

R&Q Commercial Risk Services Limited

Management Liability Insurance Policy Wording

September 2019
250919

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Welcome to Your Management Liability Policy

We are dedicated to providing You with a high quality service. This Policy is designed to provide You with cover through specialised coverage sections. You can identify the cover You have purchased by looking at the Policy Schedule. This Policy will form the contract between You as the insured and Argo, Your insurers, subject to the terms and conditions detailed below.

This document, the Schedule and any Endorsements attached form Your Policy and sets out the conditions of the insurance between You and Us. Please read the whole document carefully to ensure that it accurately reflects Your Circumstances and the level of cover You requested. Please contact Your Insurance broker immediately if You need to make changes.

Subject to payment of the Premium or as agreed in writing, We agree to provide indemnity including any Defence Costs in accordance with and subject to the terms and conditions of this Policy.

Your Premium has been based on information We received on Your behalf by way of a proposal or declaration or in other ways. We have relied on such information to decide whether to enter into this contract and on what terms.

Any words or expressions to which a specific meaning attaches appear in the Definitions section and shall bear that special meaning wherever they appear. The meanings of these words can be found in the Definitions section and:

- a. the singular includes the plural and vice versa;
- b. any headings are for ease of reference only; and
- c. a reference to any statutory provision includes any successor enactment.

Any dispute concerning the interpretation of the terms, conditions, limitations and/or exclusions contained within this Policy are understood and agreed by both You and Us to be subject to the laws of England and Wales. Each party agrees to submit to the jurisdiction of any court of competent jurisdiction within England and Wales and to comply with all requirements necessary to give such court jurisdiction. All matters arising hereunder shall be determined in accordance with the laws and practice of such court.

If You need to report a Claim or an incident that may result in a Claim or You have a general enquiry regarding Your insurance Policy please contact Your Insurance Broker in the first instance. You must notify Us in writing within the Period of Insurance as soon as reasonably practicable or at latest within 21 days of receipt of any Claim made against You, or awareness of a Circumstance which may be covered under this Policy.

Your Claims will be dealt with by
Liability Claims Team
ArgoGlobal
1 Fen Court
London, EC3M 5BN
United Kingdom

For full details of Claims Conditions please refer to Section 6 – Claims Conditions.

About R&Q and Your Insurers

This Insurance Product has been arranged by R&Q Commercial Risk Services Limited on behalf of the under noted Insurers named herein:

R&Q Commercial Risk Services Limited is registered in England and Wales No: 07313009 (FRN: 530938),
Registered Office: 71 Fenchurch Street, London, EC3M 4BS.

R&Q Commercial Risk Services Limited is an Appointed Representative of R&Q MGA Limited which is authorised and regulated by the Financial Conduct Authority (FRN: 440543).

R&Q Commercial Risk Services Limited is wholly owned subsidiary of Randall & Quilter Investment Holdings Ltd. Randall & Quilter Investment Holdings Ltd. is a diverse insurance group, headquartered in Bermuda but with extensive operations in the UK, US, Canadian, Bermuda and Continental Europe Markets. The Group is a leading insurance service provider to the non-life insurance market. Its extensive service offering (ranging from full back office management to bespoke services) covers the live, run-off and captive market segments.

This Policy is underwritten by:

**ArgoGlobal Limited for and on behalf on Syndicate 1200 at Lloyd's UMR
B1921QT000540T**

ArgoGlobal Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. ArgoGlobal Limited is registered in England No. 3768610. Registered office: 1 Fenchurch Street, London EC3M 5BN

Duty of Fair Presentation

1. Before this Policy is entered into, You must make a fair presentation of the risk to Us, in accordance with Section 3 of the Insurance Act 2015. In summary, You must:
 - a) Disclose to Us every material Circumstance which You know or ought to know. Failing that, You must give Us sufficient information to put a prudent insurer on notice that it needs to make further enquiries in order to reveal material circumstances. A matter is material if it would influence the judgement of a prudent insurer as to whether to accept the risk, or the terms of the insurance (including Premium);
 - b) Make the disclosure in clause (1)(a) above in a reasonably clear and accessible way; and
 - c) Ensure that every material representation of fact is substantially correct, and that every material representation of expectation or belief is made in good faith.
2. For the purposes of clause (1)(a) above, You are expected to know the following:
 - a) If You are an individual, what is known to the individual and anybody who is responsible for arranging his or her insurance.
 - b) If You are not an individual, what is known to anybody who is part of the Insured's senior management; or anybody who is responsible for arranging the Insured's insurance.
 - c) Whether You are an individual or not, what should reasonably have been revealed by a reasonable search of information available to You. The information may be held within Your organisation, or by any third party (including but not limited to subsidiaries, affiliates, the broker, or any other person who will be covered under the insurance). If You are insuring subsidiaries, affiliates or other parties, We expect that You will have included them in its enquiries, and that You will inform Us if it has not done so. The reasonable search may be conducted by making enquiries or by any other means.
3. If, prior to entering into this Policy, You shall breach the duty of fair presentation, the remedies available to Us are set out below.
 - a) If Your breach of the duty of fair presentation is deliberate or reckless:
 - i) We may avoid the Policy, and refuse to pay all claims; and,
 - ii) We need not return any of the Premiums paid.
 - b) If Your breach of the duty of fair presentation is not deliberate or reckless, Our remedy shall depend upon what We would have done if You had complied with the duty of fair presentation:
 - i) If We would not have entered into the Policy at all, We may avoid the Policy and refuse all claims, but must return the Premiums paid.
 - ii) If We would have entered into the Policy, but on different terms (other than terms relating to the Premium), the Policy is to be treated as if it had been entered into on those different terms from the outset, if We so require.
 - iii) In addition, if We would have entered into the Policy, but would have charged a higher Premium, We may reduce proportionately the amount to be paid on a Claim (and, if applicable, the amount already paid on prior claims). In those circumstances, We shall pay only X% of what We would otherwise have been required to pay, where $X = (\text{Premium actually charged} / \text{higher Premium}) \times 100$.
4. If, prior to entering into a variation to this Policy, You shall breach the duty of fair presentation, the remedies available to Us are set out below.
 - a) If Your breach of the duty of fair presentation is deliberate or reckless:
 - i) We may by notice to You treat the Policy as having been terminated from the time when the variation was concluded; and,
 - ii) We need not return any of the Premiums paid.
 - b) If Your breach of the duty of fair presentation is not deliberate or reckless, Our remedy shall depend upon what We would have done if You had complied with the duty of fair presentation:
 - i) If We would not have agreed to the variation at all, We may treat the Policy as if the variation was never made, but must in that event return any extra Premium paid.
 - ii) If We would have agreed to the variation to the Policy, but on different terms (other than terms relating to the Premium), the variation is to be treated as if it had been entered into on those different terms, if We so require.
 - iii) If We would have increased the Premium by more than it did or at all, then We may reduce proportionately the amount to be paid on a Claim arising out of events after the variation. In those circumstances, We shall pay only X% of what We would otherwise have been required to pay, where $X = (\text{Premium actually charged} / \text{higher Premium}) \times 100$.
 - iv) If We would not have reduced the Premium as much as it did or at all, then We may reduce proportionately the amount to be paid on a claim arising out of events after the variation. In those circumstances, We shall pay only X% of what We would otherwise have been required to pay, where $X = (\text{Premium actually charged} / \text{reduced total Premium}) \times 100$.

