

# Employment Practices Insurance

## Claims First Made and Reported

**NOTICE: This Coverage is Provided on a Claims Made and Reported Basis.** Except to such extent as may otherwise be provided herein, the coverage afforded under this insurance policy is limited to liability for only those covered **Claims** that are first made against an Insured and reported to us in accordance with the notice/reporting provisions set forth in this policy. **LIMIT OF LIABILITY** shall be reduced and may be completely exhausted by payment of **Defense Costs**. Please review the coverage afforded under this insurance policy carefully and discuss the coverage hereunder with your insurance agent or broker.

The consideration for our issuing this policy is the payment of Premium; in issuing the policy, we have relied upon all statements made to us in the Application and any attachments and all other information provided to us. The Application and attachments are incorporated herein and form a part of this policy.

Throughout this policy the words “**you**” and “**your**” refer to the Named Insured shown in the Declarations.

Under this policy the words “**we**”, “**us**” and “**our**” refer to the Underwriters providing this insurance.

The word “Insured” means any person or organization qualifying as such under **WHO IS INSURED**.

**READ THIS POLICY CAREFULLY TO DETERMINE THE EXTENT OF COVERAGE. IMPORTANT: THIS IS A CLAIMS FIRST MADE AND REPORTED POLICY WHICH INCLUDES COSTS OF DEFENSE WITHIN THE LIMIT OF LIABILITY.**

### **I. COVERAGE: WHAT IS COVERED**

- A.** We will pay Loss amounts that an Insured is legally obligated to pay on account of a Claim because of an Insured Event to which this policy applies. However, the amount we will pay is limited as described in the **LIMIT OF LIABILITY** and **SELF INSURED RETENTION** sections of this policy.
- B.** If the Declarations Page indicates that the Insured purchased coverage for Inappropriate Third Party Conduct, then we will pay Loss amounts that an Insured is legally obligated to pay on account of a Claim because of a Third Party Insured Event to which this policy applies. The amount we will pay is limited as described in the **LIMIT OF LIABILITY** and **SELF INSURED RETENTION** sections of this policy.
- C.** This policy applies only if:
  - (1) A Claim is first made against an Insured in accordance with **WHEN COVERAGE IS PROVIDED**;
  - (2) The Claim is reported in accordance with **WHEN COVERAGE IS PROVIDED** and **CONDITIONS** section **VIII.A.** Duties in the event of a Claim; and
  - (3) A Claim is first made against an Insured in accordance with **WHERE COVERAGE IS PROVIDED**.
- D. Defence.** We have the right and duty to defend any Claim for an Insured Event or, if purchased, a Third Party Insured Event made or brought against any Insured to which this policy applies. We will give consideration to your preference for defence counsel, however the final decision rests with us. We have no duty to provide other services or take other actions. Our duty to defend any Claim ends when the **LIMIT OF LIABILITY**

that applies has been exhausted, and in such event, the Named Insured shall, upon notice from us, promptly take over control of the defence.

We have the right to investigate and to settle any Claim for an Insured Event or, if purchased, a Third Party Insured Event, in the manner and to the extent that we believe is proper, contingent upon the consent of the Named Insured as defined in this policy. This includes the right to agree to post a notice of compliance, provided such notice does not contain an admission of liability.

You may take over control of any outstanding Claim previously reported to us only if we both agree that you should, if required under law or if a court orders you to do so.

If your **LIMIT OF LIABILITY** is exhausted, we will notify you of all outstanding Claims so that you can take over control of their defense. We will help to transfer control to you.

- E. During the transfer of control.** We agree to take whatever steps are necessary to continued the defense of any outstanding Claim and avoid a default judgment during the transfer of control to you. If we do so, you agree to pay reasonable expenses that we incur for taking such steps after the **LIMIT OF LIABILITY** is exhausted.
- F. Duty to pay.** We have the duty to pay any Loss (after you pay the applicable self-insured retention) that results from any Claim for an Insured Event or, if purchased, a Third Party Insured Event made or brought against any Insured to which this policy applies. Our duty to pay ends when the applicable **LIMIT OF LIABILITY** has been exhausted. We will not pay more than the applicable **LIMIT OF LIABILITY**.

