addition to the **Policy Period** as shown as Item 2 in the Declarations.

III. DEDUCTIBLE

Our obligation to pay under this Policy applies only to the amount of **Loss** in excess of any **DEDUCTIBLE** amount, as shown in Item 5 of the Declarations. The **COVERAGE LIMITS** will not be reduced by the amount of such **DEDUCTIBLE**. The **DEDUCTIBLE** shall be first applied to all **Defense Costs** with the remainder, if any, being applied to damages, judgments, and/or settlements. The **DEDUCTIBLE** shall apply to each **Claim** and shall be paid by the **Named Insured** within thirty (30) days of receipt of demand by us or our **Appointed Representatives** as shown in Item 10 of the Declarations.

IV. DEDUCTIBLE REDUCTION:

The **DEDUCTIBLE** amount will be reduced by 50% for any **Claim** arising out of a **Potential Claim** where, prior to the **Claim** being made the **Insured** consulted with and followed the recommendations of the **Appointed Risk Management Company** regarding the **Potential Claim**.

V. INSURED – WHO IS COVERED:

- A. **Individual.** If you are shown in Item 1 of the Declarations as an individual, you and your spouse or domestic partner (whether such status is derived by reason of statute or common law as recognized by the applicable jurisdiction) are **Insureds** but only for the conduct of a business of which you are the sole owner.
- B. **Corporation.** If you are shown in Item 1 of the Declarations as a corporation or organization other than a partnership or joint venture, you are an **Insured**. Your stockholders are also **Insureds**, but only with respect to their liability as stockholders.
- C. **Partnership or Joint Venture.** If you are shown in Item 1 of the Declarations as a partnership or joint venture, you are an **Insured**. Your partners or co-venturers and their spouses are also **Insureds**, but only for the conduct of your business.

However, no person or organization is covered for the conduct of any current or past partnership or joint venture not named in the Declarations.

- D. **Employees.** Your **Employees**, including **Management or Supervisory Employees** are **Insureds** only for the conduct of your business within the scope of their employment. Your **Employees'** status as an **Insured** will be determined as of the date of the **Insured Event**.
- E. **Mergers or Acquisitions.** Any organization that you newly acquire or form while this policy is in effect is an **Insured**, but only if the **Named Insured** owns at least fifty one percent (51%) of it. However, no newly acquired or formed organization is covered for more than thirty (30) days or the remainder of the **Policy Period**, whichever is less, from the date acquired or formed unless we agree to cover such acquisition or newly formed organization within such thirty (30) day period in consideration of additional premium and additional information to be determined by us. Notwithstanding the foregoing, any acquired or formed organization is not covered for **Loss** that results from

an **Insured Event** that happened or first commenced before the **Insured** acquired or formed it; nor for **Loss** covered under any other insurance policy.

- F. **Named Insured.** When there is more than one person or entity covered under this policy, the **Named Insured** in the Declarations shall act on behalf of all **Insured(s)** as to giving and receiving notice of cancellation, giving and receiving notice of mergers or acquisitions, payment of premium(s), receipt of return premium(s), acceptance of any endorsements to this Policy, payment of any **DEDUCTIBLE**, settlement of **Claims** or purchasing or deciding not to purchase the **Extended Reporting Period Endorsement**.

VI. CONDITIONS PRECEDENT TO UNDERWRITER'S LIABILITY:

No coverage shall be provided under this Policy unless there has been full compliance with the following conditions:

A. **Reporting and Notice**

1. The date of **Claim** will be the date a **Claim** is filed against any **Insured**, the date a **Claim** is received by any **Insured** or the date an oral complaint is first made against any **Insured**, whichever comes first.
2. You must provide written notice to our **Appointed Representatives** within thirty (30) days, but in any case, no later than 10 days before the response date for the claim, expiration date of this Policy or any applicable **ADDITIONAL REPORTING PERIOD**, when any **Insured** receives a **Claim** or when any **Insured** first becomes aware of any **Claim**; and immediately forward to us every demand, notice, summons, legal papers and/or other process received by you or your representative thereafter
3. You must provide written notice to our **Appointed Representatives** within thirty (30) days, but in any case, no later than the expiration date of this Policy when any of your **Management or Supervisory Employees** first become aware of a **Potential Claim** in which an **Insured Event** is committed or alleged to have been committed on or after the **Retroactive Date**, if any, and prior to the end the **Policy Period** that may subsequently give rise to a **Claim**. Any **Claim** subsequently made against any **Insured** arising from the **Potential Claim** reported to Underwriters during the **Policy Period** shall be deemed, for the purpose of this insurance, to have been first made and reported during the **Policy Period**.
4. When you are required to provide notice to our **Appointed Representatives** under this Policy, the notice shall include the identity of the person(s) alleging the **Insured Event**, the identity of the **Insured(s)** who allegedly performed the **Insured Event**, the identity of any witnesses to the alleged **Insured Event**, and the date(s) the alleged **Insured Event** took place.

