

EMPLOYMENT PRACTICES LIABILITY INSURANCE POLICY



UNITED STATES LIABILITY INSURANCE GROUP

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THIS POLICY JACKET TOGETHER WITH THE DECLARATIONS PAGE,
COVERAGE FORM AND ENDORSEMENTS, IF ANY, COMPLETE THIS POLICY.

THE ENCLOSED DECLARATIONS DESIGNATES THE ISSUING COMPANY.

EMPLOYMENT PRACTICES LIABILITY INSURANCE POLICY

Notice: This is a Claims Made Policy. This Policy covers only those **Claims** first made against the **Insured** during the **Policy Period** or Extension Period, if purchased. **Defense Costs** shall be applied against the Retention.

In consideration of the payment of the premium and in reliance upon all statements made and information furnished to the **Company**, including the statements made in the **Application** and all attachments and materials submitted therewith, and subject to all the provisions of this Policy, the **Company** agrees as follows:

I. INSURING AGREEMENTS

- A. The **Company** will pay on behalf of the **Insured Loss** in excess of the Retention not exceeding the Limit of Liability for which this coverage applies that the **Insured** shall become legally obligated to pay because of **Claims** first made against the **Insured** during the **Policy Period** or during any Extension Period, if applicable, for **Wrongful Employment Acts** arising solely out of an **Insured's** duties on behalf of the **Organization**.
- B. The **Company** has the right and duty to defend any **Claim** to which this insurance applies, even if the allegations of the **Claim** are groundless, false or fraudulent. The **Company** may investigate any **Claim** and settle any **Claim** with the **Insured's** consent as the **Company** deems expedient, but the **Company** is not obligated to pay any **Loss** or defend any **Claim** after the Limit of Liability has been exhausted by payment of **Loss**.

II. FULL PRIOR ACTS COVERAGE PROVISION

Coverage shall apply to any **Claim** first made against the **Insured** or **Wrongful Employment Acts** arising solely out of an **Insured's** duties on behalf of the **Organization** committed prior to the expiration date of this Policy, provided that the **Claim** is first made during the **Policy Period**, or Extension Period, if applicable, and written notice of said **Claim** is reported to the **Company** as soon as practicable. There shall be no coverage for any **Claim** reported to the **Company** later than 60 days after the end of the **Policy Period** or after the expiration of the Extension Period, if applicable.

However, coverage shall not apply to any **Claim** based upon or arising out of any **Wrongful Employment Act** or circumstance likely to give rise to a **Claim** of which the person or persons signing the **Application** had knowledge or otherwise had a reasonable basis to anticipate might result in a **Claim**, prior to the earlier of:

- A. the inception of this Policy; or
- B. the inception date of the first coverage of this type the **Company** has issued to the **Parent Organization**, provided that the **Company** has written continuous coverage for the **Parent Organization** from such date to the inception date of this Policy.

III. DEFINITIONS

- A. "**Application**" means:
 - (1) the Application for this Policy, a copy of which is attached hereto; and
 - (2) the Application(s), including any material submitted therewith, for all previous policies issued by the **Company** providing continuous coverage until the inception date of this Policy together with any material submitted with the Application for this Policy, all of which shall be retained on file and deemed a part of this Policy as if physically attached hereto.
- B. "**Claim**" means:
 - (1) any written notice received by any **Insured** that any person or entity intends to hold an **Insured** responsible for a **Wrongful Employment Act**; or
 - (2) any judicial or administrative proceeding initiated against any **Insured** seeking to hold an **Insured** responsible for a **Wrongful Employment Act**, including any proceeding conducted by the Equal Employment Opportunity Commission or similar federal, state or local agency, and any appeal therefrom.

A **Claim** shall be considered first made when an **Insured** or its legal representative or agent first receives notice of the **Claim**.

C. **"Company"** means the insurer identified in the Declarations.

D. **"Defense Costs"** means reasonable and necessary fees and expenses incurred by the **Company**, or by any attorney designated by the **Company** to defend the **Insureds**, resulting from the investigation, adjustment, defense and appeal of a **Claim**. **Defense Costs** includes other fees, costs, costs of attachment or similar bonds (without any obligation on the part of the **Company** to apply for or furnish such bonds,) but does not mean salaries, wages, overhead or benefits expenses of any **Insured**.

