

DIRECTORS & OFFICERS LIABILITY INSURANCE

 **MAGMA HDI**
General Insurance Company Ltd.
WORDINGS

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THIS IS A CLAIMS MADE POLICY

OPERATIVE CLAUSE

Whereas the Insured named in the Schedule hereto and carrying on the business described in the said Schedule has applied to Magma HDI General Insurance Co. Ltd (hereinafter called “the Company”) for the indemnity hereinafter contained and has made a written proposal and declaration which shall be the basis of this contract and is deemed to be incorporated herein and has paid the premium as consideration for or on account of such indemnity.

Now this policy witnesseth that subject to the terms exceptions and conditions contained herein or endorsed hereon the Company will indemnify the Insured against their legal liability (other than liability under the Public Liability Insurance Act, 1991 or any other Statute that may come into force after the issue of this policy) to pay compensation including Claimant’s costs, fees and expenses anywhere in India, in accordance with Indian Law.

Section 1: Standard Cover

- 1.1 We will pay *Loss* as incurred by *You* or on your behalf in respect of any *Claim* made against *You* during the *Policy Period* (or a *Discovery Period*, if applicable) for a *Wrongful Act committed during the period of insurance*. If the *Company* pays *Loss* on your behalf in respect of any *Claim* made against *You* for a *Wrongful Act* then *We* will reimburse the *Company* instead. This also applies to any of the *Additional Covers* detailed in Section 2 below. However, the *Company* is not insured in its own right under this Policy.

Section 2: Additional Cover

2.1 **Public Relations Cover**

In the event that *You* or the *Company* reasonably consider that the services of a public relations consultancy are required urgently in order to prevent or minimise the risk of a *Claim* which would be covered under this Policy, then *We* will reimburse reasonable fees and costs incurred as a result of *You* instructing an appropriate consultancy up to a maximum limit of INR in the aggregate for all such *Claims*. This limit shall be in addition to the *Limit of Liability* stated in Item 3 of the Schedule which represents the annual aggregate limit of indemnity. Your entitlement to this additional cover is conditional on *You* or the *Company* providing *Us* with full written details of the appropriate action taken no later than 30 days after *You* or the *Company* first become aware of any occurrence that requires the services of a public relations consultancy.

2.2 **Retirement Cover**

If the *Company* does not renew this Policy or replace it with any other insurance providing directors and officers liability coverage and one of the *Discovery Period Options* detailed in Section 9 of this Policy has not been purchased then *You* will be automatically entitled to a 12 month *Discovery Period* at no additional premium after the expiry of the *Policy Period* provided that *You* retired from all employment prior to the expiry of the *Policy Period*.

2.3 **Employment Practices Cover**

We will pay *Loss* as incurred by *You* or on your behalf in respect of any *Claim* against *You* involving actual or alleged wrongful dismissal, termination or discharge of employment (either actual or constructive, including breach of an implied contract), employment-related

misrepresentation, wrongful failure to employ or promote, failure to grant tenure, discrimination, harassment, retaliation (including lockouts), employment-related humiliation, defamation, invasion of privacy, wrongful deprivation of career opportunity, wrongful demotion or negligent employee evaluation (including the provision of negative or defamatory statements in connection with an employee reference) which relate solely to the *Company*, its employees or applicants for employment by the *Company*.

2.4 Outside Directorship Cover

2.4.1 We will pay *Loss* as incurred by *You* or on your behalf in respect of a *Claim* made against *You* in your capacity as a director, officer, trustee or governor of any other company, corporation or organisation provided that *You* hold or held that position at the specific request of the *Company*.

2.4.2 This cover is specifically in excess of any other insurance protecting *You* and/or in excess of any other indemnity available to *You* while holding such position. If, however, such other insurance is provided by *Us* then the total aggregate *Limit of Liability* for all *Loss* covered by this extension shall be reduced by the amount of the limit of liability of such other insurance.

2.4.3 This additional cover does not apply to:

- (a) positions held in the *USA*; or
- (b) positions held in any other company, corporation or organisation which has, has had, or to the knowledge of any person insured under this Policy intends to have its securities traded in the *USA*.

If *You* hold any such positions then *You* can provide *Us* with further information relating to them and *We* may then agree at our absolute discretion to extend cover in return for the payment of additional premium and/or amendments to the terms of this Policy.

