

Chubb Group of Insurance Companies

15 Mountain View Road, Warren, New Jersey 07059

**DECLARATIONS
EMPLOYMENT PRACTICES
LIABILITY POLICY**

ITEM 1. **Parent Organization** (Name and Address):

Policy Number:

FEDERAL INSURANCE COMPANY

Incorporated under the laws of Indiana, a stock insurance company, herein called the Company

Capital Center, 251 North Illinois, Suite 1100
Indianapolis, IN 46204-1927

THIS IS A CLAIMS MADE POLICY. EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS POLICY COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. PLEASE READ CAREFULLY.

ITEM 2. Limits of Liability:

- (A) Each **Loss** \$
- (B) Each **Policy Period** \$

NOTE: THE LIMITS OF LIABILITY AND ANY DEDUCTIBLE OR RETENTION ARE REDUCED OR EXHAUSTED BY DEFENSE COSTS.

ITEM 3. Coinsurance Percent:

ITEM 4. Deductible Amount: \$

ITEM 5. **Policy Period:** from: 12:01 a.m. on
to: 12:01 a.m. on

Local time at the address shown in ITEM 1.

ITEM 6. **Insured Organization:**

ITEM 7. **Insured Persons:**

ITEM 8. Extended Reporting Period:

- (A) Additional Premium: \$
- (B) Additional Period:

ITEM 9. Pending or Prior Date:

ITEM 10. Continuity Date:

ITEM 11. Endorsement(s) Effective at Inception:

SPECIMEN

IN WITNESS WHEREOF, THE COMPANY issuing this Policy has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by a duly authorized representative of the Company.

Secretary

President

Date

Authorized Representative

SPECIMEN

Employment Practices Liability Policy

In consideration of payment of the premium and subject to the Declarations, limitations, conditions, provisions and other terms of this Policy, the Company agrees as follows:

Insuring Clause

1. The Company shall pay on behalf of the **Insureds** all **Loss** for which the **Insured** becomes legally obligated to pay on account of any **Claim** first made against the **Insured** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted, by an **Insured** before or during the **Policy Period**.

Extended Reporting Period

2. If the Company terminates or refuses to renew this Policy, other than for nonpayment of premium, the **Insureds** shall have the right, upon payment of the additional premium set forth in ITEM 8.(A) of the Declarations for this Policy, to an extension of the coverage granted by this Policy for the period set forth in ITEM 8.(B) of the Declarations for this Policy (Extended Reporting Period) following the effective date of termination or nonrenewal, but only for any **Wrongful Act** committed, attempted, or allegedly committed or attempted, prior to the effective date of termination or nonrenewal. This right of extension shall lapse unless written notice of such election, together with payment of the additional premium due, is received by the Company within thirty (30) days following the effective date of termination or nonrenewal. Any **Claim** made during the Extended Reporting Period shall be deemed to have been made during the immediately preceding **Policy Period**.

If the Extended Reporting Period is purchased, the entire premium noted in ITEM 8.(A) of the Declarations shall be deemed fully earned at the inception of the Extended Reporting Period.

If the **Parent Organization** terminates or declines to accept renewal, the Company may, if requested, at its sole option, grant an Extended Reporting Period. The offer of renewal terms and conditions or premiums different from those in effect prior to renewal shall not constitute a refusal to renew.

Exclusions

3. The Company shall not be liable for **Loss** on account of any **Claim** made against any **Insured**:
 - a. based upon, arising from, or in consequence of any circumstance, if written notice of such circumstance has been given under any policy of which this Policy is a renewal or replacement, and if such prior policy affords coverage (or would afford such coverage except for the exhaustion of its limits of liability) for such **Loss**, in whole or in part, as a result of such notice;
 - b. based upon, arising from, or in consequence of a written demand for monetary damages, suit, formal administrative or regulatory proceeding commenced by the filing of notice of charges, formal investigative order or similar document or arbitration proceeding pending, or order, decree or judgment entered against any **Insured** on or prior to the Pending or Prior Date set forth in ITEM 8. of the Declarations for this Policy or the same or any substantially similar fact, circumstance or situation underlying or alleged therein;

Exclusions

(continued)