E. **"Discrimination"** means:

- (1) the termination of an employment relationship;
- (2) a demotion or a failure to hire or promote any individual; or
- (3) any other limitation or classification of an **Employee** or applicant for employment which would deprive any individual of employment opportunities or adversely affect any individual's status as an **Employee**;

because of race, color, religion, age, sex, disability, pregnancy, national origin, marital status, sexual orientation or other protected class or characteristic established under applicable federal, state, or local statute, ordinance, regulation or order.

F. **"Employee"** means any person whose labor or service is engaged by and directed by the **Organization** and includes leased, part-time, seasonal and temporary workers, and volunteers. An **Employee's** status as an **Insured** will be determined as of the date of the **Wrongful Employment Act** which results in the **Claim**.

G. **"Harassment"** means:

- (1) sexual harassment including unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature that are made a condition of employment, are used as a basis for employment decisions, or create a work environment that is hostile, intimidating or offensive or that interferes with performance; or
- (2) other workplace harassment which creates a work environment that is hostile, intimidating or offensive or that otherwise interferes with performance.

H. **"Individual Insured(s)"** means:

- (1) any persons who were, now are, or shall be duly elected or appointed Directors, Officers, Partners, Managing Members or **Employees** of the **Organization**;
- (2) any individual serving the **Organization** outside of the United States in a position equivalent to that of Director, Officer, Partner, Managing Member or **Employee** inside the United States; and
- (3) the estates, heirs, legal representatives or assigns of an **Individual Insured** in the event of that individual's death, incapacity or bankruptcy.

I. **"Insured(s)"** means the **Organization** and the **Individual Insureds**.

J. **"Loss"** means damages and settlements, but does not include punitive or exemplary damages, that portion of any multiplied damage award which exceeds the amount multiplied, fines, penalties imposed by law, sanctions, taxes, and matters deemed uninsurable under law pursuant to which this Policy shall be construed.

K. **"Organization"** means:

- (1) the **Parent Organization**; and
- (2) any **Subsidiary** of the **Parent Organization**.

L. **"Parent Organization"** means the entity named in Item 1 of the Declarations.

M. **"Policy Period"** means the period from the effective date of this Policy to the Policy expiration date set forth in the Declarations, or its earlier cancellation or termination date, if any.

- N. **“Retaliation”** means any actual or alleged retaliatory treatment against an **Employee** because of:
- (1) the exercise of or attempt to exercise an **Employee’s** rights under law;
 - (2) an **Employee’s** disclosure of or threat to disclose to a governmental agency or superior acts of actual or alleged wrongdoing by any **Insured**;
 - (3) the filing of any claim under any federal, state, or local “whistle-blower” law including the Federal False Claims Act; or
 - (4) **Employee** strikes or slowdowns.
- O. **“Subsidiary”** means any entity which, on or before the inception of this Policy, is more than 50% owned by the **Parent Organization**, either directly or indirectly through one or more of its **Subsidiaries**.

Subsidiary shall also include any entity whose **Employees** total less than 25% of the total work force of the **Parent Organization** as of the inception date of this Policy, and which becomes a **Subsidiary** during the **Policy Period**. The **Parent Organization** shall provide the **Company** with full particulars of the new **Subsidiary** as soon as practicable, but no later than the expiration of this Policy.

An entity which becomes a **Subsidiary** during the **Policy Period** whose **Employees** total 25% or more of the total work force of the **Parent Organization** as of the inception date of this Policy shall be covered as a **Subsidiary** only if;

- (1) the **Parent Organization** provides written notice to the **Company** of such **Subsidiary** as soon as practicable, but not more than 60 days after the entity became a **Subsidiary**;
- (2) the **Parent Organization** provides the **Company** with such information as the Company may deem necessary;
- (3) the **Parent Organization** accepts any special terms, conditions, exclusions or additional premium charge as may be required; and
- (4) the **Company**, at its sole discretion, agrees to provide such coverage.

A **Subsidiary** which is sold or dissolved:

- (1) after the inception date of this Policy and which was an **Insured** under this Policy; or
- (2) prior to the inception date of this Policy and which was an **Insured** under a prior policy issued by the **Company**;

shall continue to be an **Insured**, but only with respect to **Claims** first made during this **Policy Period** or Extension Period, if applicable, arising out of **Wrongful Employment Acts** committed or allegedly committed during the time that entity was a **Subsidiary** of the **Parent Organization**.

