

NOT FOR PROFIT RISK PROTECTOR®

**KIDNAP AND RANSOM/EXTORTION
COVERAGE SECTION SIX
("KRE COVERAGE SECTION")**

Various provisions in this KRE Coverage Section restrict coverage. Read the entire KRE Coverage Section carefully to determine rights, duties and what is and is not covered. The provisions of the **GENERAL TERMS AND CONDITIONS** of the policy do not apply to this KRE Coverage Section.

Throughout this KRE Coverage Section the words and phrases that appear in quotation marks have special meanings. Refer to section **2. DEFINITIONS** of this KRE Coverage Section.

1. COVERAGE FOR INSURED EVENTS

In consideration of the premium paid and in reliance on the warranties and representations made by the "Named Organization" in the "Application" and subject to any deductibles, limitations, terms, conditions, sub-limits and exclusions contained in this KRE Coverage Section, together with any applicable schedules in the policy, the "Insurer" will reimburse the "Named Organization" for "loss" due to one or more of the following Insured Events or series of related Insured Events arising out of the same event, occurrence or series of facts that first occur during the "Policy Period":

Insured Events are:

a. Kidnap And Ransom/Extortion Event (Corporate And Personal Assets)

- i. "Kidnapping" or alleged "kidnapping" of an "insured person(s)";
- ii. "Personal extortion" upon the "insured person(s)"; or
- iii. "Property damage extortion" upon an "insured person(s)".

b. "Wrongful Detention" Event

The "wrongful detention" of an "insured person(s)".

c. "Hijacking" Event

The "hijacking" of any aircraft, motor vehicle or waterborne vessel on which an "insured person(s)" is traveling.

2. DEFINITIONS

a. "Advisory" means a formal recommendation of the "appropriate authorities" that the "insured person(s)" specifically leave a host country or generally that a class of person(s) which includes an "insured person(s)" leave the host country.

b. "Affiliate" shall mean any not for profit organization other than a "Subsidiary" which:

- i. the "Named Organization" or any "Subsidiary" controls or otherwise has the ability to direct the financial or managerial decisions of such entity, whether through the operation of law, contract or agreement, stock ownership or membership, charter, articles of incorporation, or by-law provisions; or
- ii. is granted by contract the right to control the financial or managerial decisions of the "Named Organization" or any "Subsidiary";

provided, however that such coverage as is provided under this KRE Coverage Section for any organization described in subparagraphs "i." and "ii." above shall be limited solely to Insured Events occurring in the course of the exercise of such control of financial or managerial decisions.

- c. "Application" means each and every signed application, any attachments to such applications, other materials submitted therewith or incorporated therein and any other documents submitted in connection with the underwriting of this KRE Coverage Section or policy or the underwriting of any other directors and officers (or equivalent) liability policy, employment practices liability policy, pension trust or fiduciary liability policy, crime policy or kidnap and ransom/extortion (or equivalent) policy issued by the "Insurer", or any of its affiliates, of which this policy is a renewal, replacement or which it succeeds in time, and any public documents filed by an "Organization" with any federal, state, local or foreign regulatory agency.
- d. "Appropriate authorities" means the Department of State of the United States of America, the Foreign Office of the United Kingdom, the Foreign Office of Canada or similar authority of the "Named Organization's" country of residence.
- e. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- f. "Business interruption loss" means the "Named Organization's" loss of "earnings", but not exceeding the actual reduction in "earnings", less charges and expenses which do not necessarily continue during the interruption of business, resulting from necessary interruption of business caused directly and solely by an Insured Event(s).
- g. "Death or Dismemberment" means the death or permanent total physical disablement of an "insured person(s)" including but not limited to paralysis or loss, or loss of use of any body part.
- h. "Earnings" means net profit plus payroll expense, taxes, interest, rents and all other operating expenses earned and incurred by the "Named Organization".
- i. "Employee" means any salaried personnel in the "Named Organization's" employ. "Employee" does not include independent contractors, leased or temporary employees, volunteers or students.
- j. "Extortion" means "personal extortion" or "property damage extortion".
- k. "Guest(s)" means any person visiting the "premises", or traveling in a motor vehicle, aircraft or watercraft with any director, officer or "employee" of the "Named Organization" who is stated as an "insured person(s)" in Item 6. of the Declarations, for social or business purposes.

