

Beazley Directors' and Officers' and Corporate Legal Liability Module

THIS POLICY SETS OUT THE TERMS UPON WHICH THE **INSURER** AGREES TO INSURE THE **INSURED** IN CONSIDERATION OF THE PAYMENT OF, OR AGREEMENT TO PAY, THE PREMIUM. THE INSURING CLAUSES AND COVERAGE EXTENSIONS ARE SUBJECT TO ALL TERMS, CONDITIONS, RESTRICTIONS AND LIMITATIONS OF THIS POLICY.

A. INSURING CLAUSES

1. Insured persons

The **insurer** will pay on behalf of the **insured persons** any **loss** not indemnified by the **company** resulting from a **claim** first made against the **insured persons** during the **policy period**.

2. Company reimbursement

The **insurer** will reimburse or pay on behalf of the **company** any **loss** which the **company** has paid, or agreed to pay, as indemnification of an **insured person** resulting from a **claim** first made against such **insured person** during the **policy period**.

3. Corporate legal liability

The **insurer** will pay the **company** for any **loss** resulting from any **claim** first made against the **company** during the **policy period**.

B. COVERAGE EXTENSIONS

1. Regulatory extensions

(a) Regulatory costs

The **insurer** will pay **regulatory costs** of an **insured**.

(b) Internal investigation costs

The **insurer** will pay **internal investigation costs** of an **insured person**.

(c) Health and safety costs

The **insurer** will pay **health and safety costs** of an **insured**.

2. Insured persons extensions

The **insurer** will pay:

- (a) **access to policy costs;**
- (b) **circumstance investigative costs;**
- (c) **data breach costs;**
- (d) **environmental liability costs;**
- (e) **extradition costs;**
- (f) **freezing of assets and disqualification costs;**

- (g) **insolvency hearing costs;**
- (h) **mitigation costs;**
- (i) **permanent residency costs;**
- (j) **repatriation costs;**
- (k) **reputation costs;**

of an **insured person**.

3. Company extensions

The **insurer** will pay:

- (a) **employee theft loss;**
- (b) **kidnap response costs;**

of the **company**.

C. COVERAGE RESTRICTIONS

The **insurer** will not be liable to make any payment under this policy for that part of any **loss**:

APPLICABLE TO ALL INSURING CLAUSES AND COVERAGE EXTENSIONS

1. Bodily injury or property damage

which is environmental pollution clean up costs or resulting from any **claim** for actual or alleged bodily injury, sickness, disease or death of any person, or any damage to, destruction, impairment or loss of use of any tangible property.

This Coverage Restriction will not apply to:

- (a) any **claim** against an **insured person** alleging mental anguish or emotional distress;
- (b) Insuring Clause A.1. (Insured persons); or
- (c) **health and safety costs** or **environmental liability costs**.

2. Prior claims, insured events and circumstances

arising out of, based upon or attributable to:

- (a) any **claim, insured event**, circumstance or **wrongful act** of which notice has been given and accepted under any policy in relation to which this policy is a renewal or replacement or any matter which taken together with such **claim, insured event**, circumstance or **wrongful act** would constitute a **single event**;

- (b) any prior or pending litigation, arbitration, administrative or regulatory proceeding which was brought against an **insured** prior to the **pending and prior litigation date**; or
- (c) any **employee theft** which was **discovered** prior to the inception date of this policy.

3. Conduct

brought about or contributed to by any:

- (a) deliberately criminal or deliberately dishonest act or omission of any **insured**; or
- (b) profit or advantage gained by any **insured** to which such **insured** is not legally entitled;

as established by a final and non-appealable adjudication in the underlying proceeding, or formal written admission by such **insured**.

This Coverage Restriction will not apply to **employee theft loss**.

4. Company v insured (US)

arising out of any **claim** brought by, on behalf of, or at the direction of the **company**, or an **outside entity**, in the United States of America, its territories or possessions, except and to the extent such **claim**:

- (a) is brought derivatively by a security holder of the **company** or an **outside entity** who, when such **claim** is made and maintained, is acting independently of, and without the solicitation, assistance, participation or intervention of an **insured person** (other than an **insured person** engaged in whistleblowing), the **company** or any **outside entity**, or
- (b) is brought by receiver, liquidator, administrator or other insolvency practitioner of the **company** or an **outside entity**, or any assignee of such person.

This Coverage Restriction will not apply to **defence costs**.

5. Offering of securities

arising out of, based upon or attributable to any public offering of any equity securities of the **company** during the **policy period**.

For the purpose of determining the applicability of these Coverage Restrictions, the knowledge or act, error or omission of any **insured person** will not be imputed to any other **insured person**. The knowledge of each **responsible person** will be imputed to all **companies**.

APPLICABLE TO CORPORATE LEGAL LIABILITY INSURING CLAUSE A.3 ONLY

6. Competition and restraint of trade

arising out of, based upon, or attributable to violation of any law, rule or regulation relating to competition, activities in restraint of trade, or deceptive acts and practices in trade and commerce.

7. Professional services

arising out of, based upon or attributable to the performance of or failure to perform professional services.

8. Intellectual property and data protection rights

arising out of, based upon or attributable to any actual or alleged infringement, misappropriation or violation of any intellectual property rights or breach of any data protection legislation.