- c. for an actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974 (except Section 510), the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, rules or regulations promulgated thereunder and amendments thereto or similar provisions of any federal, state or local statutory law or common law. However, this Exclusion shall not apply to any **Claim** for any retaliatory treatment of any claimant because of any claimant's actual or alleged protected lawful activity under the Fair Labor Standards Act or the Occupational Safety and Health Act;
- d. for bodily injury (except mental anguish), sickness, disease or death of any person or damage to or destruction of any tangible property including loss of use thereof;
- e. based upon, arising from, or in consequence of **Pollution**. However, this Exclusion shall not apply to any **Claim** for wrongful dismissal, discharge or termination of employment of any claimant in retaliation for such claimant's actual or alleged:
 - i. refusal to violate any federal, state or local statutory law or common law regarding **Pollution**; or
 - ii. disclosure regarding any actual or alleged **Pollution** by any **Insured Organization**;
- f. based upon, arising from, or in consequence of any deliberately fraudulent act or omission by such **Insured** if a judgment or other final adjudication adverse to the **Insured** establishes such a deliberately fraudulent act or omission;
- g. based upon, arising from, or in consequence of any actual or alleged obligation of any **Insured** pursuant to any workers' compensation, unemployment insurance, social security, disability benefits or similar law. However, this Exclusion shall not apply to any **Claim** for any retaliatory treatment of the claimant by any **Insured** based upon the claimant's exercise of rights pursuant to any such law;
- h. based upon, arising from, or in consequence of:
 - i. the actual or alleged violation of any federal, state, local or common law relating to securities; or
 - ii. any actual or alleged purchase, sale or distribution of or offer, representation or agreement relating to securities.However, this Exclusion shall not apply to any **Claim** for any retaliatory treatment of any claimant for:
 - i. such claimant's actual or alleged refusal to violate any such securities laws; or
 - ii. any actual or threatened disclosure by such claimant of any actual or alleged violation of such securities laws; or
- i. based upon, arising from, or in consequence of liability of others assumed by the **Insured** under any contract or agreement, either oral or written, except to the extent that the **Insured** would have been liable in the absence of the contract or agreement.

Exclusions
(continued)

4. The Company shall not be liable for that part of **Loss**, other than **Defense Costs**:
 - a. which constitutes **Benefits** due, or to become due, or the equivalent value of such **Benefits**. However, this Exclusion shall not apply where such **Loss** is based upon a **Claim** made against an **Insured** for actual or alleged wrongful dismissal, discharge or termination of employment;
 - b. which constitutes front pay, future damages or other future economic relief, or the equivalent thereof, if the **Insured Organization** is ordered, pursuant to a judgment or other final adjudication, but fails to reinstate the claimant as an employee;
 - c. which constitutes any costs associated with any accommodation required pursuant to the American with Disabilities Act, the Civil Rights Act of 1964, rules or regulations promulgated thereunder, amendments thereto, or similar provisions of any federal, state or local law or common law; or
 - d. which constitutes the cost of compliance with any order for, grant of or agreement to provide injunctive or non-pecuniary relief.

Severability of Exclusions

5. With respect to the Exclusions in Section 3 and 4 of the Policy, no fact pertaining to or knowledge possessed by any **Insured** shall be imputed to any other **Insured** to determine if coverage is available.

Limit of Liability, Deductible and Coinsurance

6. For the purposes of the Policy, all **Loss** arising out of the same **Wrongful Act** and all **Interrelated Wrongful Acts** of any **Insured** shall be deemed one **Loss**, regardless of the number of **Claims** made, claimants, or **Insureds** against whom such **Claims** are made, shall be deemed to have originated at the time a **Claim** is first made against any **Insured** alleging any such **Wrongful Act** or **Interrelated Wrongful Acts** and only the policy in effect at that time, if any, shall apply to all such **Loss**.

The Company's maximum liability for each **Loss** shall be the Limit of Liability for each **Loss** set forth in ITEM 2.(A) of the Declarations for this Policy. The Company's maximum aggregate liability for all **Loss** on account of all **Claims** first made during the same **Policy Period** shall be the Limit of Liability for each **Policy Period** set forth in ITEM 2.(B) of the Declarations for this Policy.

The Company's liability under this Policy shall apply only to that part of each **Loss** which is excess of the Deductible Amount set forth in ITEM 4 of the Declarations for this Policy and such Deductible Amount shall be borne by the **Insured Organization** uninsured and at its own risk.

With respect to all **Loss** (excess of the applicable Deductible Amount) originating in any one **Policy Period**, the **Insureds** shall bear uninsured and at their own risk that percent of all such **Loss** specified as the Coinsurance Percent in ITEM 3. of the Declarations for this Policy, and the Company's liability hereunder shall apply only to the remaining percent of all such **Loss**.