- l. "Hijacking" means the illegal holding under duress, for a period in excess of six hours, of an "insured person(s)" while traveling on any aircraft, motor vehicle or waterborne vessel.
- m. "Informant" means any person, other than an "insured person(s)", providing information not otherwise obtainable, solely in return for a reward offered by the "Named Organization".
- n. "Insured person(s)" means the "Named Organization", and includes any of the "Named Organization's" directors, officers or "employees" who are stated in Item 6. of the Declarations, together with any "guest(s)", or "relative", or any resident in the household of such "insured person(s)" stated in Item 6. of the Declarations.
- o. "Insurer" means the entity listed in Item 8. of the Declarations.
- p. "Kidnapping" means any event or connected series of events of seizing, detaining or carrying away by force or fraud, of one or more "insured person(s)", (except a minor by the parent(s) thereof) by person(s) for the purpose of demanding "Ransom Monies".
- q. "Loss" means one or more of the following Loss Components which are reasonable and necessary expenses or costs incurred by the "Named Organization" directly and solely as the result of an Insured Event:

- i. "Ransom Monies"

- "Ransom Monies" paid by the "Named Organization" resulting directly from a "kidnapping" or "extortion" first occurring during the "Policy Period".

- "Ransom Monies" means any monies which the "Named Organization" or other "insured person(s)" have paid or lost under circumstances described in paragraphs "a." of section 1. **COVERAGE FOR INSURED EVENTS.** The term monies as used herein includes cash, monetary instruments, bullion or the fair market value of any securities, property or services.

- ii. "In-Transit/Delivery"

- "In-Transit/Delivery" means "loss" due to destruction, disappearance, confiscation or wrongful appropriation of "Ransom Monies" while being delivered to person(s) demanding the "Ransom Monies" by anyone who is authorized by the "Named Organization" or other "insured person(s)" to have custody thereof; provided, however, that the "kidnapping" or "extortion" which gave rise to the delivery is insured hereunder.

- iii. "Expenses"

- "Expenses" means any reasonable and necessary expenses incurred and paid by the "Named Organization" or other "insured person(s)" solely and directly as a result of an Insured Event provided that such Insured Event is insured hereunder, including but not limited to:

- (1) the amount paid by the "Named Organization" or other "insured person(s)" as reward to an "informant" for information relevant to any Insured Event;

- (2) interest costs for a loan from a financial institution made to the "Named Organization" or other "insured person(s)" for the purpose of paying "Ransom Monies";

(3) reasonable costs of travel and accommodations will be covered as follows:

- (a) costs incurred by the "Named Organization" or other "insured person(s)" while attempting to negotiate an incident covered under any Insured Event;
- (b) travel costs of a "kidnapping", "wrongful detention" or "hijacking" victim to join their immediate family upon their release, and the travel costs of an "employee" to replace the "kidnapping", "wrongful detention" or "hijack" victim; or
- (c) travel costs to evacuate, or hotel costs of, an "insured person(s)" and/or "relative" living in the same household as the "insured person(s)" who is the victim of a "kidnapping" or "extortion" threat covered under this KRE Coverage Section;

(4) "salary", which means the following:

- (a) the amount of compensation paid by the "Named Organization" to the "insured person(s)" at an annual rate including but not limited to the average bonuses, commissions, cost of living adjustments or foreign tax reimbursements the "insured person(s)" would normally receive, including contributions to pension and benefit programs (at the level in effect on the date of the "kidnapping", "wrongful detention" or "hijacking") which the "Named Organization" continues to pay to or on behalf of the "insured person(s)" for the duration of the "kidnapping", "wrongful detention" or "hijacking" of the "insured person(s)".

Such compensation will be paid until the earliest of the following:

- (i) up to thirty (30) days after the release of the "insured person(s)" from a "kidnapping", "wrongful detention" or "hijacking" if the "insured person(s)" has not yet returned to work; or
 - (ii) discovery of the death of the "insured person(s)"; or
 - (iii) one hundred and twenty (120) days after the "Insurer" receives the last credible evidence that the "insured person(s)" is still alive; or
 - (iv) sixty (60) months after the date of the "kidnapping", "wrongful detention" or "hijacking"; and
- (b) the amount of compensation paid by the "Named Organization" at an annual rate, of an individual newly hired to conduct the specific duties of the "insured person(s)" while he/she is held by the kidnapers or wrongfully detained, and will continue only until the earliest of the conditions set forth in Paragraphs 4.a.(i)–(iv) above with respect to "salary" are satisfied; and
 - (c) the amount of compensation normally received by a "relative" of a "kidnapping", "wrongful detention" or "hijacking" victim, and paid by the "Named Organization", who leaves their employment in order to assist in the negotiations for the release of the victim. Coverage under this section will continue only until the earliest of the conditions set forth in Paragraphs 4.a.(i)–(iv) above with respect to "salary" are satisfied;

