

**FEDERAL EMPLOYEE PROFESSIONAL LIABILITY
MASTER POLICY
DECLARATIONS**

Policy No.:WAEM750010

Renewal of:

This is a Claims made and reported policy. Coverage is limited to Claims that are first made against you, and reported in writing to us, during the Policy Period.

- Item 1 a. Insured: Each Civilian Employee of the Federal Government of the United States who has been issued a certificate of insurance by the Program Administrator
- b. Master Policyholder: Federal Employee Risk Management Association
- Item 2. Insurer: Ironshore Specialty Insurance, Co.
- Item 3. Program Administrator: Wright USA
- Item 4. Policy Period: October 1, 2009 to October 1, 2010
At 12:00 a.m. Eastern Standard Time
- Item 5. Limit of Liability
- Item 5.A. Coverage A
- Limits of Liability: \$1,000,000 each Claim and in the aggregate annually
- Deductible: None
- Item 5.B. Coverage B
- (i) Civil Proceedings: \$200,000 each Claim and in the aggregate annually
- (ii) Criminal Proceedings: \$100,000 each Claim and in the aggregate annually
- (iii) Limits of Liability in the aggregate annually for all Civil Proceedings and Criminal Proceedings: \$300,000
- Deductible: None

Item 5.C. Aggregate Limit of Liability for each Insured Certificate Holder

Aggregate Limit of Liability for each Insured Certificate Holder annually for all Coverages combined: \$1,300,000

Item 5.D. Master Policyholder Limit of Liability

Limit of Liability in the aggregate annually for all Insureds under the Master Policy, for all Coverages combined:

Per Claim: \$ 2,000,000
Aggregate: \$ 25,000,000

Item 6. Annual Premium \$

Item 7. Retroactive Date: October 1, 2009

REPORT ALL CLAIMS TO:

Via Regular Mail to:
USA
Attn: Claims Department
706 Philadelphia Pike, Suite 1
Wilmington, DE 19809
Via Email to: pliclaims@wrightusa.com

**FEDERAL EMPLOYEE PROFESSIONAL LIABILITY INSURANCE
POLICY CERTIFICATE
(CLAIMS MADE & REPORTED)**

This Policy covers Claims first made against you and reported to us in writing during the Policy Period.

Certain provisions in this Policy ("the Policy") restrict coverage. Read the entire Policy carefully to determine the party's respective rights, duties and to determine what is and is not covered. Any words used in this Policy which are capitalized and printed in bold have special meaning. Refer to section **II - DEFINITIONS** or the Declarations Page to determine how such words are defined.

I. COVERAGE

A. Coverage A - Liability Coverage for Third Party suits or Claims

Subject to the Limit of Liability stated in Item 5.A. of the Declarations Page, the **Insurer** will pay on behalf of the **Insured** all **Damages** and **Claims Expenses** in excess of the **Deductible** which the **Insured** shall become legally obligated to pay as a result of a **Claim** for a **Wrongful Act** first made against the **Insured** during the **Policy Period** and reported to the **Insurer** in accordance with Section V of the Policy; provided always;

1. that the **Wrongful Act** which gave rise to the **Claim** occurs after the **Retroactive Date** listed in Item 7 of the Declarations Page, or the **Effective Date** of the first Federal Employee Professional Liability Insurance Policy Certificate Form issued by the **Program Administrator** to the **Insured** and continuously renewed and maintained in effect from the **Effective Date** of that policy period, whichever date is earlier; and
2. the **Insured** did not give notice of the **Wrongful Act** to any prior carrier, and
3. the **Insured** had no knowledge of any facts and circumstances concerning the **Wrongful Act** that might reasonably be expected to result in a **Claim** prior to the **Policy Period**.

It is a condition precedent to coverage under this Policy that all **Claims** are reported in compliance with section **V. INSURED'S DUTIES IN THE EVENT OF CLAIM**.

Coverage A - Duty to Defend and Cooperation

With respect to such insurance as is afforded by Coverage A of this Policy:

The **Insured** has a duty to cooperate with the **Insurer** in seeking the representation of the Department of Justice in connection with any **Claim** against the **Insured** and the **Insurer** agrees to assist the **Insured** in seeking such representation. When the United States Department of Justice declines to defend an **Insured** for any **Claim** for a **Wrongful Act** covered under this Policy, then, subject to the **Limits of Liability** and the **Deductible** provided in Item 5 A. of the Declarations, the **Insurer** shall have the right and duty to defend such **Claim**, even if the allegations of the suit are groundless, false, or fraudulent.