We have the duty to pay Defense Costs incurred (after you pay the applicable self-insured retention) for the defense of any Claim that is controlled by us. Any payment of Defense Costs is included in the **LIMIT OF LIABILITY**, it is not in addition to the **LIMIT OF LIABILITY**.

- G. Recommended Settlements.** As respects any Claim for which we recommend that a settlement offer be accepted but you do not give your consent to such settlement, and the Claim later results in a judgment or settlement in excess of the recommended settlement, our liability for Loss on account of such Claim shall not exceed: 1) the recommended settlement amount plus Defense Costs incurred as of the date we recommended the settlement; plus 2) 50% of covered Loss excess of the recommended settlement so long as 50% is borne by the insured at its own risk and uninsured. This provision shall not apply unless the total Loss, including the recommended settlement, would exceed the applicable Retention amount.

## **II. DEFINITIONS**

- A. Application** means each and every signed Application, any attachments to such Applications, other materials submitted therewith and incorporated therein and any other such documents submitted in connection with the underwriting of this policy or the underwriting of any other employment practices liability policy issued by us, or any of our affiliates, of which this policy is a renewal, replacement or which succeed it in time.
- B. Claim(s)** means a written complaint or written charge made against an Insured or a written demand made against an Insured in which damages are alleged or where specific charges of Discrimination, Harassment, Inappropriate Employment Conduct and/or, if purchased, Inappropriate Third Party Conduct are brought.

Claim includes a civil action, suit or administrative proceeding, to which any Insured must submit or to which any Insured submits with our consent.

Claim shall not mean:

1. any labor or grievance arbitration subject to a collective bargaining agreement; or
2. any complaint, writ or other proceeding in which an Insured is alleged to have committed or engaged in a criminal offense or violation of a federal, state or local penal law.

**C. Defense Costs** means those reasonable and necessary expenses that result from the investigation, settlement or defense of a specific Claim including attorney fees and expenses, the cost of legal proceedings, the cost of appeal bonds, the cost of bonds to release property being used to secure a legal obligation (but only for bond amounts within the **LIMIT OF LIABILITY** that applies). We have no obligation to furnish any bonds.

The following are not Defense Costs: costs incurred by any Insured before notice is provided to us; salaries and expenses of your employees, including in-house and/or coverage attorneys, salaries and expenses of our employees, or our in-house or coverage attorneys or the fees and expenses of independent adjusters we hire.

**D. Discrimination** means termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit or the taking of any adverse or differential employment action because of race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by federal, state or local law.

This policy covers retaliation claims based on unlawful discrimination, except as excluded in **EXCLUSIONS: WHAT IS NOT COVERED** section IX.

**E. Employee** means an individual whose labor or service is engaged by and directed by the Named Insured, or any covered entity. This includes volunteers, part time, seasonal and temporary Employees as well as any individual employed in a supervisory, managerial or confidential position. Independent contractors and sub contractors are not Employees unless they are dedicated agents or representatives of an Insured. Employees who are leased to another employer are not Employees.

**F. Harassment** means unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors or other verbal, visual or physical conduct of a sexual or non-sexual nature, where such harassment is based on a factor or category prohibited by law (including sex, race, age, national origin, disability, etc.), that (1) explicitly or implicitly are made a condition of employment, (2) are used as a basis for employment decisions, or (3) create a work environment that interferes with performance.

