

# Policy

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## Angel Professional Package Insurance Accountants

Form ACCT2012ANG – Accountants

January 2012

The word 'angel' in a lowercase, sans-serif font. The letter 'o' is highlighted in orange, while the other letters are black. A registered trademark symbol (®) is located at the top right of the letter 'l'.

Registered office: 20 Gracechurch Street, London, EC3V 0BG

Registered in England No. 5328622

Catlin Insurance Company (UK) Ltd. is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

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\* Optional Extension – only available with Directors and Officers Liability and only applicable if limits specified in the **Schedule**

## Introduction

This **Policy** consists of the General Terms, Definitions, Exclusions and Conditions, the coverage **Sections** purchased, **Schedules** and endorsements, all of which are a single document and are to be read as one contract. The **Proposal** is the basis of the contract and must be understood as being incorporated into the **Policy**. Other Definitions are shown in the Extensions to which they apply.

Please read the **Policy** carefully and make sure that it meets your needs. You should contact your broker immediately if any corrections are necessary.

## Data Protection Act

Any information provided to the **Insurer** regarding the **Insured**, person indemnified or any **Person Employed** will be processed by the **Insurer** in compliance with the provisions of the Data Protection Act 1998, for the purpose of providing insurance and handling **Claims**, if any, which may necessitate providing such information to third parties.

## Employers Liability Tracing Office Notice

Certain information relating to this **Policy**, namely:

- the **Policy** number(s),
- employer's names and addresses, including subsidiaries and any relevant changes of name,
- coverage dates and,
- if relevant, the employer's reference numbers provided by Her Majesty's Revenue and Customs and Companies House Reference Numbers will be provided to the Employers Liability Tracing Office, (the ELTO) and added to the Employers Liability Database (ELD).

It is understood by you that the above named information provided to the **Insurer** will be processed by the **Insurer** for the purpose of providing to the ELD, in compliance with the provisions of the Employers Liability Insurance: Disclosure by Insurers Instrument 2010.

The ELTO may provide such information to third parties to assist individuals with claims arising out of their course of employment in the United Kingdom for employers carrying on, or who carried on, business in the United Kingdom, to identify an insurer or insurers that provided employers liability insurance.

## Avoidance

This **Policy** is a legal contract and shall be avoidable in the event of any misrepresentation, misdescription or non-disclosure in any material particular by or on behalf of the **Insured**.

## Third Party Rights

It is not the intention of this **Policy** that any party except the **Insurer** and those named or defined as **Insureds** herein or other parties specifically insured by this **Policy** should acquire any rights under or in relation to it nor be entitled to the benefit of any of its terms.

## Complaints Procedure

Catlin Insurance Company (UK) Ltd. is dedicated to providing a high quality service and we want to ensure that we maintain this at all times. If you feel that you have not been offered a first class service or if you have any questions or concerns about the **Policy** or the handling of a claim you should, in the first instance, contact your representative through whom this **Policy** was placed.

If you are unable to resolve the situation and wish to make a complaint you can do so at any time by referring the matter to:

Compliance Officer  
Catlin Insurance Company (UK) Ltd.  
20 Gracechurch Street  
London, EC3V 0BG  
Telephone Number: 020 7743 8487  
Email: [xlcatlinukcomplaints@xlcatlin.com](mailto:xlcatlinukcomplaints@xlcatlin.com)

Complaints that cannot be resolved by the Compliance Officer may in certain circumstances be referred to the Financial Ombudsman Service at:

South Quay Plaza  
183 Marsh Wall  
London, E14 9SR  
Tel No: 0800 0234 567  
Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Further details will be provided on request and at the appropriate stage of the complaints process.

## General Terms, Definitions, Exclusions and Conditions

Any changes, additions or deletions to these definitions, exclusions and conditions are shown in the relevant **Section** to which they apply.

### General Definitions

Words specially defined below have the same meaning wherever they appear in bold type throughout this **Policy**.

- **Excess**

The first part of each and every **Claim** or **Damage** payable by the **Insured** or other person indemnified before the **Insurer** shall have any liability to indemnify under this **Policy**.

The **Excess** in respect of each **Claim** or **Damage** shall be in the amount stated in the relevant **Schedule(s)** applicable to the relevant **Section** and shall include **Defence Costs and Expenses**.

The Limit(s) stated in the relevant **Schedule(s)** are in excess of and are not reduced by the amount of any **Excess**.

- **Insured**

- The person, persons or corporate body or other entity named in the **Schedule** to this **Policy** or named in any of the **Schedules** to the coverage **Sections** as applicable to such **Sections**; and
- subsidiary companies of the **Insured** notified to and accepted in writing by the **Insurer**.

- **Insurer**

Catlin Insurance Company (UK) Ltd.

- **Notified**

A notice being sent in writing to and received by the **Insurer** directly by the **Insured**, other person indemnified or the **Insured's** insurance broker and by no other person for the purposes of this **Policy**.

- **Person Employed**

Any:

- person under a contract of service or apprenticeship with the **Insured**;
- labour master and persons supplied by him;
- person employed by labour only sub-contractors;
- self employed person;
- person hired to or borrowed by the **Insured**; or
- person undertaking study or work experience, voluntary work or a youth training scheme with the **Insured**; working for and under the control of the **Insured** in connection with the **Business**.

- **Period of Insurance**

The period shown in the **Policy Schedule** during which time the **Policy** is in force.

- **Policy**

This insurance contract.

- **Pollution**

Any pollution, seepage, discharge, dispersal, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, smoke, vapours, soot, dust, fibres, fungi, mould, fumes, acids, alkalis, chemicals and waste (including, but not limited to, material to be recycled, reconditioned or reclaimed) or contamination of any kind; or ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from combustion of nuclear fuel; or radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

- **Premises**

The **Insured's** premises specified as such in the **Schedule**.

- **Proposal**

The written proposal or proposals, whether or not using a special form or including a presentation document, made by or on behalf of the **Directors** and/or **Company** for the insurance evidenced by this **Policy** or any of its **Sections**, including any, statements of fact, declarations, warranties or information which the **Insurer** has relied on.

- **Schedule**

The **Policy** schedule or any of the schedules particular to any coverage **Section**.

- **Section**

The part of this **Policy** to which a specific coverage part applies.

- **Terrorism**

An act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear.

- **Trigger**

The **Trigger** for each liability coverage **Section** is as stated in each such **Section**. The **Trigger** is what must happen during the **Period of Insurance** and/or at certain other times in order for coverage to be considered under the relevant **Section**.

## General Exclusions

Except where specifically included, the **Insurer** shall not have any liability under this **Policy** for, or directly or indirectly arising out of, or in any way connected with any of the following:

- **Asbestos**

Manufacture, mining, processing, distribution, testing, remediation, removal, storage, disposal, sale, use of or exposure to asbestos or materials or products containing asbestos whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss or in respect of that part of any property insured by this **Policy** which consists of asbestos.

- **Changes in or Failure to Provide Information**

- any **Claim** against a **Director**
  - » arising from information contained in the **Proposal** that the **Director** knew, or ought reasonably to have known, had been misrepresented or which was required by the **Insurer** prior to the beginning of the **Period of Insurance** but which was not disclosed; or
  - » arising from a material change to the information contained in the **Proposal** or in relation to the information required by the **Insurer** prior to the beginning of the **Period of Insurance** but which was not disclosed (unless such change has been agreed in writing by the **Insurer**) about which change the **Director** knew or ought reasonably to have known.
- any **Claim** against the **Insured** or **Company** (to the extent that cover may be provided to the **Company** by this **Policy**)
  - » arising from information contained in the **Proposal** that has been misrepresented or which was required by the **Insurer** prior to the beginning of the **Period of Insurance** but which was not disclosed; or
  - » arising from a material change in circumstances from the information contained in the **Proposal** or in relation to the information required by the **Insurer** prior to the beginning of the **Period of Insurance** but which was not disclosed unless such change has been agreed in writing by the **Insurer**.

- **Known Claim or Circumstance**

**Claims** or circumstances known to the **Insured** or any person indemnified or which the **Insured** or person indemnified ought to have known prior to the beginning of the **Period of Insurance**.

- **Punitive Damages**

Award of punitive or exemplary damages whether as fines, penalties, multiplication of compensatory awards or damages or in any other form whatsoever.

- **Radioactive Contamination**

- Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
- the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

- **Terrorism**

Act of **Terrorism** regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

This exclusion also applies to any action taken in controlling, preventing, suppressing or in any way relating to any act of **Terrorism**.

In the event that any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

- **War**

War, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power.

## General Conditions

- **Cancellation**

Subject always to any lesser period of notice permitted in respect of non-payment of premium, the **Insurer** may cancel this **Policy** by giving 30 days notice in writing of such cancellation to the **Insured's** address shown on the **Schedule**. In such cases, the **Insured** shall be entitled to the return of a proportionate part of the premium in respect of the unexpired **Period of Insurance**. This cancellation provision shall not apply to **Directors** in the Directors and Officers Liability **Section** other than for non-payment of premium.

The **Insured** may cancel this **Policy** by giving 30 days notice in writing of such cancellation to the **Insurer**. The cancellation period shall commence upon the **Insurer's** receipt of such notice. In the event of cancellation by the **Insured**, the premium is due to the **Insurer** on a pro rata basis for the period that the **Insurer** is on risk but the full annual **Policy** premium shall be payable to the **Insurer** in the event of a **Claim** prior to the date of cancellation.

- **Changes in the Proposal Information**

The **Insurer** must be given notice of any change in the information provided in the **Proposal** which becomes known to the **Insured** or any **Director** during the **Period of Insurance**. Until the **Insurer** has been advised of such change and has agreed in writing to accept liability for such altered risk, the **Insurer** shall not be liable for any **Claim** arising wholly or partially from any such changed circumstances. Changes in information accepted by the **Insurer** will thereafter form part of the **Proposal**.

- **Contribution**

Where the **Insured** or any person entitled to indemnity has other insurance or insurances covering loss, damage or liability which is also covered by any **Section** of this **Policy** then the following provisions shall apply in determining the amount payable under such **Section**.

Any term of such other insurances which restricts the amount payable by making them excess of another unspecified policy or which excludes cover altogether or which restricts the amount payable because of the existence of some other unspecified policy shall be ignored for the purposes of this clause.

The amount payable under all insurances available to the **Insured** or any other person entitled to indemnity, including this **Policy**, in respect of the loss in question, shall be added together to produce the total amount of available indemnity for the purposes of this clause. Only that part of any loss which would fall within the Limit of Liability or Indemnity of the relevant **Section**, having regard to the maximum Limit of Liability or Indemnity and any **Excess**, aggregate or sub-limit, shall be considered. The amount finally payable under such **Section** shall be the amount otherwise available under such **Section** alone multiplied by the ratio of that amount to the total amount of available indemnity.



- **Duty to Co-operate**

The **Insured** or any person or entity who claim for indemnity under this **Policy** must promptly provide to the **Insurer** full details concerning any **Claim** and any circumstance which may give rise to a **Claim** and provide such co-operation and assistance as the **Insurer** and its representatives, legal advisers or agents may reasonably require. It is a condition precedent to the right to be indemnified under this **Policy** the **Insured** or any person or entity who claim for indemnity under this **Policy** shall ensure that all documents relevant to any **Claim** and any circumstance which may give rise to a **Claim** shall not be destroyed or otherwise disposed of. Failure by the **Insured** or any person or entity who claim for indemnity under this **Policy** to comply with this condition will entitle the **Insurer** to refuse to pay the **Claim** in its entirety.

- **Entitlement to Defend**

The **Insurer** shall be entitled to take over and conduct in the name of the **Insured** or any person or entity who claim for indemnity under this **Policy**, the defence or settlement of any **Claim** or to prosecute in the name of the **Insured** or persons indemnified for their own benefit any **Claim** for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any **Claim** and the **Insured** and persons indemnified shall give all such information and assistance as the **Insurer** may require.

- **Fraudulent Claims**

If any **Claim** under this **Policy** is in any respect fraudulent, this **Policy** shall become void and all benefit hereunder shall be forfeited.

- **Interpretation**

In this **Policy**:

- reference to any Act, statute or statutory provision shall include a reference to that provision as amended, re-enacted or replaced from time to time whether before or after the date of the beginning of the **Period of Insurance**;
- if any term, condition, exclusion or endorsement or part thereof is found to be invalid or unenforceable the remainder shall be in full force and effect;
- the headings are for general reference only and shall not be considered when determining the meaning of this **Policy**.

- **Law and Dispute Jurisdiction**

- This **Policy** shall be governed by and construed in accordance with the laws of England and Wales.
- Any dispute or difference arising under or in respect of this **Policy** shall be subject to the exclusive jurisdiction of the courts of England and Wales.

- **Misrepresentation and Non-Disclosure**

This insurance is provided on the basis of the information received by the **Insurer** in the **Proposal**.

The person completing the **Proposal** must make proper enquiries ensuring that all the statements in the **Proposal** are accurate and that no information has been withheld or misrepresented.

- **No Admission of Liability**

The **Insured** or any person or entity who claim for indemnity under this **Policy** shall not, without the prior written approval of the **Insurer**, admit liability for, compromise, settle or make any offer or payment in respect of any **Claim** or any circumstance(s) likely to give rise to a **Claim** where cover has been requested under this **Policy**.

- **Notification**

The **Insurer** will not make any payment under this **Policy** unless all of this condition has been complied with.

The **Insurer** must be **Notified** in writing to the Notification Address shown in the **Policy Schedule** and in accordance with the following provisions:

- **Applicable to the Professional Indemnity Liability Section and where cover included, the Directors and Officers Liability Section**

The following must be notified as soon as practicable after they come to the attention of the **Insured**, a **Director** or the person responsible for arranging insurance:

- » any **Claim**; or
- » any circumstance(s) which is or are likely to give rise to a **Claim** or an entitlement to be indemnified under this **Policy**; or
- » receipt of any claim form, particulars of **Claim**, arbitration notice or any other formal document commencing legal proceedings.

Notification must be made to the **Insurer** in writing at the Notification Address shown in the **Policy Schedule** during the **Period of Insurance** or within thirty days of the end of the **Period of Insurance** and should include copies of all relevant documents.

- **Where cover included, applicable to the General Liability Section and the Employers Liability Section**

The following must be notified as soon as practicable after they come to the attention of the **Insured** or the person responsible for arranging insurance:

- » any **Claim** made against any **Insured** or any party indemnified by this **Section** of the **Policy** which may fall within the scope of this **Policy**;
- » the receipt of notice, whether written or oral, from any person or entity of their intention to make such a **Claim** against the **Insured**;
- » any circumstances of which the **Insured** or any party indemnified by this **Section** of the **Policy** shall become aware which are likely to give rise to such a **Claim** being made against the **Insured**, giving reasons for the anticipation of such **Claim**;
- » any other circumstances which are likely to give rise to a **Claim** under this **Policy**.

- **Where cover included, applicable to the Material Damage Section**

The following must be notified as soon as practicable and at the latest within fourteen (14) days:

- » notify the police authority immediately it becomes evident that any **Damage** has been caused by malicious persons;
- » notify the police authority immediately and take all practical steps to discover any guilty person and to trace and recover the property insured as a result of theft;
- » carry out and permit to be taken any action to prevent further **Damage**;
- » deliver to the **Insurer** at the **Insured's** own expense:
  - ~ full information in writing of the property damaged and of the amount of **Damage**; and
  - ~ details of any other insurances applicable to the **Damage** being claimed for, whether the **Insured** intends to make a **Claim** against such insurances or not and whether such insurances are valid and collectible or not; and
  - ~ any other proofs and information relating to the loss as the **Insurer** may require.

- **Where cover included, applicable to the Consequential Loss Section**

The following must be notified as soon as practicable and at the latest within fourteen (14) days:

- » deliver to the **Insurer** at the **Insured's** expense within 7 days of its happening full details of **Damage** caused by riot, civil commotion, strikers, locked out workers, persons taking part in labour disturbances or malicious persons;
- » carry out and permit to be taken any action which may be reasonably practicable to minimise or check any interruption of or interference with the **Insured's** business or to avoid or diminish the loss.

In the event of a claim being made under this **Section**, the **Insured**, at their own expense, shall

- » not later than fourteen (14) days after the expiry of the **Indemnity Period** or within such further time as the **Insurer** may allow, deliver to the **Insurer** in writing particulars of their claim, together with details of all other insurances covering property used by the **Insured** at the **Premises** for the purpose of the **Insured's** business or any part of it or any resulting consequential loss;
- » deliver to the **Insurer** such books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may be reasonably required by the **Insurer** for the purpose of investigating or verifying the claim together with, if demanded, a statutory declaration of the truth of the claim and of any matters connected with it.