For purposes of this Section 6 only, the Extended Reporting Period, if exercised, shall be part of and not in addition to the immediately preceding **Policy Period**.

Defense Provisions

7. The Company shall have the right and duty to defend any **Claim** covered by this Policy. Coverage shall apply even if any of the allegations are groundless, false, or fraudulent. The Company's duty to defend shall cease upon exhaustion of the

Company's applicable Limit of Liability set forth in ITEM 2. of the Declarations for this Policy.

Defense Costs incurred by the Company, or by the **Insured** with the written consent of the Company, are part of and not in addition to the Company's applicable Limit of Liability set forth in ITEM 2. of the Declarations for this Policy, and the payment by the Company of **Defense Costs** reduces such applicable Limit of Liability.

The **Insureds** agree to provide the Company with all information, assistance and cooperation which the Company reasonably requests and agree that in the event of a **Claim**, the **Insureds** will do nothing that may prejudice the Company's position or its potential or actual rights of recovery.

The **Insureds** agree not to settle any **Claim**, incur any **Defense Costs** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Company's written consent, which shall not be unreasonably withheld. The Company shall not be liable for any settlement, **Defense Costs**, assumed obligation or admission to which it has not consented.

**Reporting and
Notice**

8. The **Insureds** shall, as a condition precedent to exercising their rights under this Policy, give to the Company written notice as soon as practicable of any **Claim** made against any of them for a **Wrongful Act**.

The **Insureds** shall, as a condition precedent to exercising their rights under this Policy, give to the Company such information and cooperation as it may reasonably require, including but not limited to a description of the **Claim**, the nature of the alleged **Wrongful Act**, the nature of the alleged damage, the names of claimants, and the manner in which the **Insured** first became aware of the **Claim**.

STATEMENT

Notice

9. Notice to the Company under this Policy shall be given in writing addressed to:

Notice of **Claim**:

Home Office Claims Department
Chubb Group of Insurance Companies
15 Mountain View Road
Warren, N.J. 07059

All Other Notices:

Department of Financial Institutions
Chubb Group of Insurance Companies
15 Mountain View Road
Warren, N.J. 07059

Such notice shall be effective on the date of receipt by the Company at such address.

**Estates and
Legal Representatives**

10. Subject otherwise to the limitations, conditions, provisions and other terms of this Policy, coverage shall extend to **Claims** for the **Wrongful Acts** of the **Insured Persons** made against the estates, heirs, legal representatives or assigns of **Insured Persons** who are deceased or against the legal representatives or assigns of **Insured Persons** who are incompetent, insolvent or bankrupt.

Other Insurance

11. If all or any part of **Loss** under this Policy is also insured:
 - a. under any other prior or current policy, other than a policy issued by the Company, its subsidiaries, affiliates or any other insurer managed by Chubb & Son, then this Policy shall cover such **Loss**, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such **Loss** is in excess of the amount of payment from such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limit of Liability provided in this Policy; or
 - b. under any other policy issued by the Company, its subsidiaries, affiliates or any other insurer managed by Chubb & Son, this Policy shall cover such **Loss** subject to its limitations, conditions, provisions and other terms, on a primary basis and such other policy shall be excess of the amount of payment under this Policy.

Changes in Exposure

Acquisition or Creation of Another Organization

12. If the **Insured Organization**, after the inception date of this Policy:
 - a. acquires securities or voting rights in another organization or creates another organization, which as a result of such acquisition or creation becomes a **Subsidiary**; or
 - b. acquires any organization by merger into or consolidation with an **Insured Organization**,

such organization and its **Insured Persons** shall be **Insureds** under this Policy but only with respect to **Wrongful Acts** committed, attempted, or allegedly committed or attempted, after such acquisition or creation unless the Company agrees, after presentation of a complete application and all appropriate information, to provide coverage by endorsement for **Wrongful Acts** committed or attempted, or allegedly committed or attempted, prior to such acquisition or creation.

If the fair value of all cash, securities, assumed indebtedness and other consideration paid by the **Insured Organization** for any such acquisition or creation exceeds 10% of the total assets of the **Parent Organization**, as reflected in the **Parent Organization's** most recent audited consolidated financial statements, the **Parent Organization** shall give written notice of such acquisition or creation to the Company as soon as practicable together with such information as the Company may require and shall pay any reasonable additional premium required by the Company.