9. Pension scheme

resulting from any **claim** for, or **insured event** arising out of any trust fund, pension scheme, profit sharing scheme or employee benefit scheme of any **company** or any **outside entity**.

10. Insured v insured

arising out of any **claim** brought by, on behalf of, or at the direction of the **company**.

11. Employment practices

arising out of, based upon or attributable to any **employment practices wrongful act**.

12. Contractual liability

arising out of, based upon or attributable to any breach of contract or agreement, including any guarantee or warranties, except to the extent that the **company** would have been liable in the absence of such contract or agreement.

This Coverage Restriction will not apply to **defence costs**.

D. Claim provisions

1. Notification

(a) *Claims and insured events*

The **insured** must give notice to the **insurer** of any:

- (i) **claim** made against the **insured** during the **policy period**;
- (ii) **insured event** occurring during the **policy period**; or
- (iii) **employee theft** first **discovered** during the **policy period**,

as soon as practicable after the **responsible person** first becomes aware of such **claim, insured event** or **employee theft** but in no event later

than 60 days after the end of the **policy period**, or within any applicable **discovery period**.

In the event that the **insured** is prevented from notifying any **claim**, **insured event** or **employee theft** to the **insurer** (after the **insured** has sought consent to do so) due to any legal or regulatory prohibition restricting them from doing so, the **insured** must provide full details of the **claim**, **insured event** or **employee theft** to the **insurer** as soon as such restriction is lifted.

If the **insured** does not give notice to the **insurer** in compliance with this provision D.1(a) *Claims and insured events*, the **insurer** will have no liability under this policy in respect of that **claim**, **insured event** or **employee theft**.

(b) Circumstances

The **insured** may, during the **policy period**, notify the **insurer** of any fact or circumstances which in the reasonable opinion of the **responsible person** may give rise to a **claim** or an **insured event**.

Any notice must include the reasons why the **responsible person** reasonably anticipates that the fact or circumstances may give rise to a **claim** or an **insured event** and, where available, full particulars of the dates, acts and persons involved.

Any **claim** which is made or **insured event** which occurs after the end of the **policy period** and which arises from a circumstance notified in accordance with this clause will be deemed to have been made or have occurred at the same time as the circumstance.

(c) Related matters

A **single event** will be treated by the **insurer** as having been notified when the first of such **claims**, **insured events** or **employee thefts** was notified or is deemed to have been notified to the **insurer**, irrespective of whether or not the **insurer** has formally accepted the notice.

(d) Address and telephone number for notifications

All notices must be sent either by email to ml-claims@beazley.com or by telephone on 020 7674 8002 or mail to the address below:

Financial Lines Claims
Beazley Plc
Plantation Place South,
60 Great Tower Street,
London,
EC3R 5AD

2. *Defence and settlement*

(a) Duties

The **insured** has the right and duty to defend and contest any **claim** made against them, or any **insured event** commenced against them, and will take all reasonable steps to prevent or minimise any **loss**.

The **insurer** will be entitled to participate fully in the conduct of the defence, including settlement negotiations, contribution or indemnification proceedings, where it is reasonably likely to involve the **insurer** making any payment under this policy.

(b) Consent to policy costs

The **insurer** will not be obliged to pay any **policy costs** provided under this policy unless the **insurer** has provided prior written consent to such **policy costs** being incurred (except where expressly stated in the policy that prior consent is not first required).

If the **insurer's** prior written consent cannot reasonably be obtained before **policy costs** (not including **mitigation costs**) are incurred, then the **insurer** will give retrospective approval for such reasonable **policy costs** necessarily incurred.

(c) Advancements

The **insurer** will, upon the written request of an **insured**, advance **defence costs** prior to coverage being confirmed.

(d) Consent to settlements

If an **insured** admits liability or compromises or settles any **claim** or **insured event** without the **insurer's** prior written consent, this policy will not provide cover to that **insured** in connection with that admission, **claim** or **insured event**.

The **insured** will not be required to receive the **insurer's** consent prior to making any self report or formal written representation to a **regulatory authority**, provided that, as soon as legally permitted, the **insured** will seek the consent of the **insurer** in accordance with this clause. The **insurer** will not consider such self report or formal written representation as an admission of liability for the purposes of this clause.

(e) Uninsured loss

The **insured** will reimburse the **insurer** for any payments which are ultimately determined not to be covered under this policy.

3. Allocation

Where a **claim**, **insured event** or **employee theft** involves both parties covered and not covered and/or matters covered and not covered by this policy, a fair and proper allocation shall be made between the **insured** and the **insurer**, taking into account the relative legal and financial exposures attributable to the covered matters or persons and the matters or persons not covered by this policy.

4. Cooperation

The **insured** will give all information and assistance to the **insurer** as it may reasonably require to enable it to investigate any matter notified

under this policy and cooperate with the **insurer** in responding to any **claim, insured event** or **employee theft**.

Except where expressly provided for in this policy, these steps will be at the **insured's** own cost. The failure of any **insured person** to give the **insurer** the information and assistance which it may reasonably require will not impair the rights of any other **insured person** under this policy.