- **Precautions and Care**

It is a condition precedent to the liability of the **Insurer** that the **Insured** shall:

- take all reasonable precautions to prevent or minimize accidents or injury;
- take all reasonable precautions for the safety of or to prevent or minimize loss in respect of property insured;
- exercise due care in the selection and supervision of **Persons Employed**;
- use its best endeavours to observe and comply with statutory or local authority obligations, regulations, laws or bye-laws.

- **Premium Payment**

Unless the **Insurer** has agreed that the premium can be paid via Direct Debit instalments, the premium must be paid in full to the **Insurer** within 30 days of the beginning of the **Period of Insurance**. If the **Insurer** has not received the premium by the due date then they shall have the right to cancel this **Policy** by giving 15 days written notice. In the event of cancellation, the premium is due to the **Insurer** on a pro rata basis for the period of insurance that the **Insurer** is on risk; however the full annual **Policy** premium shall be payable to the **Insurer** in the event a **Claim** has been made on the **Policy** prior to the date of cancellation.

If the **Insurer** has agreed to collect the premium via Direct Debit instalments and they not received an instalment 15 days after the due date, then **Insurer** shall have the right to cancel this **Policy** with immediate effect. In such circumstances the period of insurance will equate to the period for which the premium instalments have been received by the **Insurer**.

The **Insurer** will confirm the cancellation and amended period of insurance in writing via the **Insured's** address shown in the **Schedule**.

- **Proposal**

Any **Proposal** supplied by or on behalf of the **Insured** will be incorporated into and form the basis of the **Policy**.

- **Subrogation**

In the event of any payment by the **Insurer** under this **Policy**, the **Insurer** shall be subrogated up to the amount of such payment to all the rights of recovery of the **Insured** or any person indemnified against any third party, provided always that they shall not exercise any such rights against any **Person Employed** or former **Person Employed** unless the loss was caused or contributed to by a fraudulent, dishonest or malicious act or omission by said person.

The **Insured** and any person indemnified shall, without charge, provide such assistance as the **Insurer** may reasonably require in any subrogation and shall at all times protect and preserve any rights of recovery to which they would become subrogated under this **Policy**. The **Insured** and any person indemnified agree that the **Insurer**, at their option, may have the conduct of any proceedings to recover monies paid or payable by them, whether or not the **Insured** or person indemnified has an interest in such proceedings by reason of any uninsured losses.

## Professional Indemnity Section

This **Section** is subject to the General Terms, Definitions, Exclusions and Conditions except where expressly overridden.

### 1 Operative Clauses

#### 1.1 Professional Liability

The **Insurer** shall indemnify the **Insured** in respect of settlement, damages, interest and claimant's costs arising from the conduct of the **Business** by reason of:

- (a) any negligent act, negligent error, negligent omission or negligent breach of duty by the **Insured** or by any **Person Employed** or by any other person, firm or company directly appointed by and acting for or on behalf of the **Insured**;
- (b) any dishonest or fraudulent act or omission, but only on the part of any **Person Employed**;
- (c) libel or slander committed unintentionally but only by the **Insured** or by any **Person Employed**;
- (d) any unintentional breach of confidentiality, right to privacy or loss of a **Document** committed by the **Insured** or by any **Person Employed** or by any other person, firm or company directly appointed by and acting for or on behalf of the **Insured**;
- (e) any passing-off or infringement of copyright, design right, registered design, trademark or patent committed unintentionally and in good faith by the **Insured** or by any **Person Employed**;
- (f) any unintentional transmission of a **Computer Virus** by the **Insured** or by any **Person Employed**;
- (g) any other civil liability unless excluded herein.

##### Trigger:

This Operative Clause applies where a **Claim** is first made against the **Insured** and is **Notified** to the **Insurer** during the **Period of Insurance** and in accordance with the applicable General Conditions Notification condition arising from an act, error or omission occurring on or after the **Retroactive Date** specified in the **Schedule** and before the expiry date of the **Period of Insurance**.

#### 1.2 Defence Costs and Expenses

The **Insurer** shall indemnify the **Insured** for **Defence Costs and Expenses** until the Limit of Indemnity applicable to this **Section** has been exhausted.

#### 1.3 Ombudsman Awards

The **Insurer** shall indemnify the **Insured** against any amount paid and/or payable and/or the cost of taking steps which the **Insured** is directed to take pursuant to or by the recommendation of any Ombudsman appointed pursuant to the provisions of the Financial Services and Markets Act 2000, the Central Bank and Financial Services Authority of Ireland Act 2004 or any amendment or re-enactment thereof to the same extent the **Insurer** is obliged under this **Section** to indemnify the **Insured** in respect of any civil liability.

##### Trigger:

This Operative Clause applies where a recommendation or direction is first made against the **Insured** and is **Notified** to the **Insurer** during the **Period of Insurance** arising from acts or events occurring on or after the **Retroactive Date** specified in the **Schedule** and before the expiry date of the **Period of Insurance**.

#### 1.4 Loss of Documents or Data

The **Insurer** shall indemnify the **Insured** for reasonable and necessary costs of repair, replacement or reconstitution of any **Document** which has been unintentionally destroyed, damaged, lost or mislaid during the **Period of Insurance** and which after diligent search cannot be found.

##### Trigger:

This Operative Clause applies where the loss of **Documents or Data** which have been destroyed, damaged, lost or mislaid is **Notified** to the **Insurer** during the **Period of Insurance**.

### 1.5 Data Protection

The **Insurer** shall indemnify the **Insured** for **Defence Costs and Expenses** resulting from any prosecution brought against the **Insured** and/or any **Person Employed** which arises out of the conduct of the **Business** in respect of any offences or alleged offences under **Data Protection Regulations**.

#### Trigger:

This Operative Clause applies where a prosecution is first brought against the **Insured** and is **Notified** to the **Insurer** during the **Period of Insurance** in respect of an offence or alleged offence occurring on or after the **Retroactive Date** specified in the **Schedule** and before the expiry of the **Period of Insurance**.

### 1.6 Witness Attendance

The **Insurer** shall pay the **Insured** or any **Person Employed** the amount stated in the **Schedule** for attendance at any Court, Arbitration or Adjudication hearing provided that:

- (a) legal advisers acting on behalf of the **Insured** require such attendance in connection with a **Claim**; and
- (b) the **Insurer** has given their prior written consent to such attendance.

### 1.7 Legal Representation Costs

The **Insurer** shall pay on behalf of the **Insured** all reasonable costs and expenses incurred by the **Insured** or any **Person Employed** for representation at properly constituted hearings, tribunals or proceedings provided that;

- (a) they arise directly out of a **Claim** which is or in the opinion of **Insurer** is likely to be covered in Operative Clause 1.1; and
- (b) is not covered under **Defence Costs and Expenses**; and
- (c) the **Insurer** has given their prior written consent to such costs and expenses.

### 1.8 Payment of Outstanding Fees

The **Insurer** shall reimburse the **Insured** in respect of fees and expenses invoiced to customers for professional services rendered in the course of the **Business** but which the **Insured's** customers have refused to pay on the grounds of actual, imminent or alleged loss of the customer resulting from the negligent provision of such services.

No payment will be made by the **Insurer** under this Operative Clause unless the **Insured** brings evidence that it had taken all reasonable steps to recover the relevant fees and expenses, that the taking of any further steps would trigger the customer into making a **Claim** for damages for professional negligence and that refraining from pursuing payment would reduce the likelihood of such a **Claim** being made.

This condition will only apply where the **Claim** or potential **Claim** for damages was of a type otherwise covered by this **Section**. Furthermore, in the event of a **Claim** being made, notwithstanding the **Insured** has refrained from pursuing the collection of invoiced fees and expenses, any payment made by the **Insurer** under this Operative Clause will be deducted from the subsequent payment due to the **Insured** in respect of such **Claim**.

It is a condition of this Operative Clause that the **Insured** shall not agree with a customer to waive collection of an invoice without the prior consent of the **Insurer**. It is a further condition that upon payment by the **Insurer** under this Operative Clause, the **Insured** shall make no further attempt to collect the relevant unpaid fees and expenses without the prior consent of the **Insurer**. In the event of a breach of either of these conditions by the **Insured**, the **Insurer** shall be entitled to refuse payment of any eventual **Claim** for damages in relation to the services which are the subject of the fees and expenses concerned.

#### Trigger:

This Operative Clause applies where a refusal by the customer to pay invoiced fees and expenses has been made during the **Period of Insurance** and **Notified** to the **Insurer** in accordance with the applicable General Conditions Notification condition arising from an act, error or omission occurring on or after the **Retroactive Date** specified in the **Schedule** and before the expiry date of the **Period of Insurance**.

## 2 Definitions

This **Section** is subject to the following additional definitions:

### 2.1 Alternate

An individual practitioner, partnership, limited liability partnership, Isle of Man limited liability company or company acting in connection with arrangements to cover the incapacity or death of a sole practitioner.

### 2.2 Business

The professional services performed or the advice given by the **Insured** in relation to those activities declared in the **Proposal** and stated in the **Schedule**. Professional services include personal appointments as a trustee, personal representative, Company Secretary or Director made or accepted solely in the course of the **Business** and solely in relation to the performance of **Services**.

### 2.3 Claim

- (a) A demand made of, or assertion of a right against the **Insured** by a third party which is communicated to the **Insured** in writing, made according to the laws of a territory specified in the **Schedule** as a Covered Jurisdiction; or
- (b) where applicable, proceedings brought under the jurisdiction of a competent court or tribunal within a territory specified in the **Schedule** as a Covered Jurisdiction; or
- (c) an award made by a competent court or tribunal anywhere in the world to enforce a judgement, award or settlement made in accordance with the laws of or under the jurisdiction of a territory specified in the **Schedule** as a Covered Jurisdiction; or
- (d) a complaint or reference to any Ombudsman appointed pursuant to the provisions of the Financial Services and Markets Act 2000, the Central Bank and Financial Services Authority of Ireland Act 2004 or any amendment or re-enactment thereof.

Limitations or exclusions of Covered Jurisdictions shall be understood in the same way.

### 2.4 Claimant

A person or entity which has made or may make a **Claim** including (without limitation) a **Claim** for contribution or indemnity, and shall be deemed to include a complainant to the Ombudsman.

### 2.5 Computer System

Any computer, data processing equipment media or part thereof, or system of data storage and retrieval, or communications systems, network, protocol or part thereof, or storage device, microchip, integrated circuit, real time clock system or similar device or any computer software (including but not limited to application software, operating systems, runtime environments or compilers) firmware or microcode, or any electronic documents utilised in the ownership, security and management of the **Insured's** electronic communication system.

### 2.6 Computer Virus

Any unauthorised executable code that replicates itself through a **Computer System** or network with the intention of corrupting, manipulating or erasing computer records or damaging computer hardware whether termed a virus, logic bomb, worm, trojan horse or known by any other name.

### 2.7 Data Protection Regulations

Any privacy laws, statutes and regulations associated with the control and use of personal data, including but not limited to the Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000 and the Privacy and Electronics Communications (EC Directives) Regulations 2003.

### 2.8 Defence Costs and Expenses

Costs and expenses in:

- (a) the defence, investigation or settlement of any **Claim** which falls to be dealt with under the Operative Clauses; or
- (b) the investigation of any circumstance **Notified** to the **Insurer** under the Notification condition which is likely to give rise to a **Claim**,

incurred by or on behalf of the **Insured** with the prior written and continuing consent of the **Insurer** but not including the **Insured's** own costs and expenses or any value attributable to the time spent by the **Insured** in dealing with a **Claim** or a circumstance.



## 2.9 Documents or Data

All and any records in connection with the **Business** kept by or on behalf of the **Insured**, whether kept in paper, magnetic or electronic form, for which the **Insured** is legally responsible. **Documents or Data** do not include stamps, currency, bank notes and instruments, travellers cheques, cheques, postal orders, money orders, securities and the like.

## 2.10 Excess

As defined in the General Definitions provided;

- (a) the maximum amount borne by the **Insured** during the **Period of Insurance** shall not exceed the maximum amount calculated in accordance with the relevant provisions of the Professional Indemnity Insurance Regulations of The Institute of Chartered Accountants in England and Wales, of Scotland or in Ireland as applicable, in force at the date of inception of this policy; and
- (b) the excess shall not be applicable to **Defence Costs and Expenses**.

## 2.11 Insured

- (a) Any firm, sole practitioner, company, limited liability partnership or Isle of Man limited liability company or any other entity stated in the **Schedule** including any of their predecessors in business;
- (b) its principals, partners, directors or members; including any former partner, director or member whether or not acting as a consultant to the **Insured**;
- (c) any person who is or has been under a contract of service with any firm, company, limited liability partnership or Isle of Man limited liability company or any other entity named in the **Schedule**;
- (d) any person who is or has been under a contract for services with any firm, company, limited liability partnership or Isle of Man limited liability company or any other entity named in the **Schedule** insofar as any **Claim** arises whilst such person is working for or on behalf of the **Business**;
- (e) the estates and/or legal representatives of any insured person referred to above in the event of death, incapacity, insolvency, bankruptcy; or
- (f) any person who is acting on behalf of an **Insured** as an **Alternate**.

## 2.12 Retroactive Date

The date (if any) specified in the **Schedule**.

## 2.13 Services

All services performed or advice given by the **Insured** in connection with tax matters, secretarial work, share registration, financial advice to management, book-keeping, management accounting, financial investigations and reports, financial claims – their negotiation and settlement, company formations, investment advice, insurance and pension scheme advice and computer consultancy, whilst holding the appointment of Company Secretary, Registrar or Director as referred to in the definition of the **Business**.

## 3 Limit of Indemnity

- (a) The Limit of Indemnity is the maximum amount the **Insurer** shall be called upon to pay under this **Section** in respect of any one **Claim** during the **Period of Insurance** under Operative Clauses 1.1 Professional Liability and 1.3 Ombudsman Awards and the aggregate of all **Claims** under Operative Clauses 1.4 Loss of **Documents or Data**, 1.5 Data Protection, 1.6 Witness Attendance, and 1.8 Payment of Outstanding Fees. **Defence Costs and Expenses** are in addition.
- (b) The Limit of Indemnity shall be the amount stated in the **Schedule**. In respect of Operative Clauses 1.4 Loss of **Documents or Data**, 1.5 Data Protection, 1.6 Witness Attendance, and 1.8 Payment of Outstanding Fees an aggregate Sub-Limit in the amounts stated in the **Schedule** shall apply. An aggregate Sub-Limit will also apply to the Discovery Period if purchased.
- (c) All payments made by the **Insurer** in respect of any Operative Clauses or any endorsement or otherwise (except for the payment under **Defence Costs and Expenses**) relating to the same **Claim** shall erode the limit of indemnity in respect of any one **Claim** under this **Section**.
- (d) If a payment is required or made in settlement of any **Claim** which exceeds the Limit of Indemnity available under this **Section**, the **Insurer's** liability for **Defence Costs and Expenses** shall be limited to such proportion as the amount of the Limit of Indemnity available in respect of such **Claim** bears to the amount required or paid in settlement and the **Insured** shall make any consequent repayment due to the **Insurer** immediately upon demand, failing which the **Insurer** will be entitled to deduct the amount of repayment from any **Claim** settlement monies due from them under this **Section**.

- (e) All **Claims**, whether made against or sought by one or more **Insured**, wholly or substantially arising from or having any connection with or relation to:
- (i) the same event, occurrence, act, error, omission or breach of duty or having the same originating or underlying cause; or
  - (ii) a series of events, occurrences, acts, errors, omissions or breaches of duty having the same originating or underlying cause; or
  - (iii) the acts, errors, omissions or breaches of a single person or persons acting together or in which such person or persons is or are concerned or implicated;

shall be deemed to be one **Claim** or single application for costs under Operative Clauses for Loss of **Documents or Data** and Data Protection for the purposes of deciding the applicable limit of indemnity and the application of the **Excess** under this **Section**. The **Insurer** shall be the sole judge as to whether the provisions of this sub-clause shall operate in relation to any **Claim** or application for costs.