- (5) medical services and hospitalization costs incurred by an "insured person(s)" and paid by the "Named Organization" as the result of an incident covered under any Insured Event within thirty-six (36) months either following the release of the victim(s) or the last credible "extortion" threat occurring during the "Policy Period", including but not limited to any costs for treatment by a neurologist or psychiatrist, costs for cosmetic surgery, and expense of confinement for such treatment. Coverage under this paragraph is also extended to any other person(s) involved in the handling or negotiating of an Insured Event and/or the handling of "Ransom Monies";
- (6) fees and expenses of independent forensic analysts engaged by the "Named Organization";
- (7) personal financial loss suffered by an "insured person(s)" solely and directly as the result of the physical inability of such person(s) to attend to personal financial matters while a "kidnapping", "wrongful detention" or "hijacking" victim. Coverage will include but not be limited to loss(es) which result from such person's failure to renew insurance contracts, failure to exercise stock options, failure to respond to margin or loan calls by financial institutions and failure to pay off personal loans or a mortgage. Claims will be payable to the "Named Organization" where applicable;
- (8) "Recall expenses" which are incurred by the "Named Organization" solely as a result of a threat or connected series of threats, for the purpose of demanding "Ransom Monies", made directly against the "Named Organization" to commit a "product tampering";

The maximum Limit of Insurance for all "recall expenses" will not exceed the amount stated in Item "6.C. Expenses" of the Declarations, or \$5,000,000, whichever is less;

- (9) "Business interruption loss" suffered by the "Named Organization" resulting from the necessary interruption of business caused directly and solely by an Insured Event or an "extortion" threat to physically damage any real or tangible property bordering the "Named Organization's" "premises" which necessarily results in an interruption of the "Named Organization's" business;

The maximum Limit of Insurance for all "business interruption loss" will not exceed the amount stated in Item "6.C. Expenses" of the Declarations or \$5,000,000, whichever is less. The waiting period for all "business interruption loss" will be six hours;

- (10) rest and rehabilitation expenses including travel, lodging, meals and recreation of the "kidnapping", "wrongful detention" or "hijacking" victim and a spouse and/or children;
- (11) reasonable and necessary fees and expenses of a qualified interpreter assisting the "Named Organization" or other "insured person(s)" in the event of an incident covered under any Insured Event;
- (12) increased costs of security due to "kidnapping", "extortion", threats or "hijacking" including but not limited to hiring of security guards, hiring of armored vehicles and overtime pay to existing security staff, for a period of up to ninety (90) days, provided however that the "Insurer's" approved Kidnap And Ransom/Extortion consultant, or other independent security consultant, has specifically recommended such security measures; and

(13) job retraining costs for the "kidnapping", "wrongful detention" or "hijacking" victim, including but not limited to "salary" of such victim while being retrained, and costs of external training courses.

iv. "Consultants Expenses"

"Consultants Expenses" means:

- (1) Reasonable fees and expenses of the "Insurer's" approved Kidnap And Ransom/Extortion consultant, or other independent security consultant, provided the "Insurer" has given prior consent to the use of such other independent security consultant to act on the "Named Organization's" behalf.
- (2) Reasonable fees and expenses of the "Insurer's" approved public relations consultant or other public relations consultant, provided the "Insurer" has given prior consent to the use of such other public relations consultants to act on the "Named Organization's" behalf.

"Consultants expenses" are incurred after an Insured Event first became known to the "Named Organization".

v. "Death Or Dismemberment"

"Death or Dismemberment" means:

- (1) The "Death or Dismemberment" sustained by an "insured person(s)" during an Insured Event or any other "insured person(s)" involved in the handling or negotiation of the Insured Event.
- (2) The amounts stated Item "6.F. Death or Dismemberment" of the Declarations will be the total Limit of Insurance for all "Death or Dismemberment" benefits arising out of "bodily injury" sustained by the "insured person(s)" during any one Insured Event.
- (3) The "Insurer" will have the right and opportunity to examine the person of any individual whose "bodily injury" is the basis of the claim when and as often as the "Insurer" may reasonably require during the pendency of a claim hereunder and to make an autopsy, in case of death, where it is not forbidden by law. This will be done at the "Insurer's" own expense.
- (4) All claims under this section will be payable to the "Named Organization" upon receipt and acceptance by the "Insurer" of a Statement of Loss. The Statement of Loss may include a death certificate, coroner's report, police report or other evidence of the "Death or Dismemberment" of the "insured person(s)", that the "Insurer" deems sufficient.