B. **Representations**

By accepting this Policy you agree that the statements in the application(s), including all previous applications and materials submitted for all previous policies issued by Underwriters, and any attachments thereto are accurate, are complete and are to be considered as incorporated into and constituting a part of this Policy. The statements are material to the acceptance of the risk assumed by Underwriters under this policy and constitute representations you made to us.

C. **Duties and Cooperation**

You must:

1. Cooperate with us and our **Appointed Representatives** in the investigation and/or defense of the **Claim** or **Potential Claim**. As a normal part of the discovery process in litigation, or anticipated litigation, the **Insureds** shall submit to examination and interrogation (under oath if required), and shall attend hearings, depositions and trials. Further, **Insureds** shall assist in the conduct of lawsuits, including but not limited to effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, giving written statements to designated defense counsel and meeting with such representatives for the purpose of investigation and/or defense, all of the above without charge to Underwriters. The **Insureds** further agree not to take any action which may increase Underwriters' exposure for **Loss**; and
2. Authorize us to obtain records and other information; and
3. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the **Insured** because of injury or damage to which this Policy may also apply; and
4. Not demand or agree to arbitration or mediation of any **Claim** without our written consent. Such consent shall not be unreasonably withheld; and

5. Not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

VII. MULTIPLE INSURED, CLAIMS AND CLAIMANTS

The inclusion of more than one **Insured** in any **Claim** or the making of **Claims** against any **Insured** by more than one person or organization shall not increase the **COVERAGE LIMITS** or the **DEDUCTIBLE**. Two or more **Claims** arising out of a single **Insured Event** or a series of related or continuing **Insured Events** shall be a single **Claim**. All such **Claims** whenever made shall be considered first made and reported during the **Policy Period**, or any applicable **ADDITIONAL REPORTING PERIOD**, in which the earliest **Claim** or **Potential Claim** based on or arising out of such **Insured Events** was first made and reported. All such **Claims** are subject to one **Insured Event** limit and one **DEDUCTIBLE**.

VIII. DEFINITIONS:

- A. **Administrative Proceedings** means a complaint filed with the EEOC (Equal Employment Opportunity Commission), the DOL (Department of Labor – FMLA/WARN coverage only, in accordance with policy provisions) or any state or local FEPA (Fair Employment Practices Agency) that arises from an **Insured Employment Event**.
- B. **Appointed Representative** means the person or entity identified in Item 10 of the Declarations.
- C. **Appointed Risk Management Company** means the person or entity identified in Item 11 of the Declarations.
- D. **Claim** means:
1. Any written demand for monetary damages or other non-monetary relief against any **Insured** arising out of **Insured Employment Events** or **Insured Third Party Events**.
 2. Any written charge or lawsuit, including **Administrative Proceedings**, delivered to or served on any **Insured**, in which an **Insured Event** is alleged.
 3. Any other civil action, arbitration proceeding, mediation or other alternative dispute resolution process in which an **Insured Event** is alleged, including defense of a civil action requesting an injunction or other non-monetary relief.

Claim shall not include labor or grievance arbitration subject to a collective bargaining agreement.

- E. **Coverage Territory** means the United States, and its territories, and Canada.
- F. **Defense Costs** means those reasonable and necessary expenses that result from the investigation, settlement or defense of a **Claim** including but not limited to attorney fees and expenses, the cost of legal proceedings, the cost of appeal bonds, the cost of bonds to release property being used to secure a legal obligation (but only for bond amounts within the **COVERAGE LIMITS** that apply). We have no obligation to furnish any such bonds.

