

**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** or **Third-Party Wrongful 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 monetary damages or other non-monetary relief against any of the **Insureds** arising out of a **Wrongful Employment Act(s)** or **Third-Party Wrongful Act(s)**.
- b) any judicial, administrative or arbitration proceeding initiated against any of the **Insureds** in which the **Insured** may be subjected to a binding adjudication of liability for damages or other relief arising out of a **Wrongful Employment Act(s)** or **Third-Party Wrongful Act(s)** 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 cost of attachment or similar bonds, but shall not include salaries, wages, overhead or benefit expenses associated with officers or **Employees** of the **Insured Organization**. **Costs, Charges and Expenses** shall also include legal fees and expenses incurred in the investigation of potential **Claims** as identified in Section E. NOTIFICATION, 2., so long as such fees are incurred with Underwriters' express consent.

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 action because of race, color, religion, age, sex, disability, pregnancy, sexual orientation, genetic makeup, 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 independent contractor performs 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 by an **Insured** including, but not limited to, actions 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** and **Interrelated Third-Party Wrongful Acts** mean more than one **Wrongful Employment Act** or **Third-Party Wrongful Acts** that 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 **Insured Organization's** current or former principals, partners, officers, directors, trustees and shareholders;
- 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; judgments (including prejudgment and post-judgment interest awarded against an **Insured** on that part of any judgment paid or to be paid by Underwriters); settlements; statutory attorney fees; and **Costs, Charges and Expenses** excess of the Retention. As respects coverage for **Claims** for **Wrongful Employment Acts** only, **Loss** shall also include punitive, multiplied and exemplary damages where insurable under the applicable law. **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. As to coverage for **Claims** for **Third-Party Wrongful Acts**, **Loss** shall not include punitive, multiplied or exemplary damages.

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**.

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** or **Third-Party Wrongful 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. **Retention** is the amount shown in Item C. of the Declarations which must be paid by the **Insureds** in respect to **Loss** and/or **Costs, Charges and Expenses**. The Underwriters will have no liability to pay **Loss** until the **Retention** has been fully paid by the **Insureds**.

18. **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.
19. **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.
20. **Third Party Discrimination** means the taking of any adverse or differential action 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 by an **Insured**.
21. **Third Party Harassment** means unwelcome advances, requests for favors or other verbal or physical conduct of either a sexual or non-sexual nature by an **Insured**. **Harassment** includes allegations of assault and battery but only if such allegations are related to a **Claim** of sexual harassment.
22. **Third-Party Wrongful Act** means any actual or alleged **Third Party Discrimination** or **Third Party Harassment** by an **Insured** against any non-**Employee**.
23. **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) wrongful discharge or termination, whether actual or constructive, of an employment relationship;
  - b) wrongful demotion, wrongful failure to hire, 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 such implied employment contract;
  - e) **Discrimination**;
  - f) **Harassment**;
  - g) violation of the Family Medical Leave Act or similar state or local law;
  - h) violation 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**;

- k) wrongful deprivation of career opportunity, negligent evaluation, or failure to grant tenure; or
- l) improper disclosure of confidential **Employee** information resulting in identity theft.

### C. **EXCLUSIONS**

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 **Third-Party Wrongful 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** or **Third-Party Wrongful Act**, whenever occurring, which, together with a **Wrongful Employment Act** or **Third-Party Wrongful Act** that has been the subject of such prior notice, would constitute **Interrelated Wrongful Employment Acts** or **Third-Party Wrongful Acts**;
- b) for any actual or alleged violation of the Fair Labor Standards Act (except the Equal Pay Act), 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 and any allegations derived therefrom, 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 **Retaliation** on account of exercise of rights pursuant to any such law;
- 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** or **Third-Party Wrongful 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** or **Third-Party Wrongful Act** occurring while such entity was a **Subsidiary** which, together with a **Wrongful Employment Act** or **Third-Party Wrongful Act** occurring prior to the date

such entity became a **Subsidiary** would constitute **Interrelated Wrongful Employment Acts** or **Third-Party Wrongful Acts**;

- f) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving, any **Wrongful Employment Act** or **Third-Party Wrongful Act** actually or allegedly committed subsequent to a **Takeover**;
- 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;
- h) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving, any **Wrongful Employment Act** or **Third-Party Wrongful 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 which **Wrongful Employment Act** or **Third-Party Wrongful Act** could reasonably be expected to give rise to a **Claim**.