## 4 Exclusions

The **Insurer** shall not have any liability under this **Section** for, or directly or indirectly arising out of, or in any way connected with:

### 4.1 Computer Virus

any **Computer Virus** created or intentionally modified by the **Insured** or by any **Person Employed** or by any other person, firm or company directly appointed by and acting for or on behalf of the **Insured**;

### 4.2 Contractual Liability

- (a) a breach of any written contractual duty or duty of care owed by the **Insured** to any third party which imposes a greater obligation upon the **Insured** than would otherwise be implied by common law or statute; and
- (b) from any contract where, before entering into or extending a contract, the **Insured** failed to take reasonable steps to ensure that it could fulfil all of its obligations in accordance with the terms of the contract or any representations made by or on behalf of the **Insured**;

### 4.3 Death and Bodily Injury

any bodily injury, sickness, disease, emotional distress (except emotional distress arising from any libel or slander), mental anguish, mental stress or death of any person unless caused directly by any unintentional breach of duty or negligence by the **Insured** or by any **Person Employed** or by any other person, firm or company directly appointed by and acting for or on behalf of the **Insured**;

### 4.4 Deliberate Acts

- (a) any deliberate or reckless breach, act, omission or infringement committed, condoned or ignored by the **Insured**; or
- (b) any statement made which was known or ought reasonably to have to been known by the **Insured** to be libellous or slanderous at the time of publication;

### 4.5 Director and Officer

any liability of the **Insured** as a director, officer and/or trustee in their respective capacity as such;

### 4.6 Documents or Data

any repair, replacement or reconstitution cost of any **Documents or Data**, directly or indirectly occasioned by any government or public or local authority action or order or resulting from wear or tear, the action of vermin, gradual deterioration or magnetic flux or loss of magnetism (except where caused by lightning);

### 4.7 Fines and Penalties

any regulatory or disciplinary investigations or proceedings or any fines, penalties or penal, punitive, exemplary, liquidated, restitutionary, non-compensatory or aggravated damages, or the additional award of damages consequent upon or by reason of any multiplication of compensatory damages, except with regard to libel or slander;



#### 4.8 Fraud and Dishonesty

any dishonest or fraudulent act or omission of any former or present partner, principal, director, member, consultant or sub-contractor or **Alternate** of the **Insured**:

- (a) in respect of any person committing or condoning such dishonest or fraudulent act or omission; or
- (b) in the amount recoverable from the dishonest or fraudulent person or persons or their estates or legal representatives; or
- (c) arising after the discovery of reasonable cause for suspicion of dishonesty or fraud by the dishonest or fraudulent person or persons; or
- (d) in the amount equivalent to,
  - (i) any monies owed by the **Insured** to any person committing, condoning or contributing to the dishonest or fraudulent act or omission; or
  - (ii) any monies held by the **Insured** and belonging to such person; or
  - (iii) any monies recovered in accordance with the Dishonest or Fraudulent Claim Recovery condition of this **Section**;

#### 4.9 Goods and Services

any contract for the provision of goods or services to the **Insured** or any goods or products sold, supplied, made, constructed, installed, maintained, repaired, altered or treated by or on behalf of the **Insured**;

#### 4.10 Insolvency

the insolvency or bankruptcy of the **Insured**;

#### 4.11 Insured versus Insured

any **Claim** by any person comprising the **Insured** against any other person comprising the **Insured**, except in accordance with the operation of Dishonest or Fraudulent Claim Recovery Condition 5.5 of this **Section**;

#### 4.12 Internet Service, Telecommunications or Other Utility Provider

any failure or loss of service provided by an internet service provider, telecommunications provider or other utility provider except where these services are provided by the **Insured** as part of the **Business**;

#### 4.13 Joint Venture

any **Claim** by a joint venture or association partner of the **Insured** unless the **Claim** emanates from a wholly independent third party;

#### 4.14 Jurisdiction and Territorial Limits

any:

- (a) legal proceedings brought in a court of law outside the Covered Jurisdiction stated in the **Schedule** or brought in a court of law within the stated jurisdictions to enforce a judgement or order made in any court of law outside those jurisdictions; or
- (b) **Business** undertaken outside the Territorial Limits shown in the **Schedule**;

#### 4.15 Market Fluctuation

any depreciation or loss of investment when such depreciation or loss arises from fluctuations in any financial stock or commodity or other markets and any express or implied warranty or guarantee relating to the financial return of any investment or portfolio of investments or in connection with any investment advice given or services performed which have not been authorised where such authorisation is required under any statutory regulation by an appropriate statutory authority;

#### 4.16 Pollution

**Pollution**, except where arising directly from any actual or alleged breach of duty in the performance of (or failure to perform) the **Business**;

#### 4.17 Property Damage

any damage to or destruction or loss of any property except as provided under **Loss of Documents** or **Data** Operative Clause 1.4 or **Data Protection** Operative Clause 1.5;

#### 4.18 Retroactive Date

any **Claim** arising out of **Business** prior to the **Retroactive Date** specified in the **Schedule**;

#### 4.19 Trading Losses

any trading losses or trading liabilities incurred by the **Insured** or any business managed by or carried on by or on behalf of the **Insured** including but not limited to any loss of client account and/or custom except that this exclusion will not apply to any **Claim** made against the **Insured** for negligence in the normal course of their conduct of any receivership or procedures under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 or in the Republic of Ireland any receivership or insolvency procedures under the Companies Acts 1963 to 2005 or the Bankruptcy Act 1988 or any amendment or re-enactment thereof;

#### 4.20 Warranties and Guarantees

any performance warranty, guarantee, penalty clause, liquidated damages clause or similar provision unless the liability of the **Insured** would have existed to the same extent in the absence of such warranty, guarantee or clause or similar provision.

### 5 Conditions

#### 5.1 Advancement of Defence Costs and Expenses

The **Insurer** will indemnify the **Insured** in respect of **Defence Costs and Expenses** under Operative Clause 1.2 as and when they are incurred, including **Defence Costs and Expenses** incurred on behalf of an **Insured** who is alleged to have committed or condoned a dishonest or fraudulent act or omission, provided that the **Insurer** is not liable for **Defence Costs and Expenses** incurred on behalf of such **Insured** after the earlier of:

- (a) the **Insured** admitted to the **Insurer** the commission or condoning of such dishonest or fraudulent act or omission; or
- (b) a court or other judicial body finding that the **Insured** was in fact guilty of such dishonest or fraudulent act or omission.

Each **Insured** who admits to the **Insurer** the commission or condoning of such dishonest or fraudulent act or omission, or against whom there is a finding of a court or other judicial body that such **Insured** was in fact guilty of such dishonest or fraudulent act or omission shall reimburse the **Insurer** in respect of **Defence Costs and Expenses** advanced on that **Insured's** behalf.

#### 5.2 Cancellation

In the event of the cancellation of this **Section** the **Insurer** will immediately notify the relevant Institute being The Institute of Chartered Accountants in England and Wales (the "ICAEW"), The Institute of Chartered Accountants of Scotland (the "ICAS") or The Institute of Chartered Accountants in Ireland (the "ICAI") of the cancellation and the name of the **Insured**.

#### 5.3 Difference in Conditions

The **Insurer** hereby agrees that the terms of cover provided by this **Section** shall be no less favourable to and provide no less protection than those of the Minimum Approved Policy Wording (as referred to in the Professional Indemnity Insurance Regulations issued by The Institute of Chartered Accountants in England and Wales, of Scotland, or in Ireland as applicable) in force at the date of inception of this policy.

The **Insurer** further agrees that if the terms of cover provided by this **Section** exceed those of the Minimum Approved Policy Wording then, notwithstanding anything contained herein to the contrary, the sum insured in respect of such additional coverage shall be in addition to the terms of cover provided by the Minimum Approved Policy Wording. However, such additional coverage will only operate when any insurance excess of the primary insurance has been exhausted by reason of **Claims**.

In the event of any dispute between the **Insurer** and the **Insured** in these regards, the dispute will be dealt with by way of arbitration as set out in Conditions 5.9.

#### 5.4 Discharge of Policy Liability

The **Insurer** may at their absolute discretion, at any time, after deduction of such sums as they may already have paid, agreed to pay or be responsible for, in respect of any settlement, damages, interest and claimant's costs or costs for which the **Insured** is liable in respect of any **Claim**, tender to the **Insured**:

- (a) the remaining amount of the limit of indemnity available under this **Section** or
- (b) such lesser amount for which the **Claim** can be settled, including claimants' costs and interest,

and upon such payment being made, the **Insurer** shall relinquish the conduct and control of and be under no further liability in connection with such **Claim** except for the payment of **Defence Costs and Expenses** incurred prior to the date of such payment.

#### 5.5 Dishonest or Fraudulent Claim Recovery

Where a **Claim** or circumstance involves the dishonest or fraudulent act or omission of the **Person Employed**:

- (a) the **Insured** shall at the request and expense of the **Insurer** take all reasonable steps to obtain reimbursement from such person;
- (b) any monies which but for the dishonest or fraudulent act or omission would be due to such persons from the **Insured** or any monies of such persons held by the **Insured** shall be retained by the **Insured** and allocated to reducing the amount of such **Claim**;
- (c) nothing in this **Section** shall preclude the **Insurer** from exercising any right of subrogation against any person committing or condoning such dishonest or fraudulent act or omission;
- (d) no payment shall be made by the **Insurer** under this **Section** until after the final ascertainment of the amount of any recovery from the dishonest or fraudulent person or persons or their estates or legal representatives.

#### 5.6 Duty to Cooperate

The **Insured** must promptly provide to the **Insurer** full details concerning any **Claim** and any circumstance which may give rise to a **Claim** and any circumstances where the **Insured** has requested to be indemnified under this **Section** and provide such co-operation and assistance as the **Insurer** and their representatives, legal advisers or agents may reasonably require. It is a condition precedent to the right to be indemnified under this **Section** that the **Insured** and any **Person Employed** (or any person, firm or company acting for or on behalf of the **Insured**) shall ensure that all documents relevant to any **Claim** and any circumstance which may give rise to a **Claim** shall not be destroyed or otherwise disposed of. Subject always to the foregoing and to the application of the Notification and No Admission of Liability conditions, compliance by the **Insured** with any rules, requirements, directions or guidance of any Ombudsman appointed pursuant to the provisions of the Financial Services and Markets Act 2000, the Central Bank and Financial Services Authority of Ireland Act 2004 or any amendment or re-enactment thereof will not constitute a breach of any condition of this **Section**.

#### 5.7 Insurers Entitled to Defend

The **Insurer** shall be entitled, but not obliged, to take over and conduct in the name of the **Insured** the investigation, defence and settlement of any **Claim** and any circumstance likely to give rise to a **Claim** and any circumstance where the **Insured** has requested to be indemnified under this **Section**. The **Insurer** shall have full discretion in the handling thereof (notwithstanding that a dispute may have arisen between the **Insurer** and the **Insured**) provided always that the **Insured** shall not be obliged to defend any legal proceedings unless a Queen's Counsel or in the Republic of Ireland a Senior Counsel (to be mutually decided upon by the **Insurer** and the **Insured**) taking due account of the interests of both **Insurer** and **Insured** shall advise that such proceedings can be contested with a reasonable prospect of success. The **Insured** shall be entitled to any and all information and/or documentation regarding the defence, investigation or settlement of any **Claim** and/or the investigation into any circumstances as they may reasonably request from the **Insurer**.

#### 5.8 Institute Subrogation

If the Institute of Chartered Accountants in England and Wales, of Scotland, or in Ireland, as applicable becomes subrogated to the **Insured's** rights under this policy arising from it making a payment to a third party from the Institute Compensation Fund, the Institute shall be deemed hereby to rank as a preferential creditor and its claim shall have priority over any other party who may be come subrogated to the **Insured's** right hereunder.

## 5.9 Law and Dispute Jurisdiction

Any dispute or disagreement between the **Insured** and the **Insurer** arising out of or in connection with this **Section** of the **Policy** shall be referred to arbitration before a sole arbitrator (to be mutually agreed upon by the **Insured** and the **Insurer** or failing agreement to be appointed by the President of The Institute of Chartered Accountants in England and Wales, or Scotland, or Ireland as applicable) whose decision shall be final and binding on both parties.

This **Section** of the **Policy** shall be governed by and construed in accordance with the law of England and Wales, or Scotland, or Ireland as applicable.

The Courts of England and Wales, or Scotland, or Ireland, as applicable, shall have exclusive jurisdiction to hear and determine any suits, actions or proceedings and to settle any disputes that may arise out of or in connection with this **Section**.

## 5.10 Protection of Computer Systems

The **Insured** shall take reasonable measures to maintain and upgrade software which protects against any unauthorised use or access to the **Insured's Computer System** or internet web site, and to take regular back-up copies of any data, file or programme.

## 5.11 Special Conditions

(a) The **Insurer** will not exercise its right to avoid this **Section**, or **Claim** to be discharged from any liability hereunder, on the grounds of any alleged non-disclosure or misrepresentation of facts or alleged untrue statements in the **Proposal**, provided always that the **Insured** shall establish to the **Insurer's** reasonable satisfaction that such alleged non-disclosure, misrepresentation or untrue statement was free of any fraudulent conduct or intent to deceive.

However, if such alleged non-disclosure, misrepresentation or untrue statement consists of or includes a failure to inform the **Insurer** of any circumstance of which the **Insured** was aware which may give rise to a **Claim** against the **Insured**, or an actual **Claim**, the indemnity under this **Section** in respect of that **Claim** shall be limited as follows:

- (i) where the **Insured** should have notified such circumstance under any previous insurance (whether with other insurers or not) if the indemnity available under this **Section** is greater or wider in scope than that to which the **Insured** would have been entitled under any such preceding policy, the **Insurer** shall at its sole discretion (and after election by insurers as between all relevant preceding policies if more than one) only be liable to indemnify the **Insured** for such amount and/or on such terms as would have been available to the **Insured** under the earliest such preceding policy except that nothing in the operation of this clause shall entitle the **Insured** to indemnity wider or more extensive than is available to the **Insured** under this **Section**; and
  - (ii) where the **Insured** should have notified such circumstance under this **Section** prior to obtaining any increase in the limit of indemnity of this **Section** or other variation of the terms of this **Section** the indemnity under this **Section** shall be limited to the indemnity which would have been available prior to such increase or variation as obtained.
- (b) Where the **Insured's** breach of or non-compliance with any condition of this **Section** has resulted in prejudice to the **Insurer**:
- (i) in the handling or settlement of any **Claim** against the **Insured**; or
  - (ii) in the amount of any loss sustained by the **Insured**; or
  - (iii) in the obtaining of reimbursements from any dishonest or fraudulent person as referred to in condition 5.5 above;

the indemnity afforded under this **Section** shall be reduced to such sum as in the **Insurer's** reasonable opinion would have been payable by them in the absence of such prejudice.

(c) Where, but for the operation of Special Condition 5.11(a) above, the **Insurer** would otherwise have the right to avoid this **Section** or be discharged from liability, the **Insurer** may at its sole discretion charge an additional premium in an amount which it shall determine.

## Liability Section

This **Section** is subject to the General Terms, Definitions, Exclusions and Conditions except where expressly overridden.

### 1 Operative Clause

The **Insurer** shall indemnify the **Insured** against their legal liability to pay damages (including claimants' costs, fees and expenses) in respect of **Claims** for and/or arising out of accidental **Injury** and/or **Damage**.

The indemnity granted only applies to liability arising from **Claims** both:

- (a) made against the **Insured** in Covered Jurisdictions as stated in the **Schedule**; and
- (b) arising out of the **Business**.

The indemnity granted applies only to such liability.

#### Trigger:

This **Section** applies where **Injury** or **Damage** occur during the **Period of Insurance**.

#### Defence Costs:

The **Insurer** will also pay **Defence Costs**, provided that the **Insurer** shall not be liable for any fines or penalties imposed as a consequence of any **Claim**, suit or proceedings. **Defence Costs** will be payable in addition to the Limit of Liability. If the amount required in settlement of the third party **Claim** is greater than the Limit of Liability available in respect of such **Claim**, then the **Insurer** will not pay more than their corresponding proportional share of the associated **Defence Costs**.

### 2 Definitions

This **Section** is subject to the following definitions:

#### 2.1 Business

The business stated in the **Schedule** conducted at or from **Premises** of the **Insured**, as well as:

- (a) the ownership, repair and maintenance of the **Insured's** own property;
- (b) provision and management of canteen, social, sports, medical and welfare organisations and fire fighting and security services principally for the benefit of **Persons Employed** and for the protection and promotion of the **Insured's** business as stated in the **Schedule**;
- (c) private work undertaken by any **Person Employed** for any director or partner of the **Insured** with the prior consent of the **Insured**.

#### 2.2 Claim

- (a) A **Claim** by a third party made according to the laws of a territory specified in the **Schedule** as a Covered Jurisdiction; or
- (b) where applicable, proceedings brought under the jurisdiction of a competent court or tribunal within a territory specified in the **Schedule** as a Covered Jurisdiction; or
- (c) an award made by a competent court or tribunal anywhere in the world to enforce a judgement, award or settlement made in accordance with the laws of or under the jurisdiction of a territory specified in the **Schedule** as a Covered Jurisdiction.

Limitations or exclusions of Covered Jurisdictions shall be understood in the same way.

#### 2.3 Damage

Loss of possession of or physical damage to tangible property.

