

SPECIAL COVERAGES POLICY



U.S. SPECIALTY INSURANCE COMPANY

Houston, Texas

DECLARATIONS

SECTION I

Broker:

Policy Number:

1. Name and Address of Insured:

2. Policy Period: From

To

12:01 A.M. standard time at the address in Item 1.

3. Insured Persons/Property:

The insurance afforded is only with respect to such of the hazard parts and coverages indicated below. The limit of the Company's liability against each such hazard or combinations of hazards shall be as stated herein and in the attached hazard parts, subject to all the terms of the Policy and the hazard parts having reference thereto.

Class	Description of Class	Hazard Applicable	Territory
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4. Limit of Liability:

A. Each Loss

B. Annual Aggregate

5. Deductible:

each and every loss.

6. Person to whom Notice of Loss shall be given:

7. Amendatory Endorsement(s) executed simultaneously herewith:

8. Premium:

by _____
AUTHORIZED REPRESENTATIVE

_____ Date

SECTION II
LOSS DEFINED AND SCOPE OF COVERAGE
HAZARDS 1, 2 AND 3
KIDNAP AND RANSOM, EXTORTION BODILY INJURY, DETENTION

The Company hereby agrees, subject to the terms, limitations and conditions set forth herein, to indemnify the Named Insured specified in Item 1 of the Declarations for LOSS (as hereinafter defined):

DESCRIPTION OF HAZARDS 1 AND 2

Hazard 1. Kidnap/Ransom:

by reason of the actual or alleged KIDNAPPING of an Insured Person, RELATIVE or GUEST while such person is within the territory described in Item 3 of the Declarations,

Hazard 2. Extortion Bodily Injury:

by reason of the receipt of a threat, communicated directly or indirectly to the INSURED to kill, injure or KIDNAP an Insured Person, RELATIVE or GUEST while such person is within the territory described in Item 3 of the Declarations;

provided always that:

- (a) such KIDNAPPING, alleged KIDNAPPING or threat first occurs during the period of this Policy, and
- (b) the ransom demand or threat is made specifically against the INSURED, and
- (c) at the time of the KIDNAPPING or threat such money or other consideration is not being carried by, transported by or otherwise in the possession of the Insured Person, RELATIVE or GUEST so KIDNAPPED or threatened or is not on the premises where the KIDNAPPING or threat first occurred.

PERSONAL ASSETS

It is agreed that money or other consideration surrendered by, or on behalf of, any Insured Person, RELATIVE or GUEST protected hereunder, as the result of a KIDNAP ransom demand or threat communicated directly or indirectly to such person rather than to the Named Insured shall be deemed to be money or other consideration of the Named Insured for the purposes of this Policy.

DESCRIPTION OF HAZARD 3

Hazard 3. Detention:

by reason of a DETENTION of an Insured Person, RELATIVE or GUEST first occurring during the Policy period; provided that, as respects Hazard 3, the Company shall not be liable for:

1) any DETENTION resulting from:

- (a) any violation or alleged violation of the laws of a host country by the INSURED or Insured Person(s), RELATIVE or GUEST, or
- (b) failure of the INSURED or an Insured Person, RELATIVE or GUEST to maintain and possess duly authorized and issued required documents and visas;

unless the Company shall determine such allegations were intentionally false, fraudulent and malicious and made solely to achieve a political, propaganda and/or coercive effect upon or at the expense of the Named Insured, Insured Person, RELATIVE or GUEST.

The Named Insured agrees to reimburse the Company for any payments made hereunder which are determined not to be covered because of the application of this exclusion.

- 2) any salary or wage payment by the Named Insured accruing to or on behalf of an Insured Person(s) from and after the time of death of such Insured Person(s).

DEFINITION OF LOSS

For the purpose of Hazard 1 and 2, LOSS means the sum of monies or the monetary value of any other consideration surrendered by, or on behalf of, the INSURED as a ransom or extortion payment arising from one event or connected series of events involving one or more Insured Persons, RELATIVES or GUESTS.