vi. "Judgments, Settlements And Defense Costs"

"Judgments, Settlements and Defense Costs" means:

- (1) "Judgments, Settlements and Defense Costs" that are incurred with the "Insurer's" consent, as a result of any claim or suit brought by or on behalf of an "insured person(s)" (or the heirs, estate or legal representatives of an "insured person(s)") against the "Named Organization" solely and directly as a result of an Insured Event provided such suit or claim

is brought within twelve (12) months of the release or death of a "kidnapping", "wrongful detention" or "hijacking" victim, or the last credible "extortion" threat occurring during the "Policy Period", but in no event longer than sixty (60) months after the Insured Event. As additional conditions precedent to the "Insurer's" liability, the "Named Organization" will:

- (a) immediately notify the "Insurer" of any such claim or suit; and
- (b) not admit liability in any such claim or suit; and
- (c) cooperate with the "Insurer" in conducting the defense of any such claim or suit.

(2) The "Insurer" will have the right to investigate, negotiate or settle any such claim or suit or to take over the conduct of the defense thereof, and the "Named Organization" will cooperate with the "Insurer" to these ends.

- r. "Named Organization" means the "Organization" designated in Item 1. of the Declarations.
- s. "Organization" means:
 - i. the "Named Organization";
 - ii. any "Subsidiary" thereof; and
 - iii. any "Affiliate" thereof listed by endorsement to this policy, but solely with respect to the Coverage Sections indicated on such endorsement.
- t. "Personal extortion" means any threat or connected series of threats for the purpose of demanding "Ransom Monies" communicated to the "Named Organization" or other "insured person(s)" to:
 - i. kill, physically injure or "kidnap" an "insured person(s)", provided that "Ransom Monies" are not in the possession of an "insured person(s)" at the time of the threat;
 - ii. divulge any confidential, private or secret information unique to the "insured person(s)".
- u. "Policy Period" means the period of time from the inception date shown in Item 2. of the Declarations to the earlier of the expiration date shown in Item 2. of the Declarations or the effective date of cancellation of this policy.
- v. "Premises" means that portion of any building occupied by the "Named Organization" as a place to conduct business or a residence occupied by any of the "Named Organization's" directors, officers or "employees" stated in Item 6. of the Declarations as an "insured person(s)".
- w. "Product tampering" means any actual or threatened, intentional, malicious and wrongful alteration or contamination of any goods or products manufactured, handled or distributed by the "Named Organization".
- x. "Property damage extortion" means any threat or connected series of threats for the purpose of demanding "Ransom Monies" communicated to the "Named Organization" or other "insured person(s)" to:

- i. damage physically or pollute any "premises" or other real or personal property owned by the "Named Organization", leased by the "Named Organization", or for which the "Named Organization" is legally liable, including fixtures, livestock, fine art, machinery, equipment or electronic data (by the introduction of a computer virus or threat thereof);
 - ii. commit a "product tampering"; or
 - iii. reveal a "trade secret" or other "proprietary information" of the "Named Organization".
- y. "Proprietary information" means any confidential, private or secret information unique to the "Named Organization" or the "Named Organization's" business.
- z. "Recall expenses" means reasonable and necessary costs incurred by the "Named Organization" to inspect, withdraw and destroy the "Named Organization's" product(s), including, but not limited to:
- i. the cost of newspaper, magazine, radio and television announcements necessary to effect the recall of the "Named Organization's" product(s);
 - ii. the cost of correspondence and transportation necessary to effect the recall of the "Named Organization's" product(s);
 - iii. the cost to the "Named Organization" to hire additional person(s), other than the "Named Organization's" regular "employees", necessary to effect the recall of the "Named Organization's" product(s);
 - iv. remuneration paid to the "Named Organization's" regular "employees" for overtime devoted exclusively to the purpose of recalling the "Named Organization's" products;
 - v. the out-of-pocket expenses of personnel under Paragraphs iii. and iv. above, including transportation, incurred exclusively for the purpose of recalling the "Named Organization's" products; or
 - vi. any other expenses approved by the "Insurer", necessary to effect the recall of the "Named Organization's" product(s).
- aa. "Relative" means a spouse, child, step-child, legally adopted child, foster child, spouse of a married child, grandchild, sister, brother, parent, parent-in-law, grandparent or grandparent-in-law, adoptive parent, step-parent and siblings or living ancestors or descendants of any "insured person(s)" stated in Item 6. of the Declarations.
- bb. "Subsidiary" means:
- i. any organization of which, on or before the inception date of the "Policy Period", the "Organization" owns more than fifty percent (50%) of the voting interest, either directly, or indirectly through one or more of its "Subsidiaries", or has, on or before the inception of the "Policy Period", the right to elect or appoint more than fifty percent (50%) of the voting directors, or trustees, either directly or indirectly through one or more of its "Subsidiaries";
 - ii. automatically any not for profit organization which becomes a "Subsidiary" during the "Policy Period" and of which the book value of such entity's assets determined in