Enquiries and Complaints Procedure

We are dedicated to providing You with a high quality service. This Policy is designed to provide You with cover through specialised coverage sections. You can identify the cover You have purchased by looking at the Policy's Schedule. This Policy will form the contract between You as the insured and Us, Your insurers, subject to the terms and conditions detailed below.

The headings Used in this Policy are for ease of reference and identification purposes only. Any Endorsement or other variation which relates to this Policy is subject to the terms and conditions below.

How to make a complaint

Our aim is to ensure that all aspects of Your insurance are dealt with promptly, efficiently and fairly.

If You have any questions or concerns about Your Policy or the handling of a Claim You should, in the first instance contact Your broker.

If you are still unhappy with any issue connected with the handling of your insurance policy or any claim then you should direct your enquiry in writing to:

The Claims Manager
Argo Managing Agency Limited
Exchequer Court
33 St Mary Axe
London EC3A 8AA

Telephone: 020 7712 7600

Website: www.argo-global.com

In the event that you remain dissatisfied you can refer the matter to Policyholder & Market Assistance at Lloyd's. The contact details are:

Policyholder & Market Assistance
Lloyd's Market Services
G/86, One Lime Street
London EC3M 7HA

Telephone: 020 7327 5693

Facsimile: 020 7327 5225

E-mail: Complaints@Lloyds.com

Copies of our complaints procedures are also available from this address.

Complaints that cannot be resolved by Policyholder & Market Assistance at Lloyd's may be referred to the Financial Ombudsman Service. Further details will be provided at the appropriate stage of the complaints process. This complaint procedure is without prejudice to your right to take legal proceedings.

Details of Lloyd's complaints procedures are set out in a leaflet "Your Complaint – How We Can Help" available at www.lloyds.com/complaints and are also available from the above address. If You remain dissatisfied after Lloyd's has considered Your complaint, You may have the right to refer Your complaint to the Financial Ombudsman Service (FOS).

The contact details for the FOS are: The Financial Ombudsman Service, Exchange Tower, London E14 9SR. Telephone 0800 023 4567 (calls to this number are free from "fixed lines" in the UK) or 0300 1239123 (calls to this number are charged at the same rate as 01 and 02 numbers on mobile phone tariffs in the UK).

Email complaint.info@financialombudsman.org.uk.

The FOS is an independent service in the UK for settling disputes between consumers and Businesses providing financial services. You can find out more information on the FOS at www.financial-ombudsman.org.uk;

Making a complaint does not affect Your right to take legal action.

Enquiries and Complaints Procedure

Financial Services Register

The Financial Services Register can be checked by visiting the Financial Conduct Authority Website on www.fca.org.uk or by calling 0800 111 6768

Financial Services Compensation Scheme (FSCS)

R&Q MGA Limited, are all covered by the Financial Services Compensation Scheme (FSCS). This means that You may be entitled to compensation from the scheme in the unlikely event that they cannot meet their obligations. Further details can be obtained from FSCS, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU Tel: 0207 741 4100 Fax: 0207 741 4101 or www.fscs.org.uk

Important Note

Where R&Q Commercial Risk Services Limited deals with You through a retail agent in respect of any Claims referred by You to the R&Q Commercial Risk Services Limited R&Q Commercial Risk Services Limited acts as agent for the Insurer and not for You.

Please quote Your Policy number in all correspondence so that Your complaint may be dealt with speedily.

Important information

How We use personal information

All personal information (including sensitive Personal Data such as health details or criminal convictions) provided in connection with this Policy will be processed in accordance with the Data Protection Act 1998. You consent to all personal information being used for these purposes and being disclosed to the parties set out below;

Where personal information is provided about another person, You are required to inform that person of Our identity, and why their personal information will be processed and disclosed. You are also required to obtain their written consent to the processing of their personal information in this way and provide us with such consent if We request. Personal information is used:

- i. to administer the Policy, including underwriting, renewal information, validation of claims history and claims handling;
- ii. for research, analysis, statistic creation, and customer profiling;
- iii. for fraud prevention and debt recovery.

Personal information may be disclosed to:

- i. other members of Our group;
- ii. other insurance entities interested in the risk written under this Policy;
- iii. agents and service providers appointed by us to carry out activities in connection with the Policy;
- iv. credit reference and fraud databases;
- v. law enforcement and other statutory bodies;
- vi. potential purchasers of the whole or part of Our business.

If false or inaccurate information is provided and fraud is suspected this fact will be recorded and the information will be available to other organisations that have access to the fraud databases.

Personal information may be transferred to third parties in countries outside the European Economic Area which may not have the same standards of protection for personal information as the United Kingdom. We will ensure that such transfers comply with the data protection law and that personal information is kept securely and protected from unauthorised access.

We maintain protections and procedures in the storage and disclosure of personal information to keep it secure and prevent unauthorised access to or loss of such information.

We may monitor and record all communications with You for compliance and training purposes.

Should You wish to see the information held, or have any queries in relation to the way such information is used or discover any inaccuracies, You should write to the Compliance Officer at Argo International, 1 Fen Court, London EC3M 5BN

Payment of Premium

You undertake that the Premium will be paid in full to us within 30 days of inception of this Policy (or, in respect of instalment Premiums, when due).

If the Premium due under this Policy has not been paid to us by the 30th day from the inception of this Policy (and, in respect of instalment Premiums, by the date they are due) We shall have the right to cancel this Policy by notifying You via Your broker in writing. In the event of cancellation, Premium is due to us on a pro rata basis for the period that We are on risk but the full Policy Premium shall be payable to us if there is a loss or a notification of a Claim or Circumstance prior to the date of termination which later gives rise to a valid Claim under this Policy.

We will give You not less than 14 days prior notice of cancellation via Your broker. If Premium due is paid in full to us before the notice period expires, notice of cancellation shall automatically be revoked. If not, the Policy shall automatically terminate at the end of the notice period.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Important information

Governing Law and Disputes Clause

Any dispute between You and us arising out of or in connection with this Policy shall be referred to arbitration before a sole arbitrator (to be mutually agreed upon by You and Us or failing agreement to be appointed by the Chairman for the time being of the Bar Council) whose decision shall be final and binding on all parties.

Furthermore, in the event of any dispute between any insurer concerning this Policy such dispute shall be referred to arbitration before a sole arbitrator (to be mutually agreed upon or failing agreement to be appointed by the Chairman for the time being of the Bar Council) whose decision shall be binding on all parties.

As an alternative to the above paragraphs, disputes arising from or in connection with this Policy may be referred to a recognised mediation service if You and We agree in writing.

Disputes arising from or in connection with this Policy shall be subject to the jurisdiction of the Courts of England and Wales.