**G. Inappropriate Employment Conduct** means any of the following:

1. actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful or in breach of an implied employment contract or breach of the covenant of good faith and fair dealing in the employment contract;
2. allegations of wrongful demotion, or wrongful discipline;
3. allegations of misrepresentation made by an Employee, a former Employee or an applicant for employment which arise from an Insured's employment decision to hire, fire, promote or demote;

4. allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an Employee, a former Employee or an applicant for employment which arise from an Insured's employment decision to hire, fire, promote or demote;
5. allegations of false imprisonment, detention or malicious prosecution made by an Employee, a former Employee or an applicant for employment which arise from the Insured's an employment decision to hire, fire, promote or demote;
6. allegations of libel, slander, defamation of character or any invasion of right of privacy made by an Employee, a former Employee or an applicant for employment which arise from an Insured's employment decision to hire, fire, promote or demote; or
7. other personal injury allegations made by an Employee, a former Employee or an applicant for employment which arise from an Insured's employment decision to hire, fire, promote or demote.

Inappropriate Employment Conduct shall not include any allegations other than those set forth above.

- H. Inappropriate Third Party Conduct** means actual or alleged acts of discrimination or harassment by an Insured against any natural person who is not an Employee. Inappropriate Third Party Conduct shall not include actual or alleged acts of assault or battery.
- I. Insured Event** means actual or alleged acts of Discrimination, Harassment, and/or Inappropriate Employment Conduct, by an Insured against an Employee or former Employee or applicant for employment with an Insured entity. Insured Event shall not include Claims for actual or alleged violation of any federal, state or local wage and hour laws or regulations.
- J. Laundry List Notification** means any attempt by an Insured to report multiple matters under this policy in a summary fashion that does not comply with **CONDITIONS** section **VIII. A. or B.** By way of example, a Laundry List Notification may consist of a report by an Insured that lists purported potential claimants, either in the absence of a Claim, or in the absence of an oral complaint.
- K. Loss** means damages, judgments (including prejudgment and post judgment interest awarded against an Insured on that part of any judgment paid by us), settlements we authorize or agree to, statutory attorney fees and Defense Costs.

If you purchase punitive, exemplary and multiple damages coverage (see Declarations Item 4.c) then we will pay such damages as Loss so long as we are permitted to do so under the law of the most favorable applicable jurisdiction.

However, Loss does not include anything specifically excluded in **EXCLUSIONS: WHAT IS NOT COVERED** section **IX**, or any of the following:

1. non-monetary relief (this provision does not apply to Defense Costs where non-monetary relief is sought for alleged Harassment, Discrimination, Inappropriate Employment Conduct and/or, if purchased, Inappropriate Third Party Conduct);
2. payment of insurance plan benefits by or on behalf of retired Employees, or that to which a claimant would have been entitled as an Employee had any Insured provided the claimant with a continuation of insurance;
3. liquidated damages where there is a finding of willfulness;

4. costs incurred by an Insured to modify or adapt any building or property in order to make such building or property more accessible or accommodating to any disabled person; costs associated with eliminating non-essential duties from the job description of a disabled person; costs associated with providing a disabled person with reasonable workplace accommodations; and costs associated with lost productivity by an employer as the result of making a reasonable workplace accommodation for a disabled person;
  5. matters which may be deemed uninsurable according to the law under which this policy is construed;
  6. amounts owed under federal, state or local wage and hour laws;
  7. amounts owed under a contract of employment;
  8. commissions, bonuses, profit sharing or benefits pursuant to a contract of employment, including but not limited to vacation, holiday, and/or sick pay;
  9. severance payments or obligations to make payments;
  10. amounts owed under partnership, stock or other ownership agreements; or
  11. fines, penalties and taxes.
- L. One Insured Event** means (1) one or more covered allegations of Discrimination, Harassment and/or Inappropriate Employment Conduct which are related by an unbroken chain of events or (2) class action or multiple claimant or multiple plaintiff suits arising out of related Insured Events.
- M. One Third Party Insured Event** means one or more covered allegations of Inappropriate Third Party Conduct which are related by an unbroken chain of events.
- N. Subsidiary** means any organization more than 50% owned by the Named Insured listed in the Application.
- O. Third Party Insured Event** means actual or alleged acts of Inappropriate Third Party Conduct by an Insured against any natural person who is not an Employee of any Insured.

