



Private Equity and Venture Capital Insurance

Policy

To be solid, insurance must be flexible.

Private Equity and Venture Capital Insurance

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Endorsements issued at inception are attached to the Schedule.

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In consideration of payment of the premium and subject to the terms of this Policy, the **Insurer** and the **Policyholder** agree as follows:

Section 1: General Terms

Cover

1.1 The **Insurer** will provide insurance cover as set out in those Insuring Clauses which are **Operative**.

Application of Terms

1.2 The General Terms of this Section 1 apply to all Sections of this Policy, subject to the provisions of Section 1.3 below. The terms of each other Section of this Policy apply only to that Section and shall not be construed to apply to any other Section.

1.3 Where a provision in this Section 1 uses a word in bold which is defined in another Section, the provision shall, as applied to that other Section, be construed with the word in bold bearing the meaning given in that other Section.

Definitions

1.4 In this Policy, the word 'persons', wherever it appears, means legal or natural person(s) unless otherwise specified. When used in bold type in this Policy:

Cover Section means Insuring Clause 1 (Directors and Officers Liability), Insuring Clause 2 (Professional Liability), Insuring Clause 3 (Entity Investigation Expenses) and Section 3 (Crime).

Feeder Fund means any unit trust, mutual fund corporation, limited partnership, collective investment scheme or other similar entity or any sub **Fund** or **Subsidiary** created, established or managed by or on behalf of the **Policyholder** or **Investment Manager**.

Fund means any unit trust, mutual fund corporation, limited partnership, collective investment scheme, **Alternative Investment Fund** or other similar entity or any sub **Fund** or **Subsidiary** thereof, sponsored, operated, managed or administered by the **Policyholder** or **Investment Manager** and any **Feeder Fund** and any **New Fund** automatically covered under Extension 2.13, or any **Special Purpose Company** formed by or on behalf of an **Insured Organisation** or any vehicle formed for the purpose of holding or managing one or more of the assets of a **Fund**.

Initial Capital Total means the total of committed capital which, by the start of the **Policy Period**, was sought in their prospectuses, memoranda or similar documents.

Insured Organisation means an organisation which is:

- (a) the **Policyholder**;
- (b) a **Subsidiary**;
- (c) a **Fund** (if Insuring Clauses 1 and/or 2 and/or 3 and/or 4 are **Operative**); or
- (d) an **Investment Manager** (if Insuring Clauses 1 and/or 2 and/or 3 and/or 4 are **Operative**);

including any such organisation in its capacity as a debtor in possession under **USA** bankruptcy law or in an equivalent status under the law of any other country.

Insurer means MPR Underwriting Limited.

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Investment Manager means an organisation which is an investment manager, an **Alternative Investment Fund Manager**, general partner or investment adviser of the **Insured Organisation**, including:

- (a) a general partner or a managing member of a **Fund**; or
- (b) a manager or investment manager identified in the partnership agreement, operating agreement or constitution of a **Fund** and organised as a stock corporation, general partnership, **LLP** or limited liability company.

LLP means a limited liability partnership formed under the Limited Liability Partnerships Act 2000, the Limited Liability Partnerships Act (Northern Ireland) 2002 or similar legislation of another jurisdiction.

Member means a member (or the equivalent to member under legislation of a jurisdiction outside the United Kingdom) of a **LLP**.

Merger Acquisition means the acquisition by an **Insured Organisation** of another organisation by that other organisation merging into or consolidating with that **Insured Organisation**.

Operative means identified in Item 3 of the Schedule as operative.

Policyholder means the organisation stated in Item 1 of the Schedule.

Policy Period means the period of time stated in Item 2 of the Schedule.

Portfolio Company means an organisation which is:

- (a) an organisation in which an **Organisation**, alone or together, owns or controls, has owned or controlled, proposes to own or control or has proposed to own or control outstanding securities, debentures or voting rights representing the present right to vote for election of directors or to select managing partners or managing members;
- (b) an organisation to which an **Organisation** provides, has provided or proposes to provide funds on loan; or
- (c) an organisation in which an organisation described in (a) or (b) immediately above directly and/or indirectly:
 - (i) holds a majority of the voting rights;
 - (ii) has the right to appoint or remove a majority of the board of directors; or
 - (iii) controls alone, pursuant to a written agreement with other shareholders, a majority of the voting rights.

Special Purpose Company means an entity which is created or acquired for the sole purpose of making an investment or acquiring or maintaining board representation or board advisor or board observer status in another entity which is not an **Insured Organisation**.

Subsidiary means a company in which an **Insured Organisation** directly and/or indirectly:

- (a) holds a majority of the voting rights;
- (b) has the right to appoint or remove a majority of the board of directors; or
- (c) controls alone, pursuant to a written agreement with other shareholders, a majority of the voting rights.

Subsidiary does not include a **Portfolio Company**.

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USA means the United States of America, its territories and possessions and any state or political subdivision thereof.

Acquisition or Change of Status of the Policyholder

1.5 If, during the **Policy Period**:

- (a) the **Policyholder** merges into or consolidates with another organisation (other than in a **Merger Acquisition**);
- (b) a person or persons acting in concert (other than a liquidator, receiver, administrative receiver, administrator, supervisor or other insolvency office-holder) acquires or secures ownership or voting control of more than 50% of the outstanding securities representing the present right to vote for the election of the members of the board of directors or to select the general partners or managing members of the **Policyholder**;
- (c) the **Policyholder** completely ceases the primary business it was carrying on at the start of the **Policy Period**;
- (d) the **Policyholder** enters into bankruptcy, winding up of any kind, administration, voluntary arrangement or any other insolvency procedure or a receiver or holder of a similar position is appointed over any of its assets;
- (e) the number of **Members** of the **Policyholder** becomes reduced to 50% or less of the number of **Members** of the **Policyholder** at the start of the **Policy Period** (this provision (e) only applies if the **Policyholder** is a **LLP**);
- (f) the number of **Members** of the **Policyholder** becomes increased by 100% or more (this provision (f) only applies if the **Policyholder** is a **LLP** and the number of its **Members** at the start of the **Policy Period** is 10 or more); or
- (g) a person or persons acting in concert acquires a majority of the voting rights to appoint or remove **Members** of the **Policyholder** (this provision (g) only applies if the **Policyholder** is a **LLP**),

cover for the **Insured Organisations** and their **Insured Persons** shall continue until the end of the **Policy Period**, but that cover shall not be for **Wrongful Acts** after, or (as concerns **Investigations**) conduct after, or **Crimes** occurring after, such merger, consolidation, acquisition, cessation, entry or appointment. The **Policyholder** shall give written notice of such merger, consolidation, acquisition, cessation, entry or appointment to the **Insurer** as soon as practicable, together with such information as the **Insurer** may require. The full annual premium for the **Policy Period** shall be deemed fully earned immediately upon the occurrence of any event described in (a) to (g) immediately above.

Acquisition or Change of Status of Other Insured Organisations

1.6 If, during the **Policy Period**, an **Insured Organisation** other than the **Policyholder**:

- (a) completely ceases the primary business it was carrying on at the start of the **Policy Period**; or
- (b) enters into bankruptcy, winding up of any kind, administration, voluntary arrangement or any other insolvency procedure or a receiver or holder of a similar position is appointed over any of its assets,

cover for that **Insured Organisation** and its **Insured Persons** shall continue until the end of the **Policy Period**, but that cover shall not be for **Wrongful Acts** after, or (as concerns **Investigations**) conduct after, or **Crimes** occurring after, such cessation, entry or appointment.

If, during the **Policy Period**:

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- (i) a **Fund** merges into or consolidates with another organisation (other than in a **Merger Acquisition**); or
- (ii) a person or persons acting in concert acquires ownership or voting control of more than 50% of the outstanding securities representing the present right to vote for the election of the board of directors or to select the general partners or managing members of a **Fund**,

cover for that **Fund** and its **Insured Persons** shall continue until the end of the **Policy Period**, but that cover shall not be for **Wrongful Acts** after, or (as concerns **Investigations**) conduct after, or **Crimes** occurring after, such merger, consolidation or acquisition.

Limits of Liability and Deductibles

- 1.7 If there is no amount against Item 4 in the Schedule, "Maximum Aggregate Limit of Liability for all Insuring Clauses for the **Policy Period**", then the limits and sublimits of liability and Deductibles shown in the Schedule of this Policy are separate limits, sublimits and Deductibles pertaining to each **Cover Section**. No payment by the **Insurer** under one **Cover Section** shall reduce or otherwise impair the **Insurer's** liability under any other **Cover Section**. The application of a Deductible under one **Cover Section** shall not reduce the Deductible under any other **Cover Section**.

If there is an amount against Item 4 in the Schedule, "Maximum Aggregate Limit of Liability for all Insuring Clauses for the **Policy Period**", then the maximum liability of the **Insurer** for all **Loss**, whether covered under one or more of the Insuring Clauses and/or otherwise, on account of all **Claims** first made during the **Policy Period** and all **Notified Circumstances** first notified to the **Company** during the **Policy Period**, shall not exceed that limit amount.

Reporting (for Section 2 – Directors and Officers Liability and Professional Liability)

- 1.8 The **Insured** shall give the **Insurer** written notice of any **Claim** as soon as practicable but in no event more than 60 days after the earlier of the following dates:
- (i) the date on which any chairman, chief executive, managing director, finance director, head of the in-house legal department, head compliance officer, head risk manager, head human resources manager, managing member, **Member**, general partner, member of a board of managers or holder of an equivalent position to any of the foregoing first becomes aware that the **Claim** has been made; and
 - (ii) if this Policy is not renewed, the termination date of the **Policy Period** or, if the **Claim** is first deemed made during the **Policy Period** because of an obtained extended reporting period, the termination date of that extended reporting period.

Each **Insured** shall give to the **Insurer** all such information and co-operation as the **Insurer** may reasonably require, including but not limited to a description of the **Claim**, the nature of the alleged **Wrongful Act** and the date it was committed, the nature of the alleged damage, the names of the claimants and defendants and the manner in which the **Insured** first became aware of the **Claim**.

