CONSIDERATION CLAUSE

IN CONSIDERATION of the payment of the premium, in reliance on the statements in the Application, subject to the Declarations, and pursuant to all the terms, conditions, exclusions and limitations of this Policy, the Company and the Insureds agree as follows:

I. GENERAL

These Liability Coverage Terms and Conditions apply to all Liability Coverages. Unless otherwise stated to the contrary, the terms and conditions of each Liability Coverage apply only to that particular Liability Coverage. If any provision in these Liability Coverage Terms and Conditions is inconsistent or in conflict with the terms and conditions of any particular Liability Coverage, such Liability Coverage's terms, conditions, and limitations will control for purposes of that Liability Coverage.

II. DEFINITIONS

Wherever appearing in this Liability Policy, the following words and phrases appearing in bold type will have the meanings set forth in this Section II. DEFINITIONS:

A. Additional Defense Limit of Liability means the amount set forth in ITEM 5 of the Declarations for each applicable Liability Coverage. If "Not Applicable" is shown as the amount of any Liability Coverage's Additional Defense Limit of Liability, then any reference to the Additional Defense Limit of Liability will be deemed to be deleted from such Liability Coverage.

B. Annual Reinstatement of the Liability Coverage Limit of Liability means, if included in ITEM 10 of the Declarations, the reinstatement of each applicable Liability Coverage Limit of Liability or, if applicable, the Liability Coverage Shared Limit of Liability for each applicable Liability Coverage for each Policy Year during the Policy Period.

C. Application means the application deemed to be attached to and forming a part of this Liability Policy, including any materials submitted and statements made in connection with that application. If the Application uses terms or phrases that differ from the terms defined in this Liability Policy, no inconsistency between any term or phrase used in the Application and any term defined in this Liability Policy will waive or change any of the terms, conditions and limitations of this Liability Policy.

D. Change of Control means:

   1. the acquisition of the Named Insured, or of all or substantially all of its assets, by another entity, or the merger or consolidation of the Named Insured into or with another entity such that the Named Insured is not the surviving entity; or
   2. the obtaining by any person, entity or affiliated group of persons or entities the right to elect, appoint or designate more than fifty percent (50%) of the board of directors, board of trustees, board of managers, or functional equivalent thereof or to exercise a majority control of the board of directors, board of trustees, board of managers, or a functional equivalent thereof of the Named Insured.

E. Claim has the meaning set forth in the applicable Liability Coverage.
F. **Defense Expenses** means reasonable and necessary legal fees and expenses incurred by the Company or the Insured, with the Company’s consent, in the investigation, defense, settlement and appeal of a Claim, including but not limited to, cost of expert consultants and witnesses, premiums for appeal, injunction, attachment or supersedeas bonds (without the obligation to furnish such bonds) regarding such Claim; provided, that Defense Expenses will not include the salaries, wages, benefits or overhead of, or paid to, any Insured or any employee of such Insured.

G. **Executive Officer** has the meaning set forth in the applicable Liability Coverage.

H. **Financial Insolvency** means, with respect to the Insured Organization or any Outside Entity, the appointment of a receiver, conservator, liquidator, trustee, or similar official; or the inability of the Insured Organization or Outside Entity financially to indemnify the Insured Persons.

I. **Foreign Parent Corporation** means any entity incorporated outside the United States, which owns more than fifty percent (50%) of the outstanding securities or voting rights representing the right to vote for the election of, or to appoint the Named Insured’s board of directors, board of trustees or board of managers, or to exercise a majority control of the board of directors, board of trustees or board of managers of the Named Insured.

J. **Insured** has the meaning set forth in the applicable Liability Coverage.

K. **Insured Organization** has the meaning set forth in the applicable Liability Coverage.

L. **Insured Person** has the meaning set forth in the applicable Liability Coverage.

M. **Liability Coverage** means, individually or collectively, the Liability Coverages that have been purchased, as indicated in ITEM 4 of the Declarations.

N. **Liability Coverage Limit of Liability** means the amount set forth in ITEM 5 of the Declarations for each applicable Liability Coverage.