2.4.4 This additional cover does not apply to any *Claim* brought against *You* by the other company, corporation or organisation or any of its directors, officers, trustees, governors or any shareholder owning more than ____ of the issued and outstanding voting capital of the other company, corporation or organisation. However, this restriction on cover shall not apply to:

- (a) any *Employment Practices Claim*; or
- (b) any *Claim* for contribution or indemnity if it results directly from another *Claim* otherwise covered under this sub-section; or
- (c) any shareholder derivative action brought by the other company, corporation or organisation without the participation of any of its directors, officers, trustees, governors or any person insured under this Policy; or
- (d) any *Claim* by a liquidator, receiver, or administrative receiver on behalf of the other company, corporation or organisation without the participation of any of its directors, officers, trustees, governors or any person insured under this Policy.

Section 3: Definitions**3.1 *Policy Period* means:**

The period of time specified in Item 6th of the Schedule, or any other period agreed in writing by the *Company* and *Us*.

3.2 *Claim* means:

- (a) any written demands made against *You* for monetary damages or other relief, including non-pecuniary relief; or
- (b) any allegation of a *Wrongful Act* communicated to *You* or the *Company*; or
- (c) any criminal, civil or arbitration proceedings against *You*; or
- (d) any regulatory or administrative proceedings or any other official investigation with regard to any allegation of a *Wrongful Act* committed by *You*.

Any number of *Claims* which arise out of or are attributable to or are in any way connected with a single *Wrongful Act* shall constitute a single *Claim* for the purposes of this Policy.

3.3 *Company* means:

The organisation named in Item 1 of the Schedule and any *Subsidiary* thereof.

3.4 *Costs* means:

All reasonable fees, including disbursements, incurred by *You* or on your behalf in the investigation, mitigation, defence, adjustment and appeals of any *Claim* provided that *We* have consented in writing to *You* incurring such *Costs* before they are incurred. *We* will not unreasonably withhold that consent.

Reasonable travel costs and living expenses incurred by *You* when giving evidence to defend a *Claim* provided that *We* have consented in writing before such costs are incurred and subject to a sub-limit of INR 80,000 per individual and in the aggregate.

Costs does not mean overhead or benefit expenses associated with your salary, wages or fees.

3.5 *Deductible* means:

The amount stated in Item 4 of the Schedule. For the purposes of determining the applicable *Deductible* the *Company* shall be deemed to have indemnified *You* to the extent that it is permitted to do so.

3.6 *Employment Practices Claim* means:

Any claim falling within the Employment Practices Cover detailed in Section 2.3 above.

3.7 *Limit of Liability* means:

The amount stated in Item 3 of the Schedule.

3.8 *Loss* means:

Damages, judgement awards, settlement awards and *Costs*. *Loss*, however, does not mean:

- (a) civil or criminal fines or penalties; or
- (b) taxes; or
- (c) punitive or exemplary damages (except for exemplary damages for libel and slander in respect of a *Claim* brought or maintained entirely outside the *USA* or *Canada*); or
- (d) matters which are uninsurable under the law applicable to this Policy.

3.9 *Notification* means:

Written notice of any *Claim* given to *Us* by *You* or the *Company* within the *Policy Period* or during a *Discovery Period*. However, if a *Claim* is made against *You* in the 7 days prior to the expiry of the *Policy Period* written notice can be given to *Us* within 14 days of the *Policy Period* expiring.

3.10 *Pollutants* means:

Any substance, solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to smoke, vapours, soot, fumes, acids, alkalis, chemicals and waste materials. Waste materials include, but are not limited to, recycled, reconditioned or reclaimed materials.

3.11 *Subsidiary* means:

Any company which the *Company* or a *Subsidiary* controls:

- (a) through holding a majority of the voting rights; or
- (b) through having the right to appoint or remove the majority of its board of directors; or
- (c) alone, or pursuant to a written agreement with other shareholders or members, a majority of the voting rights.

Coverage is provided for any company which, prior to the date of inception of this *Policy*, was a *Subsidiary* but is no longer a *Subsidiary* at the date of inception.

Coverage will cease as at the effective date of the sale or dissolution of any *Subsidiary* for any *Wrongful Act* committed after that date.

3.12 *USA* means the United States of America, its territories, possessions and any state or political sub-division thereof.

3.13 *We* or *Us* means:

The Insurers named in the Schedule of the *Policy*.

3.14 *Wrongful Act* means:

Any actual or alleged libel, slander, error, misstatement, misleading statement, misrepresentation, omission, neglect, breach of duty, breach of warranty of authority or other act attempted or committed by *You* when acting or serving in such capacity.

Wrongful Act includes any matter claimed against *You* solely by reason of *You* acting or serving in such capacity.