P. **“Wrongful Employment Act”** means any actual or alleged act of:

- (1) **Discrimination**;
- (2) **Harassment**;
- (3) **Retaliation**;
- (4) **Wrongful Termination**;
- (5) employment related misrepresentation;
- (6) negligent evaluation, training or supervision of **Employees**
- (7) failure to enforce adequate policies and procedures relating to any **Wrongful Employment Act**;
- (8) wrongful discipline;
- (9) wrongful deprivation of career opportunity;
- (10) negligent violation of the Family and Medical Leave Act of 1993; or
- (11) acts described in clauses (1) through (10) above arising out of the use of the **Organization’s** Internet, e-mail, telecommunication or similar systems, including the failure to provide and enforce adequate policies and procedures relating to such use of the **Organization’s** Internet, e-mail, telecommunication or similar systems;

committed or allegedly committed by the **Organization** or by an **Individual Insured** acting solely within his/her capacity as such involving any **Employee**, former **Employee** or applicant for employment with the **Organization**; or asserted against any **Insured** because of his/her status as such.

It is further agreed that the same **Wrongful Employment Act**, an interrelated series of **Wrongful Employment Acts** or a series of similar or related **Wrongful Employment Acts** by one or more **Insureds** shall be deemed to be one **Wrongful Employment Act** and to have commenced at the time of the earliest **Wrongful Employment Act**.

- Q. “**Wrongful Termination**” means the actual or constructive termination of an employment relationship or the demotion of or the failure to promote any **Employee** in a manner which is illegal and wrongful or in breach of an implied agreement to continue employment. **Wrongful Termination** shall not include a termination which is or is alleged to be in breach or violation of an express contract of employment or an express obligation to make payments in the event of the termination of employment.

IV. EXCLUSIONS

The **Company** shall not be liable to make payment for **Loss** or **Defense Costs** in connection with any **Claim** made against any **Insured** arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:

- A. any actual or alleged bodily injury, sickness, disease or death of any person, or damage to or destruction of any tangible property including any resulting loss of use; provided that this exclusion shall not apply to **Claims** for mental anguish, emotional distress, invasion of privacy, humiliation, libel, slander or defamation that result from a **Wrongful Employment Act**;
- B. conduct of the **Insured** or at the **Insured's** direction that is fraudulent, dishonest or criminal provided that this exclusion will not apply to: (1) **Defense Costs** incurred until an allegation is proven in fact to be fraudulent, dishonest or criminal; or (2) to the strictly vicarious liability of any **Insured** for the fraudulent, dishonest or criminal conduct of another **Insured**;
- C. any pension, profit sharing, welfare benefit or other employee benefit program established in whole or in part for the benefit of any **Individual Insured**, or based upon, arising out of or in any way involving the Employee Retirement Income Security Act of 1974 (or any amendments thereof or regulations promulgated thereunder) or similar provisions of any federal, state or local statutory law or common law;
- D. any obligation under a worker's compensation, disability benefits, insurance benefits or unemployment compensation law, or any similar law; provided that this exclusion will not apply to any **Claim** for actual or alleged **Retaliation**;
- E. any pending or prior litigation or administrative or regulatory proceeding of which an **Insured** had written notice before the inception date of this Policy; any fact, circumstance, event, situation, or **Wrongful Employment Act** which before the inception date of this Policy was the subject of any notice under any other similar policy of insurance; or any future **Claims** or litigation based upon the pending or prior litigation or derived from the same or essentially the same facts, actual or alleged;

provided that, if this Policy is a renewal of a policy or policies previously issued by the **Company** and if the coverage provided by the **Company** was continuous from the inception date of the first such other policy to the inception date of this Policy, the reference in this exclusion will mean the inception date of the first policy under which the **Company** began to provide continuous coverage to the **Insured**;

- F. any liability or costs incurred by any **Insured** to modify any real or personal property in order to make said real or personal property more accessible or accommodating to any disabled person;
- G. any lockout, strike, picket line, replacement of worker(s) or other similar actions resulting from labor disputes or labor negotiations; provided that this exclusion will not apply to a **Claim** for actual or alleged **Retaliation**;
- H. the National Labor Relations Act, Labor Management Relations Act and amendments thereto, or any similar state, federal or local law; provided that this exclusion will not apply to a **Claim** for actual or alleged **Retaliation**;
- I. any **Claim** against any **Subsidiary** or its **Insured Persons** for any **Wrongful Employment Act** occurring prior to the date that such entity became a **Subsidiary** or any **Wrongful Employment Act** occurring at any time that such entity is not a **Subsidiary**;

- J. any damages which the **Insured** is legally obligated to pay by reason of the assumption of another's liability for a **Wrongful Employment Act** in a contract or agreement. This exclusion does not apply to liability for damages that the **Insured** would have in the absence of the contract or agreement.