If, during the **Policy Period** or an obtained applicable extended reporting period, an **Insured**:

- (i) becomes aware of circumstances which are likely to give rise to a **Claim**, and gives written notice of such circumstances to the **Insurer**; or
- (ii) receives a written request to waive application of a limitation period to, or to suspend the running of time towards expiry of a limitation period for the commencement of, a civil proceeding against an **Insured** alleging a **Wrongful Act** before or during the **Policy Period** and gives written notice of such request and of such alleged **Wrongful Act** to the **Insurer**,

then any **Claims** subsequently arising from such circumstances or following on from such request shall be deemed to have been first made during the **Policy Period**. Circumstances shall not be regarded as notified

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unless the written notice expressly identifies the **Wrongful Act** and the date it was committed, the potential damage, the potential claimants and defendants and the manner in which the **Insured** first became aware of the circumstances.

The **Insurer** shall not rely on breach of any of the **Insureds'** obligations in this Section to deny liability for any **Loss**. However, in the case of such breach, the **Insurer** shall not be liable for **Loss** which the **Insurer** believes would not have been incurred if the breach had not occurred.

Reporting and Proof of Loss (for Section 3 – Crime)

1.9 With respect to each **Claim**:

- (a) the **Insured** shall give the **Insurer** written notice as soon as reasonably practicable after **Discovery** and in any event no later than 90 days after such **Discovery**;
- (b) within 6 months (or such additional period as may be agreed by the **Insurer**) after notification has been given to the **Insurer** in accordance with (a) above, the **Policyholder** shall provide a proof of loss, with full particulars, to the **Insurer**;
- (c) the **Insured** shall give to the **Insurer** all such information and co-operation as the **Insurer** may reasonably require, including but not limited to submitting to examination under oath at the **Insurer's** request and producing all pertinent records to the fullest extent legally permissible at such times and places as the **Insurer** shall reasonably require; and
- (d) the **Policyholder** may offer a comparison between an **Insured's** inventory records and an actual physical count of its inventory to prove the amount of **Financial Loss**, but only where the **Policyholder** establishes wholly apart from such comparison that the **Insured** has sustained **Financial Loss**.

The **Insurer** shall not rely on breach of any **Insured's** obligations stated above in this Section to deny liability for any **Loss** except that, in the case of such breach, the **Insurer** shall not be liable for **Loss** which the **Insurer** believes would not have been incurred if the breach had not occurred.

Notice

1.10 Written notices to the **Insurer** required by Section 1.8 or 1.9 above shall be sent by email to mprclaims@axiscapital.com or by post to the Claims Department at the **Insurer's** postal address.

The **Insurer's** postal address is:

MPR Underwriting Limited
10th Floor, Chancery Place, 50 Brown Street,
Manchester, M2 2JG

Notice shall be effective on the date of receipt by the **Insurer** by email or at the postal address.

Territory

1.11 Subject to all other terms of this Policy and unless law or regulation of any jurisdiction prevents the **Insurer** from paying:

- (a) cover under Section 2 shall extend to **Loss** on account of **Claims** brought or maintained in any jurisdiction; and
- (b) cover under Section 3 shall extend to **Loss** on account of **Crimes** occurring anywhere.

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Subrogation

- 1.12 The **Insurer** shall be subrogated to the extent of any payment under this Policy to each **Insured's** rights of recovery, and each **Insured** shall execute all papers required and shall do everything necessary to secure and preserve such rights and to enable the **Insurer** to bring proceedings in the name of that **Insured**.

The **Insurer** shall not exercise against any **Fund** any rights of indemnity which an **Insured** has under the terms of any contract with that **Fund**.

Authorisation Clause

- 1.13 The **Policyholder** hereby agrees to act on behalf of all **Insureds** with respect to the giving and receiving of notice of **Claims, Crimes** or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the negotiation, agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for in this Policy (except for the **Insured Persons'** ability to elect to obtain an extended reporting period), and the **Insureds** agree that the **Policyholder** shall so act on their behalf.

Alteration and Assignment

- 1.14 No change in, modification of, or assignment of interest under this Policy shall be effective except when made by written endorsement to this Policy duly executed on behalf of the **Insurer**.

Rights of Action

- 1.15 No person other than the **Insured Persons** shall have any rights under or in connection with this Policy by virtue of the Contracts (Rights of Third Parties) Act 1999 or any amendment or re-enactment thereof. Neither the **Policyholder** nor any **Insured Person** may assign to any other person any right or cause of action against the **Insurer** under or in connection with this Policy.

Termination

- 1.16 Cover under this Policy shall terminate at the earliest of the following times:
- (a) 7 days after the receipt by the **Policyholder** of a written notice of termination from the **Insurer** for non-payment of premium;
 - (b) expiration of the **Policy Period** (but expiration of the **Policy Period** shall not terminate cover under an obtained extended reporting period or an obtained extended discovery period);
 - (c) 90 days after receipt by the **Insurer** of written notice of termination from the **Policyholder**.

If, at the time of termination of cover under this Policy, no **Insured** has given notice of a **Claim**, of circumstances which are likely to give rise to a **Claim**, or of a **Crime**, the **Insurer** shall refund the unearned premium:

- (i) computed at customary short rates, if cover under this Policy is terminated by the **Policyholder**; or
- (ii) computed pro-rata, if cover under this Policy is terminated other than by the **Policyholder**.

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Choice of Law and Forum

- 1.17 The construction of the terms, and the validity and effect, of this Policy are governed by English law. Any dispute or difference arising under or in respect of this Policy shall be subject to and determined within the exclusive jurisdiction of the courts of England and Wales.

Sanctions

- 1.18 No cover or benefit shall be provided and no sum shall be payable under this Policy to the extent that providing or paying it would directly or indirectly put the **Insurer** in breach of any applicable economic or trade sanction laws or regulations.

Regulatory Information

- 1.19 This insurance is underwritten by MPR Underwriting Limited, 10th Floor, Chancery Place, 50 Brown Street, Manchester, M2 2JG, on behalf of AXIS Specialty London, a UK branch of AXIS Specialty Europe SE, authorised and regulated by the Central Bank of Ireland and regulated by the Prudential Regulation Authority and Financial Conduct Authority in respect of UK business. AXIS Specialty Europe SE Registered Office: 6th Floor, 20 Kildare Street, Dublin 2, Ireland D02 T357. Registration Number 353402SE.

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Complaints

- 1.20 MPR Underwriting are committed to first class service. If you have any complaints about the service you have received, please contact your insurance broker or agent or MPR Underwriting Ltd at the address shown below:

10th Floor, Chancery Place, 50 Brown Street, Manchester, M2 2JG.

If your complaint relates to a claim on your policy, or any other matter, please contact Axis Specialty Europe SE at the address shown below:

Compliance Officer, AXIS Europe SE, 52 Lime Street, London, EC3M 7AF.

If you are dissatisfied with the final response to your complaint the Financial Ombudsman Service (FOS) may be approached for assistance in certain circumstances. A leaflet explaining their procedure is available on request. The FOS's contact details are:

The Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London E14 9SR.
Phone: 0800 023 4567
Email: complaint.info@financial-ombudsman.org.uk

This complaint procedure does not affect your rights to take legal proceedings.

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Section 2: Directors and Officers Liability and Professional Liability

Insuring Clauses

Insuring Clause 1: Directors and Officers Liability

- a) The **Insurer** shall pay to or on behalf of each **Insured Person, Loss or Investigation Costs** to the extent that he or she is not indemnified for that **Loss** or those **Investigation Costs**.
- b) The **Insurer** shall pay to or on behalf of or reimburse each **Insured Organisation, Loss or Investigation Costs** to the extent that it has indemnified an **Insured Person** for that **Loss** or those **Investigation Costs**.

Insuring Clause 2: Professional Liability

The **Insurer** shall pay, on behalf of each **Insured, Loss** arising from **Private Equity and Venture Capital Services**.

Insuring Clause 3: Entity Investigation Expenses

The **Insurer** shall pay, on behalf of each **Insured, Investigation Costs**.

Definitions

2.1 When used in bold type in this Section 2:

Admission means:

- (a) a formal written admission;
- (b) an oral admission made in a court hearing, tribunal hearing, arbitration hearing or regulatory hearing; or
- (c) an oral admission made under oath, affirmation or similar process where law or regulation requires statements to be made truthfully.

Advisory Board means any board or committee identified in the partnership agreement or constitution of an **Insured Organisation**.

Alternative Investment Fund means any alternative investment **Fund** as defined by the **Alternative Investment Fund Directive**.

Alternative Investment Fund Directive means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on **Alternative Investment Fund Managers** amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2010, EU No 231/2013 including any amendments thereto as implemented or amended by any statute, regulation, ordinance or like instrument in any jurisdiction in the European Union, including but not limited to the **Alternative Investment Fund Managers Regulations 2013** (SI 2013/1773)(UK).

Application means:

- (a) all proposal forms and documents provided to the **Insurer** by or on behalf of the **Policyholder** or any other **Insured**, or to which the **Insurer** was referred by or on behalf of the **Policyholder** or any other **Insured**, in the process of applying for this Policy; and

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- (b) all representations to the **Insurer** by or on behalf of the **Policyholder** or any other **Insured**, in the process of applying for this Policy.

Approved Person means any natural person employed by an **Organisation** to whom the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA), or its predecessors or successors, have given its approval to perform the Controlled Functions pursuant to Section 59 (Approval for Particular Arrangements) of the Financial Services and Markets Act 2000 (FSMA) or equivalent functions anywhere in the world.

Bail Bond Costs means reasonable premium for a bail bond, or any other financial instrument to guarantee an **Insured Person's** observance of bail conditions, required by a court in a **Claim**.

Challenge Costs means that part of **Loss** consisting of reasonable legal fees and related professional charges, arising from a **Claim** first made during the **Policy Period** and incurred personally by an **Insured Person** to bring legal proceedings to overturn:

- (a) an interim or interlocutory judicial order for the confiscation of, assumption of ownership and control of, or freezing of, any asset of such **Insured Person**;
- (b) an interim or interlocutory judicial charging order over any asset of such **Insured Person**;
- (c) an interim or interlocutory judicial order disqualifying such **Insured Person** from holding office or from managing a Insurer; or
- (d) a judicial order requiring such **Insured Person** to be confined to a specified domestic residence or held in custody pending trial of that **Claim**.