5. Other insurance or indemnification

This policy will only pay **loss** that is in excess of any amount recoverable from a more specific directors' and officers'/management liability, pension trustee/fiduciary liability, general liability, employer's liability or property/crime insurance available to the **insured**. As excess insurance, this policy will not apply or contribute to the payment of any **loss** until the amounts of that other insurance have been exhausted.

All coverage under this policy for **loss** arising from an **insured person** whilst acting in their capacity as an **outside director**, will be specifically excess of and will not contribute with, any other insurance or indemnification available to such **insured person** from the **outside entity** or its insurers by reason of their service as such.

6. Financial interest coverage

The **insurer** will not provide cover for the **loss** of an **uncovered company**. The **insurer** will instead reimburse the **parent company** for its financial interest in such **uncovered company** by way of agreed valuation calculated as the amount of **loss** which would have been payable to the **uncovered company** under this policy had the **uncovered company** been insured under this policy, however no payment will be made in respect of any Insuring Clause or Coverage Extension which would have covered the **loss** of any **insured person** in respect of their role for the **uncovered company**. For the purpose of this provision the **parent company** will be deemed to have suffered loss to its financial interest simultaneously with the **uncovered company** which incurred the **loss** for which it would have been entitled to receive cover under this policy.

7. Subrogation and recoveries

Following a payment under this policy, the **insurer** will be subrogated to all rights and remedies available to the **insured** in connection with that payment therefore the **insurer** has the right to seek recovery of that payment from a third party and will be entitled to bring proceedings in the name of the **insured**.

Whether before or after payment under this policy, the **insured** will take all steps necessary, or required by the **insurer**, to preserve the rights and remedies which the **insured** may have to recover its **loss**.

The **insured** will provide to the **insurer** any assistance the **insurer** may require to secure the rights and remedies set out above. The **insurer** shall be entitled to take control of all steps taken to recover any loss.

Any amounts recovered will be applied in the following order:

- (a) to reimburse costs incurred in bringing proceedings against the third party;
- (b) then to the **insured** for the amount of any **loss** which exceeds the **limit of liability**;
- (c) then to the **insurer** up to the amount of the **loss** paid by the **insurer** and the **limit of liability** will be reinstated for such amounts; and
- (d) then to the **insured** to reimburse the **retention**.

The **insurer** agrees not to exercise its rights of recovery against any **insured person** unless the payments made by the **insurer** under this policy are brought about or contributed to by the deliberately dishonest act or omission of that **insured person**.

8. Priority of payments

If **loss** is payable under more than one Insuring Clause or Coverage Extension, then the **insurer** will pay such **loss** as follows:

- (a) first, the **insurer** will pay the **loss** of the **insured person** where the **company** has not indemnified the **insured person** for such **loss**;
- (b) second, the **insurer** will pay the **loss** of the **insured person** where the **company** has indemnified the **insured person** for such **loss**; and
- (c) third, the **insurer** will make such other payments which the **insurer** may be liable to make to the **company**.

E. GENERAL CONDITIONS

1. Limit of liability

The **limit of liability** is the maximum amount payable by the **insurer** under this policy for a **single event** in respect of all **insureds**, Insuring Clauses and Coverage Extensions.

Any **loss** paid by the **insurer** for a **single event** under this policy will reduce the **limit of liability** for that **single event**.

Where any sub-limit is specified in the policy or schedule, the **insurer** will have no liability in excess of that sub-limit for a **single event**.

Any sub-limit will be part of and not in addition to the **limit of liability**.

2. Retention

The **retention** will apply to:

- (a) all **loss** to which indemnification of an **insured person** by the **company** or an **outside entity** is legally required or permitted,

whether or not actual indemnification is made, unless such indemnification is not made by the **company** or such **outside entity** solely by reason of its financial insolvency, in which case no retention will apply.

- (b) all other **loss** incurred by the **company**.

The **insurer** will be liable only for that part of any covered **loss** which exceeds the **retention**.

With respect to the **company's** and any **outside entity's** indemnification of **insured persons**, the certificate of incorporation, charter, by-laws, articles of association, or other organisational documents of the **parent company**, each **subsidiary** and each **outside entity**, will be deemed to permit indemnification of the **insured persons** to the fullest extent allowable by law.

In the event a **company** or an **outside entity** refuses in writing to indemnify the **insured persons** for **policy costs** or fails to indemnify the **insured persons** for **policy costs** within 60 days of a request for indemnification, then the **insurer** will advance such **policy costs**, provided that the **insurer** will be entitled to seek recovery from the **company** for such **policy costs** up to the amount of the **retention**. The **insurer** will be entitled to offset such **policy costs** against any sums due from the **insurer** to the **company**.

Only one **retention**, being the largest, will be applied to the total amount of **loss** arising from a **single event**.

In respect of **mitigation costs**, a single **retention** will apply to all anticipated **claims** arising out of, based upon or attributable to the same originating cause, source or event.

3. Change of control / acquisitions

In the event of a **change of control** of a **company**, no cover under this policy will apply for any:

- (a) **claim** against that **company** or their **insured persons**, which arises from a **wrongful act**; or
- (b) **insured event** concerning that **company** or their **insured persons**, which arises out of any conduct,

that occurred after such **change of control**. The **parent company** will, as soon as practicable, give the **insurer** written notice of any **change of control** which takes place in respect of the **parent company**.