Wrongful Act includes an actual or alleged act giving rise to *Employment Practices Claims*.

3.15 *You* means:

Any natural person who is, was or becomes during the *Policy Period*:

- (a) a director or officer of the *Company* or the equivalent in any other jurisdiction; or
- (b) a shadow director of the *Company*, as defined in S.741 (2) of the United Kingdom Companies Act 1985 or the equivalent legislation in any other jurisdiction; or
- (c) the lawful spouse of a person defined in another sub-paragraph of this Section 3.15, where recovery is sought solely because joint property is held or owned by or on behalf of the spouse (the spouse, however, is not insured under this *Policy* in his or her own right); or
- (d) the legal representatives, heirs, assigns or estates of a person defined in another sub-paragraph of this Section 3.15 in the event of that person's death, incapacity, insolvency or bankruptcy; or

- (e) an employee of the *Company* who carries out a managerial or supervisory function for the *Company*; or
- (f) an employee of the *Company* who is joined as a party to any *Claim* against any person defined in (a) to (e) above.

The above definition does not include external auditors of the *Company*.

Section 4: Exclusions

We shall not be liable for *Loss* on account of any:

- 4.2 *Claims* arising from or attributable to any claims or circumstances notified to any Policy or Policy of insurance which incepted prior to the inception of this Policy or which arise from matters substantially the same as alleged or established in such claims or circumstances.
- 4.2 *Claims* arising from or attributable to proceedings which existed prior to or were pending at the earlier of (i) the inception date of this Policy or (ii) the date of the first Policy effected with *Us* and continually maintained with *Us* without interruption or which *Claims* arise from matters substantially the same as alleged or established in such proceedings.
- 4.3 *Claims* arising from or attributable to any actual or alleged violation of the responsibilities, obligations or duties imposed by any retirement or pension legislation anywhere in the world or *Claims* arising from or attributable to *You* acting in the capacity as trustee, fiduciary or administrator of any pension or employee benefit scheme.
- 4.4 *Claims* arising from or attributable to:
 - (a) any criminal act or omission; or
 - (b) any act or omission committed with the knowledge that it was in breach of any statute, contract, duty or other legal obligation; or
 - (c) the gain of any personal profit, remuneration or advantage to which *You* were not legally entitled.

This exclusion shall only apply if the act, omission or profit is established by a court or tribunal or by admission.
- 4.5 *Claims* for bodily injury, sickness, mental anguish or emotional distress or disturbance, disease or death of any person howsoever caused or damage to or destruction of any tangible property, including loss of use thereof. In relation to an *Employment Practice Claim* only, this exclusion shall not apply to *Claims* in respect of mental anguish or emotional distress or disturbance.
- 4.6 *Claims* arising from or attributable to:
 - (a) loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting from or arising therefrom or any consequential loss; or
 - (b) any legal liability of whatsoever naturedirectly or indirectly caused by or contributed to by or arising from:
 - (a) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
 - (b) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
- 4.7 *Claims* arising from or attributable to:
 - (a) the actual, alleged or threatened discharge, dispersal, release or escape of *Pollutants* into or upon land, the atmosphere or any water course or body of water, whether such discharge, dispersal, release or escape is intentional or accidental; or

- (b) any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise *Pollutants*.

It is agreed, however, that this exclusion shall not apply to:

- (i) *Costs* up to a limit of INR _____ in the aggregate for the *Policy Period* (which limit shall be part of and not in addition to the *Limit of Liability*); or
- (ii) *Claims* made against *You* by any shareholder of the *Company* either directly or derivatively alleging damage to the *Company* or its shareholders

provided, however, that

- (i) on or before the earlier of (a) the inception date of this Policy or (b) the date of the first Policy effected with *Us* and continually maintained with *Us* without interruption, the *Company*, *You* or any person insured under this Policy did not know of nor could have reasonably foreseen that there existed any situation, circumstance or *Wrongful Act* which could give rise to a *Claim*; and
- (ii) the incident(s) giving rise to the *Claim* occurred entirely outside the *USA* or *Canada* and the *Claim* is brought or maintained entirely outside the *USA* or *Canada*.

4.8 *Claims* arising from or attributable to *You*, the *Company* or any person insured under this Policy carrying out, or failing to carry out, professional services.

4.9 *Claims* arising from or attributable to:

- (a) any public sale or public issue of any shares or other securities or similar instruments of the *Company*; or
- (b) the preparation or release of any prospectus or offering document relating to any public sale or public issue of any shares or other securities or similar instruments of the *Company*.