Interpretation

In this Policy;

- a. reference to any Act, statute or statutory provision shall include a reference to that provision as amended, re-enacted or replaced from time to time whether before or after the date of the inception of this Policy;
- b. if any term, condition, exclusion or Endorsement or part thereof is found to be invalid or unenforceable the remainder shall be in full force and effect;
- c. headings herein are for reference only and shall not be considered when determining the meaning of this Policy.

Definitions

These Definitions apply to all Sections of the Policy unless stated otherwise.

Benefits

means any obligation under a Pension Fund to a member, participant or beneficiary of it which constitutes money or property or other entitlement.

Bribery

means any offence committed or allegedly committed or attempted by the Insured Persons in contravention of the Bribery Act 2010 or the equivalent legislation in the jurisdiction where a Claim is made.

Claim

means:

- (a) any written or oral demand for compensation, monetary damages or other relief, including non-monetary relief, made against the Insured alleging a Wrongful Act or Corporate Wrongful Act; or
- (b) any formal notice of criminal, civil or arbitration proceedings (including Extradition Proceedings or execution of a warrant for arrest) against the Insured alleging a Wrongful Act or a Corporate Wrongful Act; or
- (c) any formal regulatory or administrative proceedings or any other official investigation with regard to any allegation of a Wrongful Act committed by the Insured Persons or a Corporate Wrongful Act committed by the Company.

Company

means the organisation named in the Schedule and any Subsidiary.

With respect to Insuring Section 5 – Pension Trustee Liability section (c) only, Company means:

- (a) the Company; but only when and to the extent it is acting on behalf of a Pension Fund or in the administration or in relation to management of a Pension Fund; or
- (b) a Pension Fund; or
- (c) a Corporate Trustee.

Corporate Manslaughter

means any proceedings brought in any jurisdiction against an Insured Person for any gross breach of duty of care in relation to the business of the Company that causes the death of another person.

Corporate Trustee

means any company whose sole and specific function is to act as trustee of a Pension Fund.

Corporate Wrongful Act

means any wrongful act or omission, error committed or allegedly committed or attempted by the Company.

Costs

means Prosecution Costs, Investigation Costs and all reasonable fees, costs and expenses incurred by the Company, the Insured Persons or on their behalf in the defence, investigation, mitigation, adjustment, challenging, resisting or appeal of any Claim provided that Insurers have consented in writing prior to such Costs being incurred (except as provided for in Cover Extension 2.9). Insurers will not unreasonably withhold that consent.

Costs does not mean any overheads of the Company or any salaries, commissions, expenses or other benefits associated with the remuneration of the Insured Persons.

Definitions

Direct Financial Loss

means monetary loss sustained by the Company directly in consequence of any dishonest or fraudulent act committed by an Employee with the manifest intent to cause a direct financial loss to the Company and which results in an Employee making an improper financial gain for themselves or any other individual or organisation intended by such Employee to receive such gain.

Direct Financial Loss does not mean:

- (a) taxes;
- (b) civil, regulatory or criminal fines or penalties;
- (c) interest not received, or which becomes payable by, the Company.

Director or Officer

means any natural person who was prior to, is or becomes during the Policy Period:

- (a) a director, officer, Partner, manager or trustee of the Company; or
- (b) a Shadow Director of the Company but only where such Shadow Director is also a person described in (a) above; or
- (c) a representative or appointee of the Company who is not defined above but only in respect of Loss that is covered under Section 2.5 of this Policy; or
- (d) an individual who is an “approved person” as defined in Section 59 of the Financial Services & Markets Act 2000 while exercising such role; or
- (e) an Employee of the Company who:
 - (i) carries out a managerial or supervisory function for the Company; or
 - (ii) has a Claim for an Employment Practices Wrongful Act made against them; or
 - (iii) is joined as a party to any Claim against any person defined above; or
- (f) the lawful spouse or domestic partner of a person defined above, where recovery is sought solely because joint property is held or owned by or on behalf of the spouse or domestic partner; or
- (g) the legal representatives, heirs, assigns or estates of a person defined above in the event of that person’s death, incapacity, insolvency or bankruptcy.

With regard to (f) above, it is agreed this Policy does not provide any cover for any Claim made against the spouse or domestic partner for a Wrongful Act alleged to have been committed by them in their own right.

The above definition does not include external auditors of the Company and does not include any liquidator, receiver, administrative receiver, supervisor or other insolvency office-holder of the Company or the assets of the Company.

Directorial Wrongful Act

means

- (a) any wrongful act or omission, error, misstatement, misleading statement, neglect, breach of duty, breach of trust, breach of warranty of authority, committed or allegedly committed or attempted (or, with respect to shareholder derivative actions only, any proposed act) by the Directors or Officers or any matter claimed against the Directors or Officers solely on account of their being Directors or Officers;

Definitions

- (b) any Employment Practices Wrongful Act.

Employee

means:

- (a) any natural person full-time, part-time, seasonal or temporary worker of the Company who is employed under a contract of service with the Company and to whom the Company compensates by way of salary, wages and/or commissions;
- (b) any natural person independent contractor or any natural person seconded to the Company, if such person is under the direction and supervision of the Company and the Company provides an indemnification to such individual in the same fashion as provided to Employees in (a) above.

Employment Practices Wrongful Act

means any actual or alleged wrongful dismissal, termination or discharge of employment (either actual or constructive, including breach of an implied contract); employment-related misrepresentation; violation of any federal, state or local law concerning employment or discrimination in employment; wrongful failure to employ or promote, failure to grant tenure or wrongful discipline; discrimination (including, but not limited to, discrimination based upon age, gender, race, colour, national origin, religion, sexual orientation or preference, pregnancy or disability), whether direct, indirect, intentional or unintentional; failure to provide or observe adequate employee policies and procedures; harassment; retaliation (including lockouts); employment-related humiliation, libel, slander, infliction of emotional distress, defamation or invasion of privacy; wrongful deprivation of career opportunity; wrongful demotion or negligent employee evaluation (including the provision of negative or defamatory statements in connection with an employee reference); employment-related breach, violation or non-compliance with the Data Protection Act 1984 and 1998.

Extradition Proceedings

means any action or proceeding commenced in any jurisdiction seeking the extradition of an Insured Person. Any such action or proceeding shall be deemed for the purposes of this Policy to commence upon the receipt by an Insured Person of notice in writing from an official governmental, regulatory or prosecuting body stating that a request for extradition of an Insured person has been made or will be made.

Individual Trustee

means any natural person who was prior to, or becomes, or is during the Policy Period an appointed trustee of a Pension Fund or a Director or Officer of a Corporate Trustee.

Insured

means:

- (a) the Company; and
- (b) Insured Persons.

Insured Persons

means:

- (a) any Director or Officer; and
- (b) any Individual Trustee.

Insurers

means the insurers stated in the Schedule.

Investigation

means any formal investigation that is made by any body (other than the Company) so authorised for the purpose of examining the affairs of the Company or the conduct of the Insured Persons in their capacity as such. For the avoidance of doubt, an Investigation does not include a risk management visit (or equivalent) by a regulator of the Company.