O. **Liability Coverage Shared Limit of Liability** means the amount set forth in ITEM 12 of the Declarations. If “Not Applicable” is shown in ITEM 12 of the Declarations or ITEM 4 of the Declarations indicates that only one Liability Coverage is included in this Liability Policy, any reference to either the Liability Coverage Shared Limit of Liability or ITEM 12 of the Declarations will be deemed to be deleted from this Liability Policy.

P. **Liability Policy** means, collectively, the Declarations, the Application, the Liability Coverage Terms and Conditions, each purchased Liability Coverage, and any endorsements attached thereto.

Q. **LLC Manager** means any natural person who was, is or becomes a manager, member of the board of managers, or a functionally equivalent executive of an Insured Organization that is a limited liability company.

R. **Loss** has the meaning set forth in the applicable Liability Coverage.

S. **Named Insured** means any entity named in ITEM 1 of the Declarations.

T. **Policy Period** means the period from the Inception Date to the Expiration Date set forth in ITEM 2 of the Declarations. In no event will the Policy Period continue past the effective date of cancellation or termination of this Liability Policy.

U. **Policy Year** means:
   1. the period of one year following the Inception Date set forth in ITEM 2 of the Declarations or any anniversary thereof;
   2. the time between the Inception Date set forth in ITEM 2 of the Declarations or any anniversary thereof and the effective date of cancellation or termination of this Liability Policy if such time period is less than one year;
3. with respect to a Liability Coverage added to this Liability Policy after the Inception Date set forth in ITEM 2, the time between the inception date of such Liability Coverage and any anniversary of this Liability Policy if the time between the inception date of such Liability Coverage and any anniversary of this Liability Policy is less than one year; and

4. with respect to a Liability Coverage added to this Liability Policy after the Inception Date set forth in ITEM 2, the time between the inception date of such Liability Coverage and the effective date or cancellation or termination of this Liability Policy, if such time is less than one year.

V. Pollutant means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

W. Potential Claim means any Wrongful Act that may subsequently give rise to a Claim.

X. Related Wrongful Act means all Wrongful Acts that have as a common nexus, or are causally connected by reason of, any fact, circumstance, situation, event or decision.

Y. Subsidiary has the meaning set forth in the applicable Liability Coverage.

Z. Wage and Hour Law means any federal, state, or local law or regulation governing or related to the payment of wages including the payment of overtime, on-call time, minimum wages, meals, rest breaks or the classification of employees for the purpose of determining employees’ eligibility for compensation under such law(s).

AA. Wrongful Act has the meaning set forth in the applicable Liability Coverage.

III. CONDITIONS

A. TERRITORY

This Liability Policy applies to Claims made or Wrongful Acts occurring anywhere in the world.

B. RETENTION

The Insured shall bear uninsured at its own risk the amount of any applicable Retention, which amount must be paid in satisfaction of Loss.

If any Claim gives rise to coverage under a single Liability Coverage, the Company has no obligation to pay Loss, including Defense Expenses, until the applicable Retention amount set forth in ITEM 5 of the Declarations has been paid by the Insured.

If any Claim is subject to different Retentions under a single Liability Coverage, the applicable Retentions will be applied separately to each part of such Claim, but the sum of such Retentions will not exceed the largest applicable Retention under such Liability Coverage.

If any Claim gives rise to coverage under two or more Liability Coverages, the Company shall have no obligation to pay Loss, including Defense Expenses, until the largest Retention that is applicable to such Claim under such Liability Coverages has been paid by the Insured.

No Retention will apply to an Insured Person if indemnification by the Insured Organization is not permitted by law or if the Insured Organization is unable to make such indemnification solely by reason of its Financial Insolvency. The Insured Organization will be conclusively deemed to have indemnified all Insured Persons to the extent that the Insured Organization is permitted or required to indemnify them pursuant to law, common or statutory, or contract, or the charter or by-laws of the Insured Organization.