For the purpose of Hazard 3, LOSS means the SALARIES and COSTS resulting from the DETENTION of an Insured Person, RELATIVE or GUEST.

SECTION II
LOSS DEFINED AND SCOPE OF COVERAGE
HAZARD 4
EXTORTION PROPERTY DAMAGE

DESCRIPTION OF HAZARD 4

Hazard 4. Extortion Property Damage:

by reason of the receipt of a threat, communicated directly or indirectly to the INSURED to cause physical damage or loss to PROPERTY, including:

- (1) the pollution, contamination or alteration of stock and/or raw materials and/or finished goods, or
- (2) the dissemination, divulgence or utilization of TRADE SECRETS, or
- (3) the introduction of a computer virus designed to damage, destroy or corrupt the INSURED' S computerized data, or
- (4) the production of publicity that the Named Insured's products will be or have been contaminated, polluted or altered by persons who demand payment as a condition for not carrying out such a threat;

provided always that:

- (a) such PROPERTY is within the territory described in Item 3 of the Declarations, and
- (b) such threat is first made during the period of this Policy, and
- (c) the threat is made specifically against the INSURED and
- (d) at the time of the threat, such money or other consideration is not being carried by, transported by, or otherwise in the possession of, the Insured Person, RELATIVE or GUEST so threatened, or is not on the premises where the threat first occurred.

PERSONAL ASSETS

It is agreed that money or other consideration surrendered by, or on behalf of, any Insured Person, RELATIVE or GUEST protected hereunder, as the result of an extortion threat communicated, directly or indirectly, to such person rather than to the Named Insured shall be deemed to be money or other consideration of the Named Insured for the purposes of this Policy.

DEFINITION OF LOSS

For the purpose of Hazard 4, LOSS means the sum of monies or the monetary value of any other consideration surrendered by or on behalf of the INSURED as an extortion payment arising from one event or connected series of events.

SECTION III

ADDITIONAL COVERAGE

The Company shall indemnify the INSURED for the following expenses (Items 1-7) incurred directly and solely as a result of an incident covered by any of the Hazards as shown in Item 3 of the Declarations.

1. **Transit:** the actual damage, destruction, disappearance, confiscation or wrongful abstraction of the ransom monies or other consideration while being conveyed by any person who is authorized by the INSURED to have custody thereof.

The Company's liability for Transit shall not exceed 100% of the Limit of Liability set forth in Item 4A of the Declarations and shall be payable in addition to said limit.

2. **Legal/Medical Expenses:** any legal fees, legal judgments, legal settlements, medical expenses or psychiatric expenses (including expenses for rest and rehabilitation and cosmetic/plastic surgery) incurred by the INSURED based on or arising out of incidents insured by this Policy. The Company shall have no liability for legal fees or judgments pertaining to: (1) any dispute with the Company or (2) the use or disposal of contaminated or damaged PROPERTY. The INSURED agrees as a condition precedent to coverage hereunder for legal fees, legal judgments or legal settlements to cooperate with the Company in conducting the defense or in negotiating the settlement of any suit. The Company shall have no liability for medical expenses or psychiatric expenses incurred after the expiration of 24 months following the release of an Insured Person, RELATIVE or GUEST.

The Company's liability for Legal/Medical Expenses shall not exceed 100% of the Limit of Liability set forth in Item 4A of the Declarations and shall be payable in addition to said limit.