No **Wrongful Employment Act** or **Third-Party Wrongful 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 **Third-Party Wrongful Act** or **Interrelated Wrongful Employment Acts** or **Third-Party Wrongful 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 **Third-Party Wrongful Act** or **Interrelated Wrongful Employment Act** or **Third-Party Wrongful Acts** is first made, or
  - b) the time at which the **Claim** involving the same **Wrongful Employment Act** or **Third-Party Wrongful Act** or **Interrelated Wrongful Employment Acts** or **Third-Party Wrongful 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**. Underwriters have no obligation to pay any **Costs, Charges and Expenses** incurred prior to **Claim notification**.

2. If, during the **Policy Period**, any of the **Insureds** first becomes aware of a specific **Wrongful Employment Act** or **Third-Party Wrongful 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** or **Third-Party Wrongful 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** or **Third-Party Wrongful 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** written notice stating when, not less than 10 days thereafter, such cancellation shall be effective. If payment is not received within the 10 day period then this Policy will be cancelled ab initio meaning coverage is null and void. The mailing of such notice shall be sufficient notice. Delivery of such written notice by Underwriters shall be equivalent to mailing. 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 if Underwriters refuse to renew this Policy for reasons other than non-payment of premium or noncompliance with the terms and conditions of this Policy, 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** or **Third-Party Wrongful 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 quotation of a different premium, Retention or Limits of Liability for renewal does not constitute a cancellation or refusal to renew for the purposes of this Clause.
3. As a condition precedent to the right to purchase the **Optional Extension Period**, the total premium for the Policy must have been paid. 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**.
4. In the event of the purchase of the **Optional Extension Period**, the entire premium therefore shall be deemed earned at its commencement.
5. The exercise of the **Optional Extension Period** shall not in any way increase the Underwriters' Limits of Liability.

#### K. COVERAGE FOR SUBSIDIARIES CREATED, ACQUIRED OR SOLD

1. 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**. Written notice of such event shall be given to Underwriters within 45 days of the event together with such information as Underwriters may require. 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 there may be an additional premium charged, which must be paid in order for coverage for the new **Subsidiary** to continue beyond the initial 45 day period.

2. If, after the inception of the **Policy Period**, an **Insured** sells a **Subsidiary**, that **Subsidiary** shall be an **Insured Organization**, but only with respect to **Wrongful Employment Acts** committed, attempted or allegedly committed or attempted, before such date. Written notice of such sale shall be given to Underwriters within 45 days of the sale. There will be no return premium

#### L. **RUN-OFF COVERAGE**

1. In the event of **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 Employment Act** or **Third-Party Wrongful Act** committed before the date of the **Takeover**. After such event, the Policy may not be canceled, regardless of Condition G.1. and the entire premium for the Policy will be deemed fully earned.
2. In the event of **Takeover** of the **Named Insured**, Clause J. **Optional Extension Period**, is not available.
3. 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** or **Third-Party Wrongful 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 30 days after the expiration date of the Policy as shown on Item B. of the Declarations. 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. **OTHER INSURANCE**

If any **Loss or Costs, Charges and Expenses** is insured by another valid policy or policies, this Policy shall apply only in excess of the amount of any deductibles, retentions and limits of liability under such

other policy or policies, whether such policy or policies are stated to be primary, contributory, excess, contingent or otherwise.

**N. ARBITRATION**

Notwithstanding any other provision of this Policy, any dispute between the **Insureds** and Underwriters arising in connection with or relating to this Policy shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association (“AAA”) then in effect, except that the arbitration panel shall consist of one arbitrator selected by the **Insureds**, one arbitrator selected by Underwriters, and a third independent arbitrator selected by the first two arbitrators. The **Insured** and Underwriters shall share equally in the cost of arbitration.

**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. **Costs, Charges and Expenses** incurred by 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**.

**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 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.**