Civil Fines and Penalties means fines and penalties which are non-criminal and insurable under applicable laws.

Claim means:

- (a) for the purposes of Insuring Clauses 1 and 2:
- (i) a written demand for specific monetary compensation or specific non-pecuniary relief;
- (ii) a civil proceeding including third party proceeding, counterclaim, arbitration proceeding or employment tribunal proceeding;
- (iii) a criminal proceeding;
- (iv) an extradition proceeding; or
- (v) a formal administrative or formal regulatory proceeding commenced by the filing of a notice of charges,

made against an **Insured**, alleging a **Wrongful Act**; or

- (vi) an **Investigation**.
- (b) for the purposes of Insuring Clause 3, an **Investigation**.

Compliance Committee Member means any member of a compliance committee of a **Fund** or **Investment Manager** in his or her capacity as such.

Consultant means a natural person:

- (a) who is a consultant to an **Insured Organisation** for assisting that **Insured Organisation** in soliciting investors in **Funds** or finding investment opportunities for **Funds**; or

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- (b) who is within an **Insured Organisation** advising on the investment activity of a **Fund**.

Defence Costs means that part of **Loss** consisting of reasonable costs, expenses, charges and fees incurred in defending or investigating a **Claim** (as defined in (a) in the definition of **Claim**) first made during the **Policy Period** or in appealing against a judgment made in such a **Claim**. **Defence Costs** does not include internal corporate costs and expenses but does also include:

- (a) reasonable premium paid for insurance instruments or for bonds which are required in order to institute an appeal; and

- (b) **Bail Bond Costs**,

but without any obligation to furnish or procure any instrument or bond.

Employment Claim means a **Claim** (as defined in (a) in the definition of **Claim**) by an **Insured Person** (but not by a **Member** of an **Insured Organisation**) or past, present or prospective employee of an **Insured Organisation** or of an **Outside Entity**, or brought by any government authority regulating employment practice, based upon or arising out of an actual or alleged, wrongful or unfair, employment related: discipline, dismissal, discharge or termination of employment, breach of an oral or written contract, misrepresentation, discrimination (including harassment), failure to employ or promote, deprivation of a career opportunity, failure to grant tenure, evaluation, invasion of privacy, defamation, infliction of emotional distress, or retaliation in respect of whistle blowing or of the exercise or attempted exercise of legally protected rights.

Extradition Crisis Costs means that part of **Loss** consisting of reasonable costs, expenses, charges and fees, incurred with the prior written consent of the **Policyholder**, of an accredited counsellor or tax adviser engaged to counsel or advise an **Insured Person** directly in connection with the extradition proceedings part of a **Claim** first made during the **Policy Period**.

Indemnifiable means not prevented:

- (a) by law or insolvency; or
- (b) by an **Insured Organisation's** constitution, incorporation document, partnership agreement, memorandum or articles of association, bylaws, shareholder resolutions, or board or other governing body resolutions,

from being indemnified or reimbursed by an **Insured Organisation**.

Insured means a person who is an **Insured Organisation** or an **Insured Person**.

Insured Capacity means:

- (a) with regard to an **Insured Person** as defined in (a), (b), (c), (e), (f), (g) or (h) of the definition of **Insured Person**, performance of the functions, duties and responsibilities for which such **Insured Person** has been retained, appointed or employed by an **Insured Organisation**;
- (b) with regard to an **Insured Person** as defined in (d) of the definition of **Insured Person**, the capacity of **Shadow Director** of an **Insured Organisation**.

Insured Person means a natural person who has been, now is or shall become:

- (a) a member of an **Advisory Board**;
- (b) director, officer, trustee, governor, general partner, member of a board of managers, or the equivalent in any jurisdiction, of an **Insured Organisation**, including a prospective director in any listing particulars or prospectus issued by an **Insured Organisation**, or an **Approved Person** of an **Insured Organisation**;
- (c) a **Member** of an **Insured Organisation**;

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- (d) a **Shadow Director** of an **Insured Organisation** by virtue of being a director, **Member**, officer, trustee, governor, general partner, member of a board of managers or employee of another **Insured Organisation**;
- (e) a partner or **Member** of a manager or investment manager described in (b) of the definition of **Investment Manager**;
- (f) a **Compliance Committee Member**;
- (g) a **Consultant** to an **Insured Organisation** who has a written indemnity from that **Insured Organisation** against all claims, liabilities and costs which that **Consultant** may incur by reason of the services that **Consultant** provides to that **Insured Organisation**; or
- (h) an employee of an **Insured Organisation**.

Insured Person does not include externally appointed auditor, insolvency administrator or receiver, bankruptcy trustee or liquidator of an **Insured Organisation**.

Investigation means:

- (a) for the purposes of Insuring Clauses 1 and 2:
 - (i) a formal investigative inquiry which is into the conduct of an **Organisation** or into the conduct, in his or her **Insured Capacity**, of an **Insured Person**; and instituted by a governmental, regulatory, law enforcement, professional or statutory body with powers to investigate that **Insured Organisation** or **Insured Person**;
 - (ii) an interview of, or meeting with, an **Insured Person** in his or her **Insured Capacity** and requested by a governmental, regulatory, law enforcement, professional or statutory body in connection with an investigation by that body;
 - (iii) an interview of, or meeting with, an **Insured Person** in his or her **Insured Capacity** and requested by an **Insured Organisation** in connection with an investigation, raid or visit by a governmental, regulatory, law enforcement, professional or statutory body; or
 - (iv) an interview of, or meeting with, an **Insured Person** in his or her **Insured Capacity** and requested by an **Insured Organisation** in connection with a formal written notification by that **Insured Organisation** to a governmental, regulatory, law enforcement, professional or statutory body with powers to investigate that **Insured Organisation** or **Insured Person** of suspected material breach of a legal or regulatory duty by that **Insured Person** in his or her **Insured Capacity**, if and to the extent that such inquiry is requested by such governmental, regulatory, law enforcement, professional or statutory body.
- (b) for the purposes of Insuring Clause 3, a formal investigative inquiry which is into the conduct or performance of **Private Equity and Venture Capital Services** of an **Insured Organisation** and instituted by a governmental, regulatory, law enforcement, professional or statutory body with powers to investigate that **Insured Organisation**.

Investigation does not include any inquiry, interview or meeting which is part of a routine or regularly scheduled oversight, compliance, audit or inspection procedure of a governmental, regulatory, law enforcement, professional or statutory body.

An **Investigation** shall be deemed to be first made when the **Insured Person** is first so required or identified.

Investigation Costs means that part of **Loss** consisting of reasonable legal representation fees and related professional charges which an **Insured** incurs for the purposes of representation at an **Investigation** which is first made during the **Policy Period** and which are only incurred:

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- (a) in the case of an inquiry described in (a) (i) or (iv) or (b) of the definition of **Investigation**, after that **Insured** has been notified in writing by the body which has instituted the inquiry that it is looking into whether or not that **Insured** is culpable of misconduct or that it requires an **Insured** to attend that inquiry;
- (b) in the case of an interview or meeting described in (ii) or (iii) of the definition of **Investigation**, after that **Insured Person** has received the request for the interview or meeting and, if applicable, the raid or visit described in (iii) of the definition of **Investigation** has occurred; or
- (c) in the case of an interview or meeting described in (iv) of the definition **Investigation**, after that **Insured Person** has received the request for the interview or meeting and the formal written notification described in (iv) of the definition of **Investigation** has been given.

Investigation Costs does not include any costs or expenses of producing, disclosing, or giving discovery of, documents and does not include the remuneration of any **Insured Person**, costs of their time or any other costs or overheads of any **Insured Organisation**.

Loss means:

- (a) for the purposes of Insuring Clauses 1 and 2, and in respect of a **Claim** which is not an **Investigation**, the amount which an **Insured Person** is legally liable to pay on account of a **Claim** first made during the **Policy Period** (or, with regard to **Mitigation Costs**, on account of a **Notified Circumstance** first notified to the **Insurer** during the **Policy Period**) including:
 - (i) **Defence Costs;**
 - (ii) awards of damages, judgments, pre- and post- judgment interest, awards of claimant's costs and sums payable pursuant to any settlements (including punitive, exemplary or aggravated damages, and the multiple portion of any multiplied damages award, but only to the extent that such damages or multiple portion are insurable under the jurisdiction most favourable to insurability to which the **Insurer**, that **Insured Person** or the **Claim** giving rise to the damages or multiple portion has a substantial relationship); and
 - (iii) **Other Insured Costs (Bail Bond Costs, Challenge Costs, Extradition Crisis Costs, Media Costs, Mitigation Costs, and Relative Costs.**
- (b) for the purposes of Insuring Clauses 1 and 3, and in respect of a **Claim** which is an **Investigation, Investigation Costs;**
- (c) for the purposes of Insuring Clause 2, the amount which an **Insured** is legally liable to pay on account of a **Claim** first made during the **Policy Period** (or, with regard to **Mitigation Costs**, on account of a **Notified Circumstance** first notified to the **Insurer** during the **Policy Period**) including:
 - (i) **Defence Costs;**
 - (ii) awards of damages, judgments, pre- and post- judgment interest, awards of claimant's costs and sums payable pursuant to any settlements (including punitive, exemplary or aggravated damages, and the multiple portion of any multiplied damages award, but only to the extent that such damages or multiple portion are insurable under the jurisdiction most favourable to insurability to which the **Insurer**, that **Insured** or the **Claim** giving rise to the damages or multiple portion has a substantial relationship);
 - (iii) **Media Costs;** and
 - (iv) **Mitigation Costs;**

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For the purposes of all Insuring Clauses, **Loss** does not include:

- (i) matters (other than **Civil Fines and Penalties**, punitive, exemplary or aggravated damages and the multiple portion of any multiplied damages award) uninsurable under English law;
- (ii) fines or penalties (other than **Civil Fines and Penalties**);
- (iii) costs or expenses of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralising, or assessing the effects of, **Pollutants**; or
- (iv) taxes or damages reflecting taxes (other than such taxes or damages for which an **Insured Person** is not **Indemnifiable** and which are on account of a **Claim** against that **Insured Person** seeking to make that **Insured Person** personally liable for non-payment of taxes due from that **Insured Person's Insured Organisation**).

