

Carolina Casualty Insurance Company

Directors, Officers and Corporate Liability Insurance
Coverage Section

This is a Claims Made Policy. Please read it carefully.

CLAIMS MADE WARNING FOR POLICY

NOTICE: THIS POLICY PROVIDES COVERAGE ON A CLAIMS MADE AND REPORTED BASIS SUBJECT TO ITS TERMS. THIS POLICY APPLIES ONLY TO ANY "CLAIM" FIRST MADE AGAINST THE INSUREDS AND REPORTED TO THE INSURER DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD (IF APPLICABLE).

PLEASE READ AND REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

In consideration of the payment of the premium, in reliance on all statements in the **Proposal** and all other information provided to the **Insurer**, and subject to all provisions of this **Policy**, the **Insurer** and **Insureds** agree as follows:

I. Insuring Agreements

Directors, Officers and Corporate Liability Insurance

This **Policy** shall pay on behalf of:

- A. each and every **Insured Person** all **Loss** arising from any **Claim** first made against the **Insured Persons** during the **Policy Period** and reported to the **Insurer** in writing during the **Policy Period** or within 90 days thereafter, for any **Wrongful Act**, except and to the extent that the **Insured Entity** has indemnified the **Insured Persons**;
- B. the **Insured Entity** all **Loss** arising from any **Claim** first made against the **Insured Persons** during the **Policy Period** and reported to the **Insurer** in writing during the **Policy Period** or within 90 days thereafter, for any **Wrongful Act**, but only to the extent that the **Insured Entity** has indemnified the **Insured Persons** for such **Loss** as permitted by law;
- C. the **Insured Entity** all **Loss** arising from any **Claim** first made against the **Insured Entity** during the **Policy Period** and reported to the **Insurer** in writing during the **Policy Period** or within 90 days thereafter, for any **Wrongful Act**.

II. Extended Reporting Period

Refer to Common Policy Terms and Conditions Section.

III. Additional Definitions

In addition to the Definitions listed in section III. of the Common Policy Terms and Conditions Section, whenever printed in boldface type, and whether in the singular or plural form, in this **Coverage Section** the following terms shall have the meanings indicated below.

- A. "**Claim(s)**" means a written demand for monetary or non-monetary relief including, but not limited to:
 - 1. a civil, criminal, administrative, arbitration proceeding, or
 - 2. any proceeding brought or initiated by a federal, state or local government agency.

Claim shall not include any grievance or arbitration subject to a collective bargaining agreement with respect to Insuring Agreements I. C. of this **Coverage Section**. A **Claim** shall be deemed to have been first made at the time notice of the **Claim** is first received by any **Insured**.
- B. "**Costs of Defense**" means reasonable and necessary fees, costs and expenses (including premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond) resulting solely from the investigation, adjustment, defense and appeal of a covered or potentially covered **Claim** against the **Insureds**, but excluding salaries, wages, overhead or benefit expenses associated with any **Insured**, or any amount covered by the duty to defend obligation of any other insurer.
- C. "**Damages**" means a monetary judgment, award or settlement, pre-judgment interest and post-judgment interest; provided, however, **Damages** shall not include:
 - 1. taxes, civil or criminal fines, or penalties imposed by law, or
 - 2. costs incurred by any **Insured** to make any building or property more accessible or accommodating to any disabled person, or
 - 3. commissions, bonuses, profit sharing or severance payments, or
 - 4. payment by the **Insured Entity** of allegedly inadequate price or consideration for the purchase of its own securities or the securities of a **Subsidiary**, or
 - 5. any matter deemed uninsurable under the law pursuant to which this **Policy** shall be construed.