Definitions

Investigation Costs

means reasonable legal fees, costs and expenses incurred by the Insured Persons in their representation (or in preparation for their representation) at an Investigation in which the Insured Persons first become involved during the Policy Period.

Judicial Order

means:

- (a) an interim or interlocutory judicial order; or
- (b) with respect to any proceeding concerning the deportation of any Insured Person, any judicial order, entered against an Insured Person in connection with a Claim against them that is otherwise covered by this Policy.

Judicial Order shall not include a final order made in the disposition or adjudication of such Claim.

Limit of Liability

means the amount stated in the Schedule.

Loss

means the amount, including Costs, damages, judgments, settlements or reasonable fees incurred on account of a Claim made during the Policy Period.

Loss also means:

- (a) punitive, exemplary or aggravated damages or civil fines or penalties but only where these are legally insurable in the jurisdiction where a Claim is made; or
- (b) exemplary damages for libel and slander in respect of a Claim brought or maintained entirely outside the USA.
- (c) any awards imposed on any Individual Trustee, Corporate Trustee or the Company by the Pensions Regulator or any official body or institution that is legally empowered to investigate the affairs or activities of the Individual Trustees, the Corporate Trustees or the Company which the Individual Trustees the Corporate Trustees or the Company are legally liable to pay;
- (d) civil fines and penalties imposed on an Individual Trustee or Corporate Trustee by the Pensions Ombudsman or any official body or institution that is legally empowered to investigate the affairs or activities of the Individual Trustees, the Corporate Trustees or the Company which the Individual Trustees the Corporate Trustees or the Company are legally liable to pay provided that:
 - (i) such civil fines and penalties are insurable under the law applicable to this Policy; and
 - (ii) the premium for coverage under this Section (d) has been personally paid by the Insured Persons;

Loss does not mean:

- (e) matters uninsurable under the law applicable to this Policy; or
- (f) punitive, exemplary or aggravated damages, or the multiple portion of any multiplied damages award in any Claim for an Employment Practices Wrongful Act; or
- (g) taxes or the loss of tax benefits; or
- (h) criminal fines or criminal penalties.
- (i) Benefits (subject otherwise to the provisions of Section 4.1).

Definitions

Non-Executive Director

means any Director or Officer who is not a full time Employee of the Company or holder of an executive office within the Company.

Official Detention

means confinement of an Insured Person in secure custodial premises, operated by or on behalf of a governmental or judicial agency in connection with a Claim against such Insured Person and either without charge or without a judicial finding of culpability or liability in that Claim.

Partner

means a partner (as established by the Partnership Act 1890) or member (as established in the Limited Liability Partnership Act 2000) of the Company.

Pension Fund

means any pension plan, trust or scheme established and maintained for the benefit of the employees of the Company or any other employee or benefit plan established and maintained for the benefit of the employees of Company but which is not a pension plan, trust or scheme.

Pension Trustee Wrongful Act

means:

- (a) any wrongful act or omission, error, misstatement, misleading statement, neglect, breach of duty, breach of trust, breach of warranty of authority committed or allegedly committed or attempted by an Individual Trustee or a Corporate Trustee in relation to a Pension Fund or any matter claimed against an Individual Trustee or a Corporate Trustee solely by reason of their acting or serving in such capacity; or
- (b) any wrongful act or omission, error, misstatement, misleading statement, neglect, breach of duty, breach of trust, breach of warranty of authority committed or allegedly committed or attempted by a Company Insured in relation to a Pension Fund.

Policy Period

means the period of time specified in the Schedule.

Pollutants

means any solid, liquid, gaseous, biological, radiological or thermal irritant, infectious or medical waste, toxic or hazardous substance, or contaminant, including but not limited to asbestos, lead, smoke, vapour, dust, fibres, mould, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals, nuclear waste, oil or oil products, and any noise.

Prosecution Costs

means reasonable legal fees, costs and expenses incurred by an Insured Person with the prior written consent of Insurers to bring legal proceedings but only for the purposes set out in Cover Extension 2.5.

Retention

means the amounts stated in the Schedule.

Retired Insured Persons

means any Insured Persons who voluntarily ceases to hold such a position during the Policy Period and who does not otherwise cease to hold such a position as a direct result of an occurrence as outlined in Section 7.1 taking place.

Shadow Director

means any natural person who is deemed a shadow director as defined in Section 251 of the Companies Act 2006 (UK) or the equivalent legislation in the jurisdiction where a Claim is made.

Subsidiary

means any organisation of which the Company controls or has controlled:

Definitions

- (a) more than half the shareholder voting power; or
- (b) the composition of the majority of the board of directors; or
- (c) alone, or pursuant to a written agreement with other shareholders or members, a majority of the voting rights.

on or before the inception date of this Policy.

USA

means the United States of America, its territories, possessions and any state or political sub-division thereof.

Wrongful Act

means:

- (a) any Directorial Wrongful Act; or
- (b) any Pension Trustee Wrongful Act.

Section 1 - Insuring Sections

Cover only applies if stated in the Schedule

In consideration of the payment of premium and subject to the terms of this Policy, Insurers agree with the Insured that:

Insuring Section 1 – Directors and Officers Liability

Insurers will pay Loss on behalf of the Directors or Officers incurred in their capacity, as such in respect of any Claim made against the Directors or Officers during the Policy Period for a Directorial Wrongful Act.

Insuring Section 2 – Company Reimbursement Liability

If the Company is able to pay Loss on behalf of the Directors or Officers incurred in their capacity as such in respect of any Claim made against the Directors or Officers during the Policy Period for a Directorial Wrongful Act, then Insurers will pay such Loss on behalf of the Company.

Insuring Section 3 – Corporate Liability

Insurers will pay Loss on behalf of the Company in respect of any Claim made against the Company during the Policy Period for a Corporate Wrongful Act

Insuring Section 4 – Company Employment Practices Liability

Insurers will pay Loss on behalf of the Company in respect of any Claim made against the Company during the Policy Period for an Employment Practices Wrongful Act.

Insurers' total aggregate liability under this Cover Extension shall not exceed the sub limit amount stated in Item 3 of the Schedule, such amount being part of and not in addition to the Limit of Liability.

Insuring Section 5 – Pension Trustee Liability

- (a) Insurers will pay Loss on behalf of the Individual Trustees incurred in their capacity as such in respect of any Claim made against the Individual Trustees during the Policy Period for a Pension Trustee Wrongful Act.
- (b) If the Company is able to pay Loss on behalf of the Individual Trustees incurred in their capacity as such in respect of any Claim made against the Individual Trustees during the Policy Period for a Pension Trustee Wrongful Act, then Insurers will pay such Loss on behalf of the Company.
- (c) Insurers will pay Loss on behalf of the Company in respect of any Claim made against the Company during the Policy Period for a Pension Trustee Wrongful Act.

Insuring Section 6 – Employee Fidelity

Insurers will indemnify the Company in relation to all Direct Financial Loss which is first discovered during the Policy Period.