Media Costs means that part of **Loss** consisting of reasonable costs, expenses, charges and fees, incurred with the prior written consent of the **Insurer**, of an independent public relations consultant engaged to advise an **Insured Person** on making a public communication with respect to, or for preventing or minimising business disruption and adverse publicity resulting from, a **Claim** (including in connection with extradition proceedings) first made during the **Policy Period**, including the costs of disseminating findings made in a judicial disposition of that **Claim** which exonerates the **Insured Person** from fault, liability or culpability.

Mitigation Costs means that part of **Loss** consisting of an **Insured's** reasonable costs incurred with the **Insurer's** prior written consent to correct a **Wrongful Situation** in order to prevent a **Claim** (as defined in (a) in the definition of **Claim**), which **Wrongful Situation** the **Insurer** is satisfied would, if not corrected, give rise to **Loss** (other than such costs) which would be covered by Insuring Clause 1 or 2 and amount to more than the costs necessary to correct the **Wrongful Situation** provided that:

- (i) the circumstances resulting in the payment, costs or expenses are reported in accordance with Section 1.8 (Reporting) of this Policy; and
- (ii) the **Insured** demonstrates, to the reasonable satisfaction of the **Insurer**, that the incurring of such payments, costs or expenses is reasonable and proportionate, and is reasonably likely to prevent or mitigate the **Claim**; and
- (iii) the liability of the **Insurer** under **Mitigation Costs** shall in no event exceed the amount of covered **Loss** it would have incurred if a **Claim** were to be pursued against the **Insured**; and

the onus of proving that any **Potential Claim** would be covered under **Mitigation Costs** shall rest with the **Insured**.

Notified Circumstance means circumstances likely to give rise to a **Claim** and notified to the **Insurer** in accordance with Section 1.8 above.

Other Insured Costs means **Challenge Costs**, **Extradition Crisis Costs**, **Media Costs**, **Relative Costs** and **Mitigation Costs**.

Outside Directorship means the position of director, officer, trustee, governor, board observer, supervisory board member, or the equivalent in any jurisdiction, held by an **Insured Person** in his or her **Insured Capacity** in an **Outside Entity** provided that such position is assumed and maintained with the knowledge and consent of, or at the specific request of, an **Insured Organisation**,

Outside Entity means an organisation:

- (a) in which an **Insured Organisation** holds any issued share or in which an **Insured** maintains an investment and/or board representation or board advisor/observer status;
- (b) which is a tax-exempt non-profit organisation, a tax-exempt trade association or a registered charity.

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Outside Entity does not include an organisation:

- (i) which is within the definition of **Insured Organisation**;
- (ii) which has any of its debt securities or equity securities publicly traded in the **USA** unless included by endorsement; or

Outside Service Provider means a person which is not an **Insured** and which performs or is required to perform **Private Equity and Venture Capital Services** for consideration and pursuant to a written contract defining the scope of such services.

Personal Injury means bodily injury, mental illness or emotional distress (except emotional distress with respect to any **Employment Claim**), sickness, disease or death of any natural person.

Policy Period Limit means the Limits of Liability for the **Policy Period** for this Section 2 stated in Item 4 of the Schedule.

Policy Period Sublimit means a Sublimit of Liability for the **Policy Period** stated in Item 6 of the Schedule or in any endorsement.

Pollutants means any substance exhibiting any characteristic hazardous to the environment or having an adverse impact on the environment, including, but not limited to, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapour, soot, fumes, acids, alkalis, soil, chemicals and waste materials, air emissions, odour, waste water, oil, oil products, infectious or medical waste, asbestos, asbestos products and any noise.

Pollution means:

- (a) any actual, alleged or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, escape, treatment, removal or disposal of, any **Pollutants**; or
- (b) any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise any **Pollutants**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request.

Potential Claim means a complaint or allegation of a **Wrongful Act** by or on behalf of a potential claimant which does not constitute a **Claim**, but may subsequently give rise to a **Claim**.

Private Equity and Venture Capital Services means investment advisory, investment management, or financial services, provided by or required to be provided by the **Insured** in relation to a **Fund** or mandate, or pursuant to an agreement. This definition includes but is not limited to:

- (a) providing financial, economic or investment advice regarding investments in securities or other assets;
- (b) trustee services and functions for or on behalf of any **Fund**;
- (c) the investment in, formation of, capitalisation or disposition of investments in a **Fund**;
- (d) the evaluation of, investment in or disposition of, or rendering of advisory or other services to, a **Portfolio Company** or proposed **Portfolio Company**;
- (e) investment management, portfolio management or asset allocation;
- (f) marketing or promoting an investment;
- (g) providing analyses or reports about investments;

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- (h) selecting, directing or supervising outside service providers;
- (i) trustee services and functions for or on behalf of any **Fund**;
- (j) preparation, writing or issuing **Documents** or publications by an **Insured** for or on behalf of a **Fund**, including the valuation of any assets or calculation of unit or share prices of any **Fund**;
- (k) administration, custodial or registry services on behalf of a **Fund**; or
- (l) **Professional Supervision**.

Professional Supervision means an **Insured's** selection of an **Outside Service Provider** and its oversight and direction of the performance of such **Outside Service Provider** in providing services.

Property Damage means damage or impairment to, or destruction or loss of use of, any property.

Relative means a parent, spouse, civil partner (as defined in the Civil Partnership Act 2004), son or daughter of an **Insured Person**.

Relative Costs means that part of **Loss** consisting of reasonable travel and accommodation costs and expenses incurred by an **Insured Person** for the attendance of one (not more) **Relative** of that **Insured Person** at the hearing of a **Claim** (as defined in (a) of the definition of **Claim**) first made during the **Policy Period** if the hearing takes place in a country where that **Insured Person** is not resident.

Retired Insured Persons means **Insured Persons** who have ceased to act in their **Insured Capacity** prior to the expiry of the **Policy Period** for reasons other than:

- (a) disqualification, on grounds relating to fitness or propriety, from holding office or from managing a company;
- (b) a circumstance described in any of (a) to (g) in Section 1.5 above; and
- (c) insolvency of an **Insured Organisation**.

Securityholder Derivative Claim means a derivative claim, derivative proceeding or derivative action on behalf of an **Insured Organisation** by a securityholder of that **Insured Organisation** in their capacity as such.

Shadow Director means a shadow director, as defined in Section 251 of the Companies Act 2006, or the equivalent in any jurisdiction.

USA Claim means a **Claim** brought or maintained, in whole or in part, in the United States of America or based, in whole or in part, on any law of the United States of America.

Wrongful Act means:

- (a) for the purposes of Insuring Clause 1, any wrongful act or omission, error, misstatement, misleading statement, neglect, breach of duty or breach of trust committed, attempted or proposed to be committed (or allegedly committed, attempted or proposed to be committed) by an **Insured Person**, individually or otherwise, in his or her **Insured Capacity**, or any matter claimed against him or her solely by reason of his or her serving in such **Insured Capacity**;
- (b) for the purposes of Insuring Clause 2, any wrongful act or omission, error, misstatement, misleading statement, neglect, breach of duty or breach of trust committed, attempted or proposed to be committed (or allegedly committed, attempted or proposed to be committed) in the performance of **Private Equity and Venture Capital Services** by:
 - (i) an **Insured**; or

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- (ii) any person acting on behalf of an **Insured Organisation**.

Wrongful Situation means a situation which results from a **Wrongful Act** and is part of a **Notified Circumstance**.

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Additional Policy Features

Additional Limit for Non-Indemnifiable Loss

- 2.2 The **Insurer** shall, from the moment when **Loss** paid by the **Insurer** under this Policy reaches an amount equal to the Total Limit of Liability for the **Policy Period** for Insuring Clause 1 stated in Item 3 of the Schedule, have a further liability for **Insured Persons' Loss** for which **Insured Persons** are not **Indemnifiable**, provided that:
- (a) the **Insurer** shall not have that further liability until all valid and collectable insurance written specifically excess of this Policy has been exhausted by payment under such excess insurance; and
 - (b) the maximum amount of that further liability on account of all **Claims** first made during the **Policy Period**, whether involving one or any number of **Insureds**, shall not exceed the Non-Indemnifiable **Loss** Additional Limit of Liability for each **Policy Period** stated in Item 6.1 of the Schedule.

Reporting to Regulators

- 2.3 For the avoidance of doubt, an **Insured** reporting to a governmental, regulatory, law enforcement, professional or statutory body (including, but not limited to, a health and safety authority) conduct which might give rise to a **Claim** shall not constitute an admission of liability regarding such **Claim**.

Emergency Costs

- 2.4 Notwithstanding the provisions of Section 2.20 below, if, because of an emergency, the **Insurer's** prior written consent to incurring **Defence Costs**, **Investigation Costs** or **Other Insured Costs** on account of a **Claim** cannot be requested, **Defence Costs**, **Investigation Costs** or **Other Insured Costs** can be incurred without that consent for work performed during the period of 30 days immediately following the date on which the **Claim** was first made.

Non Avoidance and Severability

- 2.5 For purposes of determining cover under this Section 2, no knowledge of one **Insured Person** shall be imputed to any other **Insured Person** with respect to statements and information in the **Application**.

Statements made and information possessed by any past, present or future director, company secretary, head of the legal department of an **Insured Organisation** shall be imputed to that organisation for the purposes of determining whether there has been a breach of the duty of fair presentation by an **Insured Organisation** in relation to this Section.

In the event of a fraudulent or dishonest breach of the duty of fair presentation by an **Insured Organisation** determined by admission, final non-appealable judgment or adjudication:

- (i) if the breach occurs prior to the inception date of the Policy, the **Insurer** may avoid the contract and refuse all claims, and need not return any of the premiums paid, in respect of such **Insured Organisation**;
- (ii) if the breach is in relation to a variation of the Policy, the **Insurer** may treat the Policy as if the variation was never made and need not return any of the premiums paid in respect of the variation, in respect of such **Insured Organisation**.

It is agreed that in the event of a breach of the duty of fair presentation by an **Insured Organisation**, which is not fraudulent or dishonest, the **Insured Organisation** irrevocably waives all and any rights and remedies it may have because of such breach, including any remedy that would have been available under the UK Insurance Act 2015. For the purposes of this clause, the phrase "duty of fair presentation" shall have the same meaning as given to it in the UK Insurance Act 2015.