- iii. any for profit organization which becomes a "Subsidiary" during the "Policy Period" and of which the book value of such entity's assets determined in accordance with "GAAP" totals less than 20% of the similarly calculated assets of the Named Organization as of the inception date of the "Policy Period".

With regard to subparagraphs (ii) and (iii) above, the "Named Organization" shall provide the "Insurer" with full particulars of the "Subsidiary" before the end of the "Policy Period".

Any organization which becomes a "Subsidiary" during the "Policy Period", but which exceeds the asset limitations stated in subparagraphs (ii) or (iii) above, shall be provided coverage under this policy, but only upon the condition that within 90 days after the date of its becoming a "Subsidiary", the "Named Organization" shall have provided the "Insurer" with full particulars of the new "Subsidiary" and agreed to any additional premium or amendment of the provisions of this KRE Coverage Section or policy required by the "Insurer" relating to such new "Subsidiary". Further, the coverage as shall be afforded to the new "Subsidiary" is conditioned upon the "Named Organization" paying when due any additional premium required by the "Insurer" relating to such new "Subsidiary".

An organization becomes a "Subsidiary" when the "Named Organization" owns more than fifty percent (50%) of the voting interest, either directly, or indirectly through one or more of its "Subsidiaries", or has, on or before the inception date of the "Policy Period", the right to elect or appoint more than fifty percent (50%) of the voting directors, or trustees, either directly or indirectly through one or more of its "Subsidiaries".

Notwithstanding the forgoing, the "Insurer" shall only reimburse a "Subsidiary" under this KRE Coverage Section for "loss" arising from an Insured Event or series of related Insured Events arising out of the same event, occurrence or series of facts first occurring after the effective time that such "Subsidiary" became a "Subsidiary" and prior to the time that such "Subsidiary" ceased to be a "Subsidiary".

- cc. "Trade secret" means a secret process, formula, tool, mechanism or compound known to the "Named Organization", but not patented, which is used directly to produce some article of trade having a commercial value.
- dd. "Wrongful detention" means the arbitrary or capricious act of involuntary confinement of an "insured person(s)" by others who are acting as agent(s) of or with the tacit approval of any government or governmental entity, or acting or purporting to act on behalf of any insurgent party, organization or group. A connected series of "wrongful detentions" will be considered one "wrongful detention".

3. EXCLUSIONS

This KRE Coverage Section does not apply to any "loss" arising out of, based upon, attributable to or involving, directly or indirectly any of the following:

- a. The fraudulent, dishonest, or criminal acts of "insured person(s)", or any person authorized by the "Named Organization" to have custody of "Ransom Monies". This exclusion will not apply to the payment of "Ransom Monies" by an "insured person(s)" in a situation where local authorities have declared such payment illegal.
- b. Monies or property surrendered away from the "premises" in any face to face encounter involving the use or threat of force or violence unless surrendered by a person in possession of such monies at the time of such surrender for the sole purpose of conveying it to pay an "extortion" or demand for "Ransom Monies" previously communicated to an "insured person(s)".
- c. Monies or property surrendered on the "premises" unless brought onto the "premises" after receipt of the "extortion" or demand for "Ransom Monies" for the purpose of paying such demand.
- d. As respects "wrongful detention" only:
 - i. Any actual or alleged violation of the laws of the host country by "insured person(s)", or failure of an "insured person(s)" to maintain and possess duly authorized and issued required documents and visas, unless the "Insurer" determines that such allegations were intentionally false, fraudulent and malicious and made solely to achieve a political, propaganda or coercive effect upon or at the expense of the "insured person(s)";
 - ii. Failure of an "insured person(s)" to evacuate from the host country within ten (10) days after issuance of an "advisory" by the "appropriate authorities";
 - iii. Travel to country(ies) after an "advisory" has been issued; or
 - iv. Any "insured person(s)" who is an active member of any governmental organization, official law enforcement or military force.

The "Named Organization" agrees to reimburse the "Insurer" for any payments the "Insurer" made which are ultimately determined not to be covered because of the application of this exclusion.