3. **Reward:** reward monies paid by the INSURED to an INFORMANT for information which leads to: (1) the arrest and conviction of parties responsible for any LOSS recoverable under this Policy or (2) the return of a KIDNAP or DETENTION victim or the return of the remains of said victim.
4. **Reasonable Fees:** reasonable fees and expenses of persons retained by the INSURED to assist in negotiating any LOSS covered by this Policy, provided that the Company shall have given its consent to the use of those persons retained by the INSURED.
5. **Interest:** interest on any loan made to the INSURED for the purpose of paying a LOSS covered by this Policy, provided that the Company's liability for such interest will cease at the time it tenders payment to the INSURED of that part of the LOSS recoverable under this Policy. Furthermore, the period of the loan may not precede by a period of more than 30 days the date of payment of the ransom or extortion monies nor extend beyond the date that the INSURED receives reimbursement from the Company in respect of that part of the LOSS recoverable under this Policy.
6. **Other Expenses:** any other reasonable expenses incurred by the INSURED in investigating or paying a LOSS covered by this Policy, including but not limited to:
 - (a) any accommodation expenses or travel expenses (at economy class fare) incurred by the INSURED, including the travel and accommodation expenses of: (1) a KIDNAPPING or DETENTION victim to rejoin his/her family upon the release of said victim and (2) an employee to replace said victim,
 - (b) payment of SALARIES of Insured Persons while being held as a result of KIDNAPPING or a DETENTION for a period of sixty (60) days after the release of said Insured Persons, provided that the Insured Person has not yet returned to work,
 - (c) the SALARY of any individual newly hired to conduct the duties of an Insured Person who is a victim of a KIDNAPPING or DETENTION for a period of sixty (60) days past the release of said Insured Persons, provided that such SALARY does not exceed that of the Insured Person who is the victim of the KIDNAPPING or DETENTION and provided that the victim has not returned to work,

- (d) any personal financial loss suffered by an Insured Person, RELATIVE or GUEST solely as a direct result of the physical inability of a KIDNAP or DETENTION victim to attend to personal financial matters during the period of confinement. Coverage as provided hereunder shall include, but not be limited to, failure to renew insurance contracts, failure to exercise stock options, and failure to respond to margin or loan calls by financial institutions,
- (e) the reasonable costs incurred by the Named Insured for wages of its salaried employees specifically assigned to assist in negotiating any LOSS covered by this Policy (not to exceed the employee's base hourly rate of pay), and reasonable expenses directly incurred in connection with such negotiations, provided that the Named Insured furnishes an itemized account of such employee's time, services and expenses,
- (f) fees and expenses of security guards retained by the INSURED for the purpose of protecting Insured Persons, RELATIVES, GUESTS or PROPERTY, provided that those persons specified in Item 6 of the Declarations shall have recommended the use of said security guards,
- (g) reasonable costs of advertising and communication and recording equipment incurred solely and directly to obtain the release of a KIDNAP or DETENTION victim,
- (h) fees and expenses of an independent public relations consultant and/or an interpreter,
- (i) fees and expenses of independent forensic analysis and
- (j) job retraining costs of KIDNAP or DETENTION victim, including, but not limited to, the SALARY of said victim while being retrained and the cost of external training courses.

7. **Crisis Response:** all fees and expenses of those persons specified in Item 6 of the Declarations.

The Company's total liability for Reward, Reasonable Fees, Interest and Other Expenses (including any combination of any of the foregoing) under Items 3, 4, 5 and 6 above shall not exceed 100% of the Limit of Liability set forth in Item 4A of the Declarations and shall be payable in addition to said limit.

The Company's liability for fees and expenses under Item 7 above shall be unlimited and shall be payable in addition to the Limit of Liability set forth in Item 4A of the Declarations.

The Deductible amount set forth in Item 5 of the Declarations shall not apply to any amounts payable under this Section III.

SECTION IV DEFINITIONS

1. INSURED means (1) the Named Insured designated in Item 1 of the Declarations, (2) the Insured Persons designated in Item 3 of the Declarations.
2. RELATIVE means an Insured Person's: spouse, common-law spouse, siblings, brothers-in-law, sisters-in-law, aunts, uncles, nieces, nephews, living ancestors (including a spouse's - or common-law spouses --- living ancestors), step-parents, parents-in-law, lineal descendants, adopted children, foster children or step-children (including their spouses) - and those individuals legally resident in the home of an Insured Person.
3. GUEST means: (1) customers or invitees while on the Named Insured's premises, (2) any person while accompanying an Insured Person in a motor vehicle, aircraft or watercraft or while in the home of an Insured Person to whom the Named Insured and/or Insured Person has extended hospitality without compensation, (3) any person temporarily employed for the purpose of negotiating and/or delivering a ransom or extortion payment and (4) domestics in service to Insured Persons.
4. INFORMANT means any person providing information not otherwise obtainable, solely in return for a monetary payment paid or promised by the INSURED.