### **III. WHEN COVERAGE IS PROVIDED**

- A.** This policy applies only to Claims arising out of an Insured Event or, if purchased, a Third Party Insured Event first made or brought during the Policy Period and which are reported to us in accordance with the policy's notice provisions as set forth in **CONDITIONS** section **VIII. A. Duties in the Event of a Claim**. Claims are considered to be first made when it is first served or received by the Insured.
- B.** All Claims because of One Insured Event or, if purchased One Third Party Insured Event, will be considered to have been made or brought on the date that the first of those Claims was first made or brought.
- C.** Limited Reporting Period: means the sixty (60) day period after the policy ends, during which Claims because of Insured Events or Third Party Insured Events which happen or commence during the Policy Period and are reported in accordance with section **I.** and **VIII.** of the policy can be made.
- D.** Extended Reporting Period. If this policy is non-renewed or cancelled, an Extended Reporting Period of either twelve (12) months, twenty-four (24) months or thirty-six

(36) months from the end of the Policy Period, or the effective date of cancellation, whichever is earlier, can be added by us issuing you an Extended Reporting Period Endorsement in exchange for your payment of an additional premium.

The Extended Reporting Period Endorsement will not be issued unless we receive a written request for it within thirty (30) days after this policy is cancelled or non-renewed, nor will it take effect unless the additional Premium is paid within thirty (30) days after this policy is cancelled or non-renewed. Once that Premium is paid the endorsement may not be cancelled and the additional Premium will be fully earned.

The additional premium for a 12 month Extended Reporting Period will be one hundred percent (100%) of the premium charged for the last Policy Period. The additional premium for a 24 month Extended Reporting Period will be one hundred and fifty percent (150%) of the premium charged for the last Policy Period. The additional premium for a 36 month Extended Reporting Period will be one hundred and seventy-five percent (175%) of the premium charged for the last Policy Period.

The quotation by us of a different Premium or Self Insured Retention or Limits of Liability or changes in policy language for the purpose of renewal shall not constitute non-renewal by us.

However, the Extended Reporting Period will not apply to any Claim if other insurance you buy covers you or would cover you if its limits of coverage had not been exhausted.

Coverage under the Extended Reporting Period is with respect to Claims first made against an Insured during the Policy Period or Extended Reporting Period and first reported by an Insured during the Extended Reporting Period, provided always that Claims reported during the Extended Reported Period are limited to Insured Events or, if purchased, Third Party Insured Events which happen or commence before the original Policy Period ends by either cancellation or non-renewal and which are otherwise covered by this policy.

The **LIMIT OF LIABILITY** that applies at the end of the Policy Period is not renewed or increased and the Limits, as shown in the Declarations, shall not be increased in any way by the Limited Reporting Period or the addition of the Extended Reporting Period.

- E.** If, during the Policy Period, any of the following changes occur:
- a. the acquisition of an Insured, or of all or substantially all of its assets, by another entity, or the merger or consolidation of an Insured into or with another entity such that the Insured is not the surviving entity; or
  - b. the obtaining by any person, entity or affiliated group of persons or entities of the right to elect, appoint or designate over fifty percent (50%) of the directors of an Insured

coverage under this policy will continue in full force and effect with respect to Claims for Insured Events or, if purchased, Third Party Insured Events committed before such change, but coverage will cease with respect to Claims for Insured Events or, if purchased, Third Party Insured Events committed after such change. After any such change, this policy may not be cancelled, regardless of **CONDITIONS** section **VIII.F.** Cancellation, and the entire Premium for the policy will be deemed fully earned.

#### **IV. WHERE COVERAGE IS PROVIDED**

This policy covers Claims made and Insured Events or, if purchased, Third Party Insured Events, occurring anywhere in the world.