- e. As respects "recall expense" only:
 - i. any "recall expenses" where the "Named Organization's" use of flawed or substandard materials or components in its manufacturing process or the manufacturing process itself would, without any "extortion" threat, have necessitated product recall and/or destruction;
 - ii. any reduction in revenue or profits; and
 - iii. refunds for, the reduction in value of, or the cost of replacing any withdrawn, recalled, substandard or destroyed goods.

4. LIMITS OF INSURANCE

- a. The Limits Of Insurance applicable to this KRE Coverage Section stated in Item 6. of the Declarations of this policy and the provisions of this section fix the most the "Insurer" will reimburse the "Named Organization" for, less the amount of any Deductible, regardless of the number of:
 - i. "Insured person(s)";

- ii. Claims made or suits brought; or
 - iii. Persons or organizations making claims or bringing suits.
- b. The KRE Coverage Section Aggregate Limit stated in Item 6. of the Declarations of this policy is the most the "Insurer" will reimburse the "Named Organization" for the sum of all "loss" covered under this KRE Coverage Section.
 - c. Subject to b. above, each Annual Aggregate Limit stated in Item 6. of the Declarations of this policy is the most the "Insurer" will reimburse the "Named Organization" for the sum of all "loss" resulting from each Loss Component of such "loss" for the "Policy Period".
 - d. Subject to c. above, the Each Insured Event Limit stated in Item 6. of the Declarations of this policy is the most the "Insurer" will reimburse the "Named Organization" for the sum of all "loss" covered under this KRE Coverage Section relating to any one Insured Event or series of related Insured Events arising out of the same event, occurrence or series of facts.
 - e. Subject to d. above, the Each Loss Component Limit stated in Item 6. of the Declarations of this policy is the most the "Insurer" will reimburse the "Named Organization" for "loss" from each Loss Component relating to any one Insured Event or series of related Insured Events arising out of the same event, occurrence or series of facts.

5. DEDUCTIBLE

The Kidnap and Ransom/Extortion Deductible stated in Item 6. of the Declarations of this policy will apply separately to each "loss" for "Ransom Monies" arising out of any Kidnap And Ransom/Extortion Event. The Deductible shall be borne by the "Named Organization" and remain uninsured.

6. CONDITIONS PRECEDENT TO LIABILITY

- a. As a condition precedent to the "Insurer's" liability under section 1. **COVERAGE FOR INSURED EVENTS**, the "Named Organization" will have approved the payment of "Ransom Monies".
- b. In the event of any Insured Event first occurring during the "Policy Period", the "Named Organization" will make every reasonable effort to:
 - i. Determine that the Insured Event has actually occurred;
 - ii. Give immediate oral and written notice to the "Insurer" with periodic and timely updates concurrent with activity occurring during the Insured Event; and
 - iii. If it appears to be in the best interest of an "insured person(s)", notify the national or other appropriate law enforcement agency having jurisdiction over the matter.

7. GENERAL CONDITIONS

- a. Coverage Territory

This KRE Coverage Section applies to "loss" arising out of Insured Event(s) occurring anywhere in the world.

b. Confidentiality

The "insured person(s)" will use all reasonable efforts not to disclose the existence of the insurance under this KRE Coverage Section. This condition will also apply to any excess insurance or other insurance.

c. Cancellation

This policy may be canceled by the "Named Organization" at any time only by mailing written prior notice to the "Insurer" or by surrender of this policy to the "Insurer" or its authorized agent. If this policy is canceled by the "Named Organization", the "Insurer" shall retain the customary short rate proportion of the premium herein.

This policy may be canceled by or on the behalf of the "Insurer" only in the event of nonpayment of premium by the "Named Organization". In the event of nonpayment of premium by the "Named Organization", the "Insurer" may cancel this policy by delivering to the "Named Organization" or by mailing to the "Named Organization", by registered, certified or other first class mail, at the "Named Organization's" address as shown in Item 1. of the Declarations, written notice stating when, not less than thirty (30) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice. The "Policy Period" terminates at the date and hour specified in such notice, or at the date and time of surrender. The "Insurer" shall have the right to the premium amount for the portion of the "Policy Period" during which the policy was in effect.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

d. Due Diligence

The "insured person(s)" will use due diligence and do, and concur in doing, all things reasonably practicable to avoid or diminish any "loss" insured under this KRE Coverage Section.