We do not consider the following to be **Defense Costs**: salaries and expenses of our employees, including in-house and/or coverage attorneys, salaries and expenses of the **Insured's** employees, or the fees and expenses of independent adjusters we hire.

Defense Costs shall not include amounts incurred prior to giving notice to us, or our **Appointed Representatives**.

- G. **Discrimination:**

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

Third-Party Discrimination means the taking of any adverse or deferential action(s) by an **Insured** because of race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by federal, state or local law against your current or former client or customer.

- H. **Employee** means an individual who is employed by and directed by any **Insured**. This includes underwritten full time, part time, seasonal, temporary and union **Employees** and persons leased to the **Named Insured**, as well as

any individual employed in a supervisory or managerial position. Independent contractors and sub-contractors are not **Employees** unless they are one-hundred percent (100%) dedicated agents or representatives of an **Insured**. Persons you lease to another employer are not your **Employees**.

I. **Harassment:**

Employment Harassment means unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors or other verbal or physical conduct of a sexual or non-sexual nature that (1) explicitly or implicitly are made a condition of employment, (2) are used as basis for employment decisions, or (3) create a work environment that interferes with performance (including a hostile work environment). **Employment Harassment** includes allegations of assault and battery and bodily injury, but only if they are related to a charge of sexual harassment, within the terms, conditions, limitations and exclusions as set forth in this Policy.

Third-Party Harassment means unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors or other verbal or physical conduct of a sexual or non-sexual nature that has been explicitly made by any **Insured** against your current or former client or customer.

J. **Inappropriate Employment Conduct** means:

1. Actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law, in breach of an implied employment contract or in breach of the covenant of good faith and fair dealing in the employment relationship; or
2. Actual or alleged misrepresentation which arises from an employment relationship; or
3. Actual or alleged infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease, which arise from an employment relationship; or
4. Actual or alleged false imprisonment, detention or malicious prosecution which arise from an employment relationship; or
5. Actual or alleged torts including: libel, slander, defamation of character or any invasion of any right which arises from an employment relationship; or
6. Actual or alleged violations of the Family Medical Leave Act or similar state law; or
7. Actual or alleged violations of the Uniformed Services Employment and Re-employment Rights Act (USERRA); or
8. Actual violations of the Workers Adjustment and Retraining Notification Act (WARN). However, this Policy does not cover violations or obligations of the WARN Act unless the **Named Insured**:
 - i. Notifies **Underwriters** at least seventy five (75) days in advance of reorganization/downsizing; and,
 - ii. In advance, implements and executes a formal risk management plan with the assistance of the **Appointed Risk Management Company**, as shown in item 11 of the Declarations.

Inappropriate Employment Conduct shall not include any allegations other than those set forth above.

K. **Inception Date** means the first day of the **Policy Period**.

L. **Insured Employment Event** means actual or alleged acts of **Employment Discrimination, Employment Harassment, Retaliation** and/or **Inappropriate Employment Conduct**, by an **Insured** against an **Employee** or former **Employee**, during the course of his/her employment with an **Insured**.

Insured Employment Event shall also mean actual or alleged acts of **Employment Discrimination** or **Employment Harassment** by an **Insured** against an applicant for employment with an **Insured**.

M. **Insured Event** means an **Insured Employment Event**, as respects Coverage A, or an **Insured Third-Party Event**, as respects Coverage B.

N. **Insured Third-Party Event** means actual or alleged acts of **Third-Party Discrimination** and/or **Third-Party Harassment** by an **Insured** against your current or former client or customer.

O. **Loss:**

Loss for an Insured Employment Event means (1) damages, including punitive, exemplary or multiple portion of any judgment, liquidated damages, back pay, front pay and damage awards representing lost insurance benefits; (2) judgments (including pre-judgment and post-judgment interest awarded against an **Insured** on that part of any judgment paid by us); (3) settlements; and (4) statutory attorney fees and **Defense Costs**.