**V. WHO IS INSURED**

- A. Individual.** If you are shown in the Declarations as an individual, you and your spouse are Insureds but only for the conduct of a business of which you are the sole owner.
- B. Corporation.** If you are shown in the Declarations as a corporation or organization other than a partnership or joint venture, you are an Insured. Your stockholders are also Insureds, but only with respect to their liability as your stockholders.
- C. Partnership or Joint Venture.** If you are shown in the Declarations as a partnership or joint venture, you are an Insured. Your partners or co-venturers and their spouses are also Insureds, but only for the conduct of your business.

However, no person nor organization is covered for the conduct of any current or past partnership or joint venture not named in the Declarations.

- D. Other.** If you are a Limited Liability Corporation (LLC), or a Limited Liability Partnership ('LLP') of the Named Insured and you are shown in the Declarations as 'Other' you are an Insured. Your members, partners and shareholders are also Insureds but only with respect to the conduct of your business.
- E. Employees.** Your Employees, executive officers, directors and your trustees are Insureds only for the conduct of your business within the scope of their employment. Your Employee's status as an Insured will be determined as of the date of the Discrimination, Harassment, Inappropriate Employment Conduct and/or, if purchased, Inappropriate Third Party Conduct, which caused an Insured Event or, if purchased, a Third Party Insured Event.
- F. Mergers and Acquisitions.** Any organization that you newly acquire, form or merge with while this policy is in effect that has less than 10% of the total number of your Employees as of the inception date of this policy shall be an Insured at the time of such acquisition, merger or formation if you own at least fifty one percent (51%) of it. Within thirty (30) days prior to the expiration of the policy, the Insured shall give us written notice as to all such organizations. If you acquire, form or merge with any organization that has more than 10% of the total number of your Employees as of the inception date of this policy, such organization is also an Insured if you own at least fifty one (51%) of it; provided, however, no such organization is covered for more than forty five (45) days or the remainder of the Policy Period, whichever is less, from the date acquired, merged or formed unless we agree to cover such acquisition or newly formed organization within such forty five (45) day period in consideration of an additional Premium to be determined by us. Notwithstanding the foregoing, any acquired or formed organization is neither covered for Loss that results from an Insured Event or, if purchased, a Third Party Insured Event that happened or first commenced before the Insured acquired or formed it; nor for Loss covered under any other insurance.

This provision does not apply to a partnership or joint venture. Nor does it apply to any organization once it is shown in the Declarations of this policy.

- G. Subsidiary.** Any organization more than 50% owned by the Named Insured and listed in the Application shall be an Insured.

**VI. LIMIT OF LIABILITY**

- A.** The amount shown at Item 4.a) in the Declarations is the most we will pay for Claims first made or brought during the Policy Period for Loss that results from any One Insured Event regardless of the number of Claims.

- B. The amount shown at Item 4.b) in the Declarations is the most we will pay for Claims first made or brought during the Policy Period for Loss that results from any One Third Party Insured Event, regardless of the number of Claims.
- C. The amount shown at Item 4.c) in the Declarations is the most we will pay for punitive, exemplary and multiple damages where insurable by applicable law most favourable to the Insured, regardless of the number of Claims.
- D. The amount shown at Item 4.d) in the Declarations is the most we will pay for the combined total of all Claims first made or brought during the Policy Period for Loss that results from all Insured Events, Third Party Insured Events and punitive, exemplary and multiple damages where applicable and as provided for in sections **II. K.** and **VI. C.**

If this Policy Period is extended, the Limits, as shown in the Declarations shall not in any way increase. For purposes of the **LIMIT OF LIABILITY**, any policy extension is considered to be part of and not in addition to the former Policy Period.

## **VII. SELF INSURED RETENTION**

Our obligation to pay under this policy applies only to the amount of Loss in excess of any Self Insured Retention amount, as shown in the Declarations, and the **LIMIT OF LIABILITY** will not be reduced by the amount of such Self Insured Retention.