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Extended Reporting Period

- 2.6 (a) If the **Insurer** or the **Policyholder** refuses to renew this Policy for any reason other than non-payment of premium, or because of merger or consolidation into, or acquisition by, another organisation, then the **Insured** will be entitled to purchase one of the following extended reporting periods;
- (i) 12 months for 100% of the annual premium;
 - (ii) 36 months for 200% of the annual premium; or
 - (iii) 72 months for 225% of the annual premium.

Written notice of election and payment of premium must be received within 60 days of the expiry of the **Policy Period**. This extended reporting period shall commence from the expiry date of the **Policy Period** and shall apply only to **Wrongful Acts** prior to, and (as concerns **Investigations**) conduct prior to, that date.

- (b) If, during the **Policy Period**, the **Policyholder** merges or consolidates into, or is acquired by, another organisation, then the **Insured** will be entitled to purchase one of the following extended reporting periods:

In respect of Insuring Clause 1 only:

- (i) 12 months for 100% of the annual premium;
- (ii) 36 months for 200% of the annual premium; or
- (iii) 72 months for 225% of the annual premium.

In respect of Insuring Clause 2 only, 12 months for 100% of the annual premium.

Written notice of election and payment of premium must be received within 60 days following that merger or consolidation or acquisition. This extended reporting period shall commence from the date at which that merger or consolidation or acquisition arises and shall apply only to **Wrongful Acts** prior to, and (as concerns **Investigations**) conduct prior to, that date.

- (c) If the **Insurer** or the **Policyholder** refuses to renew this Policy then the **Retired Insured Persons** shall obtain an extended reporting period of 6 years. This extended reporting period shall commence from the expiry date of the **Policy Period** and shall, for each **Retired Insured Person**, apply only to **Wrongful Acts** prior to, and (as concerns **Investigations**) conduct prior to, the date on which that **Retired Insured Person** became a **Retired Insured Person**. This extended reporting period shall only be provided:
- (i) when this Policy is not renewed or replaced with directors and officers liability cover (or directors and officers liability section of cover); or
 - (ii) where this Policy is renewed or replaced with directors and officers liability cover (or directors and officers liability section of cover), such renewal or replacement policy does not provide an extended discovery period of at least 6 years for such **Retired Insured Persons**.

If no election is made under Section 2.6 (a) above, the **Policyholder** and the **Insured Persons** shall obtain an extended reporting period of 60 days. This extended reporting period shall commence from the expiry date of the **Policy Period** and shall apply only to **Wrongful Acts** prior to, and (as concerns **Investigations**) conduct prior to, that date.

A **Claim** first made during an obtained extended reporting period shall be deemed to have been first made during the **Policy Period**.

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Outside Directorship Liability Extension

- 2.7 Subject to the other terms of this Policy, cover under Insuring Clause 1 is extended to cover **Loss** arising out of an **Outside Directorship** provided however that:
- (a) the **Insurer's** liability for each **Claim** shall apply only to that part of the **Loss** which is excess of:
 - (i) all other valid and collectible insurance payable;
 - (ii) the amount of the **Loss** for which the **Insured Person** serving in such **Outside Directorship** is indemnified by the **Outside Entity**; and
 - (iii) the applicable Deductible stated in Item 5 of the Schedule;
 - (b) such cover is not extended to **Loss** arising out of an **Outside Directorship** on account of any **USA Claim** by or on behalf of the **Outside Entity** in which that **Outside Directorship** is or was held, or by or on behalf of any parent, subsidiary or affiliate of that **Outside Entity**, or by any director, **Member**, officer, trustee, governor, board observer, supervisory board member, **Shadow Director**, or equivalent in any jurisdiction, of that **Outside Entity** except:
 - (i) an **Employment Claim**;
 - (ii) a derivative claim, derivative proceeding or derivative action on behalf of an **Outside Entity** by a securityholder of that **Outside Entity** in their capacity as such;
 - (iii) a **Claim** by or on behalf of an **Outside Entity** due to its insolvency;
 - (iv) a **Claim** against an **Insured Person** who is no longer acting in an **Insured Capacity** when that **Claim** is first made; and
 - (v) **Defence Costs**;
 - (c) such cover is not extended to **Loss** arising out of an **Outside Directorship** on account of any **Claim** which is for a **Wrongful Act** at a time when such **Insured Person** is not serving in the **Outside Directorship** or on account of any **Investigation** which is an inquiry into conduct at a time when such **Insured Person** is not serving in the **Outside Directorship**.

Spouses, Partners and Estates

- 2.8 Solely for the **Wrongful Act** of a natural person described in the definition of **Insured Person**, the definition of **Insured Person** is extended to include such natural person's:
- (a) lawful spouse, civil partner (as defined in the Civil Partnership Act 2004) or domestic partner, if named as co-defendant solely because of his or her spousal relationship or relationship as civil partner or domestic partner; and
 - (b) estate, heirs, legal representatives or assigns, if such natural person is deceased or declared incompetent, insolvent, or bankrupt.

Subsidiaries

- 2.9 Should an organisation cease to be a **Subsidiary** before or during the **Policy Period**, there shall nonetheless be cover under this Section 2 with respect to such **Subsidiary** and its **Insured Persons**.

With respect to each **Subsidiary** and its **Insured Persons**, cover under this Section 2 shall apply only for **Wrongful Acts**, and (as concerns **Investigations**) conduct, at a time when that **Subsidiary** is a **Subsidiary**.

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The **Insurer** may agree to provide cover for prior **Wrongful Acts** and prior conduct, following the receipt of any information the **Insurer** may require.

Optional Management Buy Out Cover

- 2.10 If, during the **Policy Period**, a **Subsidiary** completes a management buy-out and upon written instruction from the **Policyholder** prior to such event that cover for such **Subsidiary** is required, this policy shall continue to provide cover for **Wrongful Acts** committed after such buy-out for a period of 45 days, subject to the **Policy Period** or extended reporting period. This extension shall not apply in circumstances where there is other insurance in force which provides cover in respect of such **Wrongful Acts** or conduct.

Exclusions

Exclusions to All Insuring Clauses

- 2.11 The **Insurer** shall not be liable for **Loss** on account of any **Claim** or **Notified Circumstance**:
- (a) based upon, arising from or in consequence of any fact or **Wrongful Act** forming part of circumstances or of a **Claim** of which written notice has been accepted under any policy which this Policy renews, replaces or follows in whole or in part;
 - (b) based upon, arising from, attributable to or derived from substantially the same facts or circumstances alleged in, any pending or prior proceedings of any nature against any **Insured** or **Outside Entity** commenced before the date stated in Item 8 of the Schedule;
 - (c) seeking remedy for **Personal Injury** or **Property Damage** (this exclusion shall not apply to **Defence Costs** on account of a proceeding for manslaughter or any other alleged breach of occupational health and safety law, or in respect of **Defence Costs** which are not **Indemnifiable**);
 - (d) seeking remedy for breach of any law, duty or trust by an **Insured** in their capacity as trustee, fiduciary or administrator of any superannuation, pension, profit sharing, health and welfare or other employee benefit scheme, programme, plan or trust established or maintained to provide benefits to employees, directors or **Members** of an **Insured Organisation**;
 - (e) based upon, arising from or in consequence of **Pollution** except **Defence Costs**, up to the sublimit for **Pollution Defence Costs** stated in Item 6 of the Schedule;
 - (f) based upon, arising from, or in consequence of any representation, promise, warranty or guarantee regarding any rate of return or the fulfilment of any minimum performance standard;
 - (g) based upon, arising from or in consequence of any intentional breach of contract, if there is a finding of such intentional breach in a final non-appealable judgment or adjudication or if an **Insured** makes an **Admission** of such intentional breach;
 - (h) based upon, arising from or in consequence of any deliberate fraudulent act or omission or any intentional breach of law by an **Insured**, an **Outside Service Provider** or a person acting on behalf of an **Insured Organisation** (but this exclusion shall apply only to those **Insureds** who make an **Admission** that, or in respect of whom there is a finding (but not one applied for by the **Insurer**) in a final non-appealable judgment or adjudication that, they:
 - (i) participated in such fraud or breach; or
 - (ii) in the case of such fraud or breach by an **Outside Service Provider** or a person acting on behalf of an **Insured Organisation**, knew of it and did not object to it);
 - (i) based upon, arising from or in consequence of an **Insured**, an **Outside Service Provider** or a person acting on behalf of an **Insured Organisation** having gained any profit, remuneration or

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advantage to which that **Insured, Outside Service Provider** or person was not legally entitled (but this exclusion shall apply only to those **Insureds** who make an **Admission** that, or in respect of whom there is a finding (but not one applied for by the **Insurer**) in a final non-appealable judgment or adjudication that, they:

- (i) made such gain; or
- (ii) in the case of such gain by an **Outside Service Provider** or a person acting on behalf of an **Insured Organisation**, knew of it and did not object to it);
- (j) which is a **USA Claim** by or on behalf of any **Insured, Outside Service Provider** or person acting on behalf of an **Insured Organisation**, except:
 - (i) a **Securityholder Derivative Claim**;
 - (ii) an **Employment Claim**;
 - (iii) a **Claim** by an **Outside Service Provider** or person acting on behalf of an **Insured Organisation** against an **Insured** for contribution or indemnity if such **Claim** directly results from a **Claim** first made during the **Policy Period** which is covered under this Section 2 and is against both that **Insured** and that **Outside Service Provider** or person acting on behalf of an **Insured Organisation**;
 - (iv) a **Claim** by a former **Insured Person**;
 - (v) a **Claim** by all natural persons who were, now are, or shall be duly appointed to serve on an **Advisory Board**, if making the **Claim** in their capacity as a **Member** or limited partner of a **Fund**;
 - (vi) a **Claim** by or on behalf of an **Insured Organisation** due to its insolvency; or
 - (vii) **Defence Costs**;
- (k) based upon, arising out of or in consequence of any actual violation of the Racketeer Influenced and Corrupt Organisation Act, 18 USC 1961 etc seq; or similar statutory law of the United States of America or any statute or jurisdiction therein, and any amendments thereto and rules or regulations promulgated thereunder.