When the United States Department of Justice assumes the defense of a **Claim** against

an **Insured**, the Insurer may in its sole discretion retain an attorney to monitor and oversee the defense being provided by the Department of Justice. When the United States Department of Justice declines to defend an **Insured**, the **Insurer** shall designate an attorney on behalf of the **Insured** for purposes of this Coverage and retains the right to resolve the **Claim** as it deems expedient; however, the **Limit of Liability** provided by this Policy shall include both **Damages** and **Claim Expenses** and the **Insurer** shall not be obligated to pay any **Claim** nor defend or continue to defend any **Claim** after the applicable Limit of the Liability has been exhausted by the payment of **Damages** and/or **Claims Expenses**.

The **Insured** shall not, except at his own cost, make a payment, assume any obligation, admit any liability or incur any expense in connection with a **Claim**. It is a condition precedent of the **Insurer's** duty to defend that the **Insured** promptly respond to any questions the **Insurer** raises in order to confirm coverage. The **Insured** shall cooperate with the **Insurer** in the defense of any **Claim** to the full extent allowed by the **Constitution** or federal law. The **Insured** shall cooperate with the **Insurer** in enforcing any right of contribution or indemnity against any person or organization except against the United States of America or any of its agencies.

B. Coverage B - Legal Defense Expense Coverage

Subject to the Coverage B Limit of Liability listed in Item 5.B. of the Declarations Page, in the event the United States Department of Justice declines to defend an **Insured**, the **Insurer** shall select counsel and pay **Claims Expenses** arising out of any **Civil Proceeding** or **Criminal Proceeding** first made against the **Insured** during the **Policy Period** which arises out of a **Wrongful Act** provided always,

1. that the **Wrongful Act** which gave rise to the **Claim** occurs after the **Retroactive Date** listed in Item 7 of the Declarations Page or the **Effective Date** of the first Federal Employee Professional Liability Insurance Policy Certificate Form issued by the **Program Administrator** to the **Insured** and continuously renewed and maintained in effect from the effective date of that policy period, whichever date is earlier; and
2. the **Insured** did not give notice of the **Wrongful Act** to any prior carrier, and
3. the **Insured** had no knowledge of any facts and circumstances concerning the **Wrongful Act** that might reasonably be expected to result in a **Claim** prior to the **Policy Period**.

It is a condition precedent to coverage under this Policy that all **Civil Proceedings** or **Criminal Proceedings** be reported in compliance with the section **V - INSURED'S DUTIES IN THE EVENT OF CLAIM**.

The **Insured** has a duty to cooperate with the **Insurer** in seeking the representation of the Department of Justice in connection with any **Claim** against the **Insured** and the **Insurer** agrees to assist the **Insured** in seeking such representation. When the United States Department of Justice assumes the defense of a **Civil Proceeding** or **Criminal Proceeding** against an **Insured**, the **Insurer** may in its sole discretion retain an attorney to monitor and oversee the defense being provided by the Department of Justice. The **Insured** shall cooperate with the **Insurer** in the defense of any **Civil Proceeding** or **Criminal Proceeding** provided by the **Insurer** to the full extent allowed by the

Constitution or federal law. The **Insured** shall cooperate with the **Insurer** in enforcing any right of contribution or indemnity against any person or organization except against the United States of America or any of its agencies.

The **Insurer** shall be liable for **Claims Expenses** in connection with a **Civil Proceeding** covered by this Policy where the Department of Justice has not assumed the defense; however, in a **Criminal Proceeding**, to the extent that a finding, verdict or other final disposition unfavorable to the **Insured** shall establish that the **Wrongful Act** was criminal, the **Insurer** reserves the right to recover **Claims Expenses** from the **Insured**.

The **Insurer** shall designate an attorney on behalf of the **Insured** for purposes of this Coverage and **Claims Expenses** paid pursuant to **Coverage B** shall be subject to the **Limit of Liability** provided by this Policy and the **Insurer** shall not be obligated to defend or continue to defend any **Civil Proceeding** or **Criminal Proceeding** after the applicable limit of the **Insurer's** liability has been exhausted.

