

**KIDNAP AND RANSOM TERMS AND CONDITIONS
PLEASE READ ALL TERMS AND CONDITIONS CAREFULLY**

CONSIDERATION CLAUSE

IN CONSIDERATION of the payment of the premium, subject to the Declarations, and pursuant to all the terms, conditions, exclusions, and limitations of this **Kidnap and Ransom Policy**, the Company and the **Insured** agree as follows:

I. INSURING AGREEMENTS

The following Insuring Agreements apply to any **Insured Event** first occurring anywhere in the world during the **Policy Period** and **Discovered** during the **Policy Period** or within 12 months thereafter. Notwithstanding the aforesaid, if ITEM 5 of the Declarations indicates that any Insuring Agreement is “*Not Covered*” or if no amount is included in the Limit of Insurance, then such Insuring Agreement and any other reference thereto is deemed to be deleted from this **Kidnap and Ransom Policy**.

A. KIDNAP FOR RANSOM

The Company agrees to indemnify the **Insured** for loss of **Ransom Monies** resulting from any **Kidnapping** or alleged **Kidnapping**.

B. EXTORTION FOR RANSOM

The Company agrees to indemnify the **Insured** for loss of **Ransom Monies** resulting from any of the following:

1. **Bodily Injury Extortion;**
2. **Property Damage Extortion;**
3. **Products Extortion;**
4. **Trade Secrets Extortion;** or
5. **E-Commerce Extortion.**

C. DETENTION AND HIJACK

The Company agrees to indemnify the **Insured** for **Covered Expenses** resulting from any **Detention** or **Hijack**.

D. IN TRANSIT/DELIVERY

The Company agrees to indemnify the **Insured** for loss due to destruction, disappearance, confiscation, or wrongful appropriation of **Ransom Monies**, while such **Ransom Monies** are being delivered by anyone who is duly authorized by the **Insured** to have custody thereof, to persons demanding **Ransom Monies**; provided, that the **Kidnapping** or **Extortion** that gives rise to the delivery is insured under this **Kidnap and Ransom Policy**.

E. REST AND REHABILITATION EXPENSES

The Company agrees to indemnify the **Insured** for reasonable expenses incurred by the **Insured** or any **Insured Person**, for a period of not more than 30 days, for rest and rehabilitation of any **Insured Person** and such **Insured Person's** spouse and children following the release of such **Insured Person** from a

Kidnapping, Detention or Hijack, provided such expenses are incurred within six months following the release of such **Insured Person** after any **Insured Event**.

F. PERSONAL ACCIDENT

The Company agrees to indemnify the **Insured** for loss due to **Personal Accident**.

G. ADDITIONAL EXPENSES

The Company agrees to indemnify the **Insured** for **Covered Expenses** incurred by the **Insured** or any **Insured Person** for the purpose of investigating a **Kidnapping** or **Extortion**, paying **Ransom Monies**, negotiating or obtaining the release of any **Insured Person**, or any other **Covered Expenses** directly related to a **Kidnapping** or **Extortion** provided that such **Kidnapping** or **Extortion** is insured under this **Kidnap and Ransom Policy**.

H. LEGAL LIABILITY

The Company agrees to indemnify the **Insured** for loss due to awards or judgments, reasonable attorneys fees, court costs, and settlements made with the Company's prior written consent, imposed upon or paid by the **Insured** as a result of any action for damages brought by or on behalf of any **Insured Person** or such **Insured Person's** legal representatives, heirs, or estate, for any actual or alleged act, error, omission, misstatement, misleading statement, neglect, or breach of duty by the **Insured** solely and directly as a result of a **Kidnap, Detention, Hijack** or **Extortion**.

II. GENERAL AGREEMENTS

A. JOINT INSURED

1. If the **Named Insured** consists of more than one entity, then the first entity named in ITEM 1 of the Declarations will act for itself and for every other **Insured** for all purposes of this **Kidnap and Ransom Policy**. If the **Named Insured** consists of more than one entity and the first entity named in ITEM 1 of the Declarations ceases to be covered, then the next entity will act for itself and for every other **Insured** for all purposes of this **Kidnap and Ransom Policy**.
2. If any **Insured** has knowledge of any information relevant to this **Kidnap and Ransom Policy**, that knowledge is considered knowledge of every **Insured**.
3. The Company will not pay more for loss or losses sustained by more than one **Insured** than the amount the Company would pay if all loss or losses had been sustained by one **Insured**.
4. Payment by the Company to the **Named Insured** for loss or **Covered Expenses** incurred by any **Insured** under this **Kidnap and Ransom Policy** will fully release the Company on account of such loss or expense.