#### 2.4 Defence Costs

Costs, fees and expenses incurred by or on behalf of the **Insured** with the written consent of the **Insurer** in the defence or settlement of any **Claim**, suit or proceedings which are or would, if successful, be covered under this **Section**, including legal expenses in respect of representation at any inquest or inquiry or in respect of the defence of any proceedings in a Court of Summary Jurisdiction in respect of matters which may form the subject of indemnity. **Defence Costs** do not include the **Insured's** own costs, fees or expenses or value attributable to the time spent in dealing with a **Claim** or a circumstance.

## 2.5 Injury

- (a) Death, bodily injury, illness or disease of or to a person;
- (b) trespass, nuisance, invasion of the right of privacy or interference with any right of way, air, light, water or other easement;
- (c) wrongful arrest, wrongful detention, false imprisonment or malicious prosecution.

## 2.6 Occurrence

An event or series of events having a common originating cause.

## 2.7 Product

Any tangible property after it has left the custody or control of the **Insured** which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by or on behalf of the **Insured**.

## 2.8 Products Liability

Liability for and/or arising out of accidental **Injury** and/or **Damage** and arising out of or in connection with any **Product**. 'Products Liability' does not include liability arising out of **Pollution**.

## 2.9 Pollution Liability

Liability for and/or arising out of accidental **Injury** and/or **Damage** and arising out of or in connection with **Pollution**.

## 3 Limit of Liability

### 3.1 Occurrence

The **Insurer's** total liability to pay damages (including claimants' costs, fees and expenses) shall not exceed the sum stated in the relevant **Schedule** in respect of any one **Occurrence**.

Where an **Occurrence** involves liability under more than one of the liability **Sections**, the limits of each liability **Section** are non-cumulative and shall not be in addition to one another and the **Insurer's** total liability in respect of that **Occurrence** shall not exceed the largest individual Limit of Liability available under the relevant **Sections**.

### 3.2 Aggregate

Where an aggregate Limit of Liability is stated in the **Schedule** to apply, the **Insurer's** total liability to pay damages (including claimants' costs, fees and expenses) in respect of the entire **Period of Insurance** shall not exceed such aggregate Limit of Liability regardless of the number or severity of **Occurrences** or **Claims**.

## 4 Indemnity to Others

The indemnity granted extends to:

- (a) managerial or supervisory **Persons Employed** in their **Business** capacity for legal liabilities arising out of the performance of the **Business** and any director or partner of the **Insured** in respect of private work undertaken by any **Person Employed** for such director or partner with the prior consent of the **Insured**;
- (b) the officers, committees and members of the **Insured's** canteen, social, sports, medical, fire fighting, security services and welfare organisations for legal liabilities incurred in their respective capacity as such;
- (c) any person or firm for legal liabilities arising out of the performance of a contract with the **Insured** constituting the provision of labour only;
- (d) any principal for legal liabilities arising out of work carried out by the **Insured** under a contract or agreement in respect of which the **Insured** would have been entitled to indemnity under this **Section** if the **Claim** had been made against the **Insured**;
- (e) the personal representatives of any person indemnified by reason of this Indemnity to Others clause in respect of legal liability incurred by such person.

Provided that all such persons or parties shall observe, fulfil and be subject to the terms of this **Section** as though they were the **Insured**.



## 5 Cross Liabilities

Each person or party specified as the **Insured** in the **Schedule** is separately indemnified in respect of **Claims** made against any of them by any other such person or party subject to the **Insurer's** total liability not exceeding the stated Limit of Liability.

## 6 Defective Premises Act

Liability arising out of any condition in the **Insured's Premises** subsequent to the disposal of such **Premises** by the **Insured**, including liability which is established by application of Section 3 of the Defective Premises Act 1972 or Section 5 of the Defective Premises (Northern Ireland) Order 1975, shall be treated as **Products Liability** for the purposes of this **Section**.

## 7 Court Attendance Costs Extension

The **Insurer** will indemnify the **Insured** by paying a daily indemnity for each day on which attendance is required in the event of any director, partner or **Person Employed** attending court as a witness at the request of the **Insurer** in connection with a **Claim** which is indemnified under this **Section** of the **Policy**. If the Employers' Liability Section is operative, this extension also applies to that **Section**.

## 8 Data Protection Act Extension

The **Insurer** will indemnify the **Insured** under this **Section** for the **Insured's** liability to pay compensation in respect of any **Claim** under Sections 22 and 23 of the Data Protection Act 1984 for compensation for inaccuracy for loss or unauthorised disclosure. Such liability shall be considered as **Injury** for the purposes of this **Section** and the **Injury** will be deemed to have occurred when the claimant first knew or alleges that he knew that the subject information was inaccurate or the date or alleged date the information had been disclosed without authorisation, as the case may be.

### Trigger:

This extension applies where **Claims** are made against the **Insured** during the **Period of Insurance** arising from **Injury** occurring on or after the **Retroactive Date** specified in the **Schedule** and before the expiry date of the **Policy**. If a circumstance occurring subsequent to the **Retroactive Date** and before the expiry date of the **Policy** is **Notified** to the **Insurer** in accordance with the Notification condition, the **Insurer** will not deny any subsequent **Claim** arising out of that circumstance solely because the **Claim** was made after the expiry date of the **Policy**.

### 8.1 Condition

It is a condition precedent to the liability of the **Insurer** that the **Insured** has registered in accordance with the terms of the said Act or has applied for such registration which has not been refused or withdrawn.

### 8.2 Exclusions

The **Insurer** shall not provide indemnity:

- (a) against liability caused by or arising from a deliberate act by or omission of any person entitled to indemnity under this **Section** if the result could reasonably have been expected having regard to the nature and circumstances of such act or omission;
- (b) for the costs of replacing, reinstating, rectifying or erasing any Personal Data, as defined in the Data Protection Act 1984;
- (c) against liability caused by or arising from the recording, processing or provision of data for reward or the determining of the financial status of a person;
- (d) against liability which attaches by virtue of a contract or agreement but which would not have attached in the absence of such contract or agreement.

## 9 Housing Grants, Construction and Regeneration Act 1996

The **Insurer** shall not be bound by any adjudication made under the Housing Grants, Construction and Regeneration Act 1996 following a request for adjudication made by or to the **Insured**.

## 10 Exclusions

This **Section** does not apply to or include legal liability:

### 10.1 Aircraft, Watercraft and Offshore Work

for and/or arising out of the ownership, possession, work on and/or visits or use by or on behalf of the **Insured** of any aircraft, spacecraft, hovercraft, offshore installation, rig, platform or watercraft (other than watercraft not exceeding 10 meters in length whilst on inland waterways) or for or arising out of any **Product** which with the **Insured's** knowledge is intended for incorporation into the structure, machinery or controls of any aircraft, spacecraft, avionics, hovercraft, offshore installation, rig, platform or watercraft;

### 10.2 Care, Custody or Control

for **Damage** to property owned, leased to, hired by, under hire purchase, on loan to, held in trust by or otherwise in the **Insured's** care, custody or control other than:

- (a) clothing and personal effects of **Persons Employed** and visitors;
- (b) **Premises** (including contents therein) temporarily occupied by the **Insured** for work therein or thereon but no indemnity shall be granted for **Damage** to that part of the property on which the **Insured** is or has been working and which arises out of such work; or
- (c) **Premises** tenanted by the **Insured** but always excluding liability for **Damage**:
  - (i) arising out of any perils which the tenancy agreement requires the **Insured** to insure against;
  - (ii) to any property which the tenancy agreement requires the **Insured** to insure; or
  - (iii) to any property which the tenancy agreement requires the **Insured** to be responsible for; except if such **Damage** is the proven consequence of the **Insured's** own negligence;

### 10.3 Deliberate Failure to Prevent Injury or Damage

for or arising out of the deliberate, conscious or intentional disregard by any of the **Insured's** directors or managerial or supervisory **Persons Employed** of the need to take all reasonable steps to prevent **Injury** or **Damage**;

### 10.4 Injury to Persons Employed

for or arising out of **Injury** to a **Person Employed** where such **Injury** arises out of and in the course of **Employment** by the **Insured** or any liability arising out of any workers' compensation or any similar legislation anywhere in the world;

### 10.5 Large Events

for or arising out of any exhibition or show which exceeds 5 days in duration or where the number of attendees at any one time exceeds 250;

### 10.6 Motor Vehicles

arising out of the ownership, possession or use by or on behalf of the **Insured** or any person or party entitled to indemnity of any motor vehicle or trailer, other than legal liability:

- (a) caused by the use of any tool or plant forming part of or attached to or used in connection with any motor vehicle or trailer;
- (b) arising beyond the limits of any carriageway or thoroughfare caused by the loading or unloading of any motor vehicle or trailer; or
- (c) arising out of any motor vehicle or trailer temporarily in the **Insured's** custody or control for the purpose of parking;

### 10.7 Professional Liability

arising out of breach of professional duty or wrongful or inadequate advice given separately for a fee;

### 10.8 Road Traffic Act

in respect of which compulsory insurance or security is required to be arranged under the Road Traffic Act 1988 or the Road Traffic (Northern Ireland) Order 1981 or any subsequent legislation amending or replacing such Act or Order;

### 10.9 Warranties and Guarantees

for or arising out of any performance warranty, guarantee, penalty clause, liquidated damages clause or similar provision unless the liability of the **Insured** would have existed to the same extent in the absence of such warranty, guarantee or clause or similar provision;



## 11 Products Liability – Special Provisions

### 11.1 Exclusions

In respect of **Products Liability**, the following additional Exclusions shall apply:

This **Section** does not apply to or include legal liability:

#### (a) Contracts or Agreements

arising by virtue of a contract or agreement other than a warranty of fitness or quality of the **Insured's Products** established or implied by virtue of the Sale of Goods Act 1979 or equivalent legislation or a warranty that work done will be performed in a workmanlike manner;

#### (b) Recall

for and/or arising out of:

- (i) the recall of any **Product** or part thereof or;
- (ii) the recall of any product manufactured, distributed or handled by a customer of the **Insured** ("Customer's product") of which the **Product** becomes an ingredient or a component part. However, this exclusion shall not apply in respect of those individual units of the Customer's product which have either:
  - suffered **accidental Damage themselves**; or
  - caused accidental **Injury** and/or **Damage** to a third party;
  - arising out of or in connection with any **Product**;

#### (c) Repair or Replacement

for costs incurred in the repair, reconditioning or replacement of any **Product** or part thereof which is or is alleged to be defective.

### 11.2 Consumer Protection Act Extension

#### (a) Operative Clause:

The **Insurer** shall indemnify the **Insured** in respect of **Products Liability** for legal costs and expenses incurred in the defence of any criminal proceedings for a breach of Part II of the Consumer Protection Act 1987 including such legal costs and expenses incurred in an appeal against conviction arising from such proceedings and prosecution costs awarded in connection therewith.

Indemnity shall extend to the **Insured** and, at the request of the **Insured**, any director, partner or **Person Employed** of the **Insured**.

#### Trigger:

This extension applies where the proceedings are first brought during the **Period of Insurance** in respect of a breach or alleged breach occurring on or after the **Retroactive Date** specified in the **Schedule** and before the expiry date of the **Period of Insurance**.

#### (b) Condition

The **Director**, partner or **Person Employed** shall observe, fulfil and be subject to the terms of this **Section** as though they were the **Insured**.

#### (c) Exclusions

The **Insurer** shall not provide indemnity:

- (i) in respect of proceedings consequent upon a deliberate act by or omission of any person entitled to indemnity under this **Section** if the result could reasonably have been expected having regard to the nature and circumstances of such act or omission; or
- (ii) in respect of proceedings which arise out of any activity or risk excluded from this **Section**.

## 12 Pollution Liability – Special Provisions

### (a) Operative Clause:

In respect of **Pollution Liability**, cover under this **Section** shall only apply:

- (i) to **Pollution** which is the direct result of a sudden, identifiable, unintended and unexpected event occurring in its entirety at a specific time and place; and
- (ii) if the **Insured** has taken all reasonable precautions to prevent **Pollution**.

#### Trigger:

This **Section** applies where **Injury** or **Damage** and the entire event giving rise to the **Injury** or **Damage** occur during the **Period of Insurance**.

### (b) Insured's Premises and Land Exclusion:

This **Section** does not apply to or include legal liability for **Damage** to **Premises** presently or at any time previously owned or tenanted by the **Insured** or **Damage** to land or water within the boundaries of or below any land or **Premises** presently or at any time previously owned or leased by the **Insured**.

## 13 Conditions

### 13.1 Payment in Full

The **Insurer** may at any time pay to the **Insured** in connection with any **Claim** or series of **Claims** under this **Section** to which a Limit of Liability applies the amount of such Limit (after deduction of any sums already paid) or any lesser amount for which such **Claims** can be settled and upon such payment being made the **Insurer** shall relinquish the conduct and control of and be under no further liability in connection with such **Claims** except for the payment of **Defence Costs** incurred prior to the date of such payment. This Condition does not apply where and to the extent **Defence Costs** are inclusive within the Limit of Liability.

If the **Insurer** exercises the above option and the amount required to dispose of any **Claim** or series of **Claims** exceeds the Limit of Liability and such **Excess** amount is insured either in whole or in part, with **Defence Costs** payable in addition to the Limit of Liability, then the **Insurer** will also contribute their proportion of subsequent **Defence Costs** incurred with their prior written consent as the Limit of Liability bears to the amount paid to dispose of a **Claim**.

## Employers Liability Section

This **Section** is subject to the General Terms, Definitions, Exclusions and Conditions and to the same Definitions, Exclusions and **Conditions** as are contained in the Public Liability **Section** except where expressly modified.

### 1 Operative Clause

The **Insurer** shall indemnify the **Insured** against their legal liability to pay damages (including claimants' costs, fees and expenses) for and/or arising out of **Injury** to any **Person Employed** and arising out of and in the course of that person's **Employment** by the **Insured**, subject always to the terms of the **Policy**.

The indemnity granted only applies to liability arising from **Claims** both:

- (i) made against the **Insured** in Covered Jurisdictions as stated in the **Schedule**; and
- (ii) arising out of the **Business**.

The indemnity granted applies only to such liability:

#### (a) United Kingdom

as is compulsorily insurable under the United Kingdom Employers Liability (Compulsory Insurance) Act 1969 as amended, except as specially extended by this **Section**. Where any applicable Definitions, Conditions or Exclusions would operate to provide less cover than is compulsory under the above Act, then this **Section** is deemed to be extended to provide the cover compulsorily insurable subject always to the Limit of Liability stated in the **Schedule**.

#### (b) Work Overseas

as would otherwise be covered under (a) United Kingdom above but for **Injury** caused to a **Person Employed** whilst temporarily engaged in non manual work anywhere else in the world;

provided that:

- (i) such **Person Employed** is ordinarily resident within the United Kingdom;
- (ii) the **Insurer** shall not provide indemnity in respect of any amount payable under Workmen's Compensation, Social Security or Health Insurance legislation;
- (iii) the **Insurer** shall not provide indemnity in respect of any temporary visit to the United States of America or any overseas territory or affiliated state of the United States of America; and
- (iv) such temporary work does not exceed 6 consecutive months in duration.

#### Trigger:

This **Section** applies where **Injury** occurs during the **Period of Insurance**. In the case of an accident or exposure to harmful conditions manifesting itself as **Injury** after the **Person Employed** has left the employ of the **Insured**, this **Section** will apply, subject to all the other terms, conditions and exclusions of the **Section**, to such **Injury** regardless of whether this **Section** is still in force at the time of such manifestation, but only if the **Person Employed** last left the employ of the **Insured** during the **Period of Insurance**.

### 2 Extensions

These Extensions are subject otherwise to the terms, Exclusions and Conditions of this **Section**.

#### (a) Terrorism

Notwithstanding the **Terrorism** exclusion of the General Conditions, this **Section** will apply, subject to all its terms and conditions, to **Terrorism** to the extent that indemnity is required in accordance with the provisions of any law relating to compulsory insurance of liability to **Persons Employed** in the United Kingdom and where a sub Limit of Indemnity is specified in the **Schedule**.

**(b) Unsatisfied Court Judgements**

Where a judgement for damages has been obtained by any **Person Employed** or the legal personal representatives of any **Person Employed**:

- (i) in respect of **Injury** sustained by the **Person Employed** arising out of and in the course of **Employment** by the **Insured** in the **Business**;
  - (ii) against any company or individual operating from or resident in **Premises** within the United Kingdom; and
  - (iii) such judgement remains unsatisfied in whole or in part 6 months after the date of judgement;
- then at the request of the **Insured** the **Insurer** will pay to the **Person Employed** or the said legal personal representatives the amount of any such damages and any awarded costs to the extent that they remain unsatisfied;

provided that:

- (i) there is no appeal outstanding;
- (ii) if any payment is made by the **Insurer** the **Person Employed** or the said legal personal representatives shall assign the judgement to the **Insurer**;
- (iii) this **Section** is operative at the time that such **Injury** is caused; and
- (iv) the liability of the **Insurer** for damages costs and expenses shall not exceed the amount stated as the Limit of Indemnity in the **Schedule**.