The **Insured** shall not, except at his own cost, voluntarily make a payment, assume any obligation, admit any liability or incur any expense in connection with a **Claim**. It is a condition precedent of the **Insurer's** duty to defend that the **Insured** promptly respond to any questions the **Insurer** raises in order to confirm coverage.

II. DEFINITIONS

- A. **Adverse Action shall** mean any investigation or proceeding to determine whether to reprimand, demote, suspend or discharge an **Insured**.
- B. **Bodily Injury shall** mean bodily injury, sickness, or disease, or death arising out of, or related to, or caused by a **Wrongful Act**.
- C. **Claim shall** mean, with respect to Coverage A, any written demand received by an **Insured** to hold the **Insured** personally liable for **Damages** or injunctive relief as a result of a **Wrongful Act** brought by any claimant other than the United States Federal Government. With regard to Coverage A only, the term **Claim** shall not include **Civil Proceedings** or **Criminal Proceedings**.

With regard to Coverage B, the term **Claim** shall mean only **Civil Proceedings** or **Criminal Proceedings**.

- D. **Claims Expenses shall** mean:
 - 1. Reasonable and necessary fees charged by an attorney designated by the **Insurer** to defend a **Claim**; and
 - 2. All other reasonable and necessary fees, costs and charges resulting from the investigation, adjustment, defense, and appeal of a **Claim**, if incurred by us, or by you with our written consent, provided that we shall not be obligated to apply for or furnish appeal bonds.

The **Insurer's** determination of what is considered reasonable and necessary **Claims Expenses** shall be conclusive. **Claims Expenses** do not include the **Insured's** salary, wages or other employment benefits.

- E. **Civil Proceeding shall** mean any proceeding brought by the United States Federal

Government against any **Insured** before any entity, including investigations related to **Adverse Actions**, and judicial sanctions by an adjudicatory body in connection with charges of misconduct by the **Insured**, regardless of whether such proceeding has been established by the provisions of the **Constitution**, federal law or court rules.

An investigation of wrongful termination, discrimination, harassment or retaliation alleged by any individual under any Federal employment statute, regulation, or court rules, is a **Civil Proceeding** if the allegation has been accepted for investigation by any entity of the United States Government, and if the allegation accepted for investigation alleges that the **Insured** may have engaged or participated in a **Wrongful Act** against an individual, group, or entity. A **Congressional Investigation**, including subpoenas requesting that an **Insured** produce documents and requests for the testimony of an **Insured**, is a **Civil Proceeding**.

Civil Proceeding does not include a **Claim** by a person or entity other than the federal Government of the United States or a **Performance Proceeding, Physical and Medical Qualification Determination, Suitability Determination**, investigations or proceedings in connection with **Criminal Proceedings** where a **Wrongful Act** of the **Insured** is not the subject of the investigation.

- F. **Congressional Investigation shall** mean an investigation conducted by a committee of either the United States House of Representatives or the Senate of the United States.
- G. **Constitution** shall mean the constitution of the federal government of the United States of America
- H. **Course and Scope of U.S. Federal Government Employment shall** mean an act of any kind or character that has to do with and originates in the work, services, trade or profession of an employee of the United States Federal Government and that is performed by the employee while engaged in and furthering the affairs or services of that United States Federal Government agency.
- I. **Criminal Proceeding shall** mean any proceeding, including investigations or grand jury proceedings to review or prosecute charges of criminal misconduct by the **Insured** in the **Course and Scope of U.S Federal Government Employment**, brought by the United States Federal Government before any entity, regardless of whether the proceeding is established by the **Constitution** or other federal law or court rules.

Criminal Proceeding does not include a Claim within the meaning of Coverage A of the Policy.

- J. **Damages shall** mean compensatory and punitive damages, where insurable under the law, provided, however, such **Damages** shall not include:
 - 1. Fines, statutory or other penalties imposed pursuant to statute or regulation; or
 - 2. Judgments or awards for any **Damages** deemed uninsurable by law, or
 - 3. Loss of benefits or loss of wages as a result of any adverse decision in any **Civil Proceeding** or **Criminal Proceeding**.
- K. **Effective Date** means 12:00 am Eastern Standard time on the first calendar date when the Policy becomes effective and in force.
- L. **Insured** shall mean each individual who has been issue a certificate of insurance under

this Master Policy.