e. Other Insurance

- i. The insurance provided under this KRE Coverage Section is primary except if the "Named Organization" has other valid and collectible bond or insurance in which case this insurance will be excess over the total of any other valid and collectible bond or insurance, plus any deductible and/or self-insured amounts under such other bond or insurance, with the exception of "loss" for "Death or Dismemberment", for which this insurance will be primary.
- ii. If the "Named Organization" has other insurance against a "loss" covered under this KRE Coverage Section which specifically applies on an excess basis and is pre-notified in accordance with the Excess Insurance condition contained in item f. of this Section **7. General Conditions**, or which due to an other insurance clause also applies on an excess basis, then the "Insurer" shall not be liable under this KRE Coverage Section for a greater proportion of such "loss" (and claims expenses, if applicable) than the amount the applicable Limits Of Insurance stated in Item 6. of the Declarations bears to the total applicable limits of all insurance available plus any deductible and/or self-insured amounts.

iii. If this KRE Coverage Section and other Kidnap and Ransom/Extortion insurance provided by a Chartis Inc. member company cover the same "loss", then the Limits of Insurance under this KRE Coverage Section and such member company's insurance, when combined, will not exceed the highest applicable limits available under any one of the applicable coverage(s) or policy(ies).

f. Excess Insurance

The "Named Organization" may purchase excess insurance over the Limits Of Insurance stated in Item 6. of the Declarations without prejudice to this policy, provided that the "Insurer" is notified in writing of the details of such other insurance at the time such other insurance is acquired. The existence of such insurance, if any, will not reduce the "Insurer's" liability under this KRE Coverage Section.

g. Non-Accumulation Of Liability

Regardless of the number of years this policy and this KRE Coverage Section continue in force, and of the number of premiums payable or paid or of any other circumstances whatsoever, liability under this KRE Coverage Section with respect to any "loss" will not be cumulative from year to year or "Policy Period" to "Policy Period". When there is more than one "Named Organization" stated on the Declarations and/or more than one "Insured Person(s)" stated in Item 6. of the Declarations, the "Insurer's" Limits of Insurance for "loss" sustained by any or all of them will not exceed the amount for which the "Insurer" would be liable if all "loss" were sustained by any one of them.

h. Statement Of Loss

The "Named Organization" will file a detailed, sworn Statement of Loss with the "Insurer" as soon as practicable after the date of "loss".

i. Non-Employee Directors

In the event that any of the "Named Organization's" director(s), who is not an "employee" of the "Named Organization", is an "insured person(s)" under any other Kidnap and Ransom/Extortion or similar policy or policies issued by the "Insurer" or a Chartis Inc. member company and a "loss" as respects such director is reported under this KRE Coverage Section and one or more such other policies, then the Limits of Insurance under this KRE Coverage Section and such member company's insurance when combined will not exceed the highest applicable limits available under any one of the applicable coverage(s) or policy(ies).

j. Assignment

This policy and any and all rights hereunder are not assignable without the written consent of the "Insurer", which shall be in the sole and absolute discretion of the "Insurer".

k. Notice And Authority

It is agreed that the "Named Organization" shall act on behalf of the "Subsidiaries" and all "insured persons" with respect to the giving of notice of claim or giving and receiving notice of cancellation, the payment of premiums and the receiving of any return premiums that may become due under

this KRE Coverage Section and the receipt and acceptance of any endorsements issued to form a part of this KRE Coverage Section.

I. Change In Control Of Named Organization

If during the "Policy Period":

- a. the "Named Organization" shall consolidate with or merge into, or sell all or substantially all of its assets to, any other person or entity, or group of persons or entities acting in concert;
- b. any person or entity, or group of persons or entities, acting in concert shall acquire an amount of the voting interest representing more than fifty percent (50%) of the voting power for the election or appointment of directors, trustees or members of the board of managers of the "Named Organization", or acquires the voting rights of such an amount of such interest; or
- c. the "Named Organization" shall change from not-for-profit to for-profit status,

(any of the above events herein referred to as the "Transaction")

then this policy shall continue in full force and effect as to Insured Events first occurring prior to the effective time of the Transaction, but there shall be no coverage afforded by any provision of this policy for any actual or alleged Insured Events first occurring after the effective time of the Transaction. This policy may not be canceled after the effective time of the Transaction and the entire premium for this policy shall be deemed earned as of such time.

