

FINANCIAL PRODUCTS POLICY

General Terms and Conditions

Terms and Conditions

1. Except for the General Terms and Conditions or unless stated to the contrary in any coverage section, the terms and conditions of each coverage section of this Policy apply only to that section and shall not be construed to apply to any other coverage section of this Policy. Any defined term referenced in these General Terms and Conditions but defined in a coverage section shall, for purposes of coverage under that coverage section, have the meaning set forth in that coverage section.

Definitions

2. When used in this Policy:

"Parent Company" means the company named in Item 1 of the Declarations, including any such organizations as a debtor in possession under the United States bankruptcy law or an equivalent status under the law of any other country.

"Policy Period" means the period of time specified in Item 2 of the Declarations of this Policy, subject to prior cancellation or termination. If this period is less than or greater than one year, then the Limits of Liability specified in the Declarations for each coverage section shall be the Insurer's maximum limit of liability under such coverage section for the entire period.

Worldwide Territory

3. Coverage under this Policy shall extend anywhere in the world.

Valuation and Foreign Currency

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

Limits of Liability and Retention/Deductible Amounts

5. Unless stated to the contrary in any coverage section, the limits of liability and retention/deductible amount(s) shown for each coverage section of this Policy are separate limits of liability and separate retention/deductible amount(s) pertaining to the coverage section for which they are shown; the application of a retention/deductible amount to a loss under one coverage section of this Policy shall not reduce the retention/deductible amount under any other coverage section of this Policy.

Notice and Authorization

6. All notices under any coverage section of this Policy shall be in writing and given by prepaid express courier, certified mail or fax properly addressed to the appropriate party.

Notice to any Insureds may be given to the **Parent Company** at the address as shown in Item 1 of the Declarations. It is agreed the **Parent Company** shall act on behalf of all Insureds with respect to the giving and receiving of notice of Claim or loss, cancellation or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the negotiation, agreement to and acceptance of any endorsements issued to form a part of this Policy, and the exercising or declining to exercise any right to a Discovery Period.

Notice to the Insurer of any Claim under any coverage section of this Policy shall be given to RLI Insurance Company, 9025 North Lindbergh Drive, Peoria, Illinois 61615-1431, Attention: Claims Department. All other notices to the Insurer under any coverage section of this Policy shall be given to the same addressee but to the attention of the Underwriting Department. Notice given as described above shall be deemed to be received and effective upon actual receipt thereof by the addressee or one day following the date such notice is sent, whichever is earlier.

Action Against the Insurer

7. No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Policy, nor until the amount of the Insureds' obligation to pay shall have been finally determined either by judgment against the Insureds after actual trial or by written agreement of the Insureds, the claimant and the Insurer.

No person or organization shall have any right under this Policy to join the Insurer as a party to any action against the Insureds to determine the Insureds' liability, nor shall the Insurer be impleaded by the Insureds or their legal representatives. Bankruptcy or insolvency of the Insureds or of the estate of an Insured shall not relieve the Insurer of any of its obligations hereunder.

Only if requested by the Insureds, the Insurer shall submit any dispute, controversy or claim arising out of or relating to this Policy or the breach, termination or invalidity thereof to final and binding arbitration pursuant to such rules and procedures as the parties may agree. If the parties cannot so agree the arbitration shall be administered by the American Arbitration Association in accordance with its then prevailing commercial arbitration rules. The arbitration panel shall consist of one arbitrator selected by the Insureds, one arbitrator selected by the Insurer, and a third independent arbitrator selected by the first two arbitrators. In any such arbitration, each party will bear its own legal fees and expenses.

Cancellation and Nonrenewal

8. This Policy or any coverage section shall terminate at the earliest of the following times:
- a) the effective date of termination specified in a prior written notice by the **Parent Company** to the Insurer, provided neither this Policy nor any coverage section may be terminated by the **Parent Company** if the **Policy Period** is more than 18 months,
 - b) ten days after the receipt by the **Parent Company** of a written notice of termination from the Insurer based upon failure to pay premium due, unless such premium is received by the Insurer prior to such tenth date,
 - c) at such other time as may be agreed upon by the Insurer and the **Parent Company**, or
 - d) upon expiration of the **Policy Period** as set forth in Item 2 of the Declarations of this Policy.

The Insurer shall refund the unearned premium computed at customary short rates if this Policy is terminated by the **Parent Company**. Under any other circumstances the refund shall be computed pro rata. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable. If the **Policy Period** is more than 18 months, the premium charged for this Policy shall be fully earned at inception of the **Policy Period**.

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

Other Insurance

9. If any Loss is insured under any other valid policy(ies), prior or current, then this Policy shall cover such Loss subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such Loss is in excess of the amount of payment from such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limits of Liability provided in this Policy. This Policy will not be subject to the terms of any other insurance.

Assignment

10. This Policy and any and all rights hereunder are not assignable without the written consent of the Insurer.

Termination of Prior Bonds or Policies

11. Any Bonds or Policies issued by the Insurer or its affiliates and specified in Item 4 of the Declarations of this Policy shall terminate, if not already terminated, as of the inception date of this Policy. Such prior Bonds or Policies shall not cover any loss under the Crime or Kidnap/Ransom and Extortion coverage sections not discovered and notified to the Insurer prior to the inception date of this Policy.

Investigation and Settlement

12. The Insurer may make any investigation it deems necessary and may, with written consent of the Insured, make any settlement of a Claim it deems expedient.

If the Insurer has the right and duty to defend any Claim, the Insurer may, with the written consent of the Insureds, make any settlement of a Claim the Insurer deems expedient. If the Insureds withhold consent to such settlement, the Insurer's liability for all Loss on account of such Claim shall not exceed the amount for which the Insurer could have settled such Claim plus Defense Expenses accrued as of the date such settlement was proposed in writing by the Insurer to the Insured.

Subrogation

13. In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the Insureds' rights of recovery. The Insured shall execute and deliver all instruments and papers and do whatever else is necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to bring suit in the name of the Insured.

Changes

14. The terms and conditions of this Policy shall not be waived or changed, except by endorsement issued to form a part of this Policy.

Headings

15. The descriptions in the headings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage.

Entire Agreement

16. The Insureds agree this Policy, including the Application and any endorsements, constitutes the entire agreement between the Insureds and the Insurer or any of its agents relating to this insurance.