The Self Insured Retention amount will apply separately to each Claim made, however, it will only apply once to all Claims arising out of any One Insured Event or, if purchased, any One Third Party Insured Event regardless of the number of claimants who allege damages.

## **VIII. CONDITIONS**

We have no duty to provide coverage under this policy unless there has been full compliance with all the conditions contained in this policy.

### **A. Duties in the event of a Claim**

1. You must see to it that we or our Authorized Representatives, as shown in the Declarations, are notified as soon as practicable but in no event more than sixty days (60) after any Insured who is a principal, partner, officer, director, trustee, in house counsel, Employee(s) within the HR Risk Management department or Employee(s) with personnel and risk management responsibilities, becomes aware that a Claim has been made. Your notification should include:
  - (a) the identity of the person(s) alleging Discrimination, Harassment, Inappropriate Employment Conduct and/or, if purchased, Inappropriate Third Party Conduct;
  - (b) the identity of any Insured(s) who allegedly committed the Discrimination, Harassment, Inappropriate Employment Conduct and/or, if purchased, Inappropriate Third Party Conduct;
  - (c) the identity of any witnesses to the alleged Discrimination, Harassment, Inappropriate Employment Conduct and/or, if purchased, Inappropriate Third Party Conduct; and
  - (d) the date(s) an Insured Event or, if purchased, a Third Party Insured Event took place.

2. You and any other Insured must:
  - (a) immediately send us or our Authorized Representatives, as shown in declarations, copies of any demands, notices, summonses or legal papers received in connection with the Claim:
  - (b) authorize us or our Authorized Representatives, as shown in the Declarations, to obtain statements, records and other information;
  - (c) co-operate with us or our Authorized Representatives, as shown in the Declarations, in the investigation or defense of the Claim; and
  - (d) assist us or our Authorized Representatives, as shown in the Declarations, in the enforcement of any right against any person or organization which may be liable to an Insured because of Loss to which this policy may also apply.
3. No Insured will, except at their own cost, voluntarily make a payment, assume any obligation, Or incur any expense without our consent. Subsequent payments that are deemed by us as having been prejudiced by any such voluntary payment will also be the sole responsibility of the Insured.

**B. Report of a Potential Claim**

Solely at an Insured's option, an Insured may within the Policy Period report an oral complaint by an Employee, former Employee or applicant for employment alleging Discrimination, Harassment and/or Inappropriate Employment Conduct. If such report is received by us or our Authorized Representatives, as shown in the Declarations, within the Policy Period then any Claim subsequently arising from such oral complaint will be deemed to be made on the date such report was received. Such report must include the identity of the person(s) making the oral complaint. In no event, however, is an Insured entitled to coverage under this policy based on a Laundry List Notification.

**C. Legal Action Against Us**

1. No person or organization has the right under this policy:
  - (a) to join us as a party or otherwise bring us into a suit asking for damages from an Insured; or
  - (b) to sue us on this policy unless all of its terms have been fully complied with.
2. A person or organization may sue us to recover on an agreed settlement or on final judgment against an Insured obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable **LIMIT OF LIABILITY**. An agreed settlement means a settlement and release of liability signed by us, an Insured and the claimant's legal representative.

**D. Other Insurance**

This policy shall be deemed primary insurance in connection with covered Claims by Employees against an Insured because of an Insured Event. In connection with any other covered Claim, this Policy shall apply in excess of all indemnity rights of an Insured and in excess of any other valid or collectible insurance available to any Insured. Nothing herein is intended to make this policy subject to the terms, conditions and limitations of any other insurance, and nothing herein is intended to limit our or any Insured's right to contribution or indemnity from any other party, insurer or indemnitor.

**E. Premium**

1. The Premium shown in the Declarations is for the Policy Period shown in the Declarations.
2. This policy is subject to a minimum earned Premium of twenty five percent (25%) of the total Premium shown in the Declarations.