The Company, at its sole discretion, may pay all or part of the Retention amount on behalf of any Insured, and in such event, the Insureds agree to repay the Company any amounts so paid.
C. LIMITS OF LIABILITY

1. Liability Coverage Limit of Liability

Regardless of the number of persons or entities bringing Claims or the number of persons or entities who are Insureds, and regardless of when payment is made by the Company or when an Insured's legal obligation with regard thereto arises or is established, and further subject to any applicable Liability Coverage Shared Limit of Liability or Annual Reinstatement of the Liability Coverage Limit of Liability:

a. the Company’s maximum limit of liability for all Loss, including Defense Expenses, for all Claims under each applicable Liability Coverage will not exceed the remaining Liability Coverage Limit of Liability stated in ITEM 5 of the Declarations for each applicable Liability Coverage; and

b. in the event that a Claim triggers more than one Liability Coverage, the Company’s maximum limit of liability for all Loss, including Defense Expenses, for any such Claim will not exceed the sum of the remaining Liability Coverage Limits of Liability of the applicable Liability Coverages.

2. Liability Coverage Shared Limit of Liability

Regardless of the number of persons or entities bringing Claims or the number of persons or entities who are Insureds, and regardless of when payment is made by the Company or when an Insured’s legal obligation with regard thereto arises or is established; and further subject to any applicable Annual Reinstatement of the Liability Coverage Limit of Liability, if ITEM 4 of the Declarations indicates that more than one Liability Coverage has been purchased and a Liability Coverage Shared Limit of Liability is shown in ITEM 12 of the Declarations:

a. the Company’s maximum limit of liability for all Loss, including Defense Expenses, for all Claims under all Liability Coverages subject to the Liability Coverage Shared Limit of Liability, as set forth in ITEM 12 of the Declarations, will not exceed the remaining Liability Coverage Shared Limit of Liability; and

b. if the Liability Coverage Shared Limit of Liability is exhausted by the payment of amounts covered under any Liability Coverage subject to the Liability Coverage Shared Limit of Liability, as set forth in ITEM 12 of the Declarations, the premium for all Liability Coverages subject to the Liability Coverage Shared Limit of Liability, as set forth in ITEM 12 of the Declarations, will be fully earned, all obligations of the Company under all Liability Coverages subject to the Liability Coverage Shared Limit of Liability, as set forth in ITEM 12 of the Declarations, will be completely fulfilled and exhausted, including any duty to defend, and the Company will have no further obligations of any kind or nature whatsoever under any Liability Coverage subject to the Liability Coverage Shared Limit of Liability, as set forth in ITEM 12 of the Declarations.

3. Annual Reinstatement of the Liability Coverage Limit of Liability

Regardless of the number of persons or entities bringing Claims or the number of persons or entities who are Insureds, and regardless of when payment is made by the Company or when an Insured’s legal obligation with regard thereto arises or is established, if ITEM 10 of the Declarations includes an Annual Reinstatement of the Liability Coverage Limit of Liability:

a. the Company’s maximum limit of liability for all Loss, including Defense Expenses, for all Claims made during each Policy Year will not exceed the remaining Liability Coverage Limit of Liability stated in ITEM 5 of the Declarations for each applicable Liability Coverage or, if applicable, the remaining Liability Coverage Shared Limit of Liability; and

b. with regard to the Extended Reporting Period or the Run-Off Extended Reporting Period, if applicable, the Company’s maximum limit of liability for all Claims made during the Extended Reporting Period or the Run-Off Extended Reporting Period will not exceed the remaining Liability Coverage Limit of Liability or, if applicable, the Liability Coverage Shared Limit of Liability for the last Policy Year in effect at the time of the termination or cancellation of the Liability Coverage or the Change of Control.
4. Other Provisions
Payment of Defense Expenses will reduce and may exhaust all applicable limits of liability. In the event the amount of Loss exceeds the portion of the applicable limit of liability remaining after prior payments of Loss, the Company's liability will not exceed the remaining amount of the applicable limit of liability. In no event will the Company be obligated to make any payment for Loss, including Defense Expenses, with regard to a Claim after the applicable limit of liability has been exhausted by payment or tender of payment of Loss.