However **Loss for an Insured Employment Event** does not include:

1. Punitive and Exemplary damages when:
 - a. The required **Loss Control Subjectivities** have not been implemented within the time specified or any reasonable extension agreed to in writing by Underwriters; or
 - b. Punitive and Exemplary damages are deemed uninsurable according to the law under which this Policy construed.
2. Non-monetary relief, including injunctive relief; or
3. Civil or criminal fines or penalties imposed by law; or
4. Taxes; or
5. Damages determined to be owed under a breach of written or express contract of employment; or
6. Any obligation to make payments in the event of the termination of employment including commissions, bonuses, profit sharing, stock options, benefits or other severance payments; or
7. Payment of insurance plan benefits by or on behalf of retired **Employees**, or benefits to which a claimant would have been entitled as an **Employee** had the **Insured** provided the claimant with a continuation of insurance or benefits obligations; or
8. Costs incurred by an **Insured** 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
9. Matters which may be deemed uninsurable according to the law under which this Policy is construed; or
10. Amounts owed under federal, state or local wage and hour laws; except to those amounts owed under the Equal Pay Act, Family Medical Leave Act (FMLA) and Workers Adjustment and Retraining Notification Act (WARN) as provided for in the Policy wording.

Loss for Insured Third-Party Events means (1) damages; (2) judgments (including prejudgment and post-judgment interest awarded against an **Insured** on that part of any judgment paid by us); (3) settlements; (4) statutory attorney fees and **Defense Costs**.

However, **Loss for Insured Third-Party Events** does not include:

1. Punitive, exemplary or multiple portion of any judgment; or
2. Non-monetary relief, including injunctive relief; or
3. Civil or criminal fines or penalties imposed by law; or
4. Taxes; or
5. Damages determined to be owed under a breach of written or express contract; or
6. Costs incurred by an **Insured** 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
7. Matters which may be deemed uninsurable according to the law under which this Policy is construed.

P. **Loss Control Subjectivities** means those items or activities required by Underwriters to be implemented as specified by us or our **Appointed Representatives** and are in continuous use or effect as a condition of this insurance Policy. Underwriters provide the **Appointed Risk Management Company**, as noted in Item 11 of the

Declarations page, to assist in the implementation of **Loss Control Subjectivities**. Such items listed as **Loss Control Subjectivities** are to be completed by all **Insureds** as a part of the conditional binding process.

- Q. **Management or Supervisory Employee** means individuals who act in a supervisory or managerial role for the covered entity. This includes directors, owners of a sole proprietorship, partners, chief executive officer, chief financial officer, chief operating officer, executive director, in-house attorneys, risk management personnel, the human resources manager or any **Employee** performing the human resources management function.
- R. **Policy Period** means the period set forth in Item 2 of the Declarations.
- S. **Potential Claim** means any complaint, incident, circumstance, or situation known to the **Insured** or to any **Management or Supervisory Employee** that could reasonably be expected to later give rise to a **Claim** under this Policy.

Potential Claim as Respects Coverage A:

We consider it reasonable for you to foresee that a **Claim** may be brought against you if a current or former employee or an applicant for employment has expressed dissatisfaction with the employment relationship or the employment application process. This includes, but is not limited to:

1. An employee or former employee making a complaint to a supervisory employee of **Discrimination, Harassment** or unfair employment practices; or
2. An employee or former employee asking for a severance package in excess of what you have offered; or
3. An employee or former employee complaining of generalized or specific unfair treatment relating to the employment relationship; or
4. An employee or former employee indicating that he or she has been forced to resign, resigning under or requesting transfer due to acrimonious or hostile circumstances; or
5. An employee, former employee or applicant for employment threatening to hire an attorney or
6. An applicant for employment complaining that he or she was unfairly excluded from being hired.

Potential Claim as Respects Coverage B:

We consider it reasonable for you to foresee that a **Claim** may be brought against you if current or former client or customer has expressed dissatisfaction. This includes, but is not limited to:

1. A current or former client or customer making a complaint to a supervisory employee of **Discrimination or Harassment** by your **Employee(s)**; or
2. A current or former client or customer threatening to hire an attorney.

T. **Retroactive Date:**

Retroactive Date as Respects Coverage A means the date set forth in Item 9 of the Declarations.

Retroactive Date as Respects Coverage B means the date set forth in Item 9 of the Declarations.