5. KIDNAP or KIDNAPPING means the involuntary abduction of an Insured Person, RELATIVE or GUEST (including HIJACKING) and the holding of such person by persons who demand money or other consideration in exchange for the release of the captive person.
6. HIJACKING means the illegal holding under duress of an Insured Person, RELATIVE or GUEST on board an aircraft, watercraft or motor craft.
7. SALARY or SALARIES means the direct compensation, including (but not limited to) bonuses and allowances the Named Insured pays to an Insured Person for personal services rendered, including foreign tax reimbursements, cost of living adjustments and the cost of any health, welfare or pension benefits, and will be based upon the rate of compensation paid to the victim at the time of the KIDNAPPING or DETENTION.
8. COSTS means reasonable costs incurred by the INSURED in negotiating the release of an Insured Person, RELATIVE or GUEST.
9. TRADE SECRETS means confidential information, including (but not limited to) a formula, pattern, compilation, program, device, method, technique or process, which is used in the Named Insured's business, that derives from not being generally known to, and not being readily ascertainable by proper means by persons other than the Insured Persons, who can obtain economic value from its disclosure or use and, further, is the subject of reasonable efforts under the circumstances to maintain its secrecy.
10. PROPERTY means all real and personal property owned, controlled or leased by the INSURED or for which the INSURED is legally liable including fixtures, fittings, machinery and electronic data processing equipment and other contents.
11. DETENTION means an arbitrary and capricious act of involuntary confinement of an Insured Person, RELATIVE or GUEST.

SECTION V

GENERAL POLICY CONDITIONS

1. **Policy Period:** This Policy shall become effective upon the effective date shown in Item 2 of the Declarations, at 12:01 A.M. standard time at the address of the Named Insured stated in Item 1 thereof and shall continue in force, unless cancelled in accordance with General Policy Condition 15, until the expiration date stated in Item 2 of the Declarations.
2. **Limits of Liability:**
 - (a) **Limit - Each Loss:** With respect to each Hazard or any combination thereof as set forth in Section II, the Company's total liability resulting from any LOSS shall not exceed the amount stated in Item 4A of the Declarations.
 - (b) **Annual Aggregate:** The Company's total liability for all LOSSES arising out of all Hazards first occurring in any one Policy year shall not exceed the amount stated in Item 4B of the Declarations.
 - (c) In the event any INSURED is covered by two or more Policies or Certificates issued by the Company, at least one of which being issued to another Named Insured, it is agreed that the Company's aggregate liability for LOSS sustained by any such INSURED shall not be cumulative and shall in no event exceed the largest amount available under any one of the Policies or Certificates.
3. **Deductible:** The Deductible amount stated in Item 5 of the Declarations shall be paid by the INSURED and shall be applicable to each LOSS (with the exception of Hazard 3). For purposes of the application of the Deductible, all LOSSES in connection with any one event or connected series of events shall be deemed to be one LOSS.

4. Other Insurance: This insurance shall be in excess of the amount of the applicable Deductible of this Policy and any other valid and collectible insurance available to the INSURED, 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 provided in this Policy.

5. Valuation: The Company shall not be liable for more than the actual cash value of any consideration at the time of its surrender. If LOSS and/or expense involves currency other than that of the United States of America, the Company shall not be liable for more than the United States Dollar equivalent of foreign currency based on the rate of exchange in New York in effect on the day the monies are surrendered and/or expense incurred.