Damages also means, where insurable, liquidated, punitive, or exemplary damages, or any multiplied damages award in excess of the amount so multiplied. Such coverage for liquidated, punitive, exemplary or multiplied damages is part of and not in addition to the Limit of Liability, and any payment of such damages shall serve to reduce the Limit of Liability. Only for the purpose of resolving any dispute between the **Insurer** and the **Insured** regarding whether such liquidated, punitive, exemplary or multiplied damages are insurable under this **Policy**, the law of the jurisdiction most favorable to the insurability of those damages shall control, provided that such jurisdiction is where:

1. those damages were awarded or imposed, or
2. any **Wrongful Act** occurred for which such damages were awarded or imposed, or
3. the **Insured** resides, is incorporated or has its principal place of business, or
4. the **Insurer** is incorporated or has its principal place of business.

D. "**Debtor in Possession**" means a debtor in possession as such term is used in Chapter 11 of the United States of America Bankruptcy Code.

E. "**Insured Person(s)**" means any past, present or future duly elected or appointed directors, officers, members of the Board of Managers, or members of the Management Committee of the **Insured Entity**. In the event that the **Insured Entity** operates outside the United States, then the term **Insured Persons** also means those titles, positions or capacities in such foreign **Insured Entity** which is equivalent to the positions listed above in an entity incorporated within the United States. Coverage will automatically apply to all new **Insured Persons** after the **Policy** inception date.

This **Coverage Section** shall cover **Loss** arising from a **Claim** made against the estates, heirs, or legal representatives of deceased **Insured Persons**, and the legal representatives of **Insured Persons** in the event of incompetency, insolvency or bankruptcy, who were **Insured Persons** at the time the **Wrongful Act** upon which such **Claims** are based were committed.

This **Coverage Section** shall cover **Loss** arising from a **Claim** made against the lawful spouse (whether such status is derived by reason of statutory law, common law or otherwise of any applicable jurisdiction in the world) of an individual **Insured Person** for a **Claim** arising solely out of his or her status as the spouse of an individual **Insured Person**, including a **Claim** that seeks damages recoverable from marital community property, property jointly held by the individual **Insured Person** and the spouse, or property transferred from the individual **Insured Person** to the spouse; provided, however, this extension shall not afford coverage for any **Claim** for any **Wrongful Act** of the spouse, but shall apply only to **Claims** arising out of any **Wrongful Act** of an individual **Insured Person**.

F. "**Insured(s)**" means any **Insured Person** or any **Insured Entity**.

With respect to this **Coverage Section** only, the term **Insured Entity** shall also include, in the event any bankruptcy proceeding shall be instituted by or against the **Insured Entity**, the **Debtor in Possession**, if any.

G. "**Loss**" means **Damages** and **Costs of Defense**.

H. "**Outside Entity**" means:

1. a not-for-profit organization under Section 501(c)(3), (c)(4), (c)(6) or (c)(7) of the Internal Revenue Code of 1986, including amendments thereto, or
2. any other entity, partnership, joint venture or other organization listed by endorsement to this **Policy**.

I. "**Prior and Pending Litigation Date**" means the date set forth in:

1. Item 7. 1. A. of the Declarations with respect to the Directors, Officers and Corporate Liability Insurance **Coverage Section** Insuring Agreements A. and B., or
2. Item 7. 1. B. of the Declarations with respect to the Directors, Officers and Corporate Liability Insurance **Coverage Section** Insuring Agreements C., or
3. Item 7. 1. C. of the Declarations with respect to the Directors, Officers and Corporate Liability Insurance **Coverage Section Outside Entity** Coverage.

J. "**Related Wrongful Act(s)**" means **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event or decision.

Carolina Casualty Insurance Company

- K. "Wrongful Act(s)" means:
1. with respect to individual **Insured Persons**, any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act by the **Insured Persons** of an **Insured Entity** in their respective capacities as such, or any matter claimed against them by reason of their status as **Insured Persons** of an **Insured Entity**, or any matter claimed against them arising out of their serving as a director, officer, trustee, or governor of an **Outside Entity** in such capacities, but only if such service is at the specific request or direction of the **Insured Entity**, or
 2. with respect to an **Insured Entity**, any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act by the **Insured Entity**.