U. **Retaliation** means illegal retaliatory treatment against any **Employee** of the **Insured** on account of such individual:

1. Exercising his or her rights under law, including but not limited to rights under any workers compensation laws, the Family and Medical Leave Act (FMLA) or the Americans with Disabilities Act (ADA); or
2. Refusing to violate any law; or
3. Opposing any unlawful practice; or
4. Opposing or complaining of any **Employment Discrimination** or **Employment Harassment**; or
5. Disclosing or threatening to disclose to a superior or to any governmental agency alleged violations of law; or

6. Having assisted or testified in or cooperated with a proceeding or investigation regarding alleged violations of law by an **Insured**; or
7. Filing any **Claim** against an **Insured** under a "whistleblower" federal, state or local law.

IX. ADDITIONAL REPORTING PERIODS:

The COVERAGE LIMITS that apply at the end of the **Policy Period** shall not, in any way, increase or renew even if the Limited Reporting Period applies or an Extended Reporting Period is purchased.

A. Limited Reporting Period

Limited Reporting Period comprises of the thirty (30) day period after the **Policy Period** ends, during which **Claims** first made or brought during the **Policy Period** can be reported. Coverage under the Limited Reporting Period is limited to **Insured Events** which are committed or alleged to have been committed on or after the **Retroactive Date** and prior to the end of the **Policy Period**. Coverage under the Limited Reporting Period shall apply only to **Claims** that are first made against the **Insured** during the **Policy Period** and reported to **Underwriters** within the Limited Reporting Period. Coverage under the Limited Reporting Period does not apply to **Claims** arising from **Insured Events** of which any **Management or Supervisory Employee** had knowledge of during the **Policy Period**.

Underwriters shall provide this **Limited Reporting Period** at no additional premium.

The **Limited Reporting Period** does not extend the **Policy Period** nor change the scope of coverage provided.

We will consider any **Claim** first made or brought during the **Policy Period** and reported during the **Limited Reporting Period** to have been made on the last date on which this Policy is in effect.

The **Limited Reporting Period** will only apply if all of the following have been satisfied:

1. This Policy is canceled or not renewed by us. However, it will not apply if the Policy is canceled or non-renewed by us for non-payment of premium or for failure to comply with any **Loss Control Subjectivities**. Further, a change in premium, terms or conditions shall not be deemed non-renewal by us; and
2. Any **DEDUCTIBLE** amounts due to **Underwriters** have been paid; and
3. The **Insured** has complied with all terms and conditions of the Policy; and
4. The **Insured** has complied with all **Loss Control Subjectivities**.

The Limited Reporting Period will not apply to **Claims** if other insurance you buy covers or would cover them if its limits of coverage had not been exhausted.

In the event you purchase replacement coverage for this Policy or an Extended Reporting Period under **SECTION IX. ADDITIONAL REPORTING PERIODS (B)**, the thirty (30) day Limited Reporting Period will terminate upon the effective date of said replacement coverage or Extended Reporting Period.

B. Extended Reporting Period

Extended Reporting Period shall mean the period the **Named Insured** elects to purchase for the corresponding premium listed below, during which, **Claims** can be made and reported to **Underwriters**. Coverage under the Extended Reporting Period is limited to **Claims** based on or arising out of **Insured Events** which are committed or alleged to have been committed on or after the **Retroactive Date**, if any, and prior to the end of the **Policy Period**, as shown in the Declarations, and subject to all terms, conditions, endorsements and exclusions of the Policy. Coverage under the Extended Reporting Period does not apply to **Claims** arising from **Insured Events** of which any **Management or Supervisory Employee** had knowledge of during the **Policy Period**.

An Extended Reporting Period of twelve (12) months, twenty four (24) months, or thirty six (36) months from the end of the **Policy Period**, as shown in the Declarations, can be added by means of an Extended Reporting Period Endorsement along with the full payment of additional premium.

The Extended Reporting Period will only be issued if:

1. Our **Appointed Representatives** receive a written request from the **Named Insured** within thirty (30) days after the **Policy Period** ends, as shown on the Declarations; and

2. The additional premium is paid to our **Appointed Representatives** in full within thirty (30) days after the **Policy Period** ends, as shown on the Declarations; and
3. Any **DEDUCTIBLE** amounts due to **Underwriters** have been paid in full; and
4. The **Insured** has complied with all **Loss Control Subjectivities** for all **Insureds**, under **Section V. Who is an Insured**; and
5. The **Insured** has complied with all terms and conditions of the Policy.