B. ADDITIONAL OFFICES

If the **Insured** establishes any additional offices, other than by consolidation with, merger with, purchase of, or acquisition of assets or liabilities of another organization while this **Kidnap and Ransom Policy** is in effect, such offices are automatically covered by this **Kidnap and Ransom Policy** from the date of such establishment without the requirement of notice to the Company or the payment of additional premium for the remainder of the **Policy Period**.

C. CONSOLIDATION, MERGER OR PURCHASE OF ASSETS

If, during the **Policy Period**, the **Insured** merges with, purchases or acquires the assets or liabilities of another entity, this **Kidnap and Ransom Policy** will provide coverage for that merged, purchased, or acquired entity, subject to all other terms and conditions herein, but only for loss or **Covered Expenses** due to any **Insured Event** first occurring and **Discovered** after the effective date of such merger, purchase, or acquisition; provided, the Company receives written notice of such merger, purchase, or acquisition, and specific application has been submitted on the Company's form in use at the time, together with such documentation and information as the Company may require, all within 90 days after

the effective date of such merger, purchase, or acquisition. Coverage for the merged, purchased, or acquired entity will not be afforded following such 90-day period unless the Company has agreed to provide such coverage, subject to any additional terms and conditions as the Company may require, and the **Insured** has paid to the Company any additional premium as may be required by the Company.

The 90-day notice requirement and the 90-day limitation of coverage will not apply, provided: (1) the assets of the merged, purchased, or acquired entity do not exceed 30% of the total assets of the **Insured** as reflected in the **Insured's** most recent fiscal year-end financial statement, or (2) the merger, purchase, or acquisition occurs less than 90 days prior to the end of the **Policy Period**.

D. ACQUISITIONS

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

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

E. CHANGE OF CONTROL

If, during the **Policy Period**, all or substantially all of the assets of the **Named Insured** are acquired by another entity, or the **Named Insured** is merged or consolidated with another entity such that the **Named Insured** is not the surviving entity; or any person, entity or affiliated group of persons or entities obtains the right to elect, appoint or designate more than 50% of the board of directors, board of trustees, or board of managers, or obtains the right to exercise a majority control of the board of directors, board of trustees, or board of managers of the **Named Insured**, this **Kidnap and Ransom Policy** terminates and will not apply to any **Insured Event** first occurring after such acquisition or change of control takes place.

In the event this **Kidnap and Ransom Policy** terminates due to any acquisition, merger, consolidation or change of control of the **Named Insured**, the Company will refund the unearned premium computed on a pro rata basis.

F. REPRESENTATION OF INSURED

No statement made by or on behalf of the **Insured**, whether contained in the Application, underwriting information or otherwise, will be deemed to be a warranty of anything except that it is true to the best of the knowledge and belief of the person making the statement.

III. DEFINITIONS

Wherever appearing in this **Kidnap and Ransom Policy**, the following words and phrases appearing in bold type will have the meanings set forth in this section III. DEFINITIONS:

- A. **Bodily Injury Extortion** means any threat, communicated to the **Insured** or any **Insured Person**, to kill, physically injure or **Kidnap** any **Insured Person**, where such threat is made for the purpose of demanding **Ransom Monies**.
- B. **Computer Program** means a set of related electronic instructions which direct the operations and functions of a **Computer System** or devices connected to it which enable the **Computer System** or devices to receive, process, store, retrieve, send, create or otherwise act upon **Electronic Data**.