- M. **Insurer** shall mean the company listed in Item 2. of the Declarations.
- N. **Master Policyholder** shall mean the entity named in Item 1.b of the Declarations Page while acting as Program Administrator and Trustee for the Federal Employee Risk Management Association (FERMA).
- O. **Performance Proceeding** shall mean an investigation, determination, appraisal, or process by which an **Insured** is evaluated, measured or rated, either individually or as part of a group, as part of the organizational effectiveness in the accomplishment of the United States Federal Government agency's mission and goals, as specified under any provision of the **Constitution** or other federal law, rule or regulation.
- P. **Physical and Medical Qualification Determination** shall mean an investigation and/or determination based wholly or in part on the review of medical documentation and the results of medical examinations and evaluations conducted to determine physical or mental fitness for a federal position, as specified under any provision of the **Constitution** or other federal law, rule or regulation.
- Q. **Policy Period** shall mean the period stated in Item 2 of the Declarations Page.
- R. **Property Damage** means damage to or destruction of property including loss of use thereof sustained by any person, persons or entity resulting from a **Wrongful Act**.
- S. **Suitability Determination Proceeding** shall mean an investigation, determination, appraisal or process involving a determination of suitability for employment, as specified under any provision of the **Constitution** or other federal law, rule or regulation.
- T. **A Wrongful Act** shall mean any act, error or omission involving common law, statutory or **Constitutional** torts in the United States, and with regard to Coverage B, alleged violations of criminal statutes, and any subsequent acts, errors or omissions which directly relate to or arise out of the original violation by an Insured committed in the **Course and Scope of U.S. Federal Government Employment**.
- U. **A Related Wrongful Act** shall mean **Wrongful Acts** that are the same, related or continuous, or **Wrongful Acts** that arise from a common nucleus of facts. Claims can allege **Related Wrongful Acts** regardless of whether such Claims involve different claimants, **Insureds** or legal causes of action.
- V. **Waste** includes materials to be recycled, reconditioned or reclaimed including but not limited to **Pollutants**. **Pollutants** mean any solid, liquid, gaseous or thermal irritant or contaminants, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste.

III. EXCLUSIONS

The **Insurer** is not obligated to pay **Damages** or **Claims Expenses** or to defend **Claims** arising out of, related to or involving:

- A. Any obligation for which the **Insured** or any carrier as the insurer may be held liable under any workers' compensation, unemployment compensation, disability benefits law, or other similar law;

- B. gain, profit or advantage to which an **Insured** was not legally entitled; **Damages** and **Claims Expenses** arising out of any **Wrongful Acts** committed by or at the direction of the **Insured** which are dishonest, fraudulent, criminal, malicious or involve an intentional violation of the **Constitution** or any law, statute, ordinance, rule or regulation by an **Insured**. However, this exclusion shall not apply to **Claim Expenses** or to the duty of the **Insurer** to defend such **Claim** until there is a judgment, binding arbitration, adverse admission by, finding of fact against, or pleas of *nolo contendere* or no contest by or against the **Insured**, at which time the **Insured** shall reimburse the **Insurer** for any **Claims Expenses** paid by the **Insurer**;
- C. Liability assumed by the **Insured** under any contract or agreement;
- D. **Bodily Injury** or **Property Damage** arising out of the ownership, operation, or use of any motor vehicle, aircraft or watercraft owned by the Federal Governmental of the United States or property owned or occupied by or rented to the United States Federal Government or the **Insured**.
- E. Any loss, cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants**:
1. At or from any premises, site or location, which is or was at any time owned or occupied by, or rented or loaned to, any **Insured**; or which is or was at any time used by or for any **Insured** or others for the handling, storage, disposal, processing or treatment of **Waste**;
 2. Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any **Insured** or any person or organization for whom may be legally responsible; or
 3. At or from any premises, site or location on which any **Insured** or any contractors or subcontractors, working directly or indirectly on any **Insured's** behalf, are performing operations:
 - a. if the **Pollutants** are brought on or to the premises, site or location in connection with such operations by such **Insured**, contractor or subcontractor; or
 - b. if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.
 4. Any loss, cost or expense arising out of any:
 - a. Request, demand or order that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
 - b. Claim or suit or **Civil Proceeding** or **Criminal Proceeding** by or on behalf of a governmental authority for **Damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or in any way responding to, or

assessing the effects of **Pollutants**.