Extended Reporting Period	Additional Premium
12 months	100% of the last annual premium of the last Policy Period
24 months	150% of the last annual premium of the last Policy Period
36 months	185% of the last annual premium of the last Policy Period

Once the premium is paid, the endorsement may not be canceled and the premium will be fully earned.

X. EXCLUSIONS – WHAT IS NOT COVERED:

This insurance does not cover any **Loss** directly or indirectly arising out of, based on, caused by, contributed to by, in consequence of, or resulting from any of the following:

- A. Any actual or alleged violation of worker's compensation, unemployment compensation, disability benefits, social security laws, Consolidated Omnibus Budget Reconciliation Act (COBRA), Employee Retirement Income Security Act (ERISA), the Occupational Safety and Health Act of 1970 (OSHA), or any similar federal, state or local law seeking benefits that may be provided thereunder, or the payment of any fines for failure to comply.

This exclusion shall not apply to any related Retaliation Claim.

- B. Any **Insured** assuming another's liability through a contract or agreement, whether oral or written. This exclusion will not apply to liability for damages because of an **Insured Event** that any **Insured** would have had in the absence of any such contract or agreement.
- C. An **Insured's** alleged or actual failure to pay amounts due under a contract of employment, including bonuses, commissions, incentives, benefits, profit sharing, stock options or to make payments under severance agreements in the event of termination of employment.
- D. Any lockout, strike, picket line, replacement or other similar actions resulting from labor disputes or labor negotiations or any protections contained within the National Labor Relations Act (NLRA) or any similar federal, state or local labor relations act(s).
- E. Any **Claim** under federal, state or local wage and hour laws, except to those amounts owed under the Equal Pay Act (EPA), Family Medical Leave Act (FMLA) and Workers Adjustment and Retraining Notification Act (WARN) as provided for in the Policy wording or as underwritten and attached by endorsement hereto.
- F. Any **Insured Third-Party Event** arising out of assault and battery, bodily injury or any criminal act.
- G. Multi-plaintiff or class action lawsuits arising out of **Insured Third-Party Events**, whether certified or not.

This insurance also does not cover any:

- H. Consequential loss as a result of an **Insured Event** to the following, a claimant's domestic partner, spouse, child, dependant, parent, legal guardian, brother, sister or any other family member.
- I. **Defense Costs** for any criminal proceedings. However, as respect to **Insured Employment Events** only, if otherwise covered under this insurance and subject to the Policy's terms, conditions, endorsements and other exclusions, **Underwriters** shall defend any civil proceeding arising from an employment relationship involving an adverse employment action brought against an **Insured**, which alleges the same or similar **Insured Employment Events** as a criminal proceeding.

XI. CONDITIONS

- A. **Entire Agreement.**

This Policy, including any PLIS, Inc. application(s), supplements and endorsements attached to this Policy,

constitutes the entire agreement between the **Insured(s)** and Underwriters relating to this Policy. This shall include any PLIS, Inc. applications and supplements submitted for all previous policies issued by Underwriters, all of which shall be retained on file and deemed a part of this Policy as if physically attached. The terms, conditions, limitations and endorsements of this Policy may not be waived or changed except by written endorsement issued to form a part of this Policy.

B. Legal Action Against Us.

No person or organization has a right under this Policy:

1. To join us or any advisory service or organization designated by Underwriters for making insurance inspections, surveys, reports or making recommendations as a party or otherwise bring us into a suit asking for damages from an **Insured**; or
2. To sue or take any form of legal action against us or any advisory service or organization designated by Underwriters for making insurance inspections, surveys, reports or making recommendations on this Policy unless all of the terms and conditions of this Policy have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an **Insured** obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this Policy or that are in excess of the applicable **COVERAGE LIMITS**. An agreed settlement means a settlement and release of liability signed by us, the **Insured**, and the claimant's legal representative.

C. Other Insurance.

This Policy is primary insurance which is not in excess of any other insurance or amount(s) except any amount shown in Sections 4 and 5 of the Declarations. Nothing herein shall be construed to make this Policy subject to the terms, conditions or limitations of other insurance, but, if any other insurance is also primary and also applies to a **Loss** to which this Policy applies, we will share with all such other insurance by the following method:

1. If all of such other insurance permits contribution by equal shares, we will follow this method. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of liability or none of the **Loss** remains, whichever comes first.
2. If any such other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its appropriate limits of the liability of all insurers; or

D. Cancellation.

The **Insureds** give the **Named Insured** the exclusive power and authority to cancel this Policy on their behalf. The **Named Insured** may cancel this Policy by mailing to us or our **Appointed Representatives** written notice stating when thereafter such cancellation shall be effective.