Insurers' total aggregate liability under this Cover Extension shall not exceed the sub-limit amount stated in the Schedule, such amount being part of and not in addition to the Limit of Liability.

Section 2 – Extensions

Cover Extensions Applicable to All Insuring Sections

2.1 Automatic Acquisition or Creation of Subsidiaries

If during the Policy Period the Company creates a new Subsidiary or acquires another entity that becomes a new Subsidiary, then such new Subsidiary will automatically attract coverage under this Policy unless that new Subsidiary:

- (a) is incorporated or domiciled in the USA; or
- (b) has, has had, or intends to have during the Policy Period its securities traded in the USA.

If such new Subsidiary is not eligible for automatic coverage due to condition (a) above, then the Company may provide Insurers with sufficient details in respect of the new Subsidiary for Insurers to assess and evaluate any increase in risk. Insurers may then agree at their absolute discretion to extend cover in return for the payment of additional premium and/or amendments to the terms of this Policy.

Coverage afforded to the Directors or Officers of any such new Subsidiary shall apply solely in respect of Loss arising from Wrongful Acts or Corporate Wrongful Acts committed on or after the effective date of creation or acquisition of such new Subsidiary.

2.2 Automatic Creation or Acquisition of Pension Funds

If during the Policy Period the Company creates, acquires or assumes responsibility for any new Pension Fund, then such new Pension Fund will automatically attract coverage under this Policy unless that new Pension Fund:

- (i) is incorporated or domiciled in the USA; or
- (ii) has total gross assets which are greater than 50% of the total gross assets of the Pension Fund which has the highest total gross assets.

If such new Pension Fund is not eligible for automatic coverage due to condition (ii) above, then the Company may provide Insurers with sufficient details in respect of the new Pension Fund for Insurers to assess and evaluate any increase in risk. Insurers may then agree at their absolute discretion to extend cover in return for the payment of additional premium and/or amendments to the terms of this Policy.

Coverage afforded to the Insured in relation to any such new Pension Fund or in respect of the new Pension Fund shall apply solely in respect of Loss arising from Wrongful Acts or Corporate Wrongful Acts committed on or after the effective date of creation or acquisition of such new Pension Fund.

2.3 Extended Reporting Period

If the Company or Insurers (for any reason other than non-payment of premium) decline to renew this Policy, then the Company may elect to extend the Policy Period by 12 months by paying an additional premium of 100% of the annual premium stated in the Schedule or 100% of the annual premium level in effect immediately prior to the expiry date of the Policy Period (regardless of whether this is more or less than the annual premium stated in the Schedule).

If, however, the Company chooses not to extend the Policy Period for 12 months (as above) and do not replace this Policy with any other insurance affording like cover to this Policy, then the Policy Period will be extended automatically by 30 days for no additional premium. It is agreed that:

- (a) any such extension shall commence on the expiry date of the Policy Period;
- (b) during any such extension, coverage shall only apply to a Wrongful Act or Corporate Wrongful Act that is committed or alleged to have been committed prior to the expiry date of the Policy Period;

Section 2 – Extensions

- (c) the provision of the 12 month extension is conditional upon the Company giving Insurers written confirmation that it is required, and paying the additional premium due, within 30 days of the expiry date of the Policy Period;
- (d) any such extension does not increase the Limit of Liability and any payments made by Insurers during any such extension will erode the Limit of Liability.

This Cover Extension does not apply if there is a change in risk as described in Section 7.1 of this Policy.

Any offer by Insurers of renewal terms, conditions, limits of liability or premium different from those in this Policy does not constitute a refusal to renew.

Cover Extensions Applicable to Insuring Section 1 only

2.4 Additional Limit of Liability for Non-Executive Directors

If the Limit of Liability is completely eroded due to payment by Insurers of Loss and after all other indemnification available to the Non-Executive Directors has been exhausted, it is agreed that the Limit of Liability shall be reinstated by up to 10% of the Limit of Liability for each individual Non-Executive Director in the aggregate for all Claims made against each individual Non-Executive Director during the Policy Period provided that:

- (a) the total reinstated Limit of Liability applicable to all Non-Executive Directors combined shall not exceed the original amount of the Limit of Liability; and
- (b) if the Company has in effect any policy or policies providing coverage in excess of this Policy, the reinstated Limit of Liability provided by this Cover Extension will take effect after the total exhaustion of any amounts payable under such other policies but before any similar reinstatement provisions as may be contained in any such other policy or policies.

Cover Extensions Applicable to Insuring Section 1 and Section 2 only

2.5 Outside Directorship Liability

Insurers will pay Loss as incurred by the Directors or Officers or on their behalf in respect of any Claim made against them while serving or acting in the capacity as a director, officer, member, designated member, trustee, council member, committee member, Shadow Director, Partner or governor or the like of any other organisation (being an organisation other than the Company) provided that the Directors or Officers hold or held such position at the specific request and/or direction of the Company.

This cover will apply in excess of any other specific insurance protecting the Directors or Officers and/or in excess of any other indemnity afforded to the Directors or Officers from any such other organisation. If, however, any such other specific insurance is provided by Insurers then the Limit of Liability for any Claim covered by this Cover Extension shall be reduced by any amounts paid or payable under such other insurance.

This Cover Extension does not apply to:

- (a) any positions held in any such other organisation that is incorporated or domiciled in the USA; or
- (b) any positions held in any such other organisation which has, has had or intends to have its securities traded in the USA.

Section 2 – Extensions

Cover Extensions Applicable to Insuring Section 1, Section 2, and Section 5 only

2.6 Assets and Liberty Costs

Insurers agree to pay, where permitted by law, the Prosecution Costs of an Insured Person to obtain the discharge or revocation of a Judicial Order entered during the Policy Period imposing:

- (a) confiscation, assumption of ownership and control, suspension or freezing of rights of ownership of real property or personal assets of such Insured Person; or
- (b) a charge over real property or personal assets of such Insured Person; or
- (c) a temporary or permanent prohibition on such Insured Person from holding the office of or performing the function of a director or officer; or
- (d) restriction of such Insured Person's liberty to a specified domestic residence or an Official Detention; or
- (e) deportation of such Insured Person following revocation of otherwise proper, current and valid immigration status for any reason other than such Insured Person's conviction of a crime.

Insurer's total aggregate liability under this Cover Extension shall not exceed 10% of the Limit of Liability, such amount being part of and not in addition to the Limit of Liability.

2.7 Bribery

Insurers will pay Loss in relation to a Claim against an Insured Person during the Policy Period for Bribery.

It is expressly agreed, however, that this Cover Extension applies only in excess of any other valid and collectible insurance

2.8 Corporate Manslaughter

Insurers will pay Costs incurred in relation to a Claim against an Insured Person during the Policy Period for Corporate Manslaughter.

It is expressly agreed, however, that this Cover Extension applies only in excess of any other valid and collectible insurance.