4.10 *Claims* arising from, attributable to or in any way involving any actual or alleged violation of the Securities Act of 1933, the Securities Exchange Act of 1934, any rules or regulations of the Securities and Exchange Commission adopted thereunder, or any Federal, State or Provincial Law similar to the foregoing, including amendments thereto, in the *USA*, and the SEBI Act of India.

4.11 *Claims* brought by or on behalf of the *Company* or any person insured under this Policy in the *USA* except:

- (a) any *Claim* by a person who is no longer employed by the *Company* against *You* provided that *You* remain employed by the *Company*;
- (b) any *Claim* brought or maintained by a liquidator, receiver or administrative receiver without the instigation, assistance or participation of the *Company* or any person insured under this Policy;
- (c) any *Claim* brought or maintained by a person insured under this Policy for contribution or indemnity if the *Claim* directly results from another *Claim* covered under this Policy;
- (d) any shareholder derivative action brought by or maintained on behalf of the *Company* by any legally empowered entity or person, which is brought without the solicitation, assistance or participation or co-operation of any person insured under this Policy;
- (e) any *Employment Practices Claim*.

4.12 *Claims* of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following, regardless of any other cause or event contributing concurrently or in any other sequence to *Loss*:

- (a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (b) any act of terrorism.

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

This exclusion also excludes any *Loss* on account of any *Claims* of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (a) and/or (b) above.

If *We* allege that by reason of this exclusion any *Loss* is not covered by this insurance, the burden of proving the contrary shall be upon *You* and/or the *Company*.

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

Section 5: Limit of Liability

- 5.1 The *Limit of Liability* set out in Item 3 of the Schedule is the total aggregate limit of our liability in respect of all *Loss* in respect of all *Claims* made during the *Policy Period* (including any Discovery Period, if applicable) with the exception of any payments made under the Public Relations Cover detailed in Section 2.1.
- 5.2 *We* are only liable to pay *Loss* as incurred by *You* insofar as it exceeds the amount of the *Deductible*. However if:
 - (a) there is a judgement which determines that no person insured under this Policy is liable and all avenues of appeal have been waived or exhausted; or
 - (b) there is a dismissal of the proceedings without any payment being made by or on behalf of any person insured under this Policy,then no *Deductible* will apply and *We* agree to reimburse any payments made in respect of the *Deductible* within 60 days.
- 5.3 *We* will not pay *Costs* if one or more of the Exclusions detailed in Section 4 applies to the *Claim*.

Section 6: Claim Reporting - Condition Precedent

- 6.1 As a condition precedent to our liability under this Policy, *You* or the *Company* must provide *Notification* as soon as practicable.
- 6.2 If during the *Policy Period* *You* first become aware of a *Wrongful Act* or first become aware of a situation that *You* consider may become a *Claim*, *You* or the *Company* must provide *Notification* as soon as practicable, in which case any *Claim* that is subsequently made will be treated as having been made during the *Policy Period*.

Section 7: Defence and Settlement

- 7.1 *We* will pay *Costs* on an as incurred basis prior to final determination or adjudication or up until the time that a *Claim* is withdrawn. If at any time a *Claim* is deemed not to be covered under this Policy or is found to be excluded then all such *Costs* must be returned to *Us* on demand.

- 7.2 You shall have the right and duty to defend and contest any *Claim*. We shall have the right to effectively associate with You and the *Company* in the defence and settlement of any *Claim* that appears reasonably likely to involve Us. This will include, but not be limited to, effectively associating in the negotiation of any settlement.
- 7.3 You shall not admit or assume any liability, enter into any settlement agreement, stipulate as to any judgement or incur any *Costs* without our written consent as a condition precedent to our liability for *Loss* arising out of the *Claim*. Only those settlements, stipulated judgements and *Costs* to which We have consented shall be recoverable as *Loss* under this Policy. Our consent shall not be unreasonably withheld provided that We shall be entitled to effectively assess the defence and negotiation of any settlement of any *Claim* in order to reach a decision as to reasonableness.
- 7.4 You and the *Company* shall give Us full co-operation and any information that We may reasonably require as a condition precedent to our liability for *Loss* arising out of a *Claim*. In the event that a dispute arises as to whether or not to contest any legal proceedings, neither We nor You (or the *Company*) shall be required to contest any legal proceedings unless a Senior Advocate or equivalent (to be mutually agreed upon) shall advise that the proceedings should be contested. We will bear the cost of obtaining the advice of the Senior Advocate or equivalent.