**(c) Indemnity to Principals**

To the extent that any contract or agreement entered into by the **Insured** with any principal so requires, the **Insurer** will, at the request of the **Insured**,

- (i) indemnify the **Insured** against liability assumed by the **Insured**;
- (ii) indemnify the principal in like manner to the **Insured** in respect of the liability of the principal arising out of the performance by the **Insured** of such contract or agreement.

Provided always that:

- (i) the conduct and control of **Claims** is vested in the **Insurer**;
- (ii) the principal shall observe fulfil and be subject to the terms of this **Policy**.

Indemnity to any principal shall only apply in respect of liability for which the **Insured** would have been entitled to indemnity if the **Claim** had been made directly against the **Insured**.

For purposes of this extension the term principal shall include any partner, co-venturer, subsidiary or affiliated or parent company to the principal but only to the extent that the contract between the principal and the **Insured** requires these additional parties to be indemnified in a like manner to the **Insured**.

### 3 Exclusions

This **Section** does not apply to or include legal liability:

#### 3.1 Offshore

arising out of work on and/or visits to any offshore rig and/or installation and/or platform from the time of embarkation onto a conveyance at the point of final departure to such offshore rig and/or installation and/or platform until disembarkation from the conveyance from such offshore rig and/or installation and/or platform.

#### 3.2 Road Traffic Act

in respect of which compulsory insurance or security is required to be arranged under the Road Traffic Act 1988 or the Road Traffic (Northern Ireland) Order 1981 or any subsequent legislation amending or replacing such Act or Order.

## Material Damage Section

This **Section** is subject to the General Terms, Definitions, Exclusions and Conditions except where expressly overridden.

### 1 Operative Clause

The **Insurer** shall indemnify the **Insured** against certain kinds of **Damage** to property as stated in the **Schedule** belonging to the **Insured** or for which the **Insured** is responsible occurring during the **Period of Insurance**.

### 2 Amount Payable

The amount the **Insurer** will pay under this **Section** is the intrinsic worth of the property which has suffered **Damage** as determined by the basis of valuation.

In respect of each loss, the **Insurer** does not cover the **Excess** stated in the **Schedule**, for each relevant Property Specification for each event.

At any given **Premises**, only the largest applicable **Excess** will apply in respect of that **Premises**.

**Sums Insured** are first loss, in excess of any applicable **Excess**.

### 3 Property Covered

The property covered is as stated in each Property Specification.

No cover is available for any property which does not fall under any of the covered Property Specifications.

### 4 Definitions

This **Section** is subject to the following additional definitions:

#### 4.1 Business Hours

The period or periods during which the **Premises** are normally occupied for business purposes but only whilst the **Insured** or any partner, director or **Person Employed** by the **Insured** is in the **Premises**.

#### 4.2 Damage

Physical damage to tangible property or irremediable loss or irremediable deprivation of the use of tangible property. "**Damage**" does not include loss, impairment or deprivation of the use of intellectual property, book debts, land values, legal, contractual or financial rights and options or any other form of non-tangible property. **Damage** does not include loss of use of property which has not been physically damaged and which is physically accessible to the **Insured** and shall be understood independently of the property's ability to function as intended.

#### 4.3 Sum Insured

The **Sum Insured** is the most the **Insurer** will pay in respect of any one event and the **Sum Insured** will not be reduced by the amount of any loss in respect of any subsequent events.

### 5 Conditions

#### 5.1 Equipment Inspection

Any vessel, machinery or apparatus which is required to be inspected periodically by an engineer qualified for the purpose in order to comply with any statutory regulation or by-law shall be the subject of an insurance or other contract providing the required inspection service.

#### 5.2 Protection, Preservation and Security of Property

It is a condition precedent to the liability of the **Insurer** that the **Insured** uses the utmost diligence and takes all reasonable and necessary steps to protect, recover and save property insured and minimize any actual or potential **Damage** when property has sustained or is in imminent danger of sustaining **Damage**.

The **Section** also includes reasonable and necessary costs incurred to temporarily protect or preserve property when this is necessary due to actual or to prevent imminent **Damage** but not exceeding the amount by which a loss under this **Section** is reduced by reason of such preventative or protective action. Such costs are subject to the **Excess** that would have applied had the **Damage** occurred.

It is also a condition precedent to the liability of the **Insurer** that the **Insured** at all times maintains all property in a good, proper and workmanlike manner and ensures that all protection and security systems that have been advised to the **Insurer**, as well as all other protection and security systems, are in force at all times.

## 6 Basis of Valuation

For assessment and for adjustment in the event of **Damage** under this **Section**, the Basis of Valuation shall be as follows:

### 6.1 Property not Reinstated

On property which the **Insured** decides not to repair or replace or which is of no utility value to the **Insured**, the basis of valuation is the amount it would cost to repair or replace as per the Reinstatement basis stated below after deduction for depreciation, wear, tear and obsolescence of the property that has sustained **Damage** in the state it was in immediately prior to the **Damage**.

### 6.2 Reinstatement

On all property, other than those specified below, which the **Insured** repairs or reinstates, the basis of valuation of property that has sustained **Damage** is whichever costs less of:

- (a) repairing; or
- (b) rebuilding, replacing or reinstating to the same quality, size and extent and on the same site with new materials.

The work of repair, replacement or reinstatement must commence and be undertaken with due diligence and dispatch. Failing this, the **Insurer** will not be obligated to pay more than for property which the **Insured** does not repair or reinstate.

Architects', surveyors', legal and other professional fees reasonably and necessarily incurred to repair, rebuild or reinstate following **Damage** are included but only up to the amounts determined in the scales of charges published by the respective professional bodies.

However, the **Insurer** shall not be liable for costs associated with the preparation of the **Insured's** claim under this **Section**.

### 6.3 Property offered for Sale

On property, other than stock, on offer of sale at the time of **Damage**, the basis of valuation is the sale price of the property or the reinstatement cost as per the Reinstatement basis stated above, whichever is less.

### 6.4 Technical Equipment

On property consisting of electrical, optical, mechanical or computing equipment which cannot be repaired, the basis of valuation is the cost to replace the equipment with new equipment which has most nearly the same function even if to get the same function requires new equipment which is more advanced.

### 6.5 Raw Materials and Supplies

On property consisting of raw materials, supplies and other merchandise not manufactured by the **Insured**, the basis of valuation is the lesser of the cost to repair or replace.

### 6.6 Personal Effects

On property consisting of directors', **Persons' Employed** and visitors' clothing, personal effects and tools of trade, the basis of valuation is the cost to repair or replace after deduction for depreciation, wear, tear and obsolescence subject to a maximum deduction of 50%.

## 6.7 Valuable Papers

On property consisting of valuable documents, manuscripts, securities, deeds, specifications, plans, drawings, designs and business books but not electronic or magnetic information storage and processing media, computer data storage disks or tapes, the basis of valuation is the cost of reinstating, replacing, reproducing or restoring, including information contained in them or on them but excluding the value to the **Insured** of the said information or, if such is not required, the replacement cost of materials as blank stationery at the time and place of the **Damage**.

## 6.8 Data Media

On property consisting of electronic or magnetic information storage and processing media, film, data storage disks and tapes, the basis of valuation is the cost of replacement of unexposed or blank media.

## 7 Basis of Cover

The Basis of Cover is All Risks; this shall be understood as **Damage** by any cause except as excluded below.

### 7.1 All Risks Cover Exclusions

All Risks cover does not include:

- (a) **Damage** to any property caused by or consisting of its own:
  - (i) spontaneous fermentation; or
  - (ii) spontaneous heating; or
  - (iii) spontaneous ignition; or
  - (iv) undergoing any heating process or any process involving the application of heat; or
  - (v) bursting, overflowing, exploding or leaking; or
  - (vi) mechanical, chemical or electrical breakdown, short-circuiting, overrunning, derangement or being used for a purpose other than it was designed for or in excess of design tolerances or in breach of any manufacturer's instructions as to use or operation; or
  - (vii) being repaired, renovated, tested or otherwise worked on; or
  - (viii) defective design, defective manufacture or defective construction or having any natural or man-made inherent flaws or defects; or
  - (ix) wearing out or gradually deteriorating, shrinking, evaporating rusting, corroding, being scratched or discolouring or other chemical or biological transformation or being affected by loss of flavour, crispness or texture, damp, dryness, wet or dry rot, vermin, insects or mould;
- (b) **Damage** by any weather conditions to fences and/or gates or moveable property in the open or in open sided buildings contained in Outbuildings unless **Damage** to the main building has occurred which is in excess of £1,000;
- (c) **Damage** by bursting, overflowing or leaking of water, oil, fuel or beverages from any container, pipe, dispenser or installation:
  - (i) as a result of repair, testing, removal, alteration or extension not carried out by a qualified engineer or plumber; or
  - (ii) occurring at a vacant or unoccupied building. Buildings in normal use but closed outside **Business Hours** or for holidays or weekends are not considered vacant or unoccupied; or
  - (iii) from sprinkler installations occurring during repairs or alterations to the **Premises**;
- (d) **Damage** by malicious persons at or to vacant or unoccupied Buildings or Outbuildings. Buildings in normal use but closed outside **Business Hours** or for holidays or weekends are not considered vacant or unoccupied;
- (e) **Damage** by subsidence, ground heave, landslip or landslide to yards, car parks, roads, pavements, swimming pools, paved terraces, walls, gates, fences or any water, gas, electricity, sewerage or communications services unless the **Damage** to the structure of the buildings exceeds £1,000;



- (f) **Damage** by subsidence, ground heave, landslip or landslide caused by or consisting of:
  - (i) the settlement or bedding down of structures which are less than 12 months old since completion; or
  - (ii) the settlement or movement of made-up ground which is less than 12 months old since completion; or
  - (iii) coastal or river erosion; or
  - (iv) demolition, construction, structural alteration or repair of any property, groundwork or excavation;
- (g) **Damage** by or during or consisting of an act of theft or attempted theft from any vehicle outside the **Premises** where there is no one in charge keeping the vehicle under observation and able to interfere with any attempt by anyone to break into it or steal it or anything in it;
- (h) simple or mysterious disappearance or inventory shortage or error or omission;
- (i) **Damage** caused or contributed to by **Pollution** in any sequence unless such **Pollution** was a single isolated event occurring in its entirety during the **Period of Insurance** stated in the **Schedule**;
- (j) **Damage** caused by or consisting of confiscation, requisition, seizure or destruction by order of the Government or any public authority;
- (k) **Damage** caused by total or partial cessation or interruption or retarding of work;
- (l) voluntary parting with title or possession;
- (m) **Damage** caused or contributed to by acts of fraud or dishonesty on the part of the **Insured** or any partner, director or **Person Employed** of the **Insured**, members of their families or any other person to whom property insured has been entrusted or in collusion with any of such persons;
- (n) **Damage** caused by or consisting of fungal pathogens or bacteria. For the purposes of this exception "fungal pathogens" shall mean any fungus or mycota or any by-product or type of infestation produced by such fungus or mycota, including but not limited to mould, mildew, mycotoxins, spores or any biogenic aerosols.

## 8 Property Specifications

### 8.1 Miscellaneous Contents Specification

The cover is for contents whilst in or on the **Premises** other than:

- (a) anything having the value of money, including currency, crossed or uncrossed cheques, crossed or uncrossed Giro cheques, Giro drafts, travellers' cheques, crossed or uncrossed money orders, crossed or uncrossed postal orders, crossed or uncrossed bankers' drafts, pre-signed blank cheques, bearer bonds, current postage stamps, current revenue stamps, unused units in postage stamp franking machines, bills of exchange, consumer redemption vouchers, trading stamps, gift vouchers, telephone cards and VAT purchase invoices; or
- (b) anything on or in or forming part of a construction site; or
- (c) fine arts and antiques, rare books, curiosities, furs, jewellery, jewels, pearls, precious or semi-precious stones, precious or semi-precious metals or bullion; or
- (d) stock and materials in trade whether finished or unfinished or in the process of manufacture or treatment; or
- (e) any motor vehicle which is required to be registered for use on the public highway; or
- (f) machinery, plant and equipment; or
- (g) landlord's fixtures and fittings; or
- (h) tenant's improvements.



## 8.2 Money Specification

### (a) Cover

The cover is for anything having the value of money, including currency, crossed or uncrossed cheques, crossed or uncrossed Giro cheques, Giro drafts, travellers' cheques, crossed or uncrossed money orders, crossed or uncrossed postal orders, crossed or uncrossed bankers' drafts, bearer bonds, current postage stamps, current revenue stamps, unused units in postage stamp franking machines, bills of exchange, consumer redemption vouchers, trading stamps, gift vouchers, telephone cards and VAT purchase invoices.

The cover applies whilst the money is:

- (i) at the **Premises**; or
- (ii) in transit; or
- (iii) whilst deposited in a bank night safe; or
- (iv) at the private residences of the **Insured** or any partner, director or authorised **Person Employed**,

but only whilst within the within the territorial limits stated in the **Schedule** and subject to the conditions, exclusions and limitations below.

### (b) Excluded Property

This Specification excludes:

- (i) pre-signed blank cheques or other financial instruments requiring signature;
- (ii) money in any vehicle where there is no one in charge keeping the vehicle under observation and able to interfere with any attempt by anyone to break into it or steal it or anything in it.

### (c) Replacement of Keys and Locks

This Specification also includes the cost of necessary replacement of keys and lock mechanisms:

- (i) to any external door to the **Premises** or the private residences of any person authorised and directed by the **Insured** to be available at all times to accept notification of faults or alarm signals relating to any intruder alarm system and allow access to the **Premises**,
- (ii) of any safe or strong room listed in the table of sub-limits above,

following theft of keys by forcible and violent entry or exit or violence against a person at the **Premises** or the said private residences. The maximum liability of the **Insurer** under this clause is GBP 500 in respect of any one occurrence, which shall be inclusive within the overall limit for this Money Specification stated in the **Schedule**.

### (d) Fraudulent use of Credit Cards

This Specification also includes the fraudulent use of credit or charge cards provided to any **Person Employed** by the **Insured** for use in connection with the **Business**. The maximum liability of the **Insurer** under this clause is GBP 250 any one card.

### (e) Basis of Cover

The basis of cover for this Specification is All Risks Cover subject to the following additional exclusion.

### (f) Exclusion

This Specification does not cover Damage caused or contributed to by or consisting of the depreciation in value, dishonoured cheques or the use of counterfeit money.

### (g) Basis of Valuation

The amount payable shall be the value of the money at the time of its loss.

(h) **Conditions**

(i) **Precautions**

The **Insured** shall take all precautions:

- for the security of money and maintain records of any money, whether in transit or at the **Premises** and such records are to be kept in a secure place other than the safe or strong room;
- to monitor and control the custody of keys to the **Premises** or any part thereof which protects the **Premises** or money and to prevent the possession of keys to the **Premises** by unauthorised persons;
- to monitor and control access to any security device which protects the **Premises**, including any random key code numbers and to prevent the possession of such information by unauthorised persons;
- to ensure any random key code numbers used are altered at regular intervals.

(ii) **Reporting**

The **Insured** shall report immediately to the police any theft or assault and offer them all reasonable assistance.

**8.3 Business Machines Specification**

(a) **Cover**

This Specification is for the **Insured's** equipment which is designed to be portable and which is:

- (i) of personal, general utility including carrying cases, computers, computer peripherals, cameras, video cameras and playing devices, watches, mobile telephones, data carrying devices, satellite navigation equipment, audio playing and recording equipment; or
- (ii) scientific or monitoring or testing equipment,

whilst being personally carried as such by the **Insured**, **Persons Employed** or other persons authorised by the **Insured** within the territorial limits stated in the **Schedule**.

(b) **Item Limit**

The **Insurer** shall not be liable in respect of any single item to pay more than the Item Limit stated in the **Schedule**.

## Consequential Loss Section

This **Section** is subject to the General Terms, Definitions, Exclusions and Conditions and the Definitions, Exclusions and Conditions of the Material Damage **Section** except where expressly overridden.

### 1 Operative Clause

This **Section** covers the **Insured's** consequential loss, being loss other than the loss of intrinsic value of tangible property which has sustained **Damage**. Only such consequential loss as described and in the manner set out below in the Consequential Loss Specification(s) is included.

Such consequential loss must result from the necessary interruption of or interference with the **Insured's Business**, resulting from **Damage** to property occurring during the **Period of Insurance** caused by any event which gives rise to a payment by the **Insurer** under the Material **Damage Section**.