2.9 Emergency Costs

If written consent from Insurers cannot reasonably be obtained prior to Costs being incurred by an Insured Person under Insuring Section 1, Insurers automatically grant retrospective approval for such Costs by up to 10% of the Limit of Liability in the aggregate for all Claims made during the Policy Period, such amount being part of and not in addition to the Limit of Liability.

2.10 Investigations

Insurers agree to advance Investigation Costs incurred by the Insured Persons in relation to any Investigation in which the Insured Persons first become involved during the Policy Period.

2.11 Legal and Public Relations Advice

If the Insured Persons, in accordance with Section 6.2, give notice of a situation or circumstance which they reasonably consider may become a Claim that would otherwise be covered by this Policy, then Insurers agree that the Insured Persons may:

- (a) engage the services of a legal firm to advise the Insured Persons as to their legal position and to take any action which may be appropriate to avert or minimise the risk of such Claim arising or the incurring of Costs in relation to such Claim; and/or
- (b) engage the services of a public relations firm where urgently required in order to avert or minimise the risk of a Claim arising or the incurring of Costs in relation to such Claim.

Section 2 – Extensions

In such case Insurers will pay reasonable fees and costs incurred by any such legal firm or public relations firm.

As conditions of this Cover Extension it is agreed that:

- (i) the Insured Persons will provide Insurers with full written details of any action taken with regard to (a) and/or (b) above as soon as practical and in no event later than 30 days after first becoming aware of a situation that requires such action to be taken; and
- (ii) any action taken by the Insured Persons is, where practicable and within reason, with Insurers' written consent (which will not be unreasonably withheld).

Insurers' total aggregate liability under this Cover Extension shall not exceed GBP100,000, such amount being part of and not in addition to the Limit of Liability.

2.12 Retired Insured Persons

If this Policy is neither renewed nor replaced by any insurance granting broadly comparable cover benefiting the Retired Insured Persons, coverage under this Policy shall automatically extend to pay Loss on behalf of the Retired Insured Persons in respect of any Claim made against the Retired Insured Persons for a Wrongful Act, provided, however, that such Claim:

- (a) is made within a period of 6 years after the date of non-renewal or non-replacement of this Policy; and
- (b) arises from a Wrongful Act that is committed or alleged to have been committed prior to the expiry date of the Policy Period.

This Cover Extension does not apply to any Retired Insured Persons who become Retired Insured Persons as a direct result of an occurrence as outlined in Section 7.1 taking place.

Cover Extensions Applicable to Insuring Section 5 only

2.13 Exoneration

Where an Individual Trustee or Corporate Trustee would suffer a Loss but does not do so solely because of an exoneration clause, then Insurers agree to pay Loss on behalf of a Pension Fund which would have been payable by the Individual Trustee or Corporate Trustee but for the exoneration clause.

For the purposes of this Section 2.13, exoneration clause means any provision in the deeds, rules or the like of a Pension Fund that relieves a Corporate Trustee or Individual Trustee of any liability that would have attached thereto in the absence of such a provision.

Section 3 – Limit of Liability and Retention

- 3.1** The Limit of Liability is the aggregate limit of Insurers liability in respect of all payments of Loss, or any other payments, made under all Insuring Sections and Cover Extensions during the Policy Period.
- 3.2** Insurers are only liable to pay Loss to the extent that it exceeds the amount of the Retention.
- 3.3** If the Company is permitted and financially able to indemnify the Insured Persons for Loss but fails to indemnify the Insured Persons to the fullest extent permitted or required by law, contract or agreement, Insurers will pay such Loss on behalf of the Insured Persons without prior deduction of the applicable Retention. In such event, however, Insurers shall be reimbursed by the Company for the Retention payment made by Insurers within 30 days of that payment.
- 3.4** Any number of Claims which arise out of or are attributable to or are in any way connected with a single Wrongful Act or Corporate Wrongful Act shall constitute a single Claim for the purposes of this Policy. In this case, the Retention shall apply once to any such single Claim.
- 3.5** Insurers will not pay Costs if one or more of the Exclusions detailed in Section 4 apply to the Claim subject at all times to any provisions in the Exclusions to the contrary and the provisions of Section 6.7 and Section 6.8.

Section 4 – Exclusions

Insurers shall not be liable under this Policy to make any payment for Loss:

4.1 Benefits

for failure to pay Benefits (except and solely to the extent that Benefits are recoverable due a Wrongful Act of an Insured Person and are otherwise payable as a personal obligation by an Insured Person).

4.2 Bodily Injury and Property Damage

arising from any Claim or Investigation for bodily injury, sickness, disease, death or emotional distress, mental anguish or damage to, destruction of, impairment or loss of use of any property.

This Exclusion shall not apply:

- (a) to any Claim for an Employment Practices Wrongful Act for emotional distress or mental anguish; or
- (b) to any Claim for which cover applies under Cover Extension 2.8; or
- (c) to any Claim or Investigation made or initiated under the Health and Safety at Work Act 1974 or the equivalent legislation in the jurisdiction where a Claim is made.

4.3 Conduct

as a result of any Claim or Investigation arising from, based upon or attributable to:

- (a) the gaining of any personal profit, remuneration or advantage to which the Insured is not legally entitled; or
- (b) the committing of any dishonest or fraudulent act or omission.

This Exclusion shall only apply if the act, omission or profit is established by a final judgment, or any other final adjudication in the underlying proceeding adverse to such Insured implicated and resulting from the Claim against the Insured or the Investigation, or any formal written admission or formal verbal admission under oath by any Insured that the relevant conduct did in fact occur.

Furthermore this Exclusion shall not apply in respect of cover afforded under Insuring Section 6 – Employee Fidelity.

4.4 Contractual Liability

on account of any Claim arising from or attributable to any actual or alleged contractual liability of the Company under any express or implied contract or agreement, provided however, that this exclusion shall not apply to the extent such liability would have existed in the absence of any implied or actual contract or agreement.

4.5 Directors or Officers Fidelity

sustained in consequence of any dishonest or fraudulent act committed by any Director or Officer in their capacity as such, except to the extent such Director or Officer is performing acts solely within the scope of the usual duties of an Employee of the Company.

This Exclusion shall only apply in respect of cover afforded under Insuring Section 6 – Employee Fidelity.

4.6 ERISA

arising from, based upon or attributable to any alleged breach of The Employee Retirement Income Security Act of 1974 or any other statute, legislation or code governing or relating to pensions that exists in the USA.

4.7 Failure To Fund

for failure to:

- (a) fund a Pension Fund; or
- (b) collect contributions due to a Pension Fund; or

Section 4 – Exclusions

- (c) ensure that adequate contributions are made to Pension Fund

in accordance with the law, any formal agreement or any provisions contained in the deeds (or the like) of a Pension Fund.

It is agreed, however, that this exclusion shall not apply to a Claim against an Insured Person for their personal negligence and which results in Loss that is otherwise payable as a personal obligation by an Insured Person.