Section 8: General Conditions

8.1 **Automatic Acquisition**

If the *Company* creates or acquires a *Subsidiary* during the *Policy Period* then *Wrongful Acts* committed after the effective date of acquisition will automatically attract coverage under this Policy unless that other company:

- (a) the total assets of the new *Subsidiary* do not exceed 20% of the total consolidated assets of the *Company* as stated in the most recent audited financial statement of the *Company* as at the inception of this Policy; and
- (b) has, has had, or to the knowledge of any person insured under this Policy intends to have its securities traded in the *USA*; or
- (c) has an office or offices in the *USA* or Canada and those offices cause the total gross assets or employees in the *USA* and Canada to increase by more than 20%

If any such newly created or acquired *Subsidiary* does not automatically attract coverage on account of condition (a) above, then there is automatic coverage for 30 days during which time the *Company* must provide Us with full information in respect of the new *Subsidiary* for our assessment of the increased exposure and We may then agree at our absolute discretion to extend cover in return for the payment of additional premium and/or amendments to the terms of this Policy.

If any such newly created or acquired *Subsidiary* does not automatically attract coverage on account of condition (b) and/or (c) above, then no coverage will apply under this Policy. It is agreed, however, that if the *Company* provides Us with full information in respect of the new *Subsidiary* for our assessment of the increased exposure, then We may agree at our absolute discretion to extend cover in return for the payment of additional premium and/or amendments to the terms of this Policy.

Coverage as is afforded to You in relation to any such newly created or acquired *Subsidiary* shall apply solely in respect of a *Wrongful Act* committed on or after the effective date of creation or acquisition of such *Subsidiary*.

8.2 Allocation

Where a *Claim* involves matters which give rise to *Loss* covered by this Policy and matters which do not, or where a *Claim* is made against both *You* and any parties other than *You*, then *We* agree with *You* that we shall both use our best efforts to agree upon a fair and proper allocation of the proportion of the *Loss* covered under this Policy. Only *Loss* incurred by *You*, and in the case of *Costs* those which are directly attributable to your defence, are covered. *Loss* incurred by, or attributable to the defence of, the *Company* is not covered.

If an allocation cannot be agreed then it shall be determined by a Senior Advocate to be mutually agreed upon or, in default of agreement, to be nominated by the then Chairperson of the Bar Council of India. Such determination will be based upon written submissions only and will be final and binding. Pending that determination *We* may at our sole discretion meet the *Loss* on an interim basis. After the allocation has been determined, *You* or the *Company* (whichever is appropriate) will refund to *Us* any *Loss* which we have paid that exceeds the entitlement under this Policy.

The costs of any reference to a Senior Advocate under this clause shall be borne by *Us*.

8.3 Merger/Acquisition

If the *Company* is merged, consolidated with or acquired by another entity which thereby obtains ownership or control of 50% or more of the share capital or securities which include the right to vote for the election of board members, this Policy will only apply to *Wrongful Acts* committed prior to the effective date of such transaction.

8.4 Changes in the risk during the *Policy Period*

If the *Company* decides during the *Policy Period* to make an offering of its securities in any jurisdiction outside the USA/Canada, whether its securities are already traded or not, then, as soon as the information is available, the *Company* shall provide *Us* with any prospectus or offering document for our assessment of the increased exposure. *We* shall then be entitled to amend the terms of this Policy and/or charge a reasonable additional premium reflecting the increase in exposure. At the *Company's* request, *We* will assess the increased exposure and advise of all necessary amendments to the terms of this Policy and the additional premium payable prior to the announcement of the offering. In this event and at the request of the *Company*, *We* will enter into a confidentiality agreement relating to any information provided in relation to the proposed offering.

8.5 Termination/Cancellation

The *Company* may cancel this Policy by giving notice in writing to *Us* at any time. If the *Company* cancels this Policy, *We* will retain the proportion of the premium calculated pro rata as at the date of cancellation plus thirty five percent (35%) of that amount.

We may cancel this Policy due to non-payment of premium in accordance with the terms of this Policy by giving 30 days written notice to the *Company*.

This Policy shall terminate at the expiry of the *Policy Period* stated in Item 6th of the Schedule.

This Policy may be cancelled in writing by mutual agreement of the *Company* and *Us*.

8.6 Other Insurance

This Policy shall apply only in excess of any other valid insurance, with the sole exception of any Policy written as specific excess insurance over the *Limit of Liability* provided by this Policy.