V. LIMITS OF LIABILITY AND RETENTION

Regardless of the number of **Insureds** under this Policy, **Claims** made or suits brought on account of **Wrongful Employment Acts** or otherwise, the **Company's** liability is limited as follows:

- A. The Limit of Liability specified in the Declarations as aggregate shall be the maximum liability for **Loss** from all **Claims** to which this Policy applies.
- B. The Limit of Liability specified in the Declarations as the Limit for each **Claim** shall be the maximum liability for **Loss** for each **Claim** to which this Policy applies.
- C. **Defense Costs** shall be in addition to the Limit of Liability shown in the Declarations.
- D. Subject to the Limits of Liability provisions stated above, the **Company** shall be liable to pay only **Defense Costs** and **Loss** in excess of the Retention specified in the Declarations hereof as respects each and every **Claim** to which this Coverage Part applies.
- E. The **Company** shall have no obligation to pay any part or all of the Retention specified in the Declarations for any **Claim** on behalf of any **Insured**. If the **Company**, at its sole discretion, elects to pay any part or all of the Retention, the **Insureds** agree to repay such amounts to the **Company** upon demand.
- F. The Limit of Liability for the Extension Period, if applicable, shall be a part of and not in addition to the Limit specified in the Declarations.
- G. **Claims** based upon or arising out of the same **Wrongful Employment Act**, interrelated **Wrongful Employment Acts**, or a series of similar or related **Wrongful Employment Acts** shall be considered a single **Claim** and shall be considered first made during the **Policy Period** or Extension Period in which the earliest **Claim** arising out of such **Wrongful Employment Act(s)** was first made and all **Loss** for such **Claims** shall be subject to the one Limit of Liability that applies to such earliest **Claim**.
- H. The Limit of Liability for this Policy shall apply separately to each consecutive annual period starting with the beginning of the **Policy Period** shown in the Declarations. If this Policy is issued for a period of more than 12 months but less than 24 months or if the **Policy Period** is extended after issuance, the additional period will be deemed part of the last annual preceding period for the purposes of determining the Limit of Liability.

VI. SPOUSAL EXTENSION

If a **Claim** against an **Individual Insured** includes a **Claim** against the lawful spouse of such **Individual Insured** solely by reason of (a) such spousal status, or (b) such spouse's ownership interest in property or assets that are sought as recovery for **Wrongful Employment Acts**, any **Loss** which such spouse becomes legally obligated to pay on account of such **Claim** shall be deemed **Loss** which the **Individual Insured** becomes legally obligated to pay as a result of the **Claim**.

All definitions, exclusions, terms and conditions of this Policy, including the Retention, applicable to any **Claim** against or **Loss** sustained by such **Individual Insured** shall also apply to such spousal **Claim** or **Loss**.

The extension of coverage afforded by this Section VI shall not apply to the extent the **Claim** alleges any wrongful act, error, omission, misstatement, misleading statement, neglect or breach of duty by such spouse.

VII. EXTENSION PERIOD

- A. If the **Company** or the **Parent Organization** declines to renew or non-renews this Policy or if the **Parent Organization** cancels this Policy for reason other than non payment of premium, the **Parent Organization** shall have the right to purchase an extension of coverage granted by this Policy to report any **Claim(s)** first made against the **Insured** during the 12 months, the 24 months or the 36 months following the date of the non-renewal or cancellation (depending upon the Extension Period purchased,) but only as respects any **Wrongful Employment Act** committed before the date of the non-renewal or cancellation.

The additional premium for the Extension Period shall be 75% of the annual premium set forth in the Declarations for the 12 month period; 125% of the annual premium set forth in the Declarations for the 24 month period; or 175% of the annual premium for the 36 month period. The Extension Period begins on the termination date of the Policy. The **Parent Organization** must notify the **Company** in writing and must pay the additional premium set forth above no later than 30 days after the effective date of the non-renewal or cancellation.

- B. All premium paid with respect to an Extension Period shall be deemed fully earned as of the first day of the Extension Period. For the purpose of this clause, any change in premium terms or terms on renewal shall not constitute a refusal to renew.
- C. The Limits of Liability available during the Extension Period shall not exceed the balance of the Limits of Liability in effect at the time this Policy is terminated.
- D. Coverage for **Claim(s)** first received and reported during the Extension Period shall be excess over any other valid and collectible insurance providing substantially the same coverage as this Policy.