IV. Additional Exclusions

In addition to the Exclusions listed in section IV. of the Common Policy Terms and Conditions Section, the **Insurer** shall not be liable to make any payment for **Loss** in connection with a **Claim** made against any **Insured**:

- A. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the gaining of any profit or advantage to which an **Insured** was not legally entitled; provided, however, this exclusion shall not apply unless a judgment or other final adjudication adverse to any of the **Insureds** in such **Claim** shall establish that such **Insureds** gained such profit or advantage to which an **Insured** was not legally entitled;
- B. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any criminal or deliberate fraudulent act; provided, however, this exclusion shall not apply unless a judgment or other final adjudication adverse to any of the **Insureds** in such **Claim** shall establish that such **Insureds** committed such criminal or deliberate fraudulent act;
- C. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving payments to an **Insured** of any remuneration without the previous approval of the security holder of the **Insured Entity**, which payment without such previous approval shall be held to have been illegal; provided, however, this exclusion shall not apply unless a judgment or other final adjudication adverse to any of the **Insureds** in such **Claim** shall establish that such **Insureds** received such payments;
- D. for:
 1. physical injury to or destruction of any tangible property, including the loss of use thereof, or
 2. bodily injury, sickness, disease, death, assault or battery of any person, or
 3. invasion of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, libel, slander, mental anguish, humiliation, emotional distress, oral or written publication of defamatory or disparaging material;
- E. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged violation of the Employee Retirement Income Security Act of 1974, including amendments thereto;
- F. by, on behalf of, or in the right of any **Insured** in any capacity, or any security holder of the **Insured Entity**; provided, however, this exclusion does not apply to:
 1. any **Claim** that is a derivative action brought or maintained on behalf of the **Insured Entity**, but only if such **Claim** is instigated and continued totally independent of, and totally without the solicitation of, or assistance of, or participation of, or intervention of any **Insured**, or
 2. any security holder **Claim** that is instigated and continued totally independent of, and totally without the solicitation of, or assistance of, or participation of, or intervention of any **Insured**, or
 3. any **Claim** by any of the **Insured Persons** for contribution or indemnity, if such **Claim** directly results from another **Claim** covered under this **Policy**;
- G. which is insured in whole or in part by another valid policy, except with respect to any excess beyond the amount or amounts of coverage under such other policy whether such other policy is stated to be primary, contributory, excess, contingent or otherwise;
- H. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any **Wrongful Act** of the **Insured Persons** serving in their capacities as directors, officers, trustees, employees, members or governors of any other entity other than an **Insured Entity** or an **Outside Entity**, or by reason of their status as directors, officers, trustees, employees, members or governors of such other entity;