If the only reason **Damage** is not covered (by another **Section** of this **Policy**) is because of an **Excess** provision, then this **Section** will apply, subject to all its terms, conditions and exclusions, to the consequential loss arising from such **Damage**.

In no case will the **Insurer** pay for such loss over a longer period than it would take, with the exercise of due diligence and dispatch, for **Normal Operations** to be restored.

The amounts insured in respect of each Consequential Loss Specification are in addition to the **Sum Insured** or Limit of Liability or Indemnity under any other **Section** of this **Policy**.

### 2 Definitions

#### 2.1 Indemnity Period

The period beginning with the occurrence of the **Damage** and ending not later than the last day of the period specified in the **Schedule** during which the results of the business shall be affected in consequence of the **Damage**.

#### 2.2 Normal Operations

The condition present at such time that the **Insured's** business could be restored to the condition that would have existed had no loss occurred.

### 3 Exclusions

This **Section** does not cover loss resulting from damage to documents, manuscripts, business books, patterns, models, moulds, plans, designs and computer systems' records.

### 4 Conditions

#### 4.1 Diligence

The **Insured** must do everything reasonably practicable and in a positive and diligent manner to minimise any interruption of or interference with the business and to avoid or diminish the loss.

#### 4.2 Winding Up

This **Section** will automatically come to an end if the business gets wound up or carried on by an administrator, liquidator or receiver or is permanently discontinued or the **Insured** enters into a scheme of arrangement with creditors or if the **Insured's** interest ceases except by death.

### 5 Specifications

#### 5.1 Auditors Charges Specification

This Specification provides cover for reasonable and customary charges payable by the **Insured** to their auditors or professional accountants for producing and certifying any particulars or details contained in the **Insured's** books of account or other business books or documents or such other proofs, information or evidence as may be required by the **Insurer** in connection with a consequential loss claim under any of the other consequential loss Specifications of this **Section**.

The amount the **Insurer** will pay in respect of this Specification is included in the **Sum Insured** in respect of the other consequential loss Specifications.

## 5.2 Stand Alone Increased Cost of Working Specification

This Specification provides cover for the increased cost of continuing the business during the **Indemnity Period** specified in the **Schedule** over and above the costs that would have been incurred during the same period had no **Damage** occurred. Such increased cost shall include but not be limited to the cost of moving to and from and the additional rent of temporary **Premises**, additional rates and taxes on such **Premises** and expenses incurred in equipping the said **Premises** to make them suitable for the **Insured's** business, additional cost in respect of additional staff and overtime and allowances for meals to existing staff reasonably incurred in order to minimise any interruption or interference with the business during the **Indemnity Period**.

Indemnity shall be limited to the increased cost which is necessarily incurred to maintain the business as existing immediately before the **Damage**.

The **Insurer's** liability under this Specification shall not exceed:

- (a) 50 per cent of the **Sum Insured** during the 60 days; or
- (b) Pro-rata of the balance of the **Sum Insured** during each of the remaining months of the period shown in the **Schedule** as the **Indemnity Period**.

## 5.3 Wastage of Metered Services Specification

This Specification provides cover for the wastage of metered services of water, gas or electricity from **Premises** where an appliance using such services cannot be turned off or a conduit carrying such services leaks and the main or local supply switch, tap or valve cannot be shut off or the appliance cannot be disconnected because of **Damage** to any of them or physical inaccessibility to any of them due to other **Damage** at the **Premises** or because the shutting off of the main or local supply would cause or exacerbate a loss under any of the other Consequential Loss Specifications following **Damage**.

The basis upon which the amount payable is to be calculated will be the amount of the metered charges for the period during which the wastage occurs following **Damage** less the charges made to the **Insured** for the corresponding period in the preceding year, adjusted for changes in the supplier's charges and for variations affecting the consumption of the **Insured** in the intervening period. The amount payable shall not exceed the **Indemnity Period** nor, in total, the **Sum Insured** stated in the **Schedule** for this Specification.

This Specification excludes wastage in respect of any unoccupied building or outbuilding.

## Directors and Officers (D&O) Liability Section

This **Section** is subject to the General Terms, Definitions, Exclusions and Conditions except where expressly overridden.

### 1 Operative Clauses

The **Insurer** will pay on behalf of:

- (a) **Director's Liability**  
the **Director** all **Loss** that the **Director** is legally liable to pay;
- (b) **Corporate Reimbursement**
  - (i) the **Company** any **Loss** that the **Company** is legally required or permitted to pay the **Director** as advancement or indemnity under any applicable company law or agreement;
  - (ii) the **Company** any such **Criminal Defence Costs and Expenses** that the **Company** is legally required or permitted to pay the **Director** as advancement or indemnity;

**Trigger:**

for a **Claim** against the **Director** arising from a **Wrongful Act** or an **Employment Practices Wrongful Act** provided that the **Claim** is first made against the **Director** during the **Period of Insurance** or discovery period if applicable.

- (c) **Defence and Investigation Costs**  
The **Insurer** will pay on behalf of the **Director**:
  - (i) **Defence Costs and Expenses** in the defence, investigation or settlement of any **Claim** which falls to be dealt with under the D&O – Operative Clause 1 (a) and (b);
  - (ii) **Defence Costs and Expenses** in the investigation of any circumstance(s) notified to the **Insurer** under the Notification condition which is (or are) likely to give rise to a **Claim**;
  - (iii) **Defence Costs and Expenses** in the defence or investigation of an **Identity Theft Claim**;
  - (iv) **Investigation Costs and Expenses**;
  - (v) **Criminal Defence Costs and Expenses**;
  - (vi) **Pollution and Contamination Defence Costs and Expenses**;
  - (vii) **Extradition Proceedings Defence Costs and Expenses**;
  - (viii) **Asset and Liberty Proceedings Defence Costs and Expenses**;
  - (ix) **Public Relations Costs**.
- (d) The **Insurer** will pay on behalf of the **Company** the **Shareholders Derivative Costs**.

### 2 Extensions

Subject to all other terms, conditions, exceptions, limits and exclusions of this **Section**:

#### 2.1 Additional Limit

In the event that payments are made exhausting the Limit of Indemnity and all other applicable insurance policies operating in excess of this **Section**, and any other source available to provide indemnification for **Loss** to the **Director** has also been exhausted, then the **Insurer** agrees to provide to each **Director** an additional Limit of Indemnity for any subsequent **Claim** made within the **Period of Insurance**. Each such additional Limit of Indemnity is subject to the aggregate limit for all **Directors** of the amount stated in the **Schedule**.

Provided that:

- (a) the **Claim** is brought against a **Director**;
- (b) the **Claim** is payable under the D&O – Operative Clause 1 (a).

## 2.2 Automatic Acquisition Cover

This **Section** provides automatic cover for **Loss** arising out of a **Claim** against any **Director** of any newly created or acquired **Subsidiary**, including by merger, provided:

- (a) the **Total Gross Assets** of the **Company** at the commencement of the **Period of Insurance** are not increased by the acquisition or creation of such **Subsidiary** or **Subsidiaries** by more than 50%; and
- (b) any **Wrongful Act** takes place while the **Subsidiary** is a **Subsidiary** of the **Company**.

This extension shall not apply to any **Director** of a new **Subsidiary** that:

- (i) has its securities listed or traded on any exchange; or
- (ii) possesses any tangible or intangible asset located within the USA and /or Canada.

Where the coverage for the **Directors** of a newly created or acquired **Subsidiary** is not automatically conferred as a consequence of (a) or (b) above, then the **Company** may request that the **Section** be extended to cover the **Directors** of such **Subsidiary** and the **Insurer**, at its sole discretion, may alter the terms and conditions of this **Section** accordingly including the charging of an additional premium.

## 2.3 Discovery

In the event that, on the expiry of the **Period of Insurance**, this **Section** is not renewed or replaced with any other policy cover broadly equivalent to this **Section** in scope, there has not been an insolvency practitioner (or equivalent) appointed as a liquidator, administrator or receiver (or equivalent) of the **Company** or a merger, consolidation or acquisition as detailed in the Takeovers and Mergers clause 2.8, then the **Director** may purchase a discovery period of 12 or 24 months or request a period of up to 72 months immediately following the **Period of Insurance** so that for the purposes of Operative Clause 1, any **Claim** made in the discovery period shall be deemed to have been first made during the **Period of Insurance**. The right to purchase the discovery period shall terminate unless the **Insurer** receives within 30 days of the end of the **Period of Insurance** written notice of such election together with the additional premium due.

The discovery period shall be subject to the following conditions:

- (a) cover shall apply only in relation to a **Claim** arising out of a **Wrongful Act** occurring prior to the expiry of the **Period of Insurance**; and
- (b) there is no cover for any **Claim** arising out of a **Wrongful Act** occurring after the expiry of the **Period of Insurance**; and
- (c) the Limit of Indemnity for the **Period of Insurance** including the discovery period shall remain as set out in the **Schedule**; and
- (d) there is no cover unless payment of an additional premium equal to 50% for 12 months or 100% for 24 months of the annual premium shown in the **Schedule** is made within thirty days of the expiry of the **Period of Insurance**; and
- (e) cover shall automatically lapse upon the **Director** or the **Company** effecting a Directors and Officers policy cover broadly equivalent to this **Section** in scope; and
- (f) premiums for this extension are fully earned and non-refundable.

It will be at the sole discretion of the **Insurer** to offer a 72 months discovery period which may be subject to additional and altered terms and conditions of this **Section** including the charging of an additional premium.

## 2.4 Emergency Defence Costs

In the event the **Director** is unable to contact the **Insurer** or their representatives to obtain consent to authorise **Defence Costs and Expenses** following a **Claim**, then, in relation to any **Claim** that may be covered by D&O – Operative Clause 1, **Insurer's** agree to reimburse the **Director** for emergency **Defence Costs and Expenses** incurred during the period of up to fourteen days from the date the **Claim** was first made and up to the amount stated in the **Schedule**.

## 2.5 Outside Boards

This **Section** shall extend to any **Wrongful Act** committed by a **Director** in their capacity of **Outside Director**, but only in excess of the aggregate of:

- (a) the amount of **Loss** the **Outside Director** serving on the outside board is indemnifiable by the outside entity;
- (b) any other potentially applicable cover, whether or not it actually responds.

## 2.6 Personal Appointments

This **Section** shall extend to any actual or alleged act, error, omission, misstatement, misleading statement, negligent act, negligent error, negligent omission or negligent breach of duty committed or attempted by a **Director** whilst serving in a personal capacity as a governor or trustee of a **School, Charity or Charitable Organisation** but only in excess of the aggregate of:

- (a) the amount of **Loss** indemnifiable by the **School, Charity or Charitable Organisation** to the **Director**; and
- (b) any other potentially applicable cover, whether or not it actually responds.

Provided that:

- (i) the **Director** is formally appointed on written authority; and
- (ii) the maximum aggregate payable by the **Insurer** shall not exceed the amount stated in the **Schedule**.

## 2.7 Retirement Run-off

In the event that, on the expiry of the **Period of Insurance**, this **Section** is not renewed or replaced with any other Directors and Officers policy cover broadly equivalent to this **Section** in scope, then any **Directors** who had voluntarily retired or resigned from the **Company** during the **Period of Insurance** or a previous policy with the **Insurer** which is linked by continuous renewal to this **Period of Insurance** shall automatically have a discovery period of 72 months immediately following the date of retirement in respect of any **Claim** covered under Operative Clause 1(a). Any **Claim** made in this automatic discovery period shall be deemed to have been first made during the **Period of Insurance** and shall be subject to the following conditions:

- (a) cover shall apply only in relation to a **Claim** arising out of a **Wrongful Act** occurring prior to the date of their voluntary retirement or resignation; and
- (b) the maximum aggregate payable by the **Insurer** shall not exceed the amount stated in the **Schedule**; and
- (c) the automatic discovery period will run concurrently with any other discovery period; and
- (d) cover shall automatically lapse upon the **Director** or the **Company** effecting a Directors and Officers policy cover broadly equivalent to this **Section** in scope; and

This extension does not apply to any **Director** who:

- (i) has been or is disqualified from holding the position of director; or
- (ii) has left the **Company** as a result of a merger, consolidation or acquisition as detailed in the Takeovers and Mergers Clause 2.8; or
- (iii) has left the **Company** as a result of the appointment of an insolvency practitioner (or equivalent) appointed as a liquidator, administrator or receiver (or equivalent) of the **Company**.

## 2.8 Takeovers and Mergers Run-off

If during the **Period of Insurance** the **Company** merges with or consolidates into another entity or any person or entity acquires 50% or more of its issued share capital (other than by way of a **Management Buy Out**):

- (a) cover under this **Section** shall thereafter apply only to **Claims** resulting from **Wrongful Acts** occurring prior to the effective date of such merger, consolidation or acquisition; or
- (b) the **Company** may cancel the remainder of this **Section** on behalf of the **Company** and all **Directors** by sending written notice to the **Insurer** at the address shown in the **Schedule**, stating the date from which the cancellation is to take effect; or
- (c) the **Company** may request that the **Section** be extended for up to 72 months to cover **Wrongful Acts** occurring prior to the effective date of such merger, consolidation or acquisition. Such extension will be at the sole discretion of the **Insurer** and may be subject to additional and altered terms and conditions of this **Section** including the charging of an additional premium; and
  - (i) Clauses 2.3 Discovery and 2.7 Retirement Run-off will not apply to any such extension;
  - (ii) cover shall lapse in the event that the **Company** effects a Directors and Officers policy cover broadly equivalent to this **Section** in scope; and
  - (iii) cover shall not be provided to any **Director** who has been or is disqualified from holding the position of director.



## 3 Definitions

### 3.1 Asset and Liberty Proceeding

Proceedings brought against the **Director** by anybody (including the Financial Services Authority) other than the **Company**, so authorised for the purpose of examining the affairs of the **Company** or the conduct of the **Director** in their capacity as such, seeking:

- (a) confiscation, assumption of ownership and control, suspension or freezing of rights of ownership of real property or personal assets of a **Director**;
- (b) a charge over real property or personal assets of such **Director**;
- (c) a temporary or permanent prohibition on such **Director** from holding the office of or performing the function of a **Director**;
- (d) a restriction of such **Director**'s liberty to a specified domestic residence or an official detention;
- (e) deportation of a **Director** following revocation of otherwise proper, current and valid immigration status for any reason other than such **Director**'s conviction of a crime.

### 3.2 Asset and Liberty Proceedings Defence Costs and Expenses

**Defence Costs and Expenses** incurred by the **Director** in dealing with an **Asset and Liberty Proceeding**, provided that such proceeding is commenced during the **Period of Insurance**.

### 3.3 Claim

A demand made for compensation or damages from, or an allegation of a right against, a **Director** which is communicated to the **Director**. All **Claims** related or connected in any way by reference to any common contributory factor or characteristic shall be treated as a single **Claim**, provided that all such **Claims** are notified during the **Period of Insurance** or the discovery period if applicable.

### 3.4 Company

The entity(ies) named in the **Schedule**, including any **Subsidiary**, but excluding any firm or company acting in their capacity as liquidator, external auditor, receiver or administrative receiver.

### 3.5 Criminal Defence Costs and Expenses

**Defence Costs and Expenses** incurred by the **Director** in defending any criminal investigations or proceedings commenced during the **Period of Insurance** and brought against them by any government body for any gross breach of duty of care that causes the death of another person.

### 3.6 Defence Costs and Expenses

Legal costs and expenses incurred by or on behalf of the **Director** with the prior written and continuing consent of the **Insurer**. It does not include any **Director's** or the **Company's** own costs and expenses (including salaries) or any value attributable to the time spent by the **Director**, **Company** or any **Employee** in dealing with a **Claim**. **Defence Costs and Expenses** shall include premium paid for insurance instruments or for bonds which may be required.

### 3.7 Director

- (a) Any natural person who is, was, or becomes a director or officer of the **Company** during the **Period of Insurance** or holds any equivalent position in any jurisdiction;
- (b) Any natural person who is, was, or becomes an **Employee** of the **Company** during the **Period of Insurance**:
  - (i) acting at the specific prior written request of the **Company** in the capacity of **Outside Director**; or
  - (ii) acting in a managerial or supervisory capacity; or
  - (iii) named as co-defendant with any director or officer; or
- (c) any director or officer's lawful spouse or civil partner as defined in the Civil Partnership Act 2004 where in receipt of a **Claim** because of the **Wrongful Act** of the director or officer; or
- (d) the estate, heirs, legal representatives or assigns of any person within (a) or (b) above.

All references to directors and officers apply equally to non-executive and executive directors.

**Director** does not include any person acting in their capacity as administrator, liquidator, external auditor, receiver or administrative receiver.