Acquisition of Parent Organization by Another Organization

13. If:
 - a. the **Parent Organization** merges into or consolidates with another organization; or

Changes in Exposure

Acquisition of Parent Organization by Another Organization (continued)

- b. another organization or person or group of organizations and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by the other organization(s) or person(s) of more than 50% of the outstanding securities representing the present right to vote for election of directors of the **Parent Organization**,

coverage under this Policy shall continue until termination of this Policy, but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted, by **Insureds** prior to such merger, consolidation or acquisition. The **Parent Organization** shall give written notice of such merger, consolidation or acquisition as soon as practicable, together with such information as the Company may require.

Cessation of Subsidiaries

14. In the event an organization ceases to be a **Subsidiary** before or after the inception date of this Policy, coverage with respect to such **Subsidiary** and its **Insured Persons** shall continue until termination of this Policy, but only with respect to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted prior to the date such organization ceases to be a **Subsidiary**.

Representations and Severability

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15. In granting coverage to any one of the **Insureds**, the Company has relied upon the declarations and statements in the written application for this Policy and upon any declarations and statements in the original written application submitted to another insurer in respect of the prior coverage incepting as of the Continuity Date set forth in ITEM 10. of the Declarations for this Policy. All such declarations and statements are the basis of such coverage and shall be considered as incorporated in and constituting part of this Policy.

Such written application(s) for coverage shall be construed as a separate application for coverage by each of the **Insureds**. With respect to the declarations and statements contained in such written application(s) for coverage, no statement in the application or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** for the purpose of determining if coverage is available. Only facts pertaining to and knowledge possessed by any past, present or future Chief Financial Officer, President or Chairman of any **Insured Organization** shall be imputed to any **Insured Organization** to determine if coverage is available.

Investigation and Settlement

16. The Company may make any investigation it deems necessary and may, with the written consent of the **Insured**, make any settlement of a **Claim** it deems expedient. If the **Insured** withholds consent to such settlement, the Company's liability for all loss on account of such **Claim** shall not exceed the amount for which the Company could have settled such **Claim** plus costs, charges and expenses accrued as of the date such settlement was proposed in writing by the Company to the **Insured**.

Subrogation

17. In the event of any payment under this Policy, the Company shall be subrogated to the extent of such payment to all the **Insured's** rights of recovery, and the **Insured** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Company effectively to bring suit in the name of the **Insured**.

Action Against the Company

18. No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy. No person or organization shall have any right under this Policy to join the Company as a party to any action against the **Insured** to determine the **Insured's** liability nor shall the Company be impleaded by the **Insured** or his legal representatives. Bankruptcy or insolvency of an **Insured** or of the estate of an **Insured** shall not relieve the Company of its obligations nor deprive the Company of its rights under this Policy.

Authorization Clause

19. By acceptance of this Policy, the **Parent Organization** agrees to act on behalf of all **Insureds** with respect to the giving and receiving of notice of **Claim** or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the negotiation, agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for in this Policy (except the giving of notice to apply for the Extended Reporting Period), and the **Insureds** agree that the **Parent Organization** shall act on their behalf.

Alteration and Assignment

20. 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 which is signed by an authorized employee of Chubb & Son, the Company or affiliate thereof.

Termination of Policy

21. This Policy shall terminate at the earliest of the following times:
- sixty (60) days after the receipt by the **Parent Organization** of a written notice of termination from the Company;
 - ten (10) days after receipt by the **Parent Organization** of written notice of termination resulting from non-payment of premium;
 - upon the receipt by the Company of written notice of termination from the **Parent Organization**;
 - upon expiration of the **Policy Period** as set forth in ITEM 5. of the Declarations of this Policy; or
 - at such other time as may be agreed upon by the Company and the **Parent Organization**.

The Company shall refund the unearned premium computed at customary short rates if this Policy is terminated by the **Parent Organization**. Under any other circumstances, the refund shall be computed pro rata.

Valuation and Foreign Currency

22. All premiums, limits, retentions, **Loss** and other amounts under this Policy are expressed and payable in the currency of the United States of America. If a judgment is rendered, settlement is denominated, or another element of **Loss** under this Policy is stated in a currency, other than United States of America dollars, payment under this Policy shall be made in United States dollars at the rate of exchange published in the Wall Street Journal on the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of **Loss** is due respectively.

Territory

23. Coverage shall extend anywhere in the world.

Arbitration and Allocation

24. Any dispute, including, but not limited to, claims sounding in contract or tort, between the **Insureds** and the Company arising in connection with or relating to this Policy shall be submitted to binding arbitration.