8.7 **Governing Law and Jurisdiction**

This Policy shall be governed by and construed in accordance with the laws of India and it is agreed that the courts of India shall have exclusive jurisdiction to determine any disputes which arise in relation to this Policy.

8.8 **Assignment of Policy**

This Policy and any rights hereunder cannot be assigned without our written consent.

8.9 **Severability of Exclusions**

For the purposes of determining the application of the *Exclusions*, no fact pertaining to or knowledge possessed by *You* shall be imputed to any other person insured under this Policy and vice versa.

8.10 **Severability of Proposal**

The Proposal for this insurance shall be construed as a separate Proposal by each person insured under this Policy. With respect to the declarations and statements contained in the Proposal, no statement in the Proposal or knowledge possessed by *You* shall be imputed to any other person insured under this Policy and vice versa.

8.11 **Subrogation and Assignment of Rights**

If any payments are made under this Policy, *We* shall be subrogated to all rights of recovery in respect of such payments. In addition, *You* or the *Company* shall upon request execute all documentation that may be necessary to enable *Us* to bring an action or suit in your name or that of the *Company*. Any recovery received shall be applied first against any *Loss* insofar as it exceeds the *Limit of Liability*, then against any payment made by *Us*, and finally against the *Deductible*. *We* will not subrogate against any person insured under this Policy unless that person is found to have committed a criminal act.

8.12 **Singular and Plural**

Any reference to the singular shall include the plural and vice versa.

8.13 **Authorisation of the Company**

The *Company* shall act as agent on your behalf in respect of all matters of any nature relating to or affecting this Policy. *We* shall be entitled to treat the *Company* as having such authority for all purposes connected with this Policy.

8.14 **Several Liability of Insurers**

The obligations of the Insurers (where there is more than one) subscribing to this contract of insurance are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing Insurers are not responsible for the subscription of any co-subscribing Insurer who for any reason does not satisfy all or part of its obligations.

Section 9: Discovery Period Options

9.1 If *We* refuse to offer to renew this Policy for any reason other than non-payment of premium, then the *Company* shall be entitled to purchase a Discovery Period of 12 months upon payment of 100% of the annual premium stated at Item 5th of the Schedule.

9.2 If *We* refuse to offer to renew this Policy and the *Company* does not purchase a Discovery Period of 12 months, then *You* shall be entitled for no additional premium to a 30 day Discovery Period.

9.3 If at any time during the *Policy Period* the *Company* is merged with or acquired by another entity which thereby obtains ownership or control of 50% or more of the share capital or securities which include the right to vote for the election of board members then it is not entitled to purchase a Discovery Period. However, in such circumstances *We* may offer the

Company a Discovery Period on such terms and conditions as *We* decide are appropriate and at our absolute discretion. If such a Discovery Period is offered to the *Company* then it will take effect from the effective date of the merger, consolidation or acquisition provided that this is during the *Policy Period*. If such a Discovery Period is purchased then *We* will refund the relevant proportion of the premium calculated pro rata as at the effective date of the merger, consolidation or acquisition.

- 9.4 The provision of a Discovery Period is conditional upon:
- (a) *You* or the *Company* giving *Us* written confirmation of the Discovery Option required within 30 days of the expiry of the *Policy Period*; and
 - (b) payment of the additional premium within 30 days of the expiry of the *Policy Period* or the effective date of merger, consolidation or acquisition of the *Company* (whichever is applicable); and
 - (c) this Policy not being replaced by any other Policy affording directors and officers liability cover.
- 9.5 The cover granted during a Discovery Period only extends to a *Wrongful Act* committed prior to the expiry of the *Policy Period* or, in the case of Section 9.3, prior to the effective date of the merger, consolidation or acquisition of the *Company*.
- 9.6 Any offer by *Us* of renewal terms, conditions, limits of liability or premium different from those in this Policy does not constitute a refusal to renew.
- 9.7 If a Discovery Period is effected, the *Limit of Liability* shall not be increased in any way.
- 9.8 A Discovery Period may not be cancelled and the additional premium for a Discovery Period is not refundable.

We hereby agree, to the extent and in the manner hereinafter provided, to indemnify or otherwise pay *You* in respect of the contingencies or events specified in the sections of the Policy. However this Policy only applies to those Sections as indicated in the Schedule attached to this Policy.

The Policy Schedule, Exclusions and General Conditions shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of the Policy, Schedule, Exclusions and General Conditions shall bear the same meaning wherever it may appear.

Please read this Policy and, if it is incorrect, return it immediately for alteration.