In the event of an acquisition of a **subsidiary**, no cover under this policy will apply for any:

- (a) **claim** against that **subsidiary** or their **insured persons**, which arises from a **wrongful act**; or
- (b) **insured event** concerning that **subsidiary** or their **insured persons**, which arises out of any conduct,

that first commenced before such acquisition.

4. Discovery period

If this policy is not renewed or replaced, the **insured** will be entitled:

- (a) to an automatic **discovery period** of 60 days;
- (b) to purchase an optional **discovery period** for a longer period as specified in the Schedule, provided that written notice is given to the **insurer** by the **parent company** within 30 days after the end of the **policy period** and any additional premium specified by the **insurer** is paid within 45 days of the end of the **policy period**; and
- (c) to an unlimited **discovery period** in the event such **insured** is a **retired insured person**.

The automatic **discovery period** is part of and not in addition to any optional **discovery period** purchased by the **insured**.

The **discovery period** is non-cancellable and the premium for the optional **discovery period** is deemed fully earned at the inception date of the optional **discovery period**.

In the event of a **change of control** of the **parent company**, the **parent company** is entitled to purchase a 72 month **discovery period** on such terms and conditions and for such additional premium as the **insurer** requires.

5. Cancellation

If the premium due under this policy has not been paid to the **insurer** within 60 days of the inception of the **policy period** or, where premium is due to be paid by instalments, by the date on which an instalment is due, the **insurer** will have the right to cancel this policy with effect from inception by notifying the **parent company** in writing direct or via the insurance broker.

The **insurer** will give not less than 30 days prior notice of such cancellation. If the premium due is paid in full to the **insurer** before the notice period expires, notice of cancellation will automatically be revoked.

If any additional premium due under the terms of this policy or in respect of any amendment to the terms of this policy is not paid within 30 days of the date on which it is due to be paid, the **insurer** will not have any liability in respect of the additional rights which were to have been purchased by the **insured** by payment of the additional premium.

6. Authorisation and notices

The **parent company** will act on behalf of all **insureds** in connection with all matters relevant to this policy unless the **parent company** is insolvent in which event the remaining entities will agree with the **insurer** as to which one of them will act on behalf of all **insureds**.

Subject to the other provisions of this policy, this clause does not preclude an **insured person** from notifying the **insurer** of a **claim, insured event** or circumstance in accordance with the notification provision in this policy.

7. Third parties

Nothing in this policy is intended to confer a directly enforceable benefit on any third party other than an **insured**.

8. Assignment

Neither this policy nor any right under it may be assigned without the prior written consent of the **insurer**.

9. Policy interpretation

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

- (a) headings and subheadings are descriptive only, solely for convenience, not an aid to interpretation and form no part of the terms and conditions of coverage;
- (b) the singular includes the plural, and the masculine includes the feminine, and vice versa;
- (c) "Including" and "include(s)" means without limitation;
- (d) references to specific legislation include amendments to and re-enactments of that legislation and any similar or equivalent legislation in the relevant jurisdiction;
- (e) references to positions, offices or titles will include their equivalents in any jurisdiction;
- (f) if any provision of this policy is or becomes void or illegal, is invalid or unenforceable by a court or other competent body under the law of any applicable jurisdiction, such provision will be deleted. The **insurer** and the **insured** will use their best efforts to agree a replacement for the provision which achieves as far as possible the same effect as would have been achieved by the deleted provision.

10. Governing law

This policy will be governed by and construed in accordance with the laws of England and Wales.

11. Arbitration clause

All disputes and differences between the **insured** and the **insurer** which arise under or in connection with this policy will be referred to arbitration under ARIAS Arbitration Rules (U.K.).

The arbitration tribunal will consist of three arbitrators, one to be appointed by the **insured**, one to be appointed by the **insurer** and the third to be appointed by the two appointed arbitrators.

The third member of the tribunal will be appointed as soon as practicable (and no later than 28 days) after the appointment of the two party-appointed arbitrators. The tribunal will be constituted upon the

appointment of the third arbitrator. The arbitrators will be persons (including those who have retired) with not less than ten years' experience of insurance or reinsurance within the industry or as lawyers or other professional advisers serving the industry.

Where the **insured** or the **insurer** fail to appoint an arbitrator within 14 days of being called upon to do so or where the two party-appointed arbitrators fail to appoint a third within 28 days of their appointment, then ARIAS will appoint an arbitrator to fill the vacancy. At any time prior to the appointment by ARIAS the party or arbitrators in default may make such appointment.

The tribunal may in its sole discretion make such orders and directions as it considers to be necessary for the final determination of the matters in dispute. The tribunal will have the widest discretion permitted under the laws of England and Wales when making such orders or directions and the decision of the tribunal will be final. The arbitration will be held in London.

12. Duty of fair presentation

The **insurer** expects the **insured** to comply with their duty to make a fair presentation of the risk in accordance with the Insurance Act 2015 (U.K.). In the event that there has been a breach of the duty of fair presentation, the **insurer** will not exercise any available remedies under the Insurance Act 2015 (U.K.) for any breach that was free of any fraudulent conduct or intent to deceive.