- C. **Computer System** means a computer and all input, output, processing, storage and communication facilities and equipment which are connected to such a device and for which the operating system or application software used by the **Insured** are under the direct operational control of the **Insured**. Off-line media libraries are deemed to be part of such **Computer System**.
- D. **Computer Virus** means a set of unauthorized instructions, programmatic or otherwise, that propagate themselves through the **Insured's Computer System** or networks, which instructions were designed to modify, alter, damage, destroy, delete, contaminate or degrade the integrity, quality, or performance of data, computer application software, computer networks, or computer operating systems and related software.
- E. **Covered Expenses** means:
1. reasonable fees and expenses of independent negotiators engaged by the **Insured**;
 2. reasonable fees and expenses of an independent public relations consultant or interpreter;
 3. reasonable fees and expenses for legal services necessary to secure the release of any **Insured Person**;
 4. reasonable fees and expenses of independent forensic analysts engaged by the **Insured**;
 5. reasonable costs of communication or recording equipment incurred by the **Insured** as a result of any **Insured Event**;
 6. reasonable costs of advertising incurred by the **Insured** solely and directly to obtain the release of any **Insured Person** as a result of any **Kidnapping, Detention or Hijack**;
 7. **Reward**;
 8. interest costs for a loan in a principal amount up to, but not exceeding, the applicable Limit of Insurance stated in ITEM 5 of the Declarations, made to the **Insured** for the purpose of paying **Ransom Monies** only, provided that the loan is taken out not more than 30 days before the payment of **Ransom Monies** and repaid within 30 days of the **Insured** receiving reimbursement of same from the Company; provided, that the interest rate applicable during the period of the loan will not exceed by more than two percentage points the discount rate of the Federal Reserve Bank of New York;
 9. reasonable costs of travel and accommodations incurred by the **Insured** or any **Insured Person**;
 10. **Salary**;
 11. the costs incurred by the **Insured** for the compensation of an **Employee** specifically designated to assist in negotiations associated with any **Kidnapping, Detention or Hijack**, not to exceed the **Employee's** base rate of pay, plus all other reasonable expenses solely and directly incurred in connection with such negotiations, provided the **Insured** forwards an itemized accounting of the time, services and expenses to the Company;
 12. personal financial loss suffered by any **Insured Person** solely and directly as a result of the physical inability of a **Kidnap, Extortion, Detention or Hijack** victim to attend to personal financial matters, including the renewal of insurance contracts, exercise of stock options and response to margin or loan calls by financial institutions;
 13. reasonable fees and expenses for security guards temporarily retained solely and directly for the purpose of protecting any **Insured Person** or property during an **Insured Event**, subject to the specific recommendation of the Crisis Response Firm designated in ITEM 5 of the Declarations;
 14. reasonable travel costs to return any **Insured Person** and such **Insured Person's** family to the country of which the **Insured Person** is a national or resident alien upon the **Insured Person's** release from a **Kidnapping, Detention or Hijack** event, and the reasonable travel costs for a replacement **Employee** and such **Employee's** family; provided, that these costs will apply only once per **Insured Person** per **Insured Event**;
 15. reasonable fees, costs and expenses directly incurred by the **Insured** or any **Insured Person**, for necessary medical services, psychiatric care, and cosmetic or plastic surgery which is medically required to correct any permanent disfigurement sustained by any **Insured Person**, required directly as a result of a **Kidnapping, Detention or Hijack** within 36 months following such **Insured Person's** release;

16. all other reasonable expenses incurred by the **Insured** or any **Insured Person** in negotiating the release of any **Insured Person** solely and directly as a result of a **Kidnapping, Detention** or **Hijack**; and
 17. any other reasonable expenses incurred by the **Insured** or any **Insured Person**, with the prior written consent of the Company, solely and directly resulting from a **Kidnapping, Detention** or **Hijack** within 36 months following the **Insured Person's** release.
- F. **Detention** means the holding under duress of any **Insured Person** for whatever reason other than **Kidnapping** and whether by authorities legally constituted in the place of custody or by others.
- G. **Discovered** or **Discovery** means the moment when the **Insured's** proprietor, natural person partner, member of the board of directors, member of the board of trustees, officer, risk manager, in-house general counsel, or member of the board of managers first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by this **Kidnap and Ransom Policy** has been or will be incurred, even though the exact details of loss may not then be known.
- H. **E-Commerce Extortion** means any threat, communicated to the **Insured** or any **Insured Person**, made by an individual other than an identifiable **Employee**, expressing an intention to:
1. cause the **Insured** to transfer, pay or deliver any funds or property using the **Insured's Computer System** without the permission, authorization, and consent of the **Insured**;
 2. sell or disclose information about a customer of the **Insured** which is unique to the relationship of the customer and the **Insured** and is not otherwise publicly available, provided such information is stored in an electronic medium in the **Insured's Computer System** and is retrievable in a perceivable form;
 3. alter, damage, or destroy **Electronic Data** or **Electronic Computer Instructions** of the **Insured** that are stored within the **Insured's Computer System**;
 4. maliciously or fraudulently introduce a **Computer Virus** into the **Insured's Computer System** when such threat is premised upon actual or alleged unauthorized access to the **Insured's Computer System**; or
 5. initiate an intentional attack on the **Insured's Computer System** that depletes system resources or impedes system access available through the Internet to authorized external users of the **Insured's Computer System**;
- where such threat is made for the purpose of demanding **Ransom Monies**.
- I. **Electronic Computer Instructions** means that subset of electronic information that contains the instructions and directions that a **Computer System** uses to manipulate or create **Electronic Data**.
- J. **Electronic Data** means facts or information converted to a form:
1. usable in a **Computer System**;
 2. which does not provide instructions or directions to a **Computer System**; or
 3. which is stored on electronic processing media for use by a **Computer Program**.
- K. **Employee** means:
1. any natural person:
 - a. whose labor or service is engaged by and directed by the **Insured**; and
 - b. who is on the payroll of the **Insured**;
 2. any natural person who is temporarily furnished to the **Insured**:
 - a. whose labor or service is engaged by and directed by the **Insured**;
 - b. to substitute for an **Employee** as set forth in paragraph 1. above, who is on leave; and
 - c. to meet seasonal or short-term workload conditions;
 3. any natural person, other than a temporary **Employee** described in paragraph 2. above:
 - a. whose labor or service is engaged by and directed by the **Insured**;