The rules of the American Arbitration Association shall apply except with respect to the selection of the arbitration panel. The panel shall consist of one arbitrator selected by the **Insureds**, one arbitrator selected by the Company, and a third independent arbitrator selected by the first two arbitrators.

If both **Loss** covered by this Policy and loss not covered by this Policy are incurred, either because a **Claim** against the **Insured** includes both covered and uncovered matters or because a **Claim** is made against both an **Insured** and others, the **Insureds** and the Company shall use their best efforts to agree upon a fair and proper allocation of such amount between covered **Loss** and uncovered loss.

Definitions

25. When used in this Policy:

Benefits means perquisites, fringe benefits, payments in connection with an employee benefit plan and any other payment, other than salary or wages, to or for the benefit of an employee arising out of the employment relationship.

Claim means:

- a. a written demand for monetary damages;
- b. a civil proceeding commenced by the service of a complaint or similar pleading, including any appeal therefrom;
- c. an arbitration proceeding; or
- d. a formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document,

which is brought and maintained by or on behalf of any past, present or prospective employee(s) of the **Insured Organization** against any **Insured** for any **Wrongful Act** in connection with any actual or alleged wrongful dismissal, discharge or termination of employment, breach of any oral or written employment contract or quasi-employment contract, employment-related misrepresentation, violation of employment discrimination laws (including workplace and sexual harassment), wrongful failure to employ or promote, wrongful discipline, wrongful deprivation of a career opportunity, failure to grant tenure, negligent evaluation, invasion of privacy, employment related defamation or employment-related wrongful infliction of emotional distress.

Definitions
(continued)

Defense Costs means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses (other than regular or overtime wages, salaries or fees of the directors, officers or employees of the **Insured Organization**) incurred in defending or investigating **Claims** and the premium for appeal, attachment or similar bonds.

Insureds means the **Insured Organization** and any **Insured Persons**.

Insured Capacity means the position or capacity designated in ITEM 7. of the Declarations for this Policy held by any **Insured Person** but shall not include any position or capacity in any organization other than the **Insured Organization**, even if the **Insured Organization** directed or requested the **Insured Person** to serve in such other position or capacity.

Insured Organization means collectively, those organizations designated in ITEM 6. of the Declarations for this Policy.

Insured Persons means any one or more of those persons designated in ITEM 7. of the Declarations for this Policy.

Interrelated Wrongful Acts means all causally connected **Wrongful Acts**.

Loss means the total amount which any **Insured** becomes legally obligated to pay on account of each **Claim** and for all **Claims** in each **Policy Period** and the Extended Reporting Period, if exercised, made against them for **Wrongful Acts** for which coverage applies, including, but not limited to damages, judgments, settlements, costs and **Defense Costs**. **Loss** does not include:

- a. any amount not indemnified by the **Insured Organization** for which the **Insured** is absolved from payment by reason of any covenant, agreement or court order;
- b. the future salary or benefits of a claimant who has been or shall be hired, promoted or reinstated to employment pursuant to a settlement, order or other resolution;
- c. fines or penalties imposed by law, including but not limited to punitive damages, or the multiple portion of any multiplied damage award; or
- d. matters uninsurable under the law pursuant to which this Policy is construed.

Parent Organization means the organization designated in ITEM 1. of the Declarations of this Policy.

Policy Period means the period of time specified in ITEM 5. of the Declarations of this Policy, subject to prior termination in accordance with Section 21 above. If this period is less than or greater than one year, then the Limits of Liability specified in the Declarations for this Policy shall be the Company's maximum Limit of Liability under this Policy for the entire period.

Pollutants means any substance exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by, the United States Environmental Protection Agency or a state, county, municipality or locality counterpart thereof. Such substances shall include, without limitations, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials. **Pollutants** shall also mean any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products and any noise.

Definitions

(continued)

Pollution means:

- a. the actual, alleged or threatened discharge, release, escape or disposal of **Pollutants** into or on real or personal property, water or the atmosphere; or
- b. direction or request that the **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so.

Subsidiary means any organization in which more than 50% of the outstanding securities or voting rights representing the present right to vote for election of directors is owned or controlled, directly or indirectly, in any combination, by one or more **Insured Organizations**.

Wrongful Acts means any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted, by an **Insured Organization** or by an **Insured Person**, individually or otherwise, in his **Insured Capacity**, or any matter claimed against an **Insured Person** solely by reason of his serving in such **Insured Capacity**.

For the purposes of these definitions, the singular includes the plural and the plural includes the singular, unless otherwise indicated.

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