**F. Cancellation**

You may only cancel this policy by mailing to us written notice stating when, not less than thirty (30) days thereafter such cancellation shall be effective. We may cancel this policy for non-payment of Premium by mailing to the Named Insured at the address shown in the Declarations, written notice stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation as stated in the notice shall become the end of the Policy Period. Delivery of such written notice shall be equivalent to mailing.

If you cancel, earned Premium shall be computed in accordance with the short rate table and procedures shown in **SHORT RATE TABLE AND PROCEDURES**. The Premium shall be deemed fully earned if any Claim under this policy is reported to us on or before the date of cancellation. If we cancel, earned Premium shall be computed pro rata. Premium adjustment may be made at the time cancellation becomes effective, but payment or tender of unearned Premium is not a condition of cancellation.

**G. Representations**

By accepting this policy you agree:

1. all statements in the Application and any attachments as well as all other information provided to us are accurate and complete;
2. those statements are based upon representations you made to us;
3. we have issued this policy in reliance upon your representations; and
4. to disclose any material facts you become aware of between the time that the Application for this policy is signed and the policy inception date.

**H. When We Do Not Renew**

If we decide not to renew this policy, we will mail or deliver to the Named Insured shown in the Declarations, written notice of the non-renewal not less than sixty (60) days before the expiration date.

If notice is mailed, proof of mailing will be sufficient notice of non-renewal.

**I. Transfer Of Rights Of Recovery Against Others to Us**

If any Insured has rights to recover all or part of any payments we have made under this policy, those rights are transferred to us; the Insured must do nothing after a Loss to impair them. At our request, any Insured will bring suit or transfer those rights to us and help us to enforce them.

**J. Bankruptcy**

Bankruptcy or insolvency of any Insured or of an Insured's estate will not relieve us of our obligations under this policy, except as excluded in **EXCLUSIONS: WHAT IS NOT COVERED** section IX .

**K. False Or Fraudulent Claims**

If any Insured shall proffer any Claim knowing the same to be false or fraudulent as regards amount or otherwise, this policy will become void in its entirety and all coverage hereunder shall be forfeited.

**IX. EXCLUSIONS: WHAT IS NOT COVERED**

**A. Worker's Compensation/ERISA/WARN/FLSA/NRLA/OSHA/COBRA.** This policy does not cover any Loss arising out of any Claim alleging violation of any: i) worker's compensation, disability benefits or unemployment compensation law, social security and other employment benefits law; ii) the Employee Retirement Income Security Act of 1974 Public Law 93-406; iii) the Fair Labor Standards Act (except the Equal Pay Act); (iv) the National Labor Relations Act; (v) the Worker Adjustment and Retraining Notification Act; (vi) the Consolidated Omnibus Budget Reconciliation Act of 1985; (vii) the Occupational Safety and Health Act; (viii) any other federal, state or local statute or law similar to any statute or law described in (i) through (vii) of this exclusion; provided, however, this exclusion shall not apply to any Claim for any actual or alleged retaliatory treatment of the claimant on account of the claimant's exercise of rights pursuant to such statute, law, rule or regulation.

**B. Contractual Liability.** This policy does not cover any Loss based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any Claim any Insured is obligated to pay by reason of the assumption of another's liability for an Insured Event or, if purchased, a Third Party Insured Event in a contract or agreement. This exclusion will not apply to liability for damages because of an Insured Event or, if purchased, a Third Party Insured Event that any Insured would have without the contract or agreement.

**C. Consequential Loss.** This policy does not cover any Loss resulting from or attributable to any allegations made by or solely for the benefit of a claimant's domestic partner, spouse, child, parent, brother or sister.