VIII. DEFENSE AND SETTLEMENT

The **Insureds** shall not demand or agree to arbitration of any **Claim** without the written consent of the **Company**. The **Insureds** shall not, except at personal cost, make any payment, admit any liability, settle any **Claims**, assume any obligation, or incur any expense or **Defense Costs** without the **Company's** written consent. The **Company**, as it deems expedient, has the right to investigate, adjust, defend, appeal and, with the consent of the **Insured**, negotiate the settlement of any **Claim** whether within or above the Retention. If the **Insureds** refuse to consent to any settlement recommended by the **Company**, the **Insureds** shall thereafter be obligated to negotiate and defend such **Claim** independently of the **Company**. Subject to the Limit of Liability, the liability of the **Company** for such **Claim** is limited to the amount in excess of the Retention which the **Company** would have contributed to the settlement had the **Insureds** consented to settlement plus **Defense Costs** covered by the Policy incurred up to the date of the refusal to settle.

The **Insureds** agree to cooperate with the **Company** on all **Claims**, and provide such assistance and information as the **Company** may reasonably request. Upon the **Company's** request, the **Insureds** shall submit to examination and interrogation by a representative of the **Company**, under oath if required, and shall attend hearings, depositions, trials and shall assist in the conduct of suits, including but not limited to effecting settlement, securing and giving evidence, obtaining the attendance of witnesses, giving written statements to the **Company's** representatives and meeting with such representatives for the purpose of investigation and/or defense, all of the above without charge to the **Company**. The **Insureds** further agree not to take any action which may increase the **Insured's** exposure for **Loss** or **Defense Costs**.

The **Insureds** shall execute all papers required and shall do everything that may be necessary to secure and preserve any rights of indemnity, contribution or apportionment which the **Insureds** may have, including the execution of such documents as are necessary to enable the **Company** to bring suit in their name, and shall provide all other assistance and cooperation which the **Company** may reasonably require.

IX. NOTICE/CLAIM REPORTING PROVISIONS

Notice hereunder shall be given in writing to the **Company**. If mailed, the date of mailing of such notice shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice.

- A. The **Insured** shall, as a condition precedent to the obligations of the **Company** under this Policy, give written notice to the **Company** of any **Claim** made against the **Insured** as soon as practicable during the **Policy Period**. There shall be no coverage for any **Claim** reported to the **Company** later than 60 days after the expiration of this Policy or after the expiration of any applicable Extension Period.
- B. If written notice of a **Claim** has been given to the **Company** pursuant to Clause IX. A. above, then any **Claim** which is subsequently made against the **Insured** and reported to the **Company** alleging, arising out of, based upon or attributable to the facts alleged in the **Claim** of which such notice has been given, or alleging any **Wrongful Employment Act** which is the same as or related to any **Wrongful Employment Act** alleged in the **Claim** of which such notice has been given, shall be considered made at the time such notice was given.
- C. If during the **Policy Period** the **Insured** shall become aware of any circumstances which may reasonably be expected to give rise to a **Claim** being made against an **Insured**, the **Insured** shall give written notice to the **Company** of the circumstances and the reasons for anticipating such a **Claim** with full particulars as to dates and persons involved. Any **Claim** which is subsequently made against an **Insured** and reported to the **Company** alleging, arising out of, based upon or attributable to such circumstances or alleging any **Wrongful Employment Act** which is the same as or related to any **Wrongful Employment Act** alleged or contained in such circumstances, shall be considered made at the time such notice of such circumstances was given provided the **Claim** is in fact first made and reported to the **Company** during a Policy the **Company** has issued to the **Parent Organization** or during any Extension Period.

X. CANCELLATION OR NON-RENEWAL

This Policy may be canceled by the **Parent Organization** by either surrender thereof to the **Company** at its address stated on the Declarations or by mailing to the **Company** written notice requesting cancellation and in either case stating when thereafter such cancellation shall be effective. If canceled by the **Parent Organization**, the **Company** shall retain the customary short rate proportion of the premium.

The **Company** may cancel this Policy only in the event of the failure of the **Insured** to pay the premium when due by mailing to the **Parent Organization** written notice when, not less than 10 days thereafter, such cancellation shall be effective.

In the event the **Company** refuses to renew this Policy, the **Company** shall mail to the **Parent Organization**, not less than 60 days prior to the expiration of the Policy, written notice of non-renewal. Such notice shall be conclusive on all **Insureds**.