- b. who is leased to the **Insured** under a written agreement between the **Insured** and a labor leasing firm;
- 4. any natural person:
 - a. who is a partner, proprietor, member of the board of directors, officer, member of the board of trustees, member of the board of managers, or a functional equivalent thereof, or in such capacity while acting as a member of any elected or appointed committees of the **Insured**; or
 - b. who is a non-compensated officer;
- 5. any natural person:
 - a. who is a former **Employee**, partner, proprietor, member of the board of directors, officer, member of the board of trustees, member of the board of managers, or a functional equivalent thereof, retained as a consultant for the **Insured**;
 - b. whose labor or service is engaged by and directed by the Insured;
- 6. any natural person:
 - a. who is a guest student or intern pursuing studies or duties in any office of the **Insured**;
 - b. whose labor or service is engaged by and directed by the Insured; or
- 7. any natural person specifically scheduled as an **Employee** by endorsement to this **Kidnap and Ransom Policy**.

Employee does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative or other person of the same general character not specified in paragraphs 1. through 7. above.

- L. **Extortion** means **Bodily Injury Extortion, Property Damage Extortion, Products Extortion, Trade Secrets Extortion** and **E-Commerce Extortion**.
- M. **Guest** means any person visiting any **Premises** or traveling with an **Employee** of the **Insured** for social or business purposes, or any person traveling in a motor vehicle, aircraft or waterborne vessel owned, rented or leased by the **Insured**.
- N. **Hijack** means the illegal holding under duress, for any reason other than **Kidnapping**, of any **Insured Person**, for a period in excess of four hours, while such **Insured Person** is traveling on any motor vehicle, aircraft, or waterborne vessel, whether by authorities legally constituted in the place of custody or by others.
- O. **Informant** means any person, other than any **Insured Person**, providing information not otherwise obtainable, solely in return for a **Reward** offered by the **Insured** or any **Insured Person**.
- P. **Insured** means the **Named Insured** and any **Subsidiary**.
- Q. **Insured Event** means a singular act of **Kidnap, Extortion, Detention** or **Hijack** or a series of connected acts thereof. If it is evident from the demand or the making of such demand that such **Kidnaps, Extortions, Detentions** or **Hijacks** are or were carried out in furtherance of one another, or of a common scheme or plan, they will be deemed to be connected and to constitute a single **Insured Event**.
- R. **Insured Person** means any **Employee, Guest, Relative**, or resident or individual employed in the household of an **Employee**.
- S. **Kidnap** or **Kidnapping** means any event or connected series of events of seizing, detaining, abducting or carrying away by force or fraud, of one or more **Insured Persons** (except a minor by a parent thereof) by one person or collaborating persons for the purpose of demanding **Ransom Monies**.
- T. **Kidnap and Ransom Policy** means, collectively, the Declarations, the Application, the Kidnap and Ransom Terms and Conditions, and any endorsements attached thereto.

- U. **Loss of Extremity** means the permanent physical separation or the total and irrevocable loss of use of a digit or part thereof or an ear, nose or genital organ or part thereof by deliberate mutilation.
- V. **Loss of Limb** means the separation of or the total and irrevocable loss of use of a hand at or above the wrist or a foot at or above the ankle.
- W. **Loss of Sight** means the loss of sight of one or both eyes which is certified as being entire and irrevocable by a qualified medical practitioner specializing in ophthalmology and approved by the Company.
- X. **Named Insured** means the entity named in ITEM 1 of the Declarations.
- Y. **Personal Accident** means the **Loss of Extremity, Loss of Limb, Loss of Sight, Permanent Total Disablement** or death sustained by any **Insured Person**, solely and directly as a result of any actual or attempted **Insured Event** or the prevention thereof, provided that such loss, disablement or death is sustained within 12 calendar months from the date of the actual or attempted **Insured Event** and subject further to the limitations within the following table:

BENEFIT SCHEDULE			
Benefits per Insured Person expressed as a percentage of the Personal Accident Limit of Insurance set forth in ITEM 5 of the Declarations			
Death	100%	Loss of Sight in two eyes	100%
Loss of Limb	100%	Permanent Total Disablement	100%
Loss of Sight in one eye	100%	Loss of Extremity	25%

- Z. **Permanent Total Disablement** means disablement which necessarily and continuously disables an **Insured Person** from attending to every aspect of such **Insured Person's** normal business or occupation for a period of 12 calendar months and, at the end of such period is certified by two qualified medical practitioners approved by the Company as being beyond hope of improvement. If the **Insured Person** has no business occupation, the disablement must prevent such **Insured Person** from attending to his or her normal duties.
- AA. **Policy Period** means the period from the Inception Date to the Expiration Date set forth in ITEM 2 of the Declarations. In no event will the **Policy Period** continue past the effective date of cancellation or termination of this **Kidnap and Ransom Policy**.
- BB. **Premises** means that portion of any real property owned by or leased to the **Insured** or a residence occupied by any **Employee** of the **Insured**.
- CC. **Products Extortion** means any threat, communicated to the **Insured** or any **Insured Person**, or the production of publicity, that products of the **Insured** or products which are to be passed off as such, or goods which the **Insured** handles, will be or have been contaminated, polluted or rendered substandard, where such threat or production of publicity is made for the purpose of demanding **Ransom Monies**.
- DD. **Property Damage Extortion** means any threat, communicated to the **Insured** or any **Insured Person**, to cause loss of, physically damage, contaminate or pollute any **Premises** including any fixtures, fittings, machinery or equipment (fixed or mobile), works of art and other contents, vessels and aircraft, bloodstock and livestock, owned or leased by the **Insured**, where such threat is made for the purpose of demanding **Ransom Monies**.
- EE. **Ransom Monies** means any cash, monetary instruments, bullion, or the fair market value of any securities, property or services which the **Insured** or any **Insured Person** will have either paid, at the direction and demand of a person or persons committing or allegedly committing, a **Kidnap** or **Extortion** covered under this **Kidnap and Ransom Policy**, or lost solely and directly in the process of making or attempting to make such payment. The value of **Ransom Monies** will be determined as of the date such **Ransom Monies** are paid or lost.

FF. Relative means a spouse, domestic partner, child, step-child, adopted child, adopted stepchild, foster child, spouse of a married child, grandchild, sister, brother, parent, parent-in-law, step-parent, grandparent or grandparent-in-law of any **Employee**, or of any resident or individual employed in the household of any **Employee**.

GG. Reward means a reasonable amount paid by the **Insured** or any **Insured Person** to an **Informant** for information directly leading to the return of any **Insured Person** or the arrest and conviction of individuals responsible for any loss under this **Kidnap and Ransom Policy**;

HH. Salary means the amount of compensation paid by the **Insured**, including hourly wages, bonuses, commissions, allowances, cost of living adjustments, foreign tax reimbursements, health and welfare and pension benefits (at the level in effect on the commencement date of the **Kidnapping, Detention or Hijack**) which the **Insured** continues to pay any **Insured Person** for the duration of the **Kidnapping, Detention or Hijack** of the **Insured Person**. The Company will pay **Salary** hereunder only if the **Insured Person** is held by the kidnappers, detainers or hijackers. **Salary** will be paid until the earliest of:

1. the date of the release of, or escape by, the **Insured Person** from the kidnappers, detainers or hijackers, and 45 days thereafter;
2. the date of **Discovery** of the death of the **Insured Person**;
3. 120 days after the Company receives the last credible evidence that the **Insured Person** is still alive; or
4. 60 months after the commencement date of the **Kidnapping, Detention or Hijack**.

Salary also means the amount of compensation paid by the **Insured**, including hourly wages, bonuses, commissions, allowances, cost of living adjustments, foreign tax reimbursements, and health and welfare and pension benefits, for a temporary replacement of any **Insured Person** for the duration of the **Kidnapping, Detention or Hijack** and 60 days thereafter, up to but not exceeding the level of the **Insured Person's** total amount of compensation in effect on the commencement date of the **Kidnapping, Detention or Hijack**.