- F.
 - 1. **Asbestos**, asbestos fibers, or any material and/or substances containing asbestos, or any asbestos related **Bodily Injury, Property Damage, or Civil Proceeding** or Criminal **Proceeding** or exposure to asbestos, asbestos fibers or talc in any form, and/or manifestation of any asbestos related **Bodily Injury**, including but not limited to asbestosis, mesothelioma and/or bronchogenic carcinoma; or
 - 2. Any alleged act, error or omission or duty involving asbestos, asbestos fibers or asbertiform talc or any material and/or substances containing asbestos, asbestos fibers or asbertiform talc, its use, exposure, presence, existence, detection, removal, elimination or avoidance; or
 - 3. The use, exposure, presence, existence, detection, removal, elimination or avoidance of asbestos, asbestos fibers or asbertiform talc or any material and/or substances containing asbestos, asbestos fibers or asbertiform talc in any environment, building or structure.
- G. Any procedures, including grievance procedures and arbitration hearings that are provided by any collective bargaining agreements when the **Insured's** labor union or other collective bargaining agent or the union or agent's designee represents or is required to represent the Insured in the proceeding;
- H. electrical failure, including any electrical power interruption or surge, brownout, blackout, short circuit, over voltage or internet site failure; regardless of the cause of such electrical or internet failure;
- I. any **Claim** or affirmative cause of action brought by the **Insured** against another **Insured** or any third party.

IV. LIMITS OF LIABILITY

A. Limit of Liability - Coverage A

- 1. The **Insurer** shall be liable to pay **Damages** and **Claims Expenses** in excess of the applicable deductible up to the Limit of Liability stated in item 5.A. of the Declarations.
- 2. The aggregate Coverage A Limit of Liability set forth in item 5.A of the Declarations shall be the maximum liability of the **Insurer** for all Coverage A **Claims** made against the **Insured** during the **Policy Period** and Extended Reporting Period, if applicable, regardless of the time of payment or number of **Claims**.
- 3. The Coverage A. Limit of Liability stated in Item 5.A. of the Declarations is part of, and not in addition to the Aggregate Limit of Liability for each Insured Certificate Holder set forth in Item 5.C. of the Declarations. Any payment of **Damages** and/or **Claims Expenses** under Coverage A shall serve to reduce the Aggregate Limit of Liability for each Insured Certificate Holder.

B. Limit of Liability - Coverage B

1. The **Insurer** shall be liable to pay **Claims Expenses** arising out of any **Civil Proceeding** in excess of the applicable deductible up to the Limit of Liability set forth in item 5.B.(i) of the Declarations. The **Civil Proceedings** Limit of Liability set forth in item 5.B(i) of the Declarations shall be part of, and not in addition to the aggregate Coverage B Limit of Liability set forth in item 5.B.(iii) of the Declarations.
2. The **Insurer** shall be liable to pay **Claims Expenses** arising out of any **Criminal Proceeding** in excess of the applicable deductible up to the Limit of Liability set forth in item 5.B.(ii) of the Declarations. The **Criminal Proceeding** Limit of Liability set forth in item 5.B(ii) of the Declarations shall be part of, and not in addition to the aggregate Coverage B Limit of Liability set forth in item 5.B(iii) of the Declarations.
3. The aggregate Coverage B Limit of Liability set forth in item 5.B(iii) of the Declarations shall be the maximum liability of the **Insurer** for all Coverage B **Claims** made against the **Insured** during the **Policy Period** and Extended Reporting Period, if applicable, regardless of the time of payment or number of **Claims**.
4. The Coverage B. Limit of Liability stated in Item 5.B. of the Declarations is part of, and not in addition to the Aggregate Limit of Liability for each Insured Certificate Holder set forth in Item 5.C. of the Declarations. Any payment of **Civil Proceeding Claims Expenses and/or Criminal Proceeding Claims Expenses** under Coverage B shall serve to reduce the Aggregate Limit of Liability for each Insured Certificate Holder.