The knowledge or act, error or omission of any **insured person** will not be imputed to any other **insured person**. The knowledge of each **responsible person** will be imputed to all **companies**.

13. Insurer's consent

Where the **insured** is required under this policy to seek the consent of the **insurer**, the **insurer** will not unreasonably withhold, delay or deny such consent.

14. Sanction limitation

The **insurer** will not be liable to provide any cover, benefit or pay any claim under this policy to the extent that the provision of such cover, benefit or payment of such claim would expose the **insurer** to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15. Complaints

Every effort is made to ensure that a high standard of service is provided. However, if the **insured** is not satisfied with the service it has received or it has any questions or concerns about this policy the **insured** should, in the first instance, contact:

Beazley Complaints
Beazley Group
Plantation Place South
60 Great Tower Street
London EC3R 5AD

All correspondence should be addressed to Beazley Complaints

Or by telephone: 020 7667 0623

Or by email: beazley.complaints@beazley.com

In the event that the **insured** remains dissatisfied the complaint can be escalated to:

Complaints
Lloyd's
One Lime Street
London EC3M 7HA

Email: complaints@lloyds.com

Telephone: 020 7327 5693

Fax: 020 7327 5225

Website: www.lloyds.com/complaints

Ultimately, if the **insured** is dissatisfied with Lloyd's final response, the **insured** may, if eligible, refer the complaint to the Financial Ombudsman Service (FOS). The Financial Ombudsman Service is an independent service in the U.K. for settling disputes between consumers and businesses providing financial services.

The FOS's contact details are as follows:

Financial Ombudsman Service
Exchange Tower
London E14 9SR

Email: complaint.info@financial-ombudsman.org.uk

Telephone: 0300 123 9 123

Website: www.financial-ombudsman.org.uk

16. Compensation

The **insurer** is covered by the Financial Services Compensation Scheme.

The **insured** may be entitled to compensation from the Scheme if the **insurer** is unable to meet its obligations to the **insured** under this contract. If the **insured** is entitled to compensation under the Scheme, the level and extent of the compensation would depend on the nature of this contract.

Further information about the Scheme is available from the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU, Telephone: 0800 678 1100 or 020 7741 4100 or on their website: www.fscs.org.uk

F. DEFINITIONS

The following definitions are applicable to all sections of this policy:

access to policy costs means reasonable fees, costs and expenses necessarily incurred by any of the **insured persons** to investigate and resist any challenge, by any other **insured person**, the **company** or any third party, to their right to cover under this policy.

approved person means a person that has been authorised to perform one or more Significant Influence Functions under Section 59 of the Financial Services and Markets Act 2000 (U.K.) for the **company**.

bail bond costs means the reasonable premium (not including collateral) for a bond or other financial instrument to guarantee an **insured person's** contingent obligation for bail required by a court.

change of control means any one of the following events:

- (a) the **parent company** consolidates with or merges into or sells all or a majority of its assets to any other person or entity or group of persons and/or entities acting in concert;
- (b) any person or entity, whether individually or together with any other person or persons, entity or entities becomes entitled to exercise more than 50% of the rights to vote at general meetings of the **parent company** or control the appointment of directors who are able to exercise a majority of votes at meetings of the board of directors of the **parent company**;
- (c) the appointment of a receiver, liquidator, administrator or other insolvency practitioner in respect of a **company**, but only in relation to that **company**; or
- (d) an entity ceases to be a **subsidiary**, or becomes controlled by another entity by virtue of any law.

circumstance investigative costs means reasonable fees, costs and expenses necessarily incurred by any of the **insured persons** to investigate any fact or circumstance notified to the **insurer** during the **policy period** and to plan the defence of any subsequent potential **claim**, but only when and to the extent it is established that after a **claim** is made such amounts avoid **defence costs** being incurred specifically in response to such **claim** and is covered by this policy. An **insured** may approach the **insurer** prior to a **claim** being made for consent that such fees, costs and expenses will be considered reasonable in the event a **claim** is subsequently made.

claim means:

- (a) a written demand for damages, compensation or non-monetary relief;
- (b) a civil proceeding for damages, compensation or non-monetary relief;
- (c) a demand for mediation, arbitration or other form of alternative dispute resolution for damages, compensation or non-monetary relief;
- (d) a criminal proceeding;
- (e) in respect of an **insured person** only, an administrative or regulatory proceeding,

arising out of a **wrongful act**.

claim includes a written request to extend the operation of or waive any statute of limitations or contractual time-bar which may be applicable to a **claim** as defined above.

company means the **parent company** and any **subsidiary**, and, in the event a U.S.A. bankruptcy proceeding will be instituted by or against such entities, the resulting debtor-in-possession, if any.

company wrongful act means any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by the **company**.

data breach costs means reasonable fees, costs and expenses necessarily incurred by an **insured person** directly in connection with preparing for, cooperating with or attending interviews, or **defence costs** in responding to a **data breach event**.

data breach event means:

- (a) a **claim** first made against an **insured person** during the **policy period**;
- (b) an **internal investigation**; or
- (c) a **regulatory event** first commenced during the **policy period**,

arising out of any actual or alleged breach of any data protection legislation, including the EU General Data Protection Regulation once in force.