II. Subsidiary means:

1. any corporation, partnership, limited liability company or other entity organized under the laws of any jurisdiction in which, on or before the Inception Date set forth in ITEM 2 of the Declarations, the **Named Insured** owns, directly or indirectly, more than 50% of the outstanding securities or voting rights representing the present right to elect, appoint or exercise a majority control over such entity's board of directors, board of trustees, board of managers, natural person general partners, or functional equivalent; or
2. subject to the provisions set forth in section II. GENERAL AGREEMENTS D. ACQUISITIONS, any entity that the **Named Insured** acquires or forms during the **Policy Period** in which the **Named Insured** owns, directly or indirectly, more than 50% of the outstanding securities or voting rights representing the present right to elect, appoint or exercise a majority control over such entity's board of directors, board of trustees, board of managers, natural person general partners, or functional equivalent.

JJ. Trade Secrets Extortion means any threat, communicated to the **Insured** or any **Insured Person**, to disseminate, utilize or divulge information including any formula, pattern, compilation of data, program, device, method, technique or process, or other proprietary information which is particular to the **Insured** in the conduct of business, provided the **Insured** makes constant and conscious efforts not to disclose such information to any unauthorized third party, where such threat is made for the purpose of demanding **Ransom Monies**.

IV. EXCLUSIONS

A. This **Kidnap and Ransom Policy** will not apply to loss of **Ransom Monies** due to any fraudulent, dishonest or criminal acts of the **Insured**, any **Insured Person** or any person authorized by the **Insured** to have custody of such **Ransom Monies**;

- B.** This **Kidnap and Ransom Policy** will not apply to loss of **Reward** or **Ransom Monies** due to any confiscation or expropriation of such **Reward** or **Ransom Monies** by any governmental authority; provided, this Exclusion B. will not apply to the payment of a **Reward** or **Ransom Monies** by the **Insured** or any **Insured Person** in a situation where the Crisis Response Firm set forth in ITEM 5 of the Declarations recommended the payment of such **Reward** or **Ransom Monies**;
- C.** This **Kidnap and Ransom Policy** will not apply to loss of **Ransom Monies** due to the surrender of such **Ransom Monies** in any face-to-face encounter involving the use or threat of force or violence, unless surrendered by a person who is in possession of such **Ransom Monies** at the time of such surrender for the sole purpose of conveying them to pay a previously communicated demand for such **Ransom Monies**;
- D.** This **Kidnap and Ransom Policy** will not apply to loss of **Ransom Monies** due to the surrender of such **Ransom Monies** either at the location where the **Kidnap** of any **Insured Person** occurs or where the **Extortion** demand is first made, unless such **Ransom Monies** are brought to such location after receipt of the ransom demand for the sole purpose of paying such ransom demand;
- E.** This **Kidnap and Ransom Policy** will not apply to loss due to any **Insured Event**, commencing prior or subsequent to the **Policy Period**, or involving any **Subsidiary**, acquired, consolidated or merged entity and commencing during such time when the **Subsidiary**, acquired, consolidated or merged entity was not a **Subsidiary** or owned by the **Insured**; or
- F.** This **Kidnap and Ransom Policy** will not apply to, under Insuring Agreement C. only, loss arising directly out of:
1. any act or alleged act of the **Insured** or any **Insured Person** which if committed by the same party in the country where the **Named Insured** is headquartered or of which the **Insured Person** is a national, would be a criminal offense, unless the Company determines that the allegations were intentionally false, fraudulent and malicious and made solely and directly to achieve a political, propaganda or coercive effect upon, or to the detriment of the **Insured**, or the **Insured Person** who was the subject of the **Detention** or **Hijack**; or
 2. the failure of the **Insured** or any **Insured Person** properly to procure or maintain immigration, work, residence or similar visas, permits or other documentation.

V. CONDITIONS

A. INSURED'S DUTIES

1. As conditions precedent to any rights under this **Kidnap and Ransom Policy**, upon **Discovery** of an **Insured Event**, the **Insured** will:
 - a. give oral or written notice as soon as practicable to the Crisis Response Firm and the Company at the addresses provided in ITEMS 5 and 3, respectively, of the Declarations;
 - b. use all due diligence and do all things reasonably practicable to avoid or diminish any loss; and
 - c. use all reasonable efforts to not disclose the existence of this **Kidnap and Ransom Policy**.
2. As additional conditions precedent to any rights under Insuring Agreements A. and B., and prior to the payment of any **Ransom Monies**, the **Insured** will:
 - a. make every reasonable effort to determine that the **Kidnapping** or **Extortion** has actually occurred;
 - b. have approved the payment of any **Ransom Monies**; and
 - c. make every reasonable effort to notify the Federal Bureau of Investigation or other law enforcement agency having jurisdiction thereover of the demand for **Ransom Monies**, and comply with such agency's recommendations and instructions, or allow the Crisis Response Firm set forth in ITEM 5 of the Declarations to so notify, while having regard for the personal safety of any **Insured Person**.