Exclusions to Insuring Clause 1 Only

2.12 The **Insurer** shall not be liable under Insuring Clause 1 for **Loss** on account of any **Claim** which is:

- (a) based upon, arising from or in consequence of any actual or alleged failure to perform, or any **Wrongful Act** in the performance of, **Private Equity and Venture Capital Services**, except this exclusion shall not apply in respect of any **Claim** based upon, arising from or in consequence of the actual or alleged failure to supervise any person involved in the performance of or failure to perform such **Private Equity and Venture Capital Services**.
- (b) by or on behalf of any **Insured**, or the parent company of any **Insured** or **Fund** or any entity that is operated, managed or controlled by any **Insured**, except:
 - (i) a **Claim** brought by any **Insured** or **Fund** which arises directly from a **claim** brought against such **Insured** or **Fund** by or on behalf of a third party;
 - (ii) a **Claim** brought by or on behalf of an **Insured Person** as a customer or client (or former customer or client) of any **Insured** or an investor (or former investor) in any **Fund**;

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- (iii) a **Claim** made in the name of the **Insured** or **Fund** in compliance with the requirements of any statutory or regulatory authority empowered to govern the conduct of the business of the **Insured** or **Fund** that the **Insured** or **Fund** make a payment of a compensatory nature to a third party;
- (iv) a **Claim** arising solely and directly from a formal service-provider or client relationship with an **Insured** or **Fund** maintained on an arms-length basis on ordinary commercial terms consistent with those which would have applied if the client were an independent third party; or
- (v) a **Claim** in which independent legal advice has been obtained that failure to bring such **Claim** would be a breach of professional duty by such **Insured** or **Fund**.

For the purposes of the exceptions in (i) to (v) above, the claimants in such **Claim** shall be deemed to be a third party;

Changes in Exposure

Acquisition or Creation of Another Organisation

2.13 If, during the **Policy Period**, an **Insured Organisation**:

- (a) acquires securities or voting rights in another organisation which as a result of such acquisition becomes a **Subsidiary**;
- (b) creates an organisation which as a result of such creation becomes a **Subsidiary**; or
- (c) acquires any organisation by merger into or consolidation with that **Insured Organisation**,

then that organisation and its **Insured Persons** shall automatically become **Insureds** under this Section 2 with effect from the date of such acquisition or creation but only with respect to **Wrongful Acts** after, and (as concerns **Investigations**) conduct after, such acquisition or creation. The **Insurer** may agree to provide cover for prior **Wrongful Acts** and prior conduct, following the receipt of any information the **Insurer** may require.

However, in the event of an acquisition described in (a) or (c) immediately above, if immediately prior to such acquisition:

- (i) the gross annual fees of the acquired organisation are greater than 25% of the gross annual fees of the acquiring **Insured Organisation**;
- (ii) assets under management of the acquired organisation are greater than 25% of the assets under management of the acquiring **Insured Organisation**;
- (iii) the acquired organisation has gross consolidated assets that increase the total consolidated assets of all the **Insured Organisations** together by more than 25% as recorded in the latest annual audited report and consolidated accounts of the **Policyholder**; or
- (iv) the acquired organisation has any of its debt securities or equity securities listed on any exchange in the **USA**,

then:

- for that organisation and its **Insured Persons** to become **Insureds** under this Section 2, the **Policyholder** must give written notice of that acquisition, and such information as the **Insurer** may require, to the **Insurer** within 90 days following that acquisition, whereupon they shall become **Insureds** with effect from the date of that acquisition (but only with respect to **Wrongful Acts** after, and (as concerns **Investigations**) conduct after, that acquisition); and

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- the **Insurer** shall have the right to amend the terms of this Section 2, including charging an additional premium and including terminating cover for that organisation and its **Insured Persons**, but only with effect from 90 days after that acquisition.

Creation of Another Fund

- 2.14 If, during the **Policy Period**, an **Insured Organisation** creates or adopts a company, limited partnership or **LLP** to use as a private investment fund engaged in substantially similar activities as any **Fund**, then that company, limited partnership or **LLP** and its **Insured Persons** shall automatically become **Insureds** under this Section 2 (the company, limited partnership or **LLP** as a **Fund**).

However if the committed capital which is or was sought by such company's, limited partnership's or **LLP's** offering prospectus or memorandum or similar document exceeds 25% of the **Initial Capital Total** or exceeds £100,000,000 then for that company, limited partnership or **LLP** and its **Insured Persons** to become **Insureds** under this Section 2, the **Policyholder** must give written notice of that creation or adoption, and such information as the **Insurer** may require, to the **Insurer** within 90 days following that creation or adoption, whereupon they shall become **Insureds** (the company, limited partnership or **LLP** as a **Fund**) with effect from the date of that creation or adoption (but only with respect to **Wrongful Acts** after, and (as concerns **Investigations**) conduct after, that creation or adoption); and the **Insurer** shall have the right to amend the terms of this Section 2, including charging an additional premium and including terminating cover for that company, limited partnership or **LLP** and its **Insured Persons**, but only with effect from 90 days after that acquisition.

Payment of Loss

Limits of Liability

- 2.15 The **Insurer's** maximum liability for all **Loss**, whether covered under one or more of the Insuring Clauses and/or otherwise, on account of all **Claims** first made during the **Policy Period** and all **Notified Circumstances** first notified to the **Insurer** during the **Policy Period**, whether involving one or any number of **Insureds**, shall not exceed the **Policy Period Limit**.

Further, on account of all **Claims** first made during the **Policy Period** and all **Notified Circumstances** first notified to the **Insurer** during the **Policy Period**, whether involving one or any number of **Insureds**, the **Insurer's** maximum liability for all **Loss** in respect of which there is a **Policy Period Sublimit**, whether covered under one or more of the Insuring Clauses and/or otherwise, shall not exceed the relevant **Policy Period Sublimit**. **Policy Period Sublimits** are part of and not in addition to the maximum liabilities of the **Insurer** referred to above in this Section 2.15.

Defence Costs, Investigation Costs and Other Insured Costs are part of and not in addition to the **Policy Period Limit**. The payment by the **Insurer** of **Defence Costs, Investigation Costs or Other Insured Costs** erodes the **Policy Period Limit**.

Amounts stated for limits and sublimits of liability are maximum liabilities of the **Insurer** for all **Insureds** together, not maximum liabilities per **Insured**.

If there is an amount against Item 4 in the Schedule, "Maximum Aggregate Limit of Liability for all Insuring Clauses for the **Policy Period**", then the maximum liability of the **Insurer** for all **Loss**, whether covered under one or more of the Insuring Clauses and/or otherwise, on account of all **Claims** first made during the **Policy Period** and all **Notified Circumstances** first notified to the **Company** during the **Policy Period**, shall not exceed that limit amount.

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Deductible

- 2.16 The **Insurer's** liability for each and every **Claim** and **Notified Circumstance** shall apply only to **Loss** which is allocated to covered **Loss** and only to that part of **Loss** so allocated which is in excess of the applicable Deductible stated in Item 5 of the Schedule, which shall be borne by the **Insureds** uninsured and at their own risk.

With regard to each and every **Notified Circumstance**, **Mitigation Costs** incurred in erosion of the Deductible for **Notified Circumstances** shall also be applied in erosion of the Deductible applicable to any **Claim** which that **Notified Circumstance** gives rise to, but so applied only once.

The maximum Deductible applicable to a **Claim**, or **Notified Circumstance**, to which more than one Deductible stated in Item 5 of the Schedule applies shall be the highest of the applicable Deductibles.

Related Claims

- 2.17 All **Claims** and **Notified Circumstances** directly or indirectly arising out of, consequent upon or attributable to one source or originating cause shall be deemed to be a single **Claim** first made on, and a single **Notified Circumstance** first notified to insurers on, the earliest of:

- (a) the date when the first of such **Claims** was first made;
- (b) the date when the first of such **Notified Circumstances** was first notified to insurers; or
- (c) the earliest date one of such **Claims** is deemed first made by this Policy or any policy which this Section 2 renews, replaces or follows in whole or in part (if that earliest date is earlier than the date referred to in (a) immediately above),

regardless of whether that date is before or during the **Policy Period**.

For the purposes of this Section 2.17, the definition of **Notified Circumstance** also means circumstances which could give rise to a **Claim** and which have been notified to insurers in accordance with a provision which is in a policy which this Section 2 renews, replaces or follows in whole or in part and is similar to this Policy's provisions in the third paragraph of Section 1.8 above.

Allocation of Loss

- 2.18 With regard to each and every **Claim**, there shall be allocated to covered **Loss**:

- (a) for the purposes of Insuring Clause 1, only that part of **Loss** imputable to an **Insured Person** on account of covered matters and for which the **Insured Person** is not entitled to contribution from any person;
- (b) for the purposes of Insuring Clauses 2 and 3, only that part of **Loss** imputable to an **Insured** on account of covered matters and for which the **Insured** is not entitled to contribution from any person.

If an **Insured** and the **Insurer** cannot agree on an allocation, the **Insurer**, if requested by the **Insured**, shall submit the dispute to binding arbitration before a panel, which shall consist of one arbitrator selected by the **Insured**, one arbitrator selected by the **Insurer**, and a third independent arbitrator selected by the first two arbitrators.

Any allocation or payment of **Defence Costs**, **Investigation Costs** or **Other Insured Costs** shall not create any presumption as to the allocation of other **Loss**.

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Other Insurance

- 2.19 This policy shall always apply excess over any other more specific valid and collectable management liability insurance or indemnification available to the **Insured** or available to **Outside Entities**, other than any insurance specifically written to apply excess of this policy.

General Terms

Defence and Settlement

- 2.20 It shall be the duty of each **Insured** and not the duty of the **Insurer** to defend **Claims**. The **Insurer** shall have the right, and shall be given the opportunity to, associate with each **Insured** in the investigation, defence, negotiation and settlement of any **Claim**, **Loss** on account of which appears reasonably likely to be covered in whole or in part by this Policy.

Each **Insured** agrees not to settle or offer to settle any **Claim**, incur any **Defence Costs**, **Investigation Costs** or **Additional Insured Costs** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the **Insurer's** prior written consent, which shall not be unreasonably withheld.

Each **Insured** undertakes not to prejudice the **Insurer's** interests or its potential or actual rights of recovery, not to prejudice the defence of any **Claim** and to give to the **Insurer** such information and co-operation as the **Insurer** may require.