Carolina Casualty Insurance Company

- I. for any **Wrongful Act** arising out of an **Insured** serving as a director, officer, trustee, employee, member or governor of an **Outside Entity**:
1. if such **Claim** is brought by the **Outside Entity** or any of its directors or officers, or by any security holder of the **Outside Entity**, whether directly or derivatively, unless such security holder's **Claim** is instigated and continued totally independent of, and totally without the solicitation of, or assistance of, or participation of, or intervention of the **Outside Entity**, any of its directors or officers, or any **Insured**, or
 2. if such **Wrongful Act** occurred prior to the **Prior and Pending Litigation Date** and if the **Insured** knew or reasonably could have foreseen that such **Wrongful Act** could lead to a **Claim** under this **Policy**, or
 3. to the extent such **Insured** is indemnified for such **Loss** by such **Outside Entity**, and (if applicable) which is insured in whole or in part under any policy issued to or for the benefit of any **Outside Entity** or its directors or officers, then this **Policy** shall apply only to **Loss** excess over such indemnification and insurance (if applicable);
- J. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any past, present or future actual or potential employment relationship;
- K. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
1. any **Wrongful Act** alleged in any claim which has been reported, or in any circumstance of which notice has been given, prior to the **Policy Period** under any other policy, or
 2. any other **Wrongful Act** whenever occurring, which together with a **Wrongful Act** which has been the subject of such claim or notice, would constitute **Related Wrongful Acts**;
- L. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
1. any prior or pending litigation, administrative or arbitration proceeding as of the **Prior and Pending Litigation Date**, or
 2. any fact, circumstance, situation, transaction or event underlying or alleged in such litigation, administrative or arbitration proceeding,
- regardless of the legal theory upon which such **Claim** is predicated;
- M. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the performance of any professional services for others, and caused by any act, error or omission; provided, however, this exclusion does not apply to any **Claim** against an **Insured** to the extent that such **Claim** is for a **Wrongful Act** by such **Insured** in connection with the management or supervision of any division, **Subsidiary** or group of the **Insured Entity** offering any of the aforementioned services;
- N. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any federal, state, local or foreign wage and hour laws, including, without limitation, the Fair Labor Standards Act;
- O. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged breach of any oral or written contract or agreement; provided, however, this exclusion shall not apply with respect to Insuring Agreements I. A. and I. B. of this **Coverage Section** or to the extent that an **Insured Entity** would have been liable in the absence of the contract or agreement;
- P. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged:
1. plagiarism or piracy, or
 2. infringement of copyright, patent, title or slogan, or
 3. idea misappropriation, or
 4. intellectual property rights;
- provided, however, this exclusion shall not apply with respect to Insuring Agreements I. A. and I. B. of this **Coverage Section**;
- Q. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged seepage, pollution or contamination of any kind; provided, however, with regards to **Loss** under Insuring Agreements I. A. of the Directors, Officers and Corporate Liability Insurance Coverage Section of this **Policy**, this exclusion shall not apply to any **Claim** brought derivatively by any security holder of the **Insured Entity**, provided that such **Claim** is instigated and continued totally independent of and totally without the solicitation, assistance or participation of any **Insured**, or any entity under common control with the **Insured Entity**.

[The **Wrongful Act** of an **Insured** shall not be imputed to any other **Insured** for the purpose of determining the applicability of the Exclusions.]

V. Changes in Exposure

A. Acquisition or Creation of a Subsidiary

If during this **Policy Period** the **Insured Entity** forms or acquires a **Subsidiary**, then this **Policy** shall provide coverage pursuant to this **Coverage Section**:

1. automatically for an entity whose assets total less than 25 percent of the total consolidated assets of the **Insured Entity** as of the **Policy** inception date, or
2. for an entity whose total assets are equal to or greater than 25 percent of the total consolidated assets of the **Insured Entity** as of the **Policy** inception date, but only upon the condition that within 90 days of it becoming a **Subsidiary**, the **Named Insured** shall have provided the **Insurer** with full particulars of the new **Subsidiary** and agreed to any additional premium and/or amendment of the provisions of this **Policy** required by the **Insurer** relating to such new **Subsidiary**. Further, coverage as shall be afforded to the new **Subsidiary** is conditioned upon the **Named Insured** paying when due any additional premium required by the **Insurer** relating to such new **Subsidiary**.

An entity becomes a **Subsidiary** when the **Insured Entity** owns more than 50 percent of the issued and outstanding voting stock either directly or indirectly through one or more of its **Subsidiaries**. An entity ceases to be a **Subsidiary** when the **Insured Entity** ceases to own more than 50 percent of the issued and outstanding voting stock either directly or indirectly through one or more of its **Subsidiaries**.

In all events, coverage afforded pursuant to this **Coverage Section** with respect to a **Claim** made against a **Subsidiary** shall only apply for **Wrongful Acts** committed or allegedly committed after the effective time that such **Subsidiary** became a **Subsidiary** and prior to the time that such **Subsidiary** ceased to be a **Subsidiary**.