The mailing of notice of cancellation or non-renewal shall be sufficient notice and the effective date of cancellation or non-renewal stated in any such notice shall become the end of the **Policy Period**. Delivery of such written notice by the **Parent Organization** or the **Company** shall be equivalent to the mailing.

If this Policy is canceled by the **Company**, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected, or as soon as practicable thereafter.

XI. REPRESENTATIONS AND SEVERABILITY

- A. The **Insureds** represent that the particulars and statements contained in the **Application** are true and agree that (1) those particulars and statements are the basis of this Policy and are to be considered as incorporated into and constituting a part of the Policy; (2) those particulars and statements are material to the acceptance of the risk assumed by the **Company**; and (3) this Policy is issued in reliance upon the truth of such representations.
- B. Except for material facts or circumstances known to the person or persons signing the **Application**, no statement in the **Application** or knowledge or information possessed by an **Insured** shall be imputed to any other **Insured** for the purpose of determining the availability of coverage.

XII. SUBROGATION

In the event of any payment under this Policy, the **Company** shall be subrogated to the **Insured's** right of recovery therefore against any person or entity and the **Insured** shall execute and deliver such instruments and papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing to prejudice such rights.

XIII. CHANGES

Notice to any agent or knowledge by any agent shall not effect a waiver or change in any part of this Policy or stop the **Company** from asserting any right under the terms of this Policy, nor shall the terms of this Policy be waived or changed except by an endorsement, issued by the **Company** to form a part of this Policy.

XIV. AUTHORIZATION CLAUSE AND NOTICES

By acceptance of this Policy, all **Insureds** agree that the **Parent Organization** shall act on behalf of all **Insureds** with respect to the giving and receiving of any return premiums that may become due under this Policy. Notice to the **Parent Organization** shall be directed to the individual named in the **Application**, or such other person as shall be designated by the **Parent Organization** in writing, at the address of the **Parent Organization**. Such notice shall be deemed to be notice to all **Insureds**. The **Parent Organization** shall be the agent of all **Insureds** to effect changes in the Policy or purchase Extension Periods.

XV. ASSIGNMENT

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

XVI. OTHER INSURANCE

This Policy shall be excess of and not contribute with other existing insurance, including but not limited to any insurance under which there is a duty to defend, unless such other insurance is specifically written to be in excess of this Policy.

XVII. TERMS OF POLICY CONFORMED TO STATUTE

Terms of this Policy which are in conflict with the statutes of the State wherein this Policy is issued are hereby amended to conform to such statutes.

XVIII. CHANGES IN EXPOSURE

A. If after the inception date of this Policy:

- (1) the **Parent Organization** consolidates with or merges into another entity, or sells all or substantially all of its assets; or
- (2) any person, entity or group of persons or entities acting in concert acquire all or substantially all of the assets of the **Parent Organization**; or
- (3) the **Organization** offers or sells any securities issued by the **Organization** in a transaction not exempt from registration under the Securities Act of 1933 or acquires the securities of a publicly traded entity such that the entity would become a **Subsidiary** of the **Organization**; or
- (4) a receiver, conservator, trustee, liquidator, rehabilitator or any similar official is appointed for or with respect to the **Parent Organization**;

the above events referred to as the "Transaction",

this Policy shall continue in full force and effect as to **Wrongful Employment Acts** occurring before the Transaction, but coverage will cease as respects actual or alleged **Wrongful Employment Acts** occurring after the Transaction. The entire premium for this Policy shall be deemed earned. The **Parent Organization** shall have the right to an offer by the **Company** of an Extension Period described in Section VII of this Policy.

The **Parent Organization** shall give the **Company** written notice of the Transaction as soon as practicable, but not later than 30 days after the effective date of the Transaction.

XIX. ACTION AGAINST THE COMPANY

- A. No action shall lie against the **Company** unless as a condition precedent thereto, there shall have been full compliance with all of the terms of this Policy, and until the amount of the **Insured's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the Insured, the claimant or the claimant's legal representative, and the **Company**.
- B. Any person or the legal representatives thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. No person or entity 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 their legal representatives. Bankruptcy or insolvency of the **Insured** or their successors in interest shall not relieve the **Company** of its obligations hereunder.

XX. ACCEPTANCE

This Policy embodies all agreements existing between the parties hereunder or any of their agents relating to this insurance.

In Witness Whereof, the **Company** has caused this Policy to be executed and attested, but this Policy shall not be valid unless countersigned by a duly authorized representative of the **Company**.



Treasurer



President