C. Aggregate Limit of Liability for each Insured Certificate Holder

The Aggregate Limit of Liability set forth in item 5.C of the Declarations shall be the maximum liability of the **Insurer** for all **Claims** made against the **Insured**, under both Coverage A and Coverage B, during the **Policy Period** and Extended Reported Period, if applicable, regardless of the time of payment or number of **Claims**. The payment of **Damages** and/or **Claims Expenses** will reduce the Aggregate Limit of Liability for each Insured Certificate Holder available to pay for all **Claims** during the **Policy Period**. Multiple **Claims** made against a single **Insured** that arise out of the same or **Related Wrongful Acts** shall be treated as one **Claim** first made when the earliest **Claim** was asserted.

D. Master Policy Coverage - Limits

This Policy is issued to the **Master Policyholder** under an annual Master Policy and is subject to the **Master Policy Limit of Liability** listed in Item 5.D. of the Declarations. This is the most that the **Insurer** will pay for **Damages** and/or **Claims Expenses** reported by all **Insureds** combined during the **Policy Period** of the **Master Policy**.

1. The **Limits of Liability** shown in Item 5.D. of the Declarations is the maximum the **Insurer** will pay regardless of the number of **Insureds** or **Claims** made under the Master Policy.

2. The **Limits of Liability** shown in Item 5.D. of the Declarations Page will apply as follows:
 - a. The Limit shown as the annual aggregate per **Claim** is the most the **Insurer** will pay for the sum of all **Damages** and **Claims Expenses** arising out of any single **Claim** during the **Policy Period** of the **Master Policy**.
 - b. The Limit shown as the annual total aggregate is the most the **Insurer** will pay for the sum of all **Damages** and **Claims Expenses** for all **Claims** made and reported during the **Policy Period** of the Master Policy.

The payment of **Damages** and/or **Claims Expenses** will reduce the **Limit of Liability** available to pay for all **Claims** under the **Master Policy**. Multiple **Claims** made against a one or more **Insured** that arise out of the same or **Related Wrongful Acts** shall be treated as one **Claim**, first made when the earliest **Claim** was asserted and subject to the aggregate per Claim Limit of Liability set forth in item 5.D.a. of the Declarations.

V. **INSURED'S DUTIES IN THE EVENT OF A CLAIM**

If there is a **Claim**, or a circumstance or incident likely to result in a **Claim**, the **Insured** must, as soon as practicable, but in no event later than 30 days after the expiration of the **Policy Period**, notify the **Insurer** in writing. Notice can be sent via Regular mail to:

Wright USA
Attn: Claims Department
706 Philadelphia Pike, Suite 1
Wilmington, DE 19809
Via Email to: pliclaims@wrightusa.com

Written notice of a **Claim**, or a circumstance or incident likely to result in a **Claim** must contain particulars sufficient to identify the **Insured** the **Claim** is asserted against, and the time, place and circumstances concerning the **Wrongful Act** giving rise to the **Claim**.

VI. **EXTENDED REPORTING PERIOD**

The insurance provided under this Policy is extended to apply to **Claims** made and reported under Coverage A or **Civil Proceedings** or **Criminal Proceedings** reported under Coverage B against the **Insured** during the 36 calendar months immediately following the expiration or termination of the certificate, but only for acts committed or alleged to have been committed during the **Policy Period**, and only under the following circumstances:

1. The Policy is canceled by the **Insurer** for a reason other than non-payment of premium; or
2. The **Insured** no longer purchases this coverage because they are no longer employed by the United States Federal Government.

The Extended Reporting Period does not extend the **Policy Period** or change the scope of coverage provided. The Extended Reporting Period does not reinstate or increase the Limits of

Liability as stated on the Declarations Page. The Extended Reporting Period does not apply to **Claims** under Coverage A or **Civil Proceedings** or **Criminal Proceedings** under Coverage B covered by any subsequent insurance the **Insured** purchases, or that would be covered but for exhaustion of the amount of insurance applicable to such **Claims, Civil Proceedings** or **Criminal Proceedings**.

VII. CONDITIONS

A. TERRITORY

This policy applies to **Wrongful Acts** committed or alleged to have been committed anywhere in the world, provided that the **Claim** is made and reported within the Commonwealths, territories, possessions of the United States, including the District of Columbia.

B. INTERRELATED WRONGFUL ACTS

Two or more **Claims** based upon, arising out of or attributable to the same or **Related Wrongful Acts** shall be considered and treated as a single **Claim** under the Policy regardless of whether made against one or more than one **Insured**. All such **Claims** shall be considered first made within the **Policy Period** in which the earliest of such **Claims** was first made, or deemed to be made and shall be subject to one **Limit of Liability** and **Deductible**.