4.8 Insured versus Insured (USA)

arising from any Claim brought or maintained within the jurisdiction of the USA by or on behalf of any Insured except:

- (a) any shareholder derivative action brought by or maintained on behalf of the Company except that which has been deliberately solicited or brought with the voluntary intervention, assistance, co-operation or participation of any Insured Person or the Company (other than an Employee of the Company protected as a whistleblower under applicable law); or
- (b) any Claim for an Employment Practices Wrongful Act; or
- (c) any Claim by any Insured Person for contribution or indemnity if such Claim directly results from a Claim otherwise covered under this Policy; or
- (d) any Claim by any past Insured Person; or
- (e) any Claim brought or maintained by a liquidator, receiver or administrator either directly or derivatively on behalf of the Company; or
- (f) Costs.

4.9 Nuclear

arising from, based upon or attributable to:

- (a) loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising there from or any consequential loss; or
- (b) any legal liability of whatsoever nature,

directly or indirectly caused by or contributed to by or arising from:

- (c) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
- (d) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

4.10 Pollution

arising from, based upon or attributable to the actual, alleged or threatened discharge, dispersal, release or escape of Pollutants whether such discharge, dispersal, release or escape is intentional or accidental; or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise Pollutants.

This Exclusion shall not apply to:

- (a) Costs; or
- (b) Claims made against the Directors or Officers by any shareholder or bondholder of the Company, whether made directly or derivatively, alleging damage to the Company or its shareholders due to breach of duty owed by the Directors or Officers.

Section 4 – Exclusions

4.11 Prior Policy

arising from, based upon or attributable to any Claim, Investigation or circumstances of which notice has been given under any policy of insurance which this Policy renews, replaces or follows in whole or in part.

4.12 Prior or Pending Proceedings

for any Claim or Investigation arising from, based upon or attributable to any claim form, writ, demand, suit or other proceeding pending, or order, decree or judgement entered, for or against the Insured which existed prior to or were pending at the earlier of:

- (a) the inception date of this Policy; or
- (b) the original date upon which insurance providing like coverage to this Policy was effected with Insurers and continually maintained with Insurers up to the inception date of this Policy; or
- (c) any prior policy of insurance providing like coverage to this Policy continually maintained up to the inception date of this Policy,

where such a Claim or Investigation arises from any matter, fact, situation or circumstance substantially the same as those underlying or alleged in any such claim form, writ, demand, suit or other proceeding pending, or order, decree or judgement.

4.13 Professional Services

for any Insured Person or the Company carrying out, or failing to carry out, professional services to a third party.

4.14 War and Terrorism

arising from, based upon or attributable to:

- (a) War; or
- (b) Terrorism; or
- (c) any unlawful, wanton or malicious act committed by a person or persons acting on behalf or in connection with any Unlawful Association,

regardless of any other cause or event contributing concurrently or in any other sequence to the Claim or Loss.

Also excluded are Loss or Costs of whatsoever nature directly or indirectly arising from or attributable to any action taken in controlling, preventing, suppressing or in any way relating to (a), (b) or (c) above.

If Insurers allege that by reason of this Exclusion that any Loss is not covered by this insurance, the burden of proving the contrary shall be upon the Insured.

In the event that any portion of this Exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

For the purposes of this Exclusion, the following definitions shall apply:

Terrorism means the use of force or violence and/or the threat thereof, by any person or group(s) or persons, whether acting alone or on behalf of or in connection with any organisations(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

War means war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power

Section 4 – Exclusions

Unlawful Association means any organisation which is engaged in Terrorism including but not limited to any organisation which at any relevant time is a proscribed organisation within the meaning of the Terrorism Act 2000 (UK) or any similar act in any other jurisdiction.

4.15 Public Offerings of Securities

arising from any Claim concerning or attributable to any public sale, offering or issue of any shares, securities or other similar instruments of the Company or the prospectus or placing or offer document relating to any such sale, offering or issue of such shares, securities or instruments.

Section 5 – General Conditions

5.1. Alteration or Assignment of Interest

No change in, modification of, or assignment of interest under this Policy shall be effective except when made by a written endorsement to this Policy and specifically agreed by Insurers.

5.2. Authorisation

It is agreed that the Company shall act on behalf of the Insured in respect to all matters relevant to or affecting this Policy. Insurers shall treat the Company as having such authority for all purposes connected with this Policy.

5.3. Contracts (Rights of Third Parties) Act 1999

The contract evidenced by this Policy does not, and is not intended to, confer or create any right enforceable under the Contracts (Rights of Third Parties) Act 1999 (or any equivalent or similar statute in any jurisdiction) by any person who is not a party to the contract. The parties to this contract reserve the right to amend or rescind the contract without giving notice to, or requiring the consent of, any third party.

5.4. Interpretation, Governing Law and Jurisdiction, and Assumptions

The construction of the terms and conditions of this Policy, and interpretation of any issue relating to its construction shall be determined by the laws of, and within the exclusive jurisdiction of the courts of, the country in which the Company is incorporated and it is agreed that the courts of that country shall have exclusive jurisdiction to determine any disputes which arise in relation to this Policy.

This Policy, its Schedule and any endorsements are one contract in which, unless the context otherwise requires:

- (a) singular includes the plural, and vice versa; and
- (b) the male includes the female and neuter; and
- (c) headings are descriptive only and do not form a part of the terms and conditions of the Policy; and
- (d) words appearing in italics are defined; and
- (e) all references to specific legislation include amendments to and re-enactments of such legislation and similar legislation in any jurisdiction in which a Claim is made; and
- (f) references to positions, offices or titles shall include their equivalents in any jurisdiction in which a Claim is made; and
- (g) wherever an amount appears in this Policy in GBP it shall be deemed to have the following words added after the amount “(or the equivalent amount in any other currency)”.

5.5. Non-avoidance

Insurers agree irrevocably not to avoid this Policy in the event of non-disclosure or misrepresentation of information to Insurers, provided that the Insured is able to establish to the reasonable satisfaction of Insurers that such non-disclosure or misrepresentation was innocent and free from any fraudulent conduct or intent to deceive.

Insurers shall be entitled to amend the terms, conditions and premium for this Policy upon review of any information that has not (but should have) been disclosed to Insurers or upon re-review of any information that has been misrepresented to Insurers.

In the event that Insured fails to comply with the provisions of Section 6 Claims Conditions, then Insurers agree not to avoid this Policy or avoid a Claim provided that if Insurers believe that such failure has prejudiced our right to effectively associate with Insured in the defence and settlement of any Claim, then Insurers reserve the right to deduct from any Loss an amount that Insurers believe would have been payable had such prejudice not occurred.

In such event, Insurers agree with the Insured that we shall both use our best efforts to agree upon a fair and proper

Section 5 – General Conditions

amount of the proportion of any Loss that shall be deducted. If, however, such an amount cannot be agreed then Insurers shall advance on a current basis Costs which Insurers believe to be covered under this Policy until an allocation is negotiated, arbitrated or judicially determined.

5.6. Other Insurance

If Loss covered by this Policy is also recoverable under any other valid and collectible insurance (including, but not limited to, any insurance providing like coverage to Cover Extensions 2.5, 2.7 and 2.8), then this Policy shall apply only in excess of any such other valid and collectible insurance, with the sole exception of any Policy written as specific excess insurance over the Limit of Liability provided by this Policy.