If a Liability Coverage Limit of Liability is exhausted by the payment of amounts covered under such Liability Coverage, the premium for such Liability Coverage will be fully earned, all obligations of the Company under such Liability Coverage will be completely fulfilled and exhausted, including any duty to defend, and the Company will have no further obligations of any kind or nature whatsoever under such Liability Coverage.

D. ADDITIONAL DEFENSE COVERAGE
Regardless of the number of persons or entities bringing Claims or the number of persons or entities who are Insureds, and regardless of when payment is made by the Company or when an Insured's legal obligation with regard thereto arises or is established, if ITEM 5 of the Declarations indicates that any Liability Coverage includes Additional Defense Coverage, Defense Expenses incurred by the Company or the Insured, with the Company's consent, in the defense of any Claim made during the Policy Period under any such Liability Coverage will apply first to and reduce the Additional Defense Limit of Liability. The Additional Defense Limit of Liability will be in addition to, and not part of, such Liability Coverage's applicable Liability Coverage Limit of Liability or Liability Coverage Shared Limit of Liability, if applicable. The Additional Defense Limit of Liability is applicable to Defense Expenses only. If the Annual Reinstatement of the Liability Coverage Limit of Liability is applicable, the Additional Defense Limit of Liability will be reinstated for each Policy Year.

Upon exhaustion of the Additional Defense Limit of Liability:
1. Defense Expenses incurred by the Company or the Insured, with the Company's consent, in the defense of a Claim are part of and not in addition to any applicable limit of liability; and
2. payment by the Company or the Insured, with the Company's consent, of Defense Expenses reduces any applicable limit of liability.

E. CLAIM DEFENSE
1. If Duty-to-Defend coverage is provided with respect to this Liability Policy as indicated in ITEM 7 of the Declarations, the Company will have the right and duty to defend any Claim covered by a Liability Coverage, even if the allegations are groundless, false or fraudulent, including the right to select defense counsel with respect to such Claim; provided, that the Company will not be obligated to defend or to continue to defend any Claim after the applicable limit of liability has been exhausted by payment of Loss.
2. If Reimbursement coverage is provided with respect to this Liability Policy as indicated in ITEM 7 of the Declarations:
   a. the Company will have no duty to defend any Claim covered by a Liability Coverage. It will be the duty of the Insured to defend such Claims; and the Company will have the right to participate with the Insured in the investigation, defense and settlement, including the negotiation of a settlement of any Claim that appears reasonably likely to be covered in whole or in part by such Liability Coverage and the selection of appropriate defense counsel; and
   b. upon written request, the Company will advance Defense Expenses with respect to such Claim. Such advanced payments by the Company will be repaid to the Company by the Insureds severally according to their respective interests in the event and to the extent that the Insureds are not entitled to payment of such Defense Expenses under such Liability Coverage. As a condition of any payment of Defense Expenses under this subsection, the Company may require a written undertaking on terms and conditions satisfactory to the Company guaranteeing the repayment of any Defense Expenses paid to or on behalf of any Insured if it is finally determined that any such Claim or portion of any Claim is not covered under such Liability Coverage.
3. The Insured agrees to cooperate with the Company and, upon the Company's request, assist in making settlements and in the defense of Claims and in enforcing rights of contribution or indemnity against any person or entity which may be liable to the Insured because of an act or omission insured under such Liability Coverage, will attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

F. INSURED'S DUTIES IN THE EVENT OF A CLAIM

The Insured's duty to report a Claim commences on the earliest date a written notice thereof is received by an Executive Officer. If an Executive Officer becomes aware that a Claim has been made against any Insured, the Insured, as a condition precedent to any rights under this Liability Policy, must give to the Company written notice of the particulars of such Claim, including all facts related to any alleged Wrongful Act, the identity of each person allegedly involved in or affected by such Wrongful Act, and the dates of the alleged events, as soon as practicable. The Insured agrees to give the Company such information, assistance and cooperation as it may reasonably require.