B. Securities Offerings

If during the **Policy Period** the **Insured Entity** offers for sale securities issued by an **Insured Entity**:

1. which are not subject to a Registration Statement under the Securities Act of 1933, then this **Policy** shall continue in full force and effect, or
2. pursuant to a Registration Statement under the Securities Act of 1933, then this **Policy** shall continue in full force and effect; provided, however, the **Insurer** shall not be liable to make any payment for **Loss** in connection with a **Claim** made against any **Insured** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the Securities Act of 1933, the Securities Exchange Act of 1934, including amendments thereto, rules or regulations promulgated under either Act, or any similar state statutes, rules, regulations or common law, occurring on or after such time the shares commence public trading as the result of such filing of a Registration Statement under the Securities Act of 1933. The **Named Insured** shall give the **Insurer** written notice of such sale of securities as soon as practicable but not later than 30 days after the effective date of such sale of securities.

It is further understood and agreed that if during the **Policy Period**, the **Named Insured** files a registration statement for an initial public offering pursuant to the Securities Act of 1933, then the **Insurer** must offer a quote for coverage under this paragraph subject to such terms, conditions and additional premium as the **Insurer** may require; provided, however, the **Named Insured** shall, within 30 days of the filing, provide the **Insurer** with written notice of the filing, along with all particulars and underwriting information the **Insurer** may require.

VI. Priority of Payments

In the event of **Loss** arising from any **Claim** for which payment is due under the provisions of this **Coverage Section**, then the **Insurer** shall:

1. first, pay such non-Indemnifiable **Loss** for which coverage is provided under section I. Insuring Agreements A. and B. of this **Coverage Section**, and
2. then, with respect to whatever remaining amount of the applicable Limit of Liability is available after payment of such non-Indemnifiable **Loss**, at the written request of the chief executive officer of the **Named Insured**, either pay or withhold payment of such other **Loss** for which coverage is provided under this **Coverage Section**.

In the event the **Insurer** withholds payment pursuant to subparagraph 2. above, then the **Insurer** shall at such time and in such manner as shall be set forth in written instructions of the chief executive officer of the **Named Insured**, remit such payment to the **Insured Entity** or directly to an individual **Insured Person**.

VII. Additional Excess Aggregate Limit of Liability Dedicated for Insured Persons

- A. Notwithstanding anything in this **Policy** to the contrary, the Additional Excess Aggregate Limit of Liability Dedicated for **Insured Persons** will be an additional Excess Limit of Liability in an aggregate amount not to exceed \$500,000, which amount is in addition to and not part of the Limits of Liability stated in Item 4. of the Declarations. In the event the Additional Excess Aggregate Limit of Liability Dedicated for **Insured Persons** is exhausted by payment of **Loss**, or has been tendered to or on behalf of the **Insured Persons**, then any and all obligations of the **Insurer** hereunder shall be deemed to be completely fulfilled and extinguished.
- B. No coverage shall be provided by section VII. of this **Coverage Section** for the first **Claim** made for which coverage is provided under this **Policy**. This Additional Excess Aggregate Limit of Liability Dedicated for **Insured Persons** is available solely for **Loss** resulting from any subsequent **Claim** that is covered under Insuring Agreements I. A. of this **Coverage Section**. The first **Claim** made for which coverage is provided under this **Policy** shall be determined by the chronological time such **Claim** was made regardless of when coverage is acknowledged by the **Insurer**.
- C. The Additional Excess Aggregate Limit of Liability Dedicated for **Insured Persons** shall be excess of any insurance available to pay **Loss** for such **Claims**, including this **Policy** and all insurance that is specifically excess to this **Policy**. Such excess insurance must be completely exhausted by payment of loss, damages or defense costs thereunder before the **Insurer** shall have any obligation to make any payment on account of the Additional Excess Aggregate Limit of Liability Dedicated for **Insured Persons**.

In witness whereof, the **Insurer** has caused this **Policy** to be signed by its President and Chief Executive Officer and Secretary, but this **Policy** shall not be valid unless countersigned on the Declarations Page by a duly authorized representative of the **Insurer**.



President and Chief Executive Officer



Secretary