3. As additional conditions precedent to any rights under Insuring Agreement H., the **Insured** will:
 - a. not admit any liability for, or settle any claim, or incur any costs or expenses without the prior written authorization of the Company;
 - b. notify the Company of any suit or legal proceeding at the earliest practicable time not to exceed 60 days after the **Insured's** receipt of notice thereof, and at the request of the Company promptly furnish it with copies of all pleadings and documentation associated with such suit or proceeding;
 - c. defend any claim covered hereunder; provided, that the Company will have no duty to defend any such claim and the Company will have the right to participate with the **Insured** in the investigation, defense and settlement, including but not limited to the negotiation of a settlement of any claim that reasonably appears to be covered in whole or in part hereunder and the selection of appropriate defense counsel; and
 - d. provide the Company with written request prior to any advance of amounts for costs and expenses with respect to any claim covered hereunder. Such advanced payments by the Company will be repaid to the Company by the **Insured** in the event and to the extent that the **Insured** will not be entitled to payment of such costs and expenses hereunder. As a condition of any payment of costs and expenses under this Condition A.3., the Company may require a written undertaking on terms and conditions satisfactory to the Company guaranteeing the repayment of any costs or expenses paid to or on behalf of the **Insured** if it is finally determined that any such claim or portion of any claim is not covered hereunder.

B. RETENTION

The Company will have no obligation to pay loss, **Covered Expenses**, or any amount due under Insuring Agreement E. under this **Kidnap and Ransom Policy**, until the applicable Retention amount set forth in ITEM 5 of the Declarations has been paid by the **Insured**. The Company may, at its sole discretion, pay all or part of the Retention amount on behalf of the **Insured**, and in such event, the **Insured** agrees to repay the Company any amounts so paid.

C. LIMIT OF INSURANCE

1. Policy Aggregate Limit of Insurance

If ITEM 5 of the Declarations indicates that this **Kidnap and Ransom Policy** includes a Policy Aggregate Limit of Insurance, then the maximum limit of insurance under all applicable Insuring Agreements will not exceed such Policy Aggregate Limit of Insurance. The Policy Aggregate Limit of Insurance will be reduced by the amount of any payment made under the terms of this **Kidnap and Ransom Policy**. If the Policy Aggregate Limit of Insurance is exhausted by any payments made under this **Kidnap and Ransom Policy**, the Company will have no further liability for loss regardless of when **Discovered** and whether or not previously reported to the Company.

If applicable, the Policy Aggregate Limit of Insurance will be reinstated to the extent of any net recovery pursuant to Condition E. that is received by the Company during the **Policy Period** and before the Policy Aggregate Limit of Insurance is exhausted. Recovery from reinsurance or indemnity, or both, for the Company's benefit will not be deemed a recovery as used herein.

If ITEM 5 of the Declarations indicates that this **Kidnap and Ransom Policy** does not include a Policy Aggregate Limit of Insurance, then, with the exception of Insuring Agreement F., payment of loss will not reduce any applicable Limit of Insurance available for other losses sustained during the **Policy Period**.

2. Limit of Insurance

The maximum limit of insurance for each **Insured Event** under any applicable Insuring Agreement of this **Kidnap and Ransom Policy** will not exceed the Limit of Insurance for such applicable Insuring Agreement as set forth in ITEM 5 of the Declarations.

3. Personal Accident Aggregate Limit of Insurance

The maximum limit of insurance for **Personal Accident** under Insuring Agreement F. of this **Kidnap and Ransom Policy** as a result of all **Insured Events** will not exceed the Aggregate Limit of Insurance for Insuring Agreement F. as set forth in ITEM 5 of the Declarations. Such Aggregate Limit of Insurance will be reduced by the amount of any payment for any **Personal Accident** as a

result of an **Insured Event** first occurring during the **Policy Period**. Upon exhaustion of such Aggregate Limit of Insurance by such payments, the Company will have no further obligation under Insuring Agreement F.

4. Crisis Response Firm Fees and Expenses

The fees and expenses of the Crisis Response Firm set forth in ITEM 5 of the Declarations will not erode any Limit of Insurance under this **Kidnap and Ransom Policy** and will be borne by the Company.

D. ACTION AGAINST THE COMPANY

No suit, action or proceeding for recovery of any claim for loss or **Covered Expenses** or any amount due under Insuring Agreement E. under this **Kidnap and Ransom Policy** will be brought in any court of law, equity or other tribunal unless all the requirements of this **Kidnap and Ransom Policy** will have been complied with and such suit, action or proceeding has been commenced within 24 months after such claim for loss or **Covered Expenses** or any amount due under Insuring Agreement E. has been reported to the Company by the **Insured**.