C. ACTION AGAINST THE INSURER

No action shall extend against the **Insurer** unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of the policy, nor 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 and the **Insurer**. Nothing in this provision shall bar the **Insured** from seeking to enforce his rights under the policy in the absence of a judgment.

Any person or organization or the legal representative 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 organization shall have any right to join the **Insurer** as a party to any action against the **Insured** to determine the **Insured's** liability, nor shall the **Insurer** be impleaded by the **Insured** or his legal representative. Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate shall not relieve or increase the **Insurer's** obligations hereunder.

D. OTHER INSURANCE

The insurance under this Policy shall be excess over any other valid and collectible insurance or other legal rights of recovery available to the **Insured** under another policy or otherwise, including any indemnification provided by the Department of Justice or similar agency of the United States.

E. SUBROGATION

In the event of any payment under this policy, the **Insurer** shall be subrogated to all the **Insured's** rights of recovery thereof against any third party or organization and the **Insured** shall do whatever is necessary and allowed by law to secure such rights. In the

event this Policy responds for **Defense Costs** or **Damages** on behalf of any **Insured** and thereafter, the **Insured** collects **Damages**, costs and/or attorney's fees from any third party, the **Insurer** shall be entitled to all such **Damages**, costs and/or attorney's fees so collected, up to the limit of its actual payment under this Policy.

F. **CHANGES**

Notices to any agent, or knowledge possessed by any agent or by any other person shall not effect a waiver, or change in part this Policy or stop the **Insurer** from asserting its right under the terms of this Policy; nor shall the terms of this Policy be waived or changed, except by endorsement issued to form a part of this Policy signed by a duly authorized agent of the **Insurer** and accepted by the **Master Policyholder**.

G. **CANCELLATION**

Coverage may be cancelled by the **Insured** by surrender of this Policy to the **Insurer** or any of its authorized agents or by mailing to the **Insurer** written notice stating when the cancellation shall be effective. This coverage may be cancelled by the **Insurer** by mailing to the **Insured** at the address shown in the Declarations written notice stating when not less than sixty (60) days thereafter such cancellation shall take effect. For non-payment of premium, cancellation may be issued upon ten (10) days written notice. Proof of the mailing of notice shall be sufficient proof of notice. The time of surrender or the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice, either by the **Insured** or by the **Insurer** shall be equivalent to mailing. Any notice of Cancellation to the **Master Policyholder** under the Conditions section of the **Master Policy** shall be considered as notice to the **Insured's** of this policy.

Coverage may also be cancelled by the **Master Policyholder** by surrender of this policy to the **Insurer** or any of its authorized agents or by mailing to the **Insurer** written notice stating when thereafter the cancellation shall be effective. This coverage may be cancelled by the **Insurer** by mailing to the **Master Policyholder** at the address shown in the Declarations written notice stating when not less than ninety (90) days thereafter such cancellation shall take effect. For non-payment of premium, cancellation may be issued upon ten (10) days written notice. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the **Master Policyholder** or by the **Insurer** shall be equivalent to mailing. Any notice of Cancellation to the **Master Policyholder** under the Conditions section of the **Master Policy** shall be considered as notice to the **Insured's** of this policy.

H. **ASSIGNMENT AND CONFORMITY WITH STATUTE**

The **Insured's** interest in this Policy shall not be assignable. To the extent that the terms of this Policy are in conflict with the **Constitution**, laws or regulations of the United States and/or the laws and regulations of the state wherein this Policy is issued, the Policy is hereby amended to conform to such laws or regulations.

I. **PREMIUM**

All premiums shall be computed in accordance with the Program and shall be fully earned at policy inception.

J. DECLARATIONS

By acceptance of this Policy, the **Insureds** agree that the statements in the application are their representations, that this Policy is issued in reliance upon the truth of such representations and that this Policy embodies all agreements existing between the **Insureds** and the **Insurer** or any of their agents relating to this insurance.

IN WITNESS WHEREOF, the **Insurer** has caused this Policy to be signed by its President and Secretary, and, if required by state law, this Policy shall not be valid unless countersigned on the Declarations by an authorized representative of **Insurer**.

PRESIDENT

SECRETARY

SPECIMEN