5.7. Policy Cancellation

The Company may give written notice to Insurers cancelling this Policy at any time during the Policy Period. If the Company cancels this Policy, Insurers will retain the earned proportion of the premium calculated pro rata as at the date of cancellation plus 15% of that amount. It is agreed, however, the Company may cancel this Policy in the event that Insurers:

- (a) cease underwriting or formally announce their intention to do so; or
- (b) are the subject of an order or resolution for winding up or formally propose a scheme of arrangement; or
- (c) have the authority to carry on insurance business withdrawn; or
- (d) have their financial rating reduced by AM Best's, Standard & Poor's or equivalent rating agency to less than A-

by giving notice and the premium payable to Insurers shall be pro rata to the time on risk. In the event there are any notified, reserved or paid losses or circumstances, the premium shall be deemed fully earned.

Insurers may cancel this Policy due to non-payment of premium in accordance with the terms of this Policy by giving 15 days written notice to the Company. Premium for the time on risk shall be calculated at pro rata, however Insurers retain the right to cancel the Policy ab initio.

This Policy may otherwise be cancelled in writing by mutual agreement of the Company and Insurers.

This Policy shall automatically terminate in the event of replacement run-off cover being effected with Insurers as provided for in Section 7.3. In this case, Insurers will return the unearned portion of the premium for this Policy calculated pro rata as at the date of cancellation.

5.8. Representations

For the purposes of determining whether Exclusion applies, no fact pertaining to or knowledge possessed by any Insured shall be imputed to any other Insured under this Policy.

5.9. Severability of Exclusions

For the purposes of determining whether Exclusion applies, no fact pertaining to or knowledge possessed by any Insured shall be imputed to any other Insured under this Policy.

5.10. Severability of Proposal

The Proposal for this insurance shall be construed as a separate Proposal by each Insures under this Policy. With respect to the declarations and statements contained in the Proposal, no statement in the Proposal or knowledge possessed by any Insured shall be imputed to any other Insured under this Policy.

Section 5 – General Conditions

5.11. Subrogation

Should any payment be made under this Policy, Insurers shall retain the right to be subrogated to all rights of recovery in respect of such payments. In addition, all reasonable assistance, including the provision of documentation, shall be rendered to Insurers in the prosecution of such rights by the Insured. Any recovery received shall be applied first against any Loss insofar as it exceeds the Limit of Liability, then against any payment made by Insurers, and finally against the Retention. Insurers will not exercise rights of subrogation against any Insured Persons unless Exclusion 4.3 actually applies to such Insured Persons and that Claim.

Section 6 – Claims Conditions

- 6.1** The Insured shall give written notice to Insurers as soon as practicable after becoming aware of (but in any event no later than 30 days after expiry date of the Policy Period):
- (a) any Claim; or
 - (b) any Investigation.
- 6.2** If during the Policy Period the Insured first becomes aware of a Wrongful Act or Corporate Wrongful Act or first become aware of a situation or circumstance that the Insured reasonably considers may become a Claim or Investigation, the Insured must provide written notice of that as soon as practicable (but in any event no later than 30 days after expiry date of the Policy Period). In this case, any Claim that is subsequently made will be treated as having been made during the Policy Period.
- 6.3** Written notice shall be provided to Insurers at the address shown in the Schedule.
- 6.4** It shall be the duty of the Insured to take all reasonable steps to defend any Claim and not to undertake any actions that prejudice the position of Insurers. Insurers shall have the right but not the duty to join with the Insured in the defence and settlement of any Claim including effectively associating in the negotiation of any settlement.
- 6.5** The Insured shall not admit or assume any liability, enter into any settlement agreement, consent to any judgement or incur any Costs without the prior written consent of Insurers (except as detailed in Cover Extension 2.9), such consent not to be unreasonably withheld. Insurers shall be entitled to effectively assess the defence and negotiation of any settlement of any Claim in order to reach a decision as to reasonableness. Only those settlements, consents to judgements and Costs that Insurers have consented to shall be recoverable as Loss under this Policy (except as detailed in Cover Extension 2.9).
- 6.6** The Insured shall give Insurers full co-operation and any information that Insurers may reasonably require. In the event that a dispute arises between Insurers and the Insured as to whether or not the Insured should contest any Claim for which coverage applies, then the Insured shall not contest any Claim until such time as an independent arbitrator advises that any such Claim should be contested. In such case, any independent arbitrator appointed will be mutually agreed on by Insurers and the Insured. It is agreed that such independent arbitrator will, in arriving at its opinion, consider the potential ultimate amount of all Loss and the probability of the Insured successfully defending such Claim.
- 6.7** Insurers will pay Costs as incurred prior to a final determination or adjudication or up until the time that a Claim is withdrawn. If at any time a Claim is deemed not to be covered under this Policy or is found to be excluded then all such Costs must be returned to Insurers.
- 6.8** Where a Claim involves matters which give rise to Loss covered by this Policy and matters which do not, or where a Claim is made against both the Insured and any parties other than the Insured, then Insurers agree with the Insured that we shall both use our best efforts to agree upon a fair and proper allocation of the proportion of the Loss covered under this Policy.

Only Loss incurred by or on behalf of the Insured is covered. In seeking to agree an allocation, Insurers and the Insured will take into account the respective financial exposures of the parties and the proportion of such exposures which constitute Loss covered by this Policy and the proportion of such exposures which do not.

If an allocation cannot be agreed then Insurers shall advance on a current basis Costs which Insurers believe to be covered under this Policy until an allocation is negotiated, arbitrated or judicially determined. Such negotiated, arbitrated or judicially determined allocation of Costs as a result of a Claim shall be applied retroactively to all Costs relating to such Claim.

Section 7 – Changes in Risk

7.1 If during the Policy Period:

- (a) the Company is merged with, consolidated with or acquired by another entity which thereby obtains ownership or control of 50% or more of the share capital or securities which include the right to vote for the election of board members; or
- (b) a person, or persons or entities acting in concert acquire 50% or more of the share capital or securities of the Company which include the right to vote for the election of board members; or
- (c) the Company effectively becomes a subsidiary of another entity,

then this Policy will only apply to any Claim for a Wrongful Act or Corporate Wrongful Act, or any conduct that gives rise to an Investigation, that is committed or alleged to have been committed prior to the effective date on which (a), (b) or (c) above occurs.

7.2 Coverage under this Policy will cease as at the effective date of the sale or termination of any Subsidiary in respect of any Wrongful Act committed after that date.

7.3 In the event a Pension Fund is wound up, coverage under this Policy will apply only to any Pension Trustee Wrongful Act committed prior to the effective date of such winding up.

7.4 In the event of such an occurrence as described in Section 7.1 taking place, the Insured shall be entitled to request from Insurers specific replacement run-off cover. In such case Insurers are not bound to provide replacement run-off cover, however Insurers may do so at their discretion.