If the period of limitation in this Condition D. is deemed to be inconsistent with applicable state law, such period of limitation is amended so as to equal the minimum period of limitation provided by such law.

E. RECOVERIES

All recoveries for payments made under this **Kidnap and Ransom Policy** should be applied, after first deducting the costs and expenses incurred in obtaining such recovery, in the following order of priority:

1. first, to the **Insured** to reimburse the **Insured** for loss sustained which would have been paid under this **Kidnap and Ransom Policy** but for the fact that it is in excess of the applicable Limit of Insurance;
2. second, to the Company in satisfaction of amounts paid or to be paid to the **Insured** in settlement of any covered claim;
3. third, to the **Insured** in satisfaction of any applicable Retention; and
4. fourth, to the **Insured** in satisfaction of any loss not covered under this **Kidnap and Ransom Policy**;

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

F. LIBERALIZATION

If the Company adopts any revision to the Kidnap and Ransom Terms and Conditions of this **Kidnap and Ransom Policy** that would broaden coverage and such revision does not require an additional premium or endorsement and the revision is adopted within 45 days prior to or during the **Policy Period**, the broadened coverage will apply to this **Kidnap and Ransom Policy** as of the date the revision is approved for general use by the applicable department of insurance.

G. SUBROGATION

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

H. CANCELLATION

The Company may cancel this **Kidnap and Ransom Policy** for failure to pay a premium when due, in which case 20 days written notice will be given to the **Named Insured**, unless, payment in full is received within 20 days of the **Named Insured's** receipt of such notice of cancellation. The Company will have the right to the premium amount for the portion of the **Policy Period** during which the **Kidnap and Ransom Policy** was in effect.

The **Named Insured** may cancel this **Kidnap and Ransom Policy** by mailing the Company written notice stating when, thereafter, not later than the Expiration Date set forth in ITEM 2 of the Declarations, such cancellation will be effective. In the event the **Named Insured** cancels, the earned premium will be computed in accordance with the customary short rate table and procedure. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

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

I. **OTHER INSURANCE**

This **Kidnap and Ransom Policy** will apply only as excess insurance over, and will not contribute with: (1) any other valid and collectible insurance available to the **Insured** unless such insurance is written specifically excess of this **Kidnap and Ransom Policy** by reference in such other policy to the Policy Number of this **Kidnap and Ransom Policy**; and (2) indemnification to which the **Insured** is entitled from any other entity. As excess insurance, this **Kidnap and Ransom Policy** will not apply or contribute to the payment of any loss or expenses until the amount of such other insurance or indemnity has been exhausted by payment of loss or expenses covered thereunder. If the limit of the other insurance or indemnity is insufficient to cover the entire amount of loss or **Covered Expenses** or any amount due under Insuring Agreement E., this **Kidnap and Ransom Policy** will apply only to that part of loss or **Covered Expenses** or any amount due under Insuring Agreement E. not recoverable or recovered under the other insurance or indemnity. This **Kidnap and Ransom Policy** will not be subject to the terms of any other insurance.

J. **VALUATION**

1. All premiums, limits of insurance, retentions, loss, **Covered Expenses** and other amounts under this **Kidnap and Ransom Policy** are expressed and payable in the currency of the United States of America.
2. In the case of marketable goods or services surrendered as **Ransom Monies**, the Company will pay the actual cash value thereof at the time of surrender.
3. Any loss of cash or marketable goods or services in payment of a ransom demand will be paid, at the option of the **Insured**, in the money of the country in which the loss was sustained or in the United States of America dollar equivalent thereof determined at the rate of exchange published in The Wall Street Journal at the time of payment of such loss by the **Insured**.

K. **PERSONAL ASSETS**

In the event of a **Kidnapping, Bodily Injury Extortion, or Property Damage Extortion** for **Ransom Monies** directed against any **Insured Person** rather than against the **Insured**, cash or marketable goods or services surrendered or to be surrendered by or on behalf of the **Insured Person** and **Covered Expenses** of the **Insured Person** will be considered cash or marketable goods or services or expenses of the **Insured** provided the loss occurs directly as the result of the **Insured Person's** association with the **Insured** and not as the result of such person's association or position with any other entity.

L. **CHANGES**

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

M. ASSIGNMENT

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

N. ENTIRE AGREEMENT

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

O. HEADINGS

The descriptions in the headings and sub-headings of this **Kidnap and Ransom Policy** are solely for convenience and form no part of the terms and conditions of coverage.

SPECIMEN