defence costs means the reasonable fees, costs, expenses, **expert costs** and **bail bond costs** necessarily incurred by or on behalf of the **insured** in connection with the investigation, defence, settlement or appeal of a **claim**.

deportation or freezing order means an interim or interlocutory order first issued during the **policy period**:

- (a) confiscating, controlling, suspending or freezing rights of ownership of real property or personal assets of an **insured person**; or
- (b) imposing a charge over real property or personal assets of an **insured person**; or
- (c) imposing a restriction of an **insured person's** liberty; or
- (d) for the deportation of an **insured person** following revocation of an otherwise proper, current and valid immigration status for any reason other than the **insured person's** finally adjudicated conviction for a crime.

discovered, discovers or discovery means the time at which a **responsible person** becomes aware of an **employee theft**, even though the details or exact amount of **employee theft loss** may not be known at that time. **Discovery** shall constitute discovery by every **insured**.

discovery period means the period of time following the end of the **policy period** during which notice may be given to the **insurer** of:

- (a) any **claim** arising out of any **wrongful act** or **company wrongful act** committed before the end of the **policy period**;
- (b) any **insured event** arising out of any conduct undertaken before the end of the **policy period**; or

(c) any **employee theft** sustained prior to the end of the **policy period**.

disqualification order means an order first issued during the **policy period** disqualifying an **insured person** from holding office as a company director or officer.

employee means any natural person who was or is:

- (a) under a contract of employment with;
- (b) working under an apprenticeship with;
- (c) hired or seconded to; or
- (d) working under the control and supervision of,

the **company**.

employment practices wrongful act means any employment related actual or alleged tortious act or omission, breach of statutory provision or breach of common law relating to an employee.

employee theft means the theft of tangible property by an **employee** (other than money, cash, valuables or securities) belonging to the **company** which is **discovered** during the **policy period** and where the **employee** commits such theft with the intention of obtaining a personal gain for themselves.

employee theft loss means the costs of replacing the tangible property stolen as a direct result of an **employee theft**. The replacement costs will be determined by the actual cash value of the tangible property at the time the **employee theft loss** was **discovered**, or the actual cost of replacing the tangible property with property or material of like quality or value, whichever is less.

environmental liability costs means **defence costs** incurred by any **insured person** in connection with an **environmental claim**.

environmental claim means a **claim** first made against an **insured person** during the **policy period** and which arises out of a discharge, dispersal, release, escape, seepage, transportation, emission, treatment, removal or disposal of pollutants, contaminants, nuclear material, or waste of any kind, including any actual or alleged direction, or request to test for, abate, monitor, clean up, recycle, remove, recondition, reclaim, contain, treat, detoxify or neutralise pollutants, contaminants, nuclear material or waste of any kind.

expert costs means the reasonable fees, costs and expenses of an expert retained through defence counsel in order to prepare an evaluation, report, assessment, diagnosis or rebuttal of evidence.

extradition costs means the reasonable fees, costs and expenses necessarily incurred by an **insured person** in connection with an **extradition proceeding**.

extradition proceeding means any proceeding against an **insured person** first commenced during the **policy period** to remove that **insured person** to another territory against their will, and includes any appeal to such proceeding.

freezing of assets and disqualification costs means reasonable legal or professional fees, costs and expenses necessarily incurred by an **insured person** to bring legal

proceedings to obtain the discharge or revocation of a **disqualification order** or **deportation or freezing order**.

health and safety claim means any **claim** first made against an **insured** during the **policy period** alleging a breach of health and safety legislation or any legislation relating to involuntary manslaughter or corporate manslaughter.

health and safety costs means the **defence costs** of an **insured** incurred in respect of a **health and safety claim**.

insolvency hearing costs means reasonable fees, costs and expenses necessarily incurred by an **insured person** to retain legal advisors for the purposes of representation at any **insolvency hearing**.

insolvency hearing means any formal or official hearing first commenced during the **policy period** by an insolvency practitioner in connection with an investigation or inquiry into the affairs of a **company** or an **insured person**.

insured means the **insured persons** and the **company**.

insured event means: a **data breach event**; a **deportation or freezing order**; a **disqualification order**; an **extradition proceeding**; an **insolvency hearing**; an **internal investigation**; a **kidnap event**; a **permanent residency rejection**; a **repatriation decision**; a **regulatory event**; and a **reputational damage event**.

insured person means any natural person who was, is, or during the **policy period** becomes:

- (a) a director or officer of the **company**;
- (b) a Data Protection Officer;
- (c) an **approved person** or **senior manager**;
- (d) an **outside director**;
- (e) an employee of the **company**:
 - (i) whilst acting in a managerial or supervisory capacity;
 - (ii) whilst performing an advisory role on any remuneration or audit committee of the **company**;
 - (iii) when named as a co-defendant in a **claim** or **insured event** which also names a director or officer of the **company**;
 - (iv) with respect to a **claim** alleging a **employment practices wrongful act**; or
 - (v) admitted to practice law and employed to provide legal advice to the **company** and only when named as a co-defendant in a **claim** or **insured event** which also names a director or officer of the **company**.
- (f) a de facto or shadow director while acting in a capacity as a director or officer of the **company** as defined in sections 250 and 251 of the Companies Act 2006 (U.K.);
- (g) a prospective director named as such in any listing particulars or prospectus issued by the **company**;
- (h) a duly named representative of a legal entity which is a corporate director of the **company**;

but only when and to the extent acting for and on behalf of the **company** in such capacity.