All notices under this subsection must be sent by mail or prepaid express courier to the address set forth in ITEM 3 of the Declarations and will be effective upon receipt. The Insured agrees not to voluntarily settle any Claim, make any settlement offer, assume or admit any liability or, except at the Insured's own cost, voluntarily make any payment, pay or incur any Defense Expenses, or assume any obligation or incur any other expense, without the Company's prior written consent, such consent not to be unreasonably withheld. The Company is not liable for any settlement, Defense Expenses, assumed obligation or admission to which it has not consented.

G. NOTICE OF POTENTIAL CLAIMS

If an Insured becomes aware of a Potential Claim and gives the Company written notice of the particulars of such Potential Claim, including all facts related to the Wrongful Act, the identity of each person allegedly involved in or affected by such Wrongful Act, the dates of the alleged events, and the reasons for anticipating a Claim, as soon as practicable during the Policy Period, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period, any Claim subsequently made against any Insured arising out of such Wrongful Act will be deemed to have been made during the Policy Period.

All notices under this subsection must be sent by mail or prepaid express courier to the address set forth in ITEM 3 of the Declarations and will be effective upon receipt.

H. RELATED CLAIMS

All Claims or Potential Claims for Related Wrongful Acts will be considered as a single Claim or Potential Claim, whichever is applicable, for purposes of this Liability Policy. All Claims or Potential Claims for Related Wrongful Acts will be deemed to have been made at the time the first of such Claims or Potential Claims for Related Wrongful Acts was made whether prior to or during the Policy Period, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period.

I. SUBROGATION

In the event of payment under this Liability Policy, the Company is subrogated to all of the Insured's rights of recovery against any person or organization to the extent of such payment and the Insured agrees to execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured will do nothing to prejudice such rights.

J. RECOVERIES

All recoveries from third parties for payments made under this Liability Policy will be applied, after first deducting the costs and expenses incurred in obtaining such recovery, in the following order of priority:

1. first, to the Company to reimburse the Company for any Retention amount it has paid on behalf of any Insured;
2. second, to the **Insured** to reimburse the **Insured** for the amount it has paid which would have been paid hereunder but for the fact that it is in excess of the applicable limits of liability hereunder;

3. third, to the Company to reimburse the Company for the amount paid hereunder; and

4. fourth, to the **Insured** in satisfaction of any applicable Retention;

provided, recoveries do not include any recovery from insurance, suretyship, reinsurance, security or indemnity taken for the Company’s benefit.

**K. CHANGE OF CONTROL**

If, during the **Policy Period**, a **Change of Control** occurs, coverage will continue in full force and effect with respect to **Claims** for **Wrongful Acts** committed before such event, but coverage will cease with respect to **Claims** for **Wrongful Acts** committed after such event. No coverage will be available hereunder for **Loss**, including **Defense Expenses**, for any **Claim** based upon, alleging, arising out of, or in any way relating to, directly or indirectly any **Wrongful Act** committed or allegedly committed after such event. After any such event, the **Liability Policy** may not be canceled by the **Named Insured** and the entire premium for the **Liability Policy** will be deemed fully earned.

Upon the occurrence of any **Change of Control**, the **Named Insured** will have the right to give the Company notice that it desires to purchase a Run-Off Extended Reporting Period for any **Liability Coverage** for the period set forth in ITEM 9 of the Declarations following the effective date of such **Change of Control**, regarding **Claims** made during such Run-Off Extended Reporting Period against persons or entities who at the effective date of the **Change of Control** are **Insureds**, but only for **Wrongful Acts** occurring wholly prior to such **Change of Control** and which otherwise would be covered by such **Liability Coverage**, subject to the following provisions:

1. such Run-Off Extended Reporting Period will not provide new, additional or renewed limits of liability; and

2. the Company’s total liability for all **Claims** made during such Run-Off Extended Reporting Period will be only the remaining portion of the applicable limit of liability set forth in the Declarations as of the effective date of the **Change of Control**.