6. Recoveries: If the INSURED shall sustain any LOSS and/or expense covered by this Policy, all recoveries (except from suretyship, insurance, reinsurance or indemnity taken by or for the benefit of the Company) on account of the LOSS and/or expense, less the actual cost of recovery, shall be distributed as follows:

The INSURED shall be reimbursed for any LOSS and/or expense which exceeds the amount of coverage provided by this Policy less the Deductible amount, the balance applied to reimbursement of the Company to the extent of its payment and any remainder paid to the INSURED. If there is no excess LOSS and/or expense, any such recoveries shall be distributed first in reimbursement to the Company to the extent of its payment and any remainder paid to the INSURED.

7. Collusion or Fraud: This Policy does not cover LOSS and/or expense due to fraudulent, dishonest or criminal act by an Insured Person, RELATIVE, GUEST or authorized representative (whether acting alone or in collusion with others) unless the person authorizing payment of the LOSS and/or expense had, prior to payment, made every reasonable attempt to determine that the ransom demand or threat was genuine.

8. Notification: Before surrendering any monies or other consideration the person authorizing the surrender shall have notified or made every reasonable attempt to notify:

- (a) the Federal Bureau of Investigation or local law enforcement agencies as soon as practicable bearing in mind the safety of the person(s) held or threatened, and
- (b) at least one other official of the Named Insured if the property to be surrendered is owned or held by the Named Insured or is property for which the Named Insured is legally liable.

9. Discovery Period: This Policy does not cover any LOSS and/or expense discovered later than twelve months after the expiry of the Policy Period specified in Item 2 of the Declarations.

10. Multiple Insured's: The inclusion herein of more than one INSURED shall not operate to increase the Company's limit of liability.

11. Changes: Notice to any agent or knowledge possessed by any agent or other person acting on behalf of the Company shall not effect a waiver or a change in any part of this Policy or estop the Company from asserting any right under the terms of this Policy, nor shall the terms of this Policy be waived or changed, except by endorsement issued to form a part of this Policy.

12. Assignment: Assignment of interest under this Policy shall not bind the Company unless its consent is endorsed hereon.

13. Notice of Claim: Written notice of a claim must be given to the persons identified in Item 6 of the Declarations as soon as practicable after any event which may lead to a LOSS and/or expense payment covered by this Policy.

14. Proofs of Loss: Written proof of LOSS and/or expense claim must be furnished to the Company c/o Professional Indemnity Agency, Inc., 37 Radio Circle Dr., Mt. Kisco, NY 10549, within ninety (90) days after the date of such LOSS and/or expense payment by the INSURED, or as soon as practicable.

15. Cancellations: This Policy may be cancelled by the Named Insured by surrender thereof to the Company or by mailing to the Company written notice stating when thereafter such cancellation shall be effective. If cancelled by the Named Insured, the Company shall retain the customary short rate proportion of the premium.

This Policy may be cancelled by the Company by mailing to the Named Insured written notice stating when, not less than ninety (90) days (or ten (10) days in the event of non-payment of premium) thereafter, such cancellation shall be effective. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the Policy Period. Delivery of such written notice by the Named Insured or the Company shall be equivalent to mailing. If cancelled by the Company, earned premium shall be computed pro-rata. Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter.

16. Cooperation: In the event of any LOSS and/or expense, the INSURED shall cooperate with the Company in all matters relating to this insurance. This may include attending hearings and trials, obtaining the attendance of witnesses, securing and giving evidence, assisting in conducting arbitration or other proceedings.

17. Subrogation: In the event of any payment under this Policy, the Company shall be subrogated to all of the INSURED's rights of recovery against any person or organization and the INSURED shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

18. Legal Actions: No action at law or in equity shall be brought to recover under this Policy after the expiration of 24 months or if written proof of loss has not been furnished in accordance with the requirements of this Policy.

19. Conformity with State Statutes: Any provision of this Policy which, on its effective date, is in conflict with the statutes of the state in which this Policy was delivered or issued for delivery is hereby amended to conform to the minimum requirements of such statutes.

20. Confidentiality: The INSURED must at all times use best efforts to insure that knowledge of the existence of this insurance is restricted as far as possible.