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Section 3: Crime

Insuring Clause 4: Crime

The **Insurer** shall pay **Financial Loss** sustained by an **Insured Organisation** and resulting from a **Crime** first **Discovered** during the **Policy Period**.

The **Insurer** shall pay **Expenses** (other than resulting from a **Remote Access Line Theft**) incurred by an **Insured Organisation** and resulting from a **Crime** first **Discovered** during the **Policy Period**.

Definitions

3.1 When used in bold type in this Section 3:

Civil Partner means a civil partner (as defined in the Civil Partnership Act 2004) or the foreign equivalent thereof.

Client means a customer of an **Insured Organisation** to whom goods or services are provided written or electronic contract or for a fee.

Computer Fraud means the theft of **Money, Securities** or **Property** resulting from unauthorised access into a **Computer System** and its facilities. **Computer Fraud** does not include **Social Engineering Fraud**, except as specified in, and covered under, (b) in the definition of **Social Engineering Fraud**.

Computer System means a computer and all input, output, processing, storage (including off-line media libraries), intranets and communication facilities including related communication or open systems networks and extranets which are connected directly or indirectly to such a device.

Crime means:

- (a) the criminal taking by an **Employee**, acting alone or in collusion with others, of **Money, Securities** or **Property** to the deprivation of an **Insured Organisation** (including, but not limited to, such taking through the use of a **Computer System**); or
- (b) **Computer Fraud** by a **Third Party**;
- (c) **Funds Transfer Fraud** by a **Third Party**;
- (d) **Social Engineering Fraud**;
- (e) **Remote Access Fraud**;
- (f) the physical destruction or disappearance, or taking to the deprivation of an **Insured Organisation**, of **Money** or **Securities**:
 - (i) within or from the inside of a building occupied by an **Insured Organisation** for conducting its business; or
 - (ii) while in the custody of an **Employee**,
caused by a criminal act of any person; or
- (g) the criminal or fraudulent taking, obtaining or appropriation of **Money, Securities** or **Property** to the deprivation of a **Client** by an **Employee** not in collusion with any employee of that **Client**.

Discovered means learnt of, and **Discovery** means the learning of, by a director, officer or **Insurance Representative** of an **Insured Organisation** that there has been a **Crime**, including but not limited to a **Crime**:

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- (i) which occurred prior to the **Policy Period**;
- (ii) which results in **Loss** totalling less than the applicable Deductible stated in Item 5 of the Schedule; or
- (iii) where the exact amount and details of the **Financial Loss** are unknown.

The time when a director, officer of an **Insured Organisation** first suspects that there may have been a **Crime** shall be deemed to be the time when that director or officer learns of that **Crime**.

With regard to a **Property Extortion Crime**, the time when a director or officer of an **Insured Organisation** first learns of the first threat shall be deemed to be the time when that director or officer learns of that **Property Extortion Crime**.

Employee means a natural person:

- (a) who:
 - (i) is in the regular service of an **Insured Organisation** in the ordinary course of its business, whether temporary, permanent, full-time, part-time or seasonal;
 - (ii) is governed and directed by, and reporting directly to, an **Insured Organisation** in the performance of such service; and
 - (iii) is compensated by an **Insured Organisation** through salary, wages or commissions or is a volunteer, student, secondee or intern; or
- (b) who is a director, officer, partner, general partner, **Member** or managing member of an **Insured Organisation** when performing acts coming within the scope of the usual duties of an employee of an **Insured Organisation** or while acting as a member of a committee duly elected or appointed by resolution of the board of directors (or equivalent management body) of an **Insured Organisation** to perform specific acts, as distinguished from general directorial acts, on behalf of an **Insured Organisation**;

Expenses means:

- (a) reasonable expenses, other than an **Insured Organisation's** internal corporate costs, incurred by an **Insured Organisation** with the **Insurer's** prior written consent:
 - (i) to establish the existence and amount of any covered **Financial Loss** payable by the **Insurer** in excess of the applicable Deductible stated in Item 5 of the Schedule; or
 - (ii) to repair or replace to a substantially similar standard a safe or vault damaged as a result of a **Crime**;
- (b) in the event of **Forgery** or alteration of a **Financial Instrument**, reasonable court costs and lawyers' fees incurred and paid with the **Insurer's** prior written consent in defending an **Insured Organisation's** bank in any legal proceeding brought against it to enforce payment of that **Financial Instrument**;
- (c) the amount which an **Insured Organisation** is contractually required to pay to its **Client** wholly as a result of a **Crime** (as defined in (c) in the definition of **Crime**) first discovered during the **Policy Period** (but not including damages for breach of contract and not including the value of the **Money, Securities** or **Property** which has been taken, appropriated or obtained).

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Extortion By Detention means:

- (a) a wrongful detention of an **Employee** or an **Employee's Relative**, against their will or by deception, by a person making a demand to that **Employee** that they surrender (in exchange for the release of that **Employee** or **Relative**) **Money, Securities** or **Property** located on premises occupied by an **Insured Organisation** for conducting its business; or
- (b) a claim made to an **Employee** by a person making such a demand, to have carried out such a detention of a **Relative** of that **Employee**,

not involving any dishonesty by that **Employee**.

Fake Person means a person purporting or claiming to be, or impersonating:

- (a) an **Employee** authorised to instruct other **Employees** to transfer, pay or deliver **Money, Securities** or **Property**;
- (b) a **Vendor**; or
- (c) a **Client**,

but who is not such **Employee, Vendor** or **Client**.

Financial Instrument means a cheque, draft or similar written promise, order or direction to pay a sum certain in money, that is made, drawn by or drawn upon an **Insured Organisation** or by anyone acting as an **Insured Organisation's** agent, or that is purported to have been so made or drawn.

Financial Loss means:

- (a) the value of the **Money, Securities** or **Property** which has been taken, appropriated or obtained, has been destroyed or has disappeared, other than a **Remote Access Fraud**; and
- (b) **Telephone Fraud Loss**.

Forgery means the signing by hand of another natural person's name with the intent to deceive, but does not mean the signing of one's own name, with or without authority, in any capacity for any purpose. Mechanically or electronically produced or reproduced signatures shall be treated as hand-written signatures.

Funds Transfer Fraud means fraudulent written, electronic, telegraphic, cable, teletype, tested telex or telephone instructions issued to a financial institution directing such institution to transfer, pay or deliver **Money** or **Securities** from any account maintained by an **Organisation** at such institution without an **Organisation's** knowledge or consent. **Funds Transfer Fraud** does not include **Social Engineering Fraud**, except as specified in, and covered under, (b) in the definition of **Social Engineering Fraud**.

Loss means **Financial Loss** and **Expenses**.

Money means currency, coin, bank notes, bullion, cheques, travellers' cheques, registered cheques, postal orders, money orders held for sale to the public or funds.

Policy Period Limit means the **Loss** limit for the **Policy Period** for this Section 3 stated in Item 4 of the Schedule.

Property means tangible property other than **Money** and **Securities**.

Property Extortion means a threat made solely and directly against an **Insured Organisation** by a person or group to:

- (a) damage or destroy any **Property** owned or leased by an **Insured Organisation**;

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- (b) damage or destroy any **Property** for which an **Insured Organisation** is legally liable and which is located on premises occupied by an **Insured Organisation** for conducting its business; or
- (c) disseminate, divulge or utilise any **Proprietary Information**,

where that person or group is demanding payment in exchange for the mitigation or removal of such threat.

Property Extortion Crime means a **Crime** (as defined in (a) of the definition of **Crime**) committed by means of **Property Extortion**.

Property Extortion Financial Loss means **Financial Loss** resulting from a **Property Extortion Crime**.

Proprietary Information means confidential information of an **Insured Organisation**, unique to its business, and which is protected by physical or electronic control or other reasonable efforts to prevent it being disclosed.

Relative means a person who is, in relation to an **Employee**, a spouse, **Civil Partner**, sibling, ancestor, spouse's or **Civil Partner's** ancestor, lineal descendant or lineal descendant's spouse or **Civil Partner**. Lineal descendants include adopted children, foster children and stepchildren. Lineal ancestors include adoptive parents and stepparents.

Remote Access Fraud means the fraudulent use by any person, from a location other than premises occupied by an **Organisation** for conducting its business, of telephone lines rented or subscribed to by an **Organisation**.

Robbery means the criminal taking of **Money**, **Securities** or **Property** by violence or threat of violence from the custody of an **Employee**, or from the custody of a person who is expressly authorised by the **Insured Organisation** to have custody of such **Money**, **Securities** or **Property** and who has insurance, or provides indemnity, for such loss.

Securities means negotiable and non-negotiable instruments or contracts representing either **Money** or other property.

Social Engineering Fraud means:

- (a) the criminal taking by a **Fake Person**, acting alone or in collusion with others, of **Money**, **Securities** or **Property** to the deprivation of an **Organisation**, which is committed by means of that **Fake Person** deceiving an **Employee** into transferring, paying or delivering that **Money**, **Securities** or **Property**; or
- (b) a **Funds Transfer Fraud**, or **Computer Fraud**, which involves a **Third Party** deceiving an **Employee** into providing any security detail for operating or having access to an account held by an **Organisation** with a bank or any other financial institution.

Telephone Fraud Loss means call charges incurred by an **Organisation** solely as a result of **Remote Access Fraud**.

Third Party means a person other than an **Insured Organisation** or an **Employee**.

Subsidiaries

- 3.2 Should an organisation cease, during the **Policy Period**, to be a **Subsidiary**, there shall nonetheless be cover under this Section 3 for that organisation until the end of the **Policy Period**, but that cover shall not be for **Crimes** occurring after such cessation.

Should an organisation have ceased, within the two years prior to the start of the **Policy Period**, to be a **Subsidiary**, there shall nonetheless be cover under this Section 3 for that organisation during the **Policy Period**, but:

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- (a) only if, at the time of that cessation, there was in force an earlier crime policy issued by the **Insurer** to the **Policyholder**; and
- (b) that cover shall not be for **Crimes** occurring after the date of that cessation.