The premium due for the Run-Off Extended Reporting Period will equal the percentage set forth in ITEM 9 of the Declarations of the annualized premium of the applicable **Liability Coverage**, including the fully annualized amount of any additional premiums charged by the Company during the **Policy Period** prior to the **Change of Control**. The entire premium for the Run-Off Extended Reporting Period will be deemed fully earned at the commencement of such Run-Off Extended Reporting Period.

The right to elect the Run-Off Extended Reporting Period will terminate unless written notice of such election, together with payment of the additional premium due, is received by the Company within thirty (30) days of the **Change of Control**. In the event the Run-Off Extended Reporting Period is purchased, the option to purchase the Extended Reporting Period in Section III. **CONDITIONS O. EXTENDED REPORTING PERIOD** of these Liability Coverage Terms and Conditions will terminate. In the event the Run-Off Extended Reporting Period is not purchased, the **Named Insured** will have the right to purchase the Extended Reporting Period under the terms of Section III. **CONDITIONS O. EXTENDED REPORTING PERIOD** of these Liability Coverage Terms and Conditions.

If, at any time during the **Policy Period**, the **Insured Organization** eliminates or reduces its ownership interest in, or control over a **Subsidiary**, such that it no longer meets the definition of a **Subsidiary**, coverage will continue for such entity but only with regard to **Claims** for **Wrongful Acts** which occurred wholly during the time that the entity was a **Subsidiary**.

**L. ACQUISITIONS**

If, during the **Policy Period**, the **Insured Organization** acquires or forms a **Subsidiary**, this Liability Policy will provide coverage for such **Subsidiary** and its respective **Insured Persons**, subject to all other terms and conditions of this Liability Policy, provided written notice of such acquisition or formation has been given to the Company, and specific application has been submitted on the Company’s form in use at the time, together with such documentation and information as the Company may require, all within ninety (90) days after the effective date of such formation or acquisition. Coverage for such **Subsidiary** will not be afforded following such 90-day period unless the Company has agreed to provide such coverage,
subject to any additional terms and conditions as the Company may require, and the Named Insured has paid the Company any additional premium as may be required by the Company.

The 90-day notice requirement and the 90-day limitation of coverage will not apply provided that: (1) the assets of the acquired or formed Subsidiary do not exceed 30% of the total assets of the Insured Organization as reflected in the Insured Organization's most recent fiscal year-end financial statement; or (2) the acquisition or formation occurs less than 90 days prior to the end of the Policy Period.

M. SPOUSAL AND DOMESTIC PARTNER LIABILITY COVERAGE

This Liability Policy will, subject to all of its terms, conditions, and limitations, be extended to apply to Loss resulting from a Claim made against a person who, at the time the Claim is made, is a lawful spouse or a person qualifying as a domestic partner under the provisions of any applicable federal, state or local law (a “Domestic Partner”) of an Insured Person, but only if and so long as:

1. the Claim against such spouse or Domestic Partner results from a Wrongful Act actually or allegedly committed by the Insured Person, to whom the spouse is married, or who is joined with the Domestic Partner; and

2. such Insured Person and his or her spouse or Domestic Partner are represented by the same counsel in connection with such Claim.

No spouse or Domestic Partner of an Insured Person will, by reason of this subsection have any greater right to coverage under this Liability Policy than the Insured Person to whom such spouse is married, or to whom such Domestic Partner is joined.

The Company has no obligation to make any payment for Loss in connection with any Claim against a spouse or Domestic Partner of an Insured Person for any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by such spouse or Domestic Partner.

N. FOREIGN PARENT CORPORATION COVERAGE

This Liability Policy will, subject to all of its terms, conditions, and limitations, be extended to apply to coverage for Defense Expenses resulting from any Claim made against a Foreign Parent Corporation, but only if and so long as:

1. such Claim results from a Wrongful Act actually or allegedly committed solely by any Insured;

2. such Insured and the Foreign Parent Corporation are represented by the same counsel in connection with such Claim; and

3. such Insured is included as a co-defendant.

No Foreign Parent Corporation will, by reason of this subsection, have any greater right to coverage under this Liability Policy than any Insured.