**D. Wage and Hour Law.** This policy does not cover any Loss arising out of a claim based upon, arising out of, directly or indirectly in connection with, related to or in any way alleging violation of any state or local wage and hour law, however, in the event such Claim also alleges an Insured Event otherwise covered by this policy, notwithstanding the provisions of section I.D. Defense, and subject to all other terms, conditions and exclusion contained in this policy, we agree to pay loss solely for that portion of the claim involving such Insured Event.

**E. Stock Options.** This policy does not cover any Loss resulting from or attributable to stock options, including, without limitation, 1) the failure to grant stock options and/or 2) amounts attributable to unvested stock options which options did not vest because of the actual or alleged wrongful termination of an Employee.

**F. Fraud and Collusion.** This policy does not cover any Loss based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any Claim alleging fraud or collusion by an Insured. Without limiting the foregoing, we will pay Defense Costs incurred relating to allegations of fraud and collusion to defend an innocent Insured named in such Claim so long as such Claim also contains allegations against that innocent Insured involving an Insured Event or, if purchased, a Third Party Insured Event otherwise covered by this policy.

**G. Prior Knowledge.** This policy does not cover any Loss arising out of Insured Events or, if purchased, Third Party Insured Events of which any Insured who is a principal, partner, officer, director, trustee, in-house counsel, Employee(s) within the HR or Risk Management department or Employee(s) with personnel and risk management responsibilities was aware by actual knowledge of the facts or circumstances of such Insured Events or, if purchased, a Third Party Insured Event prior to the Prior Knowledge Date, as shown in the Declarations.

**H. Prior Notice.** This policy does not cover any Loss arising out of Insured Events or, if purchased, Third Party Insured Events that have been the subject of any notice given under any other policy prior to the inception date of this policy.

**X. SHORT RATE TABLE AND PROCEDURES**

NOTWITHSTANDING anything to the contrary contained herein and in consideration of the Premium for which this insurance is written it is agreed that in the event of cancellation thereof by an Insured the earned Premium shall be computed as follows:

**SHORT RATE CANCELLATION TABLE**

A. For insurance written for one year:

Days Insurance in force	Percentage of one Year Premium	Days Insurance in force	Percentage of one Year Premium
1-54	25	192-196	63
55-58	26	197-200	64
59-62 (2 months)	27	201-205	65
63-65	28	206-209	66
66-69	29	210-214 (7 months)	67
70-73	30	215-218	68
74-76	31	219-223	69
77-80	32	224-228	70
81-83	33	229-232	71
84-87	34	233-237	72
88-91 (3 months)	35	238-241	73
92-94	36	242-246 (8 months)	74
95-98	37	247-250	75
99-102	38	251-255	76
103-105	39	256-260	77
106-109	40	261-264	78
110-113	41	265-269	79
114-116	42	270-273 (9 months)	80
117-120	43	274-278	81
121-124 (4 months)	44	279-282	82
125-127	45	283-287	83
128-131	46	288-291	84
132-135	47	292-296	85

136-138	48	297-301	86
139-142	49	302-305 (10 months)	87
143-146	50	306-310	88
147-149	51	311-314	89
150-153 (5 months)	52	315-319	90
154-156	53	320-323	91
157-160	54	324-328	92
161-164	55	329-332	93
165-167	56	333-337 (11 months)	94
168-171	57	338-342	95
172-175	58	343-346	96
176-178	59	347-351	97
179-182 (6 months)	60	352-355	98
183-187	61	356-360	99
188-191	62	361-365 (12 months)	100

B. For insurances written for more or less than one year:

1. If insurance has been in force for 12 months or less, apply the standard short rate table for annual insurances to the full annual Premium determined as for an insurance written for a term of one year.
2. If insurance has been in force for more than 12 months;
  - a) Determine full annual Premium as for an insurance written for a term of one year.
  - b) Deduct such Premium from the full insurance Premium, and on the remainder calculate the *pro-rata* earned Premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the insurance was originally written.
  - c) Add Premium produced in accordance with items a) and b) to obtain earned Premium during full period insurance has been in force.