### 3.8 Employee and Employment

Any:

- (a) person under a contract of service or apprenticeship with the **Company**;
  - (b) person employed by labour only sub-contractors;
  - (c) self employed person;
  - (d) person hired to or borrowed by the **Company**; or
  - (e) person undertaking study or work experience, voluntary work or a youth training scheme;
- whilst working for and under the control of the **Company** provided they are not acting as a **Director**.

### 3.9 Employment Practices Wrongful Act

Any actual or alleged:

- (a) discrimination with respect to the terms or conditions of **Employment** on the basis of an individual's race, colour, religion, age, sex, national origin, disability, pregnancy, sexual orientation or preference or other status protected under applicable law;
- (b) harassment, including unwelcome sexual or non sexual advances, requests for sexual favours and any unwelcome verbal, visual or physical contact of a sexual nature which:
  - (i) is explicitly or implicitly made a term or condition of **Employment**;
  - (ii) creates a hostile or offensive working environment;
  - (iii) when rejected or opposed by a person becomes a basis for decisions regarding that person's **Employment**;
- (c) defamation (including libel and slander) which relates to a person's job skills, job performance, qualifications for **Employment**, professional reputation, disciplinary history or termination of **Employment**;
- (d) wrongful termination of **Employment** or refusal to hire;
- (e) adverse change in the terms and conditions of a person's **Employment** in retaliation for that person's exercise of his or her rights under law or support of the rights of another.

### 3.10 Extradition Notice

- (a) any request for the extradition of any **Director**, any warrant for the arrest of any **Director** or other proceedings under the provisions of the United Kingdom Extradition Act 2003;
  - (b) any associated appeal;
  - (c) the equivalent of the above in any other jurisdiction;
- arising from a **Wrongful Act**.

### 3.11 Extradition Proceedings Defence Costs and Expenses

**Defence Costs and Expenses** incurred by the **Director** in dealing with an **Extradition Notice**, provided the **Extradition Notice** is first served on the **Director** during the **Period of Insurance**.

### 3.12 Identity Theft Claim

A **Claim** made by a third party to enforce an agreement entered into with another person or entity fraudulently representing themselves as a director in connection with the **Company** business notified to the **Insurer** during the **Period of Insurance**.

### 3.13 Investigation

A formal investigation, enquiry or request for information of or attendance by the **Director** initiated by a third party with a legal right other than the **Company** authorised so to compel the **Director** for the purpose of evaluating the conduct of the **Director**.

### 3.14 Investigation Costs and Expenses

**Defence Costs and Expenses** incurred in the context of an **Investigation** provided that such **Investigation** is first commenced during the **Period of Insurance**.

### 3.15 Loss

An award of compensatory damages made by a competent court or tribunal including third party costs or any settlement incurred with the prior written consent of the **Insurer**.

**Loss** does not include

- (a) **Director** or **Employee** remuneration, benefits, stock or share options or severance payments; or
- (b) taxes, fines or civil, regulatory or criminal penalties; or
- (c) punitive, aggravated or exemplary damages; or
- (d) in respect of any **Employment Practices Wrongful Act**:
  - (i) any salary or wages earned while in the **Employment** of the **Company**;
  - (ii) any **Employment** related benefits to which the claimant would have been entitled had the **Director** or the **Company** provided the claimant with a continuance, reinstatement or commencement of **Employment**;
  - (iii) contractual damages based upon the terms of a contract of **Employment**;
  - (iv) any liability or costs incurred to modify any building or property in order to make such a building or property more accessible or accommodating to any disabled persons.

### 3.16 Management Buy Out

A change of ownership of the **Company** whereby at least 50% of the issued share capital of the **Company** is transferred to the existing **Directors** and/or members of the **Company**.

### 3.17 Outside Director

A **Director** acting in the capacity of a director formally appointed on the written authority and request of the **Company** to the board or equivalent position in any organisation in which the **Company** holds a shareholding, any not-for-profit entity, any entity specified in the **Schedule** or any other entity which has been agreed to in writing by the **Insurer** other than:

- (a) the **Company**; or
- (b) any entity that:
  - (i) has its securities listed or traded on any exchange; or
  - (ii) possesses any tangible or intangible asset located within the USA and/or Canada.

### 3.18 Pension/Employee Benefit Scheme

A money purchase (defined contribution) pension or employee benefit scheme which is registered in the United Kingdom and governed by the laws of England and Wales.

### 3.19 Pollution and Contamination Defence Costs and Expenses

**Defence Costs and Expenses** incurred by the **Director** in defending any proceedings brought against them during the **Period of Insurance** in relation to any **Wrongful Act** involving **Pollution**.

### 3.20 Public Relations Costs

Reasonable fees, costs and expenses of the public relations consultants incurred by a **Director** with the prior written consent of the **Insurer** to be given at their absolute discretion where they are satisfied that such fees, costs and expenses will mitigate or reduce the adverse effect on such **Director's** reputation from a **Claim** first made against the **Director** during the **Period of Insurance**.

### 3.21 School, Charity or Charitable Organisation

- (a) a place or institution for teaching and learning; or
- (b) a body registered with the Charities Commission; or
- (c) a voluntary organisation which does not distribute its surplus funds to owners or shareholders, but instead uses them for the benefit of its members or charitable purposes;

in the United Kingdom.

### 3.22 Shareholders Derivative Costs

Reasonable fees, costs and expenses incurred by any shareholder of the **Company** in pursuing a **Claim** first made during the **Period of Insurance** against a **Director** for a **Wrongful Act** by way of a shareholder derivative action on behalf of the **Company** but only to the extent that the **Company** is legally liable to pay such fees, costs and expenses pursuant to an order of the Court.

### 3.23 Subsidiary

An entity in which the **Company**:

- (a) owned or owns directly or indirectly more than 50% of the voting rights or more than 50% of the share capital issued in such entity; or
- (b) had or has the right to appoint or remove the majority of such entity's board of directors; or
- (c) controlled or controls alone pursuant to a written agreement with other shareholders or members the majority of the voting rights in such entity, provided that the **Company** is also a shareholder in it;

but only in respect of **Wrongful Acts** committed in relation to the **Subsidiary** while a **Subsidiary** of the **Company**.

### 3.24 Total Gross Assets

The total gross assets of the **Company** and its **Subsidiaries** as shown in its audited consolidated group accounts most recently preceding the **Period of Insurance**.

### 3.25 Wrongful Act

An actual or alleged act, error, omission, misstatement, misleading statement, negligent act, negligent error, negligent omission or negligent breach of duty committed or attempted by a **Director** acting in his or her capacity as:

- (a) a director or officer of the **Company**; or
- (b) a director or administrator of a **Pension/Employee Benefit Scheme** of the **Company**.

## 4 Limit of Indemnity

4.1 Notwithstanding the Additional Limit (clause.2.1), the Aggregate Limit set out in the **Schedule** is the maximum aggregate amount payable by the **Insurer** under D&O – Operative Clause 1 and D&O – Extensions Clause 2 of this **Section** (including in respect of any **Claims** notified during any discovery period) irrespective of the number of **Claims**.

4.2 The Limit of Indemnity applicable to the Operative Clauses and each Extension shall be as stated in the **Schedule**.

4.3 Any payment in respect of D&O – Operative Clauses 1 (a), (b), (c) or (d) and D&O – Extensions Clauses 2.2 to 2.8 inclusive shall erode the Limit of Indemnity. Once the Limit of Indemnity is completely eroded then, subject to the D&O – Extensions Additional Limit 2.1, The **Insurer** shall have no further liability under this **Section**.

4.4 The amount payable by the **Insurer** in respect of D&O – Operative Clauses 1 (c) (iii), (vi), (viii), (ix) or D&O – Extensions 2.1, 2.4, 2.6 and 2.7 shall not exceed the sub-limits stated in the **Schedule**. These sub-limits are each aggregate limits and form part of the Limit of Indemnity. Once such sub-limit or the Limit of Indemnity is completely eroded then, subject to the applicability of D&O – Extensions Additional Limit 2.1 the **Insurer** shall have no further liability under this **Section**.

4.5 If the D&O – Extensions Additional Limit 2.1 applies, then each and every further payment shall erode the aggregate sub-limit stated in the **Schedule** and once that has been completely eroded the **Insurer** shall have no further liability under this **Section**.

## 5 Exclusions

The **Insurer** shall not have any liability under this **Section** (including any Extensions) for, directly or indirectly arising out of, or in any way connected with:

### 5.1 Death or Bodily Injury

bodily injury, sickness, disease, emotional distress (other than emotional distress arising from any libel or slander), mental anguish, mental stress or the death of any person, except:

- (a) in respect of any **Employment Practices Wrongful Act**; or
- (b) in respect of **Criminal Defence Costs and Expenses** in any criminal proceedings or investigation under health and safety/manslaughter or corporate manslaughter legislation for gross breach of duty of care that causes the death of another person or the equivalent in any jurisdiction;

### 5.2 Dishonest, Fraudulent or Criminal Acts

any dishonest, fraudulent or criminal act or omission or any wilful breach of any statute, rule or law by the **Director**.

This exclusion shall only apply to the **Director** that is actually guilty of the above conduct, as established through a final adjudication by any court, tribunal or other similar body, or admission by the **Director**;

### 5.3 Known Claim or Circumstance

any **Claims** made or circumstances:

- (a) known to the **Company** or **Director**; or
- (b) about which the **Company** or **Director** ought to have known;

prior to the beginning of the **Period of Insurance**;

### 5.4 Other Insurance

any matter in respect of which the **Company** or **Director** is (or but for the existence of this **Section** would be) entitled to cover under any other policy, except where such other insurance is written as specific excess insurance to provide an indemnity in excess of the amount payable under this **Section**. This **Section** shall only apply in excess of such other policy to the extent of such part of the Limit of Indemnity or any applicable sub-limit exceeds the limit of the other policy;

### 5.5 Other Pension and Employee Benefit Schemes

any retirement, pension, profit-sharing, health, welfare or any other employee benefit fund, trust scheme or plan or related legislation or regulations anywhere in the world including but not limited to the US Employee Retirement Income Security Act 1974 and UK Pensions Act 1995 and/or subsequent amending or re-enacting legislation other than any **Pension and Employee Benefit Schemes**;

### 5.6 Pollution

any **Pollution** and any regulatory, direction or request to test for, assess, monitor, remove, contain, treat, detoxify or neutralise any **Pollution**. However this Exclusion shall not apply to:

- (a) **Pollution and Contamination Defence Costs and Expenses** in relation to any **Wrongful Act** concerning such matters;
- (b) a **Claim** against a **Director** for a **Wrongful Act** by way of a shareholder derivative action;

### 5.7 Professional Indemnity

any **Claim** arising from or connected with the giving of professional advice or service whether or not for remuneration or any act, error or omission relating thereto.

This Exclusion shall not apply to a **Claim** brought by any shareholder of the **Company** including any shareholder derivative action arising out of the actual or alleged failure to supervise those who failed to give professional advice or service;

### 5.8 Profit or Advantage

any unlawful personal profit, remuneration or advantage gained by the **Director** or a financial advantage to an entity in which the **Director** has a financial interest.

This Exclusion shall only apply to a **Director** who has admitted such conduct has occurred or against whom there has been a final adjudication by a competent court or tribunal that such conduct has occurred;

## 5.9 Property Damage

any damage to or destruction or loss of any property including loss of use;

## 5.10 Securities

any purchase, exchange or sale or offer to purchase, exchange or sell, securities of any description by means of a prospectus or private placement on or after the commencement of the **Period of Insurance**. Subject to the supply and review of all material information and documentation connected with any prospectus or private placement, the **Company** may request that this **Section** be extended to provide such cover. However, such extension will be at the sole discretion of the **Insurer** and may be subject to additional and altered terms and conditions of this **Section** including the charging of an additional premium;

## 5.11 Shareholder Exclusion (Wrongful Act)

any **Claim** brought by or on behalf of, whether directly or derivatively, any individual or group of individuals or entity which owns or controls 50% or more of the issued and outstanding share capital of the **Company** provided that this Exclusion shall only apply to **Claims** where such individual or entity or their representative has, directly or indirectly, participated in or ratified the alleged **Wrongful Act** being the subject of a **Claim**;

## 5.12 United States of America and/or Canada

any **Claim**, allegation, proceeding or **Investigation** brought in the United States of America (USA) or Canada, including the enforcement outside the USA or Canada of any judgment, order, award or settlement made within the USA or Canada or which arises from or is connected, directly or indirectly, with:

- (a) any event, occurrence or activity of any sort within the USA or Canada;
- (b) the holding of or dealing in securities listed or traded on any US or Canadian Exchange or any other form of assets, tangible or intangible in the USA or Canada;
- (c) activity in the USA or Canada of any parent, **Subsidiary**, associated company, joint venture or special purpose vehicle or company whether or not registered in the USA or Canada;

## 6 Conditions

### 6.1 Advanced Payment of Costs

The **Insurer** shall pay **Defence Costs and Expenses** as they are incurred. However in the event and to the extent that it is finally determined that the **Company** or **Director** is not entitled to such payments under this **Section** the sums advanced must be repaid to the **Insurer** upon demand.

### 6.2 Allocation

In the event of any **Loss** being partially covered and/or any **Claim** against a **Director** being also made against the **Company** and/or one or more persons who is not a **Director**, the **Insurer** shall use their best endeavours fairly and reasonably to agree such an allocation of **Loss** to the **Section** as may be appropriate and proportional to the aggregate of insured **Loss** and uninsured loss, damages and legal and other costs.

### 6.3 Avoidance by the Insurer

If the **Insurer** is entitled, for any reason, to avoid this **Section** ab initio, the **Insurer** may in their absolute discretion elect instead to give notice to the **Company** or the **Director** that they regard this **Section** as being in full force and effect, except that no cover will be given under this **Section** in respect of any **Claim** that arises from or is related to the ground(s) that entitled the **Insurer** to avoid this **Section**.

### 6.4 Consent to Settle

The **Insurer** shall not settle any **Claim** without the written consent of the person or entity insured. If the person or entity insured refuses to consent to a settlement demand acceptable to the claimant and recommended by the **Insurer** and elects instead to contest the **Claim**, then the **Insurer's** total liability for such **Claim** shall not exceed the amount for which the **Claim** could have been settled plus any **Defence Costs and Expenses** incurred as of the date such **Claim** could have been settled and to which this **Section** would otherwise apply. In the event of a dispute between the **Insurer** and the person or entity insured in relation to whether a **Claim** should be settled the **Insurer** may obtain an opinion from Queen's Counsel or a person who holds an equivalent position in any other jurisdiction and such opinion shall be binding on the **Insurer** and the person or entity insured.

## 6.5 Fraudulent Claims

If any **Claim** under this **Section** is shown in any respect to be fraudulent, this **Section** shall become void ab initio and all benefit hereunder shall be forfeited.

## 6.6 Proposal Operation

The **Proposal** shall operate severally in relation to each **Director** and no statement, information or knowledge on the part of any **Director** shall be imputed to any other **Director** for the purposes of determining whether cover is available to that other **Director**. This clause shall not apply to any **Claim** against a **Director** excluded under General Exclusions **Changes in or Failure to Provide Information**.

## 6.7 Order of Payments

Where there are multiple **Claims** for indemnities under this **Section**, the **Insurer** shall make payments in the order those **Claims** are presented to it.

If it becomes apparent to the **Insurer** in their absolute discretion that the Limit of Indemnity will not be sufficient to cover all expected payments under the **Section** then the **Insurer** will make payments in the following order:

- (a) payments under the D&O – Operative Clause 1 (a) direct to the **Directors**; followed by
- (b) payments under the D&O – Operative Clause 1 (b), to the **Company**; followed by
- (c) any other payments to the **Company**.

## Directors and Officers Liability Section

### 7. Corporate Liability (Entity) – Extension

This extension only applies if it is shown in the **Schedule**.

This extension is subject to the General Terms, Definitions, Exclusions except where expressly overridden and the Definitions, Exclusions and Conditions of this **Section**. The Definitions, Exclusions, Limits of Indemnity and Conditions contained in this Corporate Liability (Entity) – Extension apply to this Extension only.

#### 7.1 Operative Clauses

##### (a) Corporate Liability

The **Insurer** will pay on behalf of the **Company** all **Loss** that the **Company** is legally liable to pay;

##### Trigger:

for a **Corporate Claim** against the **Company** for a **Corporate Wrongful Act** provided that the **Corporate Claim** is first made against the **Company** during the **Period of Insurance** or discovery period if applicable.