This Policy may be canceled by Underwriters for non-payment of premium or failure to implement or comply with any **Loss Control Subjectivities**, by mailing or delivering written notice to the **Named Insured** stating when, not less than ten (10) days thereafter, such cancellation shall be effective.

Underwriters may cancel this Policy for reasons other than non-payment or failure to implement or comply with **Loss Control Subjectivities** by mailing to the **Named Insured** at the address shown in the Declarations, written notice stating when such cancellation shall be effective. Such cancellation shall not be less than thirty (30) days thereafter. If the foregoing notice period is in conflict with any governing law or regulation, then it will be amended to afford the minimum notice period permitted by law.

The mailing or delivering of such notice shall be sufficient proof of notice. The effective date and hour of cancellation stated in the notice shall become the end of the **Policy Period**.

If the **Named Insured** cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If Underwriters cancel, earned premium shall be computed pro-rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable thereafter, but payment or tender of unearned premium is not a condition of cancellation by Underwriters.

A renewal quotation by Underwriters incorporating a change in the premium, terms or conditions with respect to the coverage afforded by the Policy shall not be deemed to constitute a cancellation or refusal to renew by Underwriters.

E. **Non-Renewal.**

If we decide not to renew this Policy, we will mail or deliver to the **Named Insured** shown in the Declarations, written notice of the non-renewal not less than thirty (30) days before the expiration date.

If notice is mailed, proof of mailing will be sufficient notice of non-renewal. If the foregoing notice period is in conflict with any governing law or regulation, then it will be amended to afford the minimum notice period permitted by law.

F. **Changes in Risk.**

Underwriters are entitled to impose additional information requirements and charge additional premium for changes in risk. Changes in risk can include, but are not limited to the **Named Insured** acquiring or forming another entity or the merging with any other entity. Furthermore, if during the **Policy Period**, the total number of employees increases by more than twenty percent (20%), the **Named Insured** must promptly, but no later than thirty (30) days from the date of such increase, give Underwriters written notice thereof.

G. **False or Fraudulent Claims.**

If any **Insured** fraudulently submits any **Claim** or **Potential Claim** this Policy will become void and all coverage hereunder shall be forfeited.

H. **Transfer of Rights of Recovery Against Others to Us.**

Underwriters shall be subrogated to the full extent of any actual or claimed payment under this insurance to all **Insured's** rights of recovery against any person or entity, and those rights shall be transferred to Underwriters immediately upon presentment of a **Claim** for payment by any **Insured** to Underwriters. All **Insureds** shall execute all papers required, shall do everything that may be necessary to secure such rights, and shall do nothing, before or after the **Loss**, to impair such rights. Underwriters reserve the right to pursue an action for recovery from any person or entity, whether before or after payment of a **Loss**, at their sole discretion and in the name of an **Insured** or otherwise. All **Insureds** shall fully cooperate with Underwriters in prosecuting such an action, including without limitation, providing relevant documents, information, and testimony.

I. **Bankruptcy.**

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate will not relieve us of our obligations under this Policy.

J. **Inspections and Surveys.** Underwriters, the **Appointed Representatives** or the **Appointed Risk Management Company** have the right but are not obligated to:

1. Make inspections and surveys at anytime in connection with this Policy; and
2. Give you reports on the conditions found; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations while they may help reduce any **Loss**, relate only to insurability and the premiums to be charged. No safety or liability inspections will be made. Underwriters, our **Appointed Representatives** or the **Appointed Risk Management Company** are not undertaking any duty or responsibility to provide for the health or safety of workers or the public, and do not warrant or represent that conditions are safe, healthful, free from liability exposure or comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating service, advisory service, or organization, which makes insurance inspections, surveys, reports or recommendations.

K. **Assignment of Interest.**

This Policy shall be void if assigned or transferred without the written consent of Underwriters. However, if the **Insured** is an Individual and dies or is adjudged incompetent, this Policy shall cover the **Insured's** legal representative as the **Insured** with respect to liability previously incurred and covered by this Policy.