The "Named Organization" shall give the "Insurer" written notice of the "Transaction" as soon as practicable, but not later than thirty (30) days after the effective date of the "Transaction".

m. Appraisal

If the "Named Organization" and the "Insurer" fail to agree as to the amount of "loss", each will, on the written demand of the other made within sixty (60) days after the "Insurer's" rejection of a Statement of Loss submitted by the "Named Organization", select a competent and disinterested appraiser. The appraisers will appraise the "loss" stating the amount of "loss". If the appraisers fail to agree they will select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the "Named Organization" or the "Insurer", such umpire will be selected by a judge of any competent court in the United States, and the appraisers will submit their differences to the umpire. An award in writing of any two will determine the amount of "loss". The "Named Organization" and the "Insurer" will each pay its chosen appraiser and will bear equally the other expenses of the appraisal and umpire. The "Insurer" will not be held to have waived any of the "Insurer's" rights by any act relating to appraisal.

n. Assistance And Cooperation

"Insured person(s)" will cooperate with the "Insurer" in all matters relating to this KRE Coverage Section. This may include attending hearings and trials, securing and giving evidence, obtaining the attendance of witnesses, assisting in effecting settlements, and in conducting litigation, arbitration, or other proceedings.

o. Inspection And Audit

The "Insurer" may examine and audit the "Named Organization's" business documents, relating to the subject matter of this KRE Coverage Section, until three (3) years after this KRE Coverage Section has expired or has been cancelled. Any premium due for exposures which exist but were not reported to the "Insurer" will be determined by audit.

p. Subrogation

In the event of any payment under this KRE Coverage Section, the "Insurer" shall be subrogated to the extent of such payment to all the "insured persons" rights of recovery thereof, and the "insured persons" shall execute all papers required and shall do everything that may be necessary to secure such rights including the execution of such documents necessary to enable the "Insurer" to effectively bring suit in the name of any "insured person". In no event, however, shall the "Insurer" exercise its rights of subrogation against an "insured persons" under this policy unless such "insured persons" has been convicted of a criminal act, or been determined to have committed a dishonest or fraudulent act, or obtained any profit or advantage to which such "insured person" was not legally entitled.

q. Recoveries

In the event of any payment under this KRE Coverage Section, all recoveries, less the actual cost to the "Insurer" of recovery, will be distributed firstly to the "Insurer" for all amounts paid by the "Insurer" under this KRE Coverage Section and any remainder will be paid to the "Named Organization".

r. Actions Against The "Insurer"

No suit, action or proceeding for recovery of any "loss" under this KRE Coverage Section will be sustainable in any court of law, equity or other tribunal unless all of the requirements of this KRE Coverage Section and the policy are complied with and the same be commenced within twelve (12) months next after a Statement of Loss has been filed with the "Insurer" by the "Named Organization".

s. Choice Of Law And Forum

The construction, validity and performance of this KRE Coverage Section will be governed by the laws of the United States of America and the State of New York. The "Insurer" and the "Named Organization" hereby expressly agree that all claims and disputes will be brought for adjudication either in the Supreme Court of the State of New York in and for the County of New York or in the U.S. District Court for the Southern District of New York.

t. Concealment, Misrepresentation, Or Fraud

Coverage under this KRE Coverage Section is null and void in case of fraud, concealment, or misrepresentation by an "insured person(s)" of a material fact concerning:

i. This insurance or the procurement thereof; or

ii. An "insured person(s)"; or

- iii. The "Named Organization's" interest in the "insured person(s)"; or
- iv. Any "loss" or claim presented to the "Insurer" under this KRE Coverage Section.

u. Representations

In granting coverage under this KRE Coverage Section, it is agreed that the "Insurer" has relied upon the statements, warranties and representations contained in the "Application" as being accurate and complete. All such statements, warranties and representations are the basis for this policy, are material to the risk assumed by the "Insurer" and are to be considered as incorporated into this policy.

The "Named Organization" agrees that in the event that the statements, warranties and representations contained in the "Application" are not accurate and complete, then the coverage provided by this policy shall be deemed void *ab initio* solely with respect to any "insured person" who knew as of the inception date of the "Policy Period" the facts that were not accurately and completely disclosed in the "Application", whether or not such "insured person" knew that such facts were not accurately and completely disclosed in the "Application".

v. Changes

Notice to any representative of the "Insurer" or knowledge possessed by any representative or by any person will not effect a waiver or a change in any part of this KRE Coverage Section or estop the "Insurer" from asserting any right under the terms of this KRE Coverage Section, nor will the terms of this KRE Coverage Section be waived or changed, unless agreed to in writing by the "Insurer".

w. Notices

Except as indicated to the contrary herein, all notices, applications, demands and requests provided for in this KRE Coverage Section will be in writing and will be given to or made upon either party at its address shown in the Declarations.

x. Headings

The descriptions in the headings of this KRE Coverage Section are solely for convenience and form no part of the terms and conditions of coverage.

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