

MANAGEMENT LIABILITY

EXECUTIVE FORCEFIELD®Side 'A' Directors & Officers Excess and
Lead Difference-in-Conditions (DIC) Insurance

Allied World is dedicated to providing the most comprehensive protection to directors and officers.

Allied World North America has built a strong, market-leading franchise in providing dedicated Side 'A' protection for the personal assets of directors and officers. Executive ForceField® is a market leader in 'last line of defence' coverage – in no small part due to our commitment to ensuring that the policy never lags behind the realities of the market. Executive ForceField® has been updated to address the growing trend of companies investigating and reporting conduct irregularities to regulators.

In response to a heightened regulatory environment, definitions have been broadened, exclusions have been limited, and new coverages have been incorporated to address emerging risks like internal inquiries and regulatory/criminal investigations.

Not only does the policy help to fill gaps and inconsistencies in coverage where the primary carrier fails to provide indemnification, it also affords the client (by way of a single claim limit) greater recovery under the original and reinstated limits when there are numerous unrelated claims.

In addition to our product enhancements, Executive ForceField® is now available to Canadian financial institutions, including banking and lending institutions, investment banks, asset managers, mutual funds and advisors, hedge funds, trust companies, investment dealers and brokers, and insurance companies.

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COVERAGE HIGHLIGHTS: Our Revised Form Offers Many New Features and Enhancements

NEW! Mitigation Costs: reasonable costs, charges, fees and expenses that are incurred by Insured Persons to reduce the likelihood or severity of any Non-Indemnifiable Loss resulting from a potential Claim to which the policy would respond.

IMPROVED! Policyholder Access Costs: an additional \$1M limit may be available for the reasonable fees, charges, costs and expenses incurred by an Insured Person (director or officer of the Company) to investigate and defend against efforts by any other Insured Person or any third party to seize or attach this policy or any Underlying Policy, or enjoin such director or officer Insured Person from gaining access to the Limits of Liability provided by this policy or any Underlying Policy. (Coverage is not limited to ultimate parent company director or officer).

NEW! Asset Protection Costs: available, subject to sublimit.

NEW! Reputation Costs: available, subject to sublimit.

IMPROVED! Extended Reporting Period (ERP) for Retired Insured Persons: provides an unlimited duration ERP for any Insured Person who ceases to serve in their capacity for any reason; provided that this policy is either cancelled or is not renewed or replaced, or is renewed or replaced with a policy that does not provide similar coverage for such Insured Person. No additional premium is charged.

NEW! Extended Reporting Period for Financial Impairment: provides a 10 year ERP following financial impairment at no additional premium, provided that this policy is either cancelled or is not renewed or replaced.

NEW! Locally Required Extended Reporting Period: provides the minimum period imposed or required by applicable local law, whichever is longer.

IMPROVED! Extended Reporting Period for Change in Control: clients can purchase an ERP of up to 10 years, as of the date the Organizational Change takes effect, for an additional premium. (ERP can be longer than ERP purchased under any Underlying Policy.)

IMPROVED! Extended Reporting Period for CANCELLATION AND NON-RENEWAL: clients can purchase up to a 10 year ERP for an additional premium.

NEW & IMPROVED! Drop Down Event (DIC) includes:

- **NEW! Non-licensed DIC Extension:** failure or refusal of an Underlying Insurer to pay the Non-Indemnified Loss because the Underlying Insurer does not hold a local license.
- **IMPROVED! Quick Response:** failure of an Underlying Insurer to indemnify any Insured Person for the Non-Indemnified Loss within 45 days after indemnification is requested.
- **IMPROVED! Failure to Report a Claim:** the Underlying Insurer is not liable for the Non-Indemnified Loss including where there is an obligation in any Underlying Policy to report a Claim which has not been satisfied.

IMPROVED! Definition of Loss includes:

- **Taxes** imposed by law upon the Company for which Insured Persons are legally liable.
- **Insurability:** If the Company or an Insured Person presents a written opinion from legal counsel stating that damages, fines, penalties or taxes are insurable under the law of the jurisdiction, Allied World shall not challenge that determination. The cost of this opinion will be borne by Allied World.
- **NEW! Remediation:** costs incurred by Insured Person to comply with a written remedial direction, request or order to test for, monitor or clean up pollutants.