insured person includes the estate, heirs, legal representatives or assigns of an **insured person** in the event of their death, incapacity or bankruptcy or the lawful spouse, civil or domestic partner of an **insured person** solely in their capacity as such.

insured person does not include any externally appointed receiver, liquidator, administrator or other insolvency practitioner.

insurer means Beazley Syndicates 2623/623 at Lloyd's.

internal investigation means a request by or on behalf of the **company** during the **policy period** for an **insured person** to appear for an interview or meeting or to provide a sworn testimony or to produce documents in connection with an investigation by the **company** following a notification to a **regulatory authority** by a **company** or an **insured person** or whistleblower informing a **regulatory authority** of an actual or suspected material breach of an **insured person's** fiduciary or regulatory duties. An **internal investigation** does not include routine regulatory or internal supervision, inspection, review, examination or audit, or any request for mandatory information in respect of a regulated entity conducted in a **company's** or **regulatory authority's** normal review or compliance process.

internal investigation costs means reasonable fees, costs and expenses necessarily incurred by an **insured person** for legal representation in connection with an **internal investigation**.

kidnap event means the actual, alleged or attempted illegal taking and holding captive of one or more **insured persons** during the **policy period** for the purpose of demanding a ransom.

kidnap response costs means reasonable fees, costs and expenses of a kidnap management and resolution consultant necessarily incurred by the **company** in order to respond to the **kidnap event**. **Kidnap response costs** does not include ransom payments.

limit of liability means the amount specified in the Schedule applicable to the Directors' and Officers' and Corporate Legal Liability Module.

loss means:

- (a) **policy costs;**
- (b) any amount that the **insured** is legally liable to pay as damages, judgments, settlements, pre and post judgment interest, punitive or exemplary damages, and the multiplied portion of any damage award where insurable by law; and
- (c) **employee theft loss.**

loss does not include:

- (i) fines and penalties, except:
 - (1) civil fines and penalties awarded against an **insured person**; or
 - (2) punitive or exemplary damages;
- (ii) employment-related compensation, wages or benefits, or costs or overheads of the **company**;
- (iii) taxes, except **personally liable corporate tax amounts**; or
- (iv) amounts which are uninsurable.

If the applicable law of the jurisdiction in which fines or penalties or damages were awarded permits more favourable insurability of such fines, penalties or damages than the governing law of this policy, then the insurability of such fines, penalties or damages will be determined in accordance with that relevant jurisdiction and, to this extent, will not be considered to be uninsurable loss under this policy.

management control means:

- (a) controls the composition of the board of directors;
- (b) controls more than half of the shareholder voting power; or
- (c) holds more than half of the issued share capital.

mitigation costs means any reasonable payments incurred by the **insured** during the **policy period** in taking action to mitigate the financial consequences of a **wrongful act** which the **insured** establishes to the **insurer's** satisfaction would otherwise have reasonably been expected to give rise to a **claim** for which the resulting **loss** would have been covered by the policy. **Mitigation costs** do not include payments incurred after such **claim** is made.

mitigation costs does not include payments incurred without the **insured** first obtaining the **insurer's** consent.

outside director means any natural person who, at the specific request of the **company**, is serving as a director, officer, shadow director, trustee (other than a pension trustee), regent or governor of an **outside entity**.

outside entity means any entity other than:

- (a) a **company**; or.
- (b) an entity with securities issued or traded within the United States of America.

In the event that the **company** requests that a natural person serve as a director, officer, shadow director, trustee, regent or governor of such an entity in (b) above, then this definition will be extended for a period of 60 days from the commencement of such position to include the entity, during which time the **parent company** will give the **insurer** sufficient information to allow the **insurer** to assess the potential increase in insurance risk. Upon receipt of that information, the **insurer** may agree to extend this definition to include such entity, subject to the **insured** accepting any amendment to the terms and conditions of this policy or the charging of a reasonable additional premium that the **insurer** requires.

parent company means the entity named in the Schedule.

pending and prior litigation date means the date specified in the Schedule.

permanent residency costs means reasonable fees, costs and expenses not indemnified by the **company** which are necessarily incurred by the **insured person** for legal advice and representation in order to challenge or appeal a **permanent residency rejection** received during the **policy period**.

permanent residency rejection means the written rejection of an **insured person's** correctly filed application for permanent residency in the U.K. or member state of the

E.U. where such application is made prior to the date the U.K.'s membership of the E.U. officially terminates and such rejection is for a reason other than the **insured person's** finally adjudicated conviction for a crime.

personally liable corporate tax amounts means those amounts of unpaid corporate taxes that an **insured person** is found to be personally liable to pay following the appointment of a receiver, liquidator, administrator or other insolvency practitioner to a **company**.

policy costs means **access to policy costs, circumstance investigative costs, data breach costs, defence costs, environmental liability costs, extradition costs, freezing of assets and disqualification costs, health and safety costs, insolvency hearing costs, internal investigation costs, key person replacement costs, kidnap response costs, mitigation costs, permanent residency costs, regulatory costs, repatriation costs, and reputation costs.**

policy costs will not include the remuneration of any **insured person**, the cost of their time or costs or overheads of the **company**.