Acquisition or Creation of Another Organisation

3.3 If, during the **Policy Period**, an **Insured Organisation**:

- (a) acquires securities or voting rights in another organisation which as a result of such acquisition becomes a **Subsidiary**;
- (b) creates an organisation which as a result of such creation becomes a **Subsidiary**; or
- (c) acquires any organisation by merger into or consolidation with that **Insured Organisation**,

then the organisation shall automatically become an **Insured Organisation** under this Section 3 with effect from the date of such acquisition or creation but shall not have cover for **Crimes** occurring before such acquisition or creation.

However, if such organisation:

- (i) has gross annual fees which are greater than 25% of the gross annual fees of the acquiring **Insured Organisation**;
- (ii) has assets under management which are greater than 25% of the assets under management of the acquiring **Insured Organisation**;
- (iii) has gross consolidated assets which are greater than the assets of the acquiring **Insured Organisation**; or
- (iv) has an amount of employees or turnover that increases the amount of employees or turnover of all **Insured Organisations** together by more than 25% as recorded in the latest annual audited report and consolidated accounts of the **Policyholder**,

the **Policyholder** shall give written notice of such acquisition or creation to the **Insurer** as soon as practicable and also such information as the **Insurer** may require. The **Insurer** shall have the right to amend the terms of this Section 3 including charging an additional premium.

Creation of Another Fund

3.4 If, during the **Policy Period**, an **Insured Organisation** creates or adopts a company, limited partnership or **LLP** to use as a private investment fund, then that company, limited partnership or **LLP** shall automatically become an **Insured Organisation** under this Section 3 with effect from the date of such creation or adoption but shall not have cover for **Crimes** occurring before such creation or adoption.

However, if the committed capital which is or was sought by such company's, limited partnership's or **LLP's** offering prospectus or memorandum or similar document exceeds 25% of the **Initial Capital Total** or exceeds £100,000,000, the **Policyholder** shall give written notice of such creation or adoption to the **Insurer** as soon as practicable and also such information as the **Insurer** may require. The **Insurer** shall have the right to amend the terms of this Section 3 including charging an additional premium.

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Extended Discovery Period

- 3.5 (a) Should the **Insurer**, other than for non-payment of premium, or the **Policyholder** refuse to renew this Section 3, the **Insured Organisations** shall automatically obtain an extended discovery period of 90 days, which shall run from the expiry date of the **Policy Period**. However:
- (i) the **Insured Organisations** shall not obtain that extended discovery period if any of the circumstances described in any of (a) to (g) in Section 1.5 above has arisen;
 - (ii) an **Insured Organisation** other than the **Policyholder** shall not obtain that extended discovery period if, during the **Policy Period**, that **Insured Organisation** completely ceases the primary business it was carrying on at the start of the **Policy Period** or enters into bankruptcy, winding up of any kind, administration, voluntary arrangement or any other insolvency procedure or if a receiver or holder of a similar position is appointed over any of its assets; and
 - (iii) a **Fund** shall not obtain that extended discovery period if, during the **Policy Period**, that **Fund** merges into or consolidates with another organisation (other than in a **Merger Acquisition**) or a person or persons acting in concert acquires ownership or voting control of more than 50% of the outstanding securities representing the present right to vote for the election of the directors or to select the general partners or managing members of that **Fund**.
- (b) If, before or during an extended discovery period obtained under Section 3.8(a), any **Insured Organisation** takes out any other crime insurance policy, that extended discovery period shall then come to an end (or, if not yet obtained, cease to be obtainable).
- (c) A **Crime** first **Discovered** during an obtained extended discovery period shall be deemed to have been first **Discovered** during the **Policy Period**, provided that it occurs prior to expiry of the **Policy Period**.

Exclusions

- 3.6 The **Insurer** shall not be liable for:
- (a) **Loss** resulting from the criminal taking, obtaining or appropriation of trade secrets, confidential processing methods or other confidential information of any kind (but this exclusion shall not apply to any other **Crime** facilitated or perpetrated through the use of such secrets, methods or information);
 - (b) **Loss** resulting wholly or partially from a **Crime** committed by any director, partner, general partner, member or managing member of an **Insured Organisation**, except to the extent that the director, partner, general partner, member or managing member is deemed to be an **Employee**;
 - (c) **Loss** sustained by one **Insured Organisation** to the advantage of any other **Insured Organisation**;
 - (d) **Loss** resulting from declared or undeclared war, civil war, insurrection, riot, rebellion or revolution, military, naval or usurped power, governmental intervention, expropriation or nationalisation;
 - (e) interest (except **Expenses**), gains, profits or other income;
 - (f) indirect or consequential loss of any kind except for **Financial Loss** and **Expenses**;
 - (g) **Loss** resulting from any **Crime** committed by an **Employee** after a director, officer of an **Insured Organisation** acquires knowledge of:
 - (i) a **Crime**, fraud or dishonesty by that **Employee** whilst being an **Employee**; or

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- (ii) fraud or dishonesty committed by that **Employee** when not being an **Employee** and involving any assets worth £15,000 or more;
- (h) **Loss** resulting from extortion (but this exclusion shall not apply to **Property Extortion Financial Loss** or to **Loss** resulting from **Robbery** or from **Extortion By Detention**);
- (i) **Loss** resulting directly or indirectly from any authorised or unauthorised trading of **Money, Securities** or **Property**, whether or not in the name of an **Insured Organisation** and whether in a genuine or fictitious account (but this exclusion shall not apply to that amount of **Financial Loss** resulting from a **Crime**, as defined in (a) in the definition of **Crime**, which constitutes the amount of improper personal financial gain thereby accruing to an **Employee** or to any other person intended by an **Employee** to receive improper personal financial gain – improper personal financial gain does not include salary, commissions, fees, or other emoluments, including but not limited to promotions and raises, paid by an **Insured Organisation** to that **Employee**);
- (j) **Expenses** incurred by a **Client**;
- (k) **Line Theft Loss** resulting from unauthorised and criminal use of a mobile telephone line or connection or resulting from unauthorised and criminal use of a number, password or personal detail issued by, registered with or set up with a telecommunications provider for identifying a person and allowing access to and use of a telephone line;
- (l) **Loss** sustained while in the custody of any postal service, except for **Loss** covered Insuring Clause 4.

Connected Crimes

- 3.7 All **Crimes** resulting from a single act or any number of acts in which the same person is concerned or implicated, whether such act or acts occurred before or during the **Policy Period**, shall be deemed to be a single **Crime** first **Discovered** on the date when the first of such **Crimes** was first **Discovered**.

All **Property Extortion Crimes**:

- (a) related by a common committed, attempted or threatened act;
- (b) involving threats made contemporaneously against the same **Insured Organisation**;
- (c) involving threats made contemporaneously with regard to the same **Property**, product, type of product or **Proprietary Information**; or
- (d) involving threats made by the same person or group,

shall be deemed to be a single **Property Extortion Crime** first **Discovered** on the date of first **Discovery** of the **Property Extortion Crime** which is **Discovered** first.

Limits of Liability

- 3.8 In respect of each single **Crime**:
- (a) the **Insurer's** liability under Insuring Clause 4 shall be limited to the **Financial Loss** limit stated in Item 7(a) of the Schedule;
 - (b) the **Insurer's** liability for **Social Engineering Fraud** shall be limited to the **Social Engineering Fraud Financial Loss** limit stated in Item 7(b) of the Schedule, which is part of and not in addition to the **Financial Loss** limit stated in Item 7(a) of the Schedule;

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- (b) the **Insurer's** liability for **Property Extortion Financial Loss** shall be limited to the **Property Extortion Financial Loss** limit stated in Item 7(c) of the Schedule, which is part of and not in addition to the **Financial Loss** limit stated in Item 7(a) of the Schedule; and
- (c) the **Insurer's** liability under Insuring Clause 3.2 shall be limited to the **Expenses** limit stated in Item 7(d) of the Schedule, which limit is in addition to, and not a part of, the **Financial Loss** limit stated in Item 7(a) of the Schedule.

Notwithstanding any of the foregoing, the **Insurer's** liability for all **Loss** on account of all **Crimes** first **Discovered** during the **Policy Period** shall be limited to the **Policy Period Limit**.

Regardless of the number of times this Policy is renewed and of the total premium amounts due or paid, the limits of the **Insurer's** liability under this Section 3 shall not be cumulative from year to year or policy period to policy period.

Amounts stated for the **Policy Period Limit** and other limits are maximum liabilities of the **Insurer** for all **Insured Organisations** together, not maximum liabilities per **Insured Organisation**.

Deductibles

- 3.9 In respect of each single **Crime** the **Insurer** shall only be liable for that amount of **Loss** which exceeds the total of:
- (i) the Deductible for each **Crime** stated in Item 5 of the Schedule; and
 - (ii) the amount of recoveries made prior to the **Insurer** making payment.

Other Insurance

- 3.10 This policy shall always apply excess over any other more specific valid and collectable management liability insurance or indemnification available to the **Insured** or available to **Outside Entities**, other than any insurance specifically written to apply excess of this Section.

Recoveries

- 3.11 For the purposes of this Section 3, recoveries, less the cost of recovery, shall be distributed as follows:
- (a) first, to the **Policyholder** for the amount of **Loss** otherwise covered but in excess of the **Insurer's** limits of liability less any applicable Deductible;
 - (b) second, to the **Insurer** for the amount paid to the **Policyholder** for covered **Loss**;
 - (c) third, to the **Policyholder** for the applicable Deductible; and
 - (d) fourth, to the **Policyholder** for **Loss** specifically excluded by this Section 3.

For the purposes of this Section 3.11, a recovery from any reinsurance of, or indemnity to, the **Insurer** shall not be regarded as a recovery.

Policyholder and the Position of Insured Organisations

- 3.12 Only the **Policyholder** can:
- (a) give notice of an **Crime** or provide proof of loss in accordance with Section 1.9 above; or

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(b) make a claim under this Section 3 or adjust, receive or enforce payment of any **Loss**.

Regardless of which **Insured Organisation** sustains or incurs **Loss**, the **Insurer** shall only be obliged to pay **Loss** to the **Policyholder**, although the **Insurer** may, if it wishes, pay to the **Insured Organisation** which sustains or incurs the **Loss**.

Each **Insured Organisation** is deemed for all purposes of this Section 3 to be insured jointly and not separately for their several interests.