The Company has no obligation to make any payment for Loss in connection with any Claim against a Foreign Parent Corporation for any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by such Foreign Parent Corporation or any member of the board of directors, officer, employee, or functional equivalent thereof.

O. EXTENDED REPORTING PERIOD

At any time prior to or within 60 days after the effective date of termination or cancellation of any Liability Coverage for any reason other than nonpayment of premium, the Named Insured may give the Company written notice that it desires to purchase an Extended Reporting Period for the period set forth in ITEM 8 of the Declarations following the effective date of such termination or cancellation, regarding Claims made during such Extended Reporting Period against persons or entities who at or prior to the effective date of termination or cancellation are Insureds, but only for Wrongful Acts occurring wholly prior to the effective date of the termination or cancellation and which otherwise would be covered by such Liability Coverage, subject to the following provisions:

1. such Extended Reporting Period will not provide a new, additional or renewed limit(s) of liability; and
2. the Company’s maximum limit of liability for all Claims made during such Extended Reporting Period will be only the remaining portion of the applicable limit of liability set forth in the Declarations as of the effective date of the termination or cancellation;

The premium due for the Extended Reporting Period will equal the percentage set forth in ITEM 8 of the Declarations of the annualized premium of the applicable Liability Coverage, including the fully annualized amount of any additional premiums charged by the Company during the Policy Year prior to such termination or cancellation. The entire premium for the Extended Reporting Period will be deemed to have been fully earned at the commencement of such Extended Reporting Period.

The right to elect the Extended Reporting Period will terminate unless written notice of such election, together with payment of the additional premium due, is received by the Company within 60 days of the effective date of the termination or cancellation.

P. ALLOCATION

1. If Duty-to-Defend coverage is indicated in ITEM 7 of the Declarations and there is a Claim under any Liability Coverage in which the Insureds who are afforded coverage for such Claim incur an amount consisting of both Loss that is covered by such Liability Coverage and also loss that is not covered by such Liability Coverage because such Claim includes both covered and uncovered matters or covered and uncovered parties, then such covered Loss and uncovered loss will be allocated as follows:

   a. one hundred percent (100%) of Defense Expenses incurred by the Insureds who are afforded coverage for such Claim will be allocated to covered Loss; and

   b. all loss other than Defense Expense will be allocated between covered Loss and uncovered loss based upon the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and settlement of the Claim by the Insured Persons, the Insured Organization, and others not insured under such Liability Coverage. In making such a determination, the Insured Organization, the Insured Persons and the Company agree to use their best efforts to determine a fair and proper allocation of all such amounts. In the event that an allocation cannot be agreed to, then the Company will be obligated to make an interim payment of the amount of Loss which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of the applicable Liability Coverage and applicable law.

2. If Reimbursement coverage is indicated in ITEM 7 of the Declarations and there is a Claim under any Liability Coverage in which the Insureds who are afforded coverage for such Claim incur an amount consisting of both Loss that is covered by such Liability Coverage and also loss that is not covered by such Liability Coverage because such Claim includes both covered and uncovered matters or covered and uncovered parties, the Insureds and the Company agree to use their best efforts to determine a fair and proper allocation of all such amounts. In making such a determination, the parties will take into account the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and settlement of the Claim by the Insured Persons, the Insured Organization, and others not insured under the applicable Liability Coverage. In the event that an allocation cannot be agreed to, then the Company will be obligated to make an interim payment of the amount of Loss which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of the applicable Liability Coverage and applicable law.

Q. CANCELLATION

The Company may cancel this Liability Policy for failure to pay a premium when due, in which case twenty (20) days written notice will be given to the Named Insured, unless, payment in full is received within twenty (20) days of the Named Insured’s receipt of such notice of cancellation. The Company has the right to the premium amount for the portion of the Policy Period during which this Liability Policy was in effect.