policy period means the period specified in the Schedule.

regulatory authority means any regulator, government, government body, judicial or parliamentary body, governmental or administrative agency, any self-regulatory body recognised in that capacity under applicable law or official trade body.

regulatory costs means reasonable fees, costs and expenses necessarily incurred by an **insured** directly in connection with preparing for, cooperating with or attending interviews in respect of or responding to a **regulatory event** first commenced during the **policy period**.

regulatory event means in respect of an **insured person** only:

- (a) an informal request by a **regulatory authority** for an **insured person** to voluntarily attend an interview, meeting or provide information;
- (b) an interview or meeting during a raid or on-site visit by a **regulatory authority**; or
- (c) any formal or official hearing, examination or investigation by a **regulatory authority**, once the **insured person**:
 - (i) is requested or required to cooperate with or attend; or
 - (ii) is identified in writing by that **regulatory authority** as a target of;

the formal or official hearing, examination or investigation. Where the **regulatory authority** is the Securities Exchange Commission (SEC) (U.S.A.), this extension will only apply where the **insured person** has been served with a subpoena or Wells Notice.

regulatory event means in respect of a **company** only:

- (a) a raid or on-site visit to the **company** by any **regulatory authority** that involves the production, review, copying or confiscation of files or interviews of any **insured persons**;
- (b) a public announcement relating to an event in sub-paragraph (a) above.

A **regulatory event** does not include routine regulatory supervision, inspection or compliance reviews, or any investigation which focuses on an industry rather than an **insured**.

repatriation costs means reasonable fees, costs and expenses not indemnified by the **company** which are necessarily incurred by the **insured person** for legal advice and representation in relation to, or in order to challenge or appeal, a **repatriation decision** issued during the **policy period**.

repatriation decision means the decision by an E.U. or U.K. governmental authority to repatriate an **insured person** as a direct result of the U.K.'s membership of the E.U. officially terminating.

reputation costs means the reasonable fees, costs and expenses necessarily incurred by the **insured person**:

- (a) in appointing a public relations firm or consultant, a crisis management firm, a law firm or tax advisor retained by the **insured person** directly to mitigate the adverse or potentially adverse effect on that **insured person's** reputation due to a **reputational damage event**;
- (b) in appointing a law firm to effect an **insured person's** right to be forgotten or right to erasure following a **reputational damage event**.

reputational damage event means:

- (a) a **claim** first made against an **insured person** during the **policy period**;
- (b) negative publicity posted on internet-based social media platforms or websites of which the **insured person** first becomes aware during the **policy period** and which could, in their reasonable opinion, give rise to a **claim**.

responsible person means any member of the Board of Directors, the Risk Manager, Insurance Manager, Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Compliance Officer, Head of Audit or General Counsel including any individual in a substantially similar position or with substantially similar responsibilities as those referenced, irrespective of the exact title of such individual, of the **parent company**.

retention means the applicable amount specified in the Schedule or as otherwise specified in the Policy.

retired insured person means any **insured person** who has ceased to act in their insured capacity prior to expiry of the **policy period** for reasons other than:

- (a) disqualification from holding office or from managing a company;
- (b) a **change of control**; or
- (c) the insolvency of any **company**;

and does not subsequently resume their position.

senior manager means a person that has been authorised by the Financial Conduct Authority (U.K.) or Prudential Regulation Authority (U.K.) to perform a Senior Management Function or Senior Insurance Manager Function for the **company**.

single event means all **claims, insured events** and **employee theft losses** arising out of, based upon or attributable to the same originating cause, source or event.

subsidiary means any entity in which the **parent company** either directly or indirectly through one or more entities obtains **management control** on or before the inception date of this policy.

subsidiary will include:

- (a) any new entity which the **company** incorporates during the **policy period** and which, at the time of incorporation, the **company** has **management control**;
- (b) any entity that the **company** acquires **management control** of during the **policy period** provided that at the time of obtaining that **management control**, the acquired entity is not incorporated, domiciled or has equity securities issued or traded, in the United States of America.

If a newly acquired entity is incorporated, domiciled or has equity securities issued or traded, in the United States of America, the **insurer** will provide cover under this policy for 60 days from the date of acquisition, during which time the **parent company** will give the **insurer** sufficient information to allow the **insurer** to assess the potential increase in insurance risk. The **insurer** may agree to extend the definition of **subsidiary** to include the newly acquired entity, subject to the **parent company** accepting any amendment to the terms and conditions of this policy or the charging of a reasonable additional premium that the **insurer** requires.

subsidiary does not include any fund, investment vehicle, managed investment scheme or trust.

uncovered company means any **company**:

- (a) which is located in a jurisdiction where the applicable law or regulation does not allow the **insurer** to provide cover to that **company**; or
- (b) which the **parent company** has elected that the policy will not cover directly but, instead, the policy will cover the **parent company's** own financial interest in such **company**.

wrongful act means any act, error, omission, misstatement, misleading statement, neglect, **employment practices wrongful act** or breach of duty actually or allegedly committed, attempted or proposed to be committed by any **insured person**. In respect of Insuring Clause 3, **wrongful act** will only mean a **company wrongful act**.