NEW/IMPROVED! Single Claim Limit/Reinstated Limit(s)

Policy Limits, up to \$25M:

- **Single Claim Limit** allows for the ability to apply multiple related claims across the two reinstated limits.
- Allied World will not pay more than the original policy limit for any one claim. However, if there are multiple unrelated claims, the original limit is potentially recoverable (up to three times the original limit).
- Reinstated Limit removes the exclusion that such limits will not apply to any Claim which eroded or exhausted the policy's Limit of Liability.
- Reinstated Limit now applies to any Insured Person.
- Available at no additional premium
- The policy's Limit of Liability is automatically reinstated if the limit is exhausted due to payment of Loss.
- Reinstated limits apply on an around-the-clock excess basis.
- A smaller, additional "single claim limit" may be available, but only to board members.

NEW & IMPROVED! Pre-Claim Inquiry Coverage:

- **IMPROVED!** Includes costs associated with a raid conducted on-site by a regulator; an allegation of a wrongful act is not required for coverage to apply.
- **NEW!** Includes Liberty Protection Costs.

IMPROVED! Subsidiary: no additional premium will be charged for any Subsidiary created or acquired during the Policy Period.

IMPROVED! Limited Conduct Exclusion:

- Applies to any personal financial profit deliberately gained or any active and deliberate fraudulent or criminal acts by an Insured Person if committed with actual dishonest purpose and intent and such acts were material to the Claim; only applies if established by a final and non-appealable adjudication in the underlying action.
- Exclusion does not apply to Defence Costs, Independent Directors or any employment-related Claim.

IMPROVED! Favorable Notice Provisions:

- **IMPROVED!** Client must provide notice as soon as reasonably practicable after general counsel or risk manager (or individuals with equivalent responsibilities) receives written notice of Claim.
- Notice of Pre-Claim Inquiry is at sole discretion of Company or Insured Persons if they elect to seek coverage.
- 90-day post policy reporting.

IMPROVED! Advancement of Costs:

defence costs and pre-claim inquiry costs advanced on a current basis, but no later than 30 days after Allied World receives the Insured Person's request for payment.

NEW! Participation and Cooperation:

- **Potential Conflicts:** Allied World shall accept as reasonable and necessary the retention of separate legal counsel where there is an actual or potential conflict of interest between any Insured Persons.
- **Consent** is not required before entering into a plea agreement, deferred prosecution agreement or similar resolution of any pending or potential criminal charge; or reporting to, and subsequently communicating with, the

Company or any Regulator that a breach of law or regulation or policy has or may have occurred.

• Requirements for Insured Persons Potentially Subject to Criminal

Sanctions: In criminal sanction cases, Allied World agrees to accept attorney invoices that identify the case or matter for work performed and time spent on each task. The Insured Person, with the cooperation of their attorney, shall make a good faith effort to provide a general description of the work performed that will allow us to confirm that the fees and costs incurred are reasonable without risking prejudice to the Insured Person.

- **Severability of Cooperation:** the failure of the Company or any Insured Person to cooperate and inform Allied World will not prejudice the rights to coverage under this policy of any other Insured Person.

NEW! Broader Terms of Prior DIC Policy:

coverage will apply to the broader of this policy or the prior Allied World DIC policy.

OTHER FEATURES

- **Broad Follow Form:** policy automatically follows the form of any broader definition or any other broader term or condition in any underlying policy; policy does not follow any exclusion in any such policy.
- **Definition of Loss:** includes civil or criminal fines or penalties imposed by law, facilitation costs incurred in connection with Sarbanes-Oxley Section 304 or Dodd-Frank Section 954, UK Corporate Manslaughter Act Defence Costs, and taxes imposed by law upon an Insured Person in his or her capacity as such.
- **Definition of Outside Entity:** policy includes broad definition of outside entity for which the Insured Person serves at the request or direction of the Company.
- **Definition of Wrongful Act:** policy includes any act, error or omission by an Insured Person including while acting as a fiduciary of any employee benefit plan sponsored by Company.
- **Notice:** policy includes prejudice requirement for late claim notices.
- **Non-Rescindable:** Insurer irrevocably waives any right to rescind or void the policy, in whole or in part, on any grounds.
- **Cancellation:** policy may not be cancelled except by the Company in event that a financial strength rating is issued below A- by A.M. Best or below BBB by S&P for the Insurer.
- **Other Insurance:** policy is primary to any personal umbrella insurance or personal directors' liability insurance.
- **Subrogation:** Allied World will not exercise its subrogation rights against an Insured Person.
- **Recovery of Limits:** Limit of Liability is reinstated in the event Allied World recovers any amounts paid under this policy.
- **Worldwide Coverage:** policy applies on a worldwide basis.
- **Multinational Coverage:** for more information on Multinational Coverage available via our ALLIED WORLDWIDESM platform, please visit us online at <http://www.awac.com/alliedworldwide>.

CONTACT

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"A" (Excellent) by A.M. Best Company
"A-" (Strong) by Standard & Poor's
"A3" (Good) by Moody's

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