##### (b) Defence and Investigation Costs

The **Insurer** will pay on behalf of the **Company**:

- (i) **Corporate Defence Costs and Expenses** in the defence, investigation or settlement of any **Corporate Claim** which falls to be dealt with under 7.1 (a);
- (ii) **Corporate Defence Costs and Expenses** in the investigation of any circumstance(s) notified to the **Insurer** under the General Conditions Notification condition which is or are likely to give rise to a **Corporate Claim**;
- (iii) **Corporate Investigation Costs and Expenses**;
- (iv) **Corporate Defence Costs and Expenses** in the defence or investigation of an **Identity Theft Corporate Claim**;
- (v) **Corporate Criminal Defence Costs and Expenses** incurred in defending any criminal investigations or proceedings under the Corporate Manslaughter and Homicide Act 2007 or the equivalent in any other covered jurisdiction;
- (vi) **Corporate Defence Costs and Expenses** incurred in defending any criminal investigations or proceedings under the Bribery Act 2010. Or the equivalent in any other covered jurisdiction;
- (vii) **Pollution and Contamination Corporate Defence Costs and Expenses**;
- (viii) **Corporate Public Relations Costs**.

#### 7.2 Extensions

##### (a) Automatic Acquisition Cover

This **Section** provides automatic cover for **Loss** arising out of a **Corporate Claim** against the **Company** for any **Subsidiary** newly created or acquired, including by merger, during the **Period of Insurance** provided:

- (i) the **Total Gross Assets** of the **Company** at the commencement of the **Period of Insurance** are not increased by the acquisition or creation of such **Subsidiary** or **Subsidiaries** by more than 50%; and
- (ii) any **Corporate Wrongful Act** occurs while the **Subsidiary** is a **Subsidiary** of the **Company**.

This extension shall not apply to any merger, acquisition or **Subsidiary** that:

- (i) has its securities listed or traded on any exchange; or
- (ii) possesses any tangible or intangible asset located within the USA and /or Canada.



**(b) Corporate Defence Costs and Expenses for Breach of Contract**

The **Insurer** shall pay on behalf of the **Company**, **Corporate Defence Costs and Expenses** resulting from any **Corporate Claim** arising from an alleged breach by the **Company** of a written contract or agreement, other than any **Employment** contract, up to the aggregate amount stated in the **Schedule** and in excess of:

- (i) any other potentially applicable cover, whether or not it actually responds; and
- (ii) the **Excess** stated in the **Schedule**.

**(c) Discovery**

The **Insurer** agrees cover shall be provided to the **Company** where the discovery period is purchased in accordance with the requirements of D&O – Extensions Clause 2.3.

The discovery period shall be subject to the following conditions:

- (i) the **Insurer's** overall aggregate Limit of Indemnity shall not exceed the Limit of Indemnity stated in the **Schedule** and the **Excess** stated in the **Schedule**; and
- (ii) cover for the **Company** shall automatically lapse upon the appointment of an insolvency practitioner (or equivalent) as a liquidator, administrator or receiver.

**(d) Emergency Defence Costs**

In the event the **Company** is unable to contact the **Insurer** or their representatives to obtain consent to authorise **Corporate Defence Costs and Expenses** following a **Corporate Claim**, then the **Insurer** agrees to reimburse the **Company** for **Emergency Corporate Defence Costs and Expenses** incurred for a period of up to 14 days from the date the **Corporate Claim** was first made up to the amount stated in the **Schedule**.

**(e) Fidelity**

The **Insurer** shall indemnify the **Company** for any direct loss of money or other property belonging to the **Company** first discovered by the **Company** and notified to the **Insurer** during the **Period of Insurance** arising from the dishonest, fraudulent, criminal or malicious act(s) or omission(s) of any **Employee**. Such indemnity shall only apply in respect of losses resulting solely and directly from such act(s) or omission(s) committed by any **Employee** with the manifest intent to cause loss to the **Company** or to make an improper financial gain for themselves or for an identified third party, provided that:

- (i) The **Company** will not be indemnified for any loss of money or other property resulting from dishonest, fraudulent, criminal or malicious act(s) or omission(s) perpetrated after the **Company** could reasonably have discovered or suspected improper conduct on the part of the relevant **Employee**;
- (ii) any monies which but for such dishonest, fraudulent, criminal or malicious act(s) or omission(s) would be due to the **Company** or any monies of any person committing or colluding in any dishonest, fraudulent, criminal or malicious act(s) or omission(s) shall be deducted from any amount payable under this extension;
- (iii) **Insurer's** aggregate Limit of Indemnity shall not exceed the Limit of Indemnity stated in the **Schedule** and be in excess of any other potentially applicable cover, whether or not it actually responds; and the **Excess** stated in the **Schedule**.

**(f) Pension and Employee Benefit Schemes**

The **Insurer** shall pay on behalf of the **Company**, **Loss** including **Corporate Defence Costs and Expenses** arising from a **Corporate Wrongful Act** committed by the **Company** in their capacity as administrators of any **Pension/Employee Benefit Scheme** and be in excess of:

- (i) any other potentially applicable cover, whether or not it actually responds; and
- (ii) the **Excess** stated in the **Schedule**.

## 7.3 Definitions

(a) **Corporate Criminal Defence Costs and Expenses**

Legal costs and expenses incurred by the **Company** with the prior written and continuing consent of the **Insurer** in defending any criminal investigations or proceedings brought against it by any government body for any gross breach of duty of care that causes the death of another person during the **Period of Insurance**.

(b) **Corporate Claim**

A demand made for compensation or damages from, or allegation of a right against, the **Company** and which is communicated to the **Company**. All **Corporate Claims** related or connected in any way by reference to any common contributory factor or characteristic shall be treated as a single **Corporate Claim**, provided that all such **Corporate Claims** are notified during the same **Period of Insurance** or the discovery period if applicable.

(c) **Corporate Defence Costs and Expenses**

Legal costs and expenses incurred by the **Company** with the prior written and continuing consent of the **Insurer** in the investigation, defence or settlement of any **Corporate Claim**. It does not include the **Company's** own costs and expenses (including salaries) or any value attributable to the time spent by the **Company** or any **Director** or **Employee** in dealing with a **Corporate Claim**.

(d) **Corporate Investigation**

A formal investigation, enquiry or request for information of or attendance by the **Company** initiated by a third party with a legal right other than the **Company** authorised so to compel the **Company** for the purpose of evaluating the conduct of the **Company**. Investigation does not include a risk management visit or equivalent by the regulator of the **Company**.

(e) **Corporate Investigation Costs and Expenses**

Legal costs and expenses incurred with the prior written and continuing consent of the **Insurer** in the context of a **Corporate Investigation** provided that such **Investigation** is first commenced during the **Period of Insurance**.

(f) **Identity Theft Corporate Claim**

A **Corporate Claim** made by a third party to enforce an agreement entered into with another person or entity fraudulently representing themselves as the **Company** in connection with the **Company** business notified to the **Insurer** during the **Period of Insurance**.

(g) **Corporate Public Relations Costs**

Reasonable fees, costs and expenses of the public relations consultants incurred by the **Company** with the prior written consent of the **Insurer** to be given at their absolute discretion where it is satisfied that such fees, costs and expenses will mitigate or reduce the adverse effect on the **Company's** reputation from a **Corporate Claim** first made against the **Company** during the **Period of Insurance**.

(h) **Corporate Wrongful Act**

An actual or alleged act, error, omission, misstatement, misleading statement, negligent act, negligent error, negligent omission or negligent breach of duty committed or attempted by the **Company**.

(i) **Pollution and Contamination Corporate Defence Costs and Expenses**

Legal costs and expenses incurred by the **Company** with the prior written and continuing consent of the **Insurer** in defending any proceedings brought against them during the **Period of Insurance** in relation to any **Corporate Wrongful Act** involving **Pollution**.

## 7.4 Limit of Indemnity

- (a) The Corporate Aggregate Limit set out in the **Schedule** is the aggregate maximum amount payable by the **Insurer** under this Extension and, if applicable, EPL – Extension Clause 8, in respect of all **Claim(s)** and **Loss** notified to the **Insurer** during the **Period of Insurance** (including any discovery period) irrespective of the number of **Corporate Claims** or **Losses** and/or the number of claimants and/or the number of **Company(ies)** or **Subsidiary(ies)** and shall include all **Corporate Defence Costs and Expenses, Corporate Investigation Costs and Expenses, Corporate Criminal Defence Costs and Expenses, Pollution and Contamination Corporate Defence Costs and Expenses** and **Corporate Public Relations Costs**. All inner or sub-limits in this Extension and, if applicable, EPL – Extension Clause 8 form part of and, where paid, erode the Limit of Indemnity.
- (b) The Limit of Indemnity applicable to the cover provided by each part of this Extension shall be the amounts stated in the **Schedule**.
- (c) Any aggregate shown in the **Schedule** for this Extension shall apply as part of and where paid, in whole or in part, erode the Limit of Indemnity.

## 7.5 Exclusions

The **Insurer** shall not have any liability under this **Section** for, directly or indirectly arising out of, or in any way connected with:

- (a) **Breach of Contract or Agreement**  
any actual or alleged breach of contract or agreement, either oral or written, except to the extent as provided in **Corporate Defence Costs and Expenses for Breach of Contract** Entity – Extension Clause 7.2(b);
- (b) **Breach of Copyright**  
any actual or alleged plagiarism or breach of copyright or trademark, patents, database rights, registered design or design rights except to the extent as provided above in **Corporate Defence Costs and Expenses for Breach of Contract** Entity – Extension Clause 7.2(b);
- (c) **Death or Bodily Injury**  
bodily injury, sickness, disease, emotional distress, mental anguish, mental stress or the death of any person, except in respect of **Criminal Defence Costs and Expenses**;
- (d) **Documents or Data**  
any repair, replacement or reconstitution cost of any Document or Data, directly or indirectly occasioned by any government or public or local authority action or order or resulting from wear or tear, the action of vermin, gradual deterioration or magnetic flux or loss of magnetism (except where caused by lightning);
- (e) **Employee Benefit**  
any retirement, pension, profit-sharing, health, welfare or any other employee benefit fund, trust scheme or plan or related legislation or regulations anywhere in the world including but not limited to the US Employee Retirement Income Security Act 1974 and UK Pensions Act 1995 and/or subsequent amending or re-enacting legislation. Other than as described in Entity – Extension Clause 7.2(f) **Pension and Employee Benefit Schemes**;
- (f) **Employers Liability**  
any breach of any obligation owed by the **Company** as an employer to any **Employee** or former **Employee** or applicant for employment;
- (g) **Employment Practices**  
an **Employment Practices Wrongful Act**.  
This Exclusion shall not apply to an **Employment Practices Wrongful Act** covered under the Employment Practices Liability EPL – Extension Clause 8 where it has been purchased by the **Company** and appears in the **Schedule**;

(h) **Fidelity**

in respect of Entity – Extension Clause 7.2(e):

- (i) arising from any accounting or arithmetical error or omission or unexplained shortage; or
- (ii) default or non-payment of any loan or other credit arrangement; or
- (iii) for expenses incurred in establishing the amount of any loss of money or other property; or
- (iv) for loss of interest; or
- (v) for loss of profit; or
- (vi) for any loss of money or property not belonging to the **Company**;

(i) **Information Technology**

any of the following:

- (i) the failure of any computer or other electronic processing device or of any program, instruction or data for use in any computer or other electronic processing device, equipment or system to function in the way expected or intended;
- (ii) the transmission or receipt of any virus, program or code that causes loss or damage to any computer system and/or prevents or impairs its proper function or performance;

(j) **Insolvency**

the insolvency or bankruptcy of the **Company**;

(k) **Joint Venture**

any association or joint venture conducted with any third party other than in respect of any **Corporate Claim** or circumstance arising from an **Employment Practices Wrongful Act**, provided that such **Corporate Claim** or circumstance emanates from a wholly independent third party;

(l) **Manufacture, Supply or Sale of Goods**

any **Corporate Claim** based upon or arising out of the manufacture, sale, supply, installation or maintenance of any products or goods;

(m) **Pollution**

D&O Exclusions Clause 5.6 shall not apply to **Pollution and Contamination Corporate Defence Costs and Expenses** in relation to any **Corporate Wrongful Act** concerning such matters;

(n) **Price Fixing**

any breach of regulatory, statutory or common law aimed at preventing monopolies, price discrimination, fixing of prices or other unfair trade practices;

(o) **Related Companies**

any **Corporate Claim** brought by or on behalf of the **Company**, or any parent or **Subsidiary** company having a controlling interest in the **Company** or by or on behalf of any entity controlled or managed by the **Company**;

(p) **Trading Losses**

any trading losses or trading liabilities incurred by the **Company** or any business managed by or carried on by or on behalf of the **Company**;

(q) **United States of America and/or Canada**

any **Corporate Claim**, allegation, proceeding or **Corporate Investigation** brought in the United States of America (USA) or Canada, including the enforcement outside the USA or Canada of any judgment, order, award or settlement made within the USA or Canada or which arises from or is connected, directly or indirectly, with:

- (i) any event, occurrence or activity of any sort within the USA or Canada; or
- (ii) the holding of or dealing in securities listed or traded on any USA or Canadian Exchange or any other form of assets, tangible or intangible in the USA or Canada; or
- (iii) any activity in the USA or Canada of any parent, **Subsidiary**, associated company, joint venture or special purpose vehicle or company whether or not registered in the USA or Canada.

## Directors and Officers Liability Section

### 8. Employment Practices Liability (EPL) – Extension

This extension only applies if it is shown in the **Schedule**.

This extension is subject to the General Terms, Definitions, Exclusions and Conditions except where expressly overridden, the Definitions, Exclusions and Conditions of this **Section** and the Corporate Liability (Entity) Extension. The Exclusions, Limits of Indemnity and Conditions contained in this Employment Practices Liability (EPL) – Extension apply to this extension only.

#### 8.1 Operative Clause

(a) **Employment Practice Liability**

The **Insurer** will pay all **Loss** that the **Company** is legally liable to pay;

**Trigger:**

for a **Corporate Claim** against the **Company** for an **Employment Practices Wrongful Act** provided that the **Corporate Claim** is first made against the **Company** during the **Period of Insurance** or discovery period if applicable.

(b) **Defence and Investigation Costs**

The **Insurer** will pay on behalf of the **Company**:

- (i) **Corporate Defence Costs and Expenses** in the defence, investigation or settlement of any **Corporate Claim** which falls to be dealt with under EPL – Operative Clause 8.1 (a);
- (ii) **Corporate Defence Costs and Expenses** in the investigation of any circumstance(s) notified to the **Insurer** under the General Conditions Notification condition which is or are likely to give rise to a **Corporate Claim** for an **Employment Practices Wrongful Act**;
- (iii) **Corporate Investigation Costs and Expenses** in relation to an **Employment Practices Wrongful Act**.

#### 8.2 Limit of Indemnity

- (a) The Sub Aggregate Limit for EPL – Extension Clause 8.1(a) and (b) set out in the **Schedule** is the aggregate maximum amount payable by the **Insurer** under this Extension in respect of all **Claims** and **Loss** notified to the **Insurer** during the **Period of Insurance** (including any discovery period) irrespective of the number of **Corporate Claims** or **Losses** and/or the number of claimants and/or the number of **Company(ies)** or **Subsidiary(ies)** and shall include all **Corporate Defence Costs and Expenses** and **Corporate Investigation Costs and Expenses**.
- (b) The Sub Aggregate Limit for EPL – Extension Clause 8 forms part of, and where paid, shall erode the Corporate Aggregate Limit stated in the **Schedule**.

#### 8.3 Exclusions

The **Insurer** shall not have any liability under this **Section** for, or directly or indirectly arising out of, or in any way connected with:

(a) **Non Consulted Dismissal**

any **Corporate Claim** arising from actual or threatened redundancy, dismissal or the suspension of any **Employee** where the **Company** did not consult and follow the advice of a properly qualified human resource person or employment solicitor prior to the actual or threatened redundancy, dismissal or suspension;

(b) **United States of America and/or Canada**

any **Corporate Claim**, allegation, proceeding or **Corporate Investigation** brought in the United States of America (USA) or Canada, including the enforcement outside the USA or Canada of any judgment, order, award or settlement made within the USA or Canada or which arises from or is connected, directly or indirectly, with:

- (i) any event, occurrence or activity of any sort within the USA or Canada; or
- (ii) the holding of or dealing in securities listed or traded on any USA or Canadian Exchange or any other form of assets, tangible or intangible in the USA or Canada; or
- (iii) any activity in the USA or Canada of any parent, **Subsidiary**, associated company, joint venture or special purpose vehicle or company whether or not registered in the USA or Canada;

(c) any **Corporate Claim** arising from the **Company's** failure to act in accordance with any Trade Union agreement or collective bargaining agreement.

(d) Any **Corporate Claim** arising from the **Company's** failure to act in accordance with any minimum wage legislation.