Subject to the provisions set forth in Section III. CONDITIONS K. CHANGE OF CONTROL, the Named Insured may cancel any Liability Coverage by mailing the Company written notice stating when, thereafter, not later than the Expiration Date set forth in ITEM 2 of the Declarations, such cancellation will be effective. In the event the Named Insured cancels, the earned premium will be computed in accordance with the customary short rate table and procedure. Premium adjustment may be made either
at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

The Company will not be required to renew this Liability Policy upon its expiration. If the Company elects not to renew, it will provide to the Named Insured written notice to that effect at least thirty (30) days before the Expiration Date set forth in ITEM 2 of the Declarations.

R. ACTION AGAINST THE COMPANY

No action will lie against the Company unless there has been full compliance with all of the terms of this Liability Policy.

No person or organization has any right under this Liability Policy to join the Company as a party to any action against the Insured to determine the Insured's liability, nor may the Company be impleaded by an Insured or said Insured's legal representative. Bankruptcy or insolvency of any Insured or an Insured's estate does not relieve the Company of any of its obligations hereunder.

S. CHANGES

Only the Named Insured is authorized to make changes in the terms of this Liability Policy and solely with the Company's prior written consent. This Liability Policy's terms can be changed, amended or waived only by endorsement issued by the Company and made a part of this Liability Policy. Notice to any representative of the Insured or knowledge possessed by any agent or by any other person will not effect a waiver or change to any part of this Liability Policy, or estop the Company from asserting any right under the terms, conditions and limitations of this Liability Policy, nor may the terms, conditions and limitations hereunder be waived or changed, except by a written endorsement to this Liability Policy issued by the Company.

T. ASSIGNMENT

This Liability Policy may not be assigned or transferred, and any such attempted assignment or transfer is void and without effect unless the Company has provided its prior written consent to such assignment or transfer.

U. REPRESENTATIONS

By acceptance of the terms set forth in this Liability Policy, each Insured represents and agrees that the statements contained in the Application, which is deemed to be attached hereto, incorporated herein, and forming a part thereof, are said Insured's agreements and representations, that such representations are material to the Company's acceptance of this risk, that this Liability Policy is issued in reliance upon the truth of such representations, and embodies all agreements existing between said Insured and the Company or any of its agents.

If any statement or representation in the Application is untrue with respect to any Liability Coverage, such Liability Coverage is void and of no effect whatsoever, but only with respect to:

1. any Insured Person who knew, as of the Inception Date set forth in ITEM 2 of the Declarations, that the statement or representation was untrue;
2. any Insured Organization, with respect to its indemnification coverage, to the extent it indemnifies any Insured Person referenced in 1. above; and
3. any Insured Organization, if the person who signed the Application knew that the statement or representation was untrue.

Whether an Insured Person had such knowledge will be determined without regard to whether the Insured Person actually knew the Application, or any other application completed for this Liability Policy, contained any such untrue statement or representation.

V. LIBERALIZATION

If, during the Policy Period, the Company is required, by law or by insurance supervisory authorities of the state in which this Liability Policy was issued, to make any changes in the form of this Liability Policy, by which the insurance afforded by this Liability Policy could be extended or broadened without
increased premium charge by endorsement or substitution of form, then such extended or broadened insurance will inure to the benefit of the **Insured** as of the date the revision or change is approved for general use by the applicable department of insurance.

W. **AUTHORIZATION**

By acceptance of the terms herein, the **Named Insured** agrees to act on behalf of all **Insureds** with respect to the payment of premiums, the receiving of any return premiums that may become due hereunder, and the receiving of notices of cancellation, nonrenewal, or change of coverage, and the **Insureds** each agree that they have, individually and collectively, delegated such authority exclusively to the **Named Insured**; provided, that nothing herein will relieve the **Insureds** from giving any notice to the Company that is required under this **Liability Policy**.

X. **ENTIRE AGREEMENT**

The Declarations, the **Application**, the Liability Coverage Terms and Conditions, each **Liability Coverage**, and any endorsements attached thereto, constitute the entire agreement between the Company and the **Insured**.

Y. **HEADINGS**

The titles of the various paragraphs of this **Liability Policy** and its endorsements are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provision to which they relate.