

CONTRACT OF INSURANCE

Unique Market Reference (UMR): **B080135407P19**

Company: **National Grid Plc**
and as more fully defined in the Contract Wording

Company Address: **Grand Buildings**
1-3 Strand
London
WC2N 5EH
United Kingdom

Type: **Insurance of:**
CODA Directors and Officers Liability Insurance
as more fully defined in the Contract Wording.

Period: **From: 1 December 2019**
To: 30 November 2020
both days inclusive local standard time at the
principal address of the Company

1. RISK DETAILS

UNIQUE MARKET REFERENCE: B080135407P19

TYPE: Insurance of:
CODA Directors and Officers Liability Insurance
as more fully defined in the Contract Wording.

COMPANY: National Grid Plc
and as more fully defined in the Contract Wording.

COMPANY ADDRESS: Grand Buildings
1-3 Strand
London
WC2N 5EH
United Kingdom

PERIOD: From: 01 December 2019
To 30 November 2020
both days inclusive local standard time at the principal address of the
Company

INTEREST: Side A Directors and Officers Liability and Company Reimbursement
Insurance as more fully defined in the Contract Wording.

LIMITS OF LIABILITY: USD 25,000.000 In the aggregate for the policy period, including
costs and expenses

In excess of:
USD 250,000,000 in the aggregate for the policy period, including
costs and expenses

TERRITORIAL LIMITS: As per Primary

CONDITIONS: All terms and conditions as set forth in the wording, such wording
being CODA wording as attached and incorporating the following:-

Losses/Claims to be notified via

Willis Towers Watson,
FINEX Claims,
51 Lime Street,
London EC3M 7DQ,
United Kingdom.

Or by email to: professionsclaims@willistowerswatson.com

- Endorsement 1: NMA 2975 Amended Special Cancellation Clause (as attached)
- Endorsement 2: Trade or Economic Sanctions Endorsement (as attached)
- Endorsement 3: Definition Company amended (as attached)

Nothing in this Contract shall be construed to be a condition precedent or warranty unless it is expressly stated as such in the Contract

CHOICE OF LAW AND JURISDICTION:

Any interpretation of this Policy relating to its construction, validity or operation shall be made in accordance with the laws of England and Wales.

In the event of a dispute as between the Insured(s) and the Insurers hereon concerning this policy, the parties agree to refer such dispute to the exclusive jurisdiction of the High Court of England or any other dispute resolution procedure as may be mutually agreed by both parties.

PREMIUM:

USD 91,902.00 in full for 100% for the period
Section 1 – Risks in the EEA and Monaco
0.0159%

Section 2 – Risks in the Rest of the World, excluding the EEA and Monaco
99.9841%

Any return premium will be calculated, stated and payable by insurers as net of all Broker Remuneration and Deductions as allowed.

PREMIUM PAYMENT TERMS:

Not Applicable

TAXES PAYABLE BY COMPANY AND ADMINISTERED BY INSURERS:

12% UK Insurance Premium Tax applicable to 34.9841% of the premium being USD 3,858.13
9.25% Belgium Insurance Premium tax applicable to 0.0159% of the premium being USD 1.35

**TAXES PAYABLE BY
INSURERS AND
ADMINISTERED BY
COMPANY OR THEIR
AGENT:**

None

**RECORDING,
TRANSMITTING AND
STORING
INFORMATION:**

Where Willis Limited maintains risk and claims data/information/
documents Willis Limited may hold data/information/documents
electronically.

**INSURER CONTRACT
DOCUMENTATION:**

This contract document details the current terms entered into by the
insurer(s) and constitutes the contract document.

Any further documentation changing this contract agreed in
accordance with the contract change provisions set out in this
contract, shall form the evidence of such change.

**NOTICE OF
CANCELLATION
PROVISIONS:**

Where (re)insurers have the right to give notice of cancellation, in
accordance with the provisions of the contract, then:

To the extent provided by the contract, the Slip Leader is authorised
to issue such notice on behalf of all participating (re)insurers; and
(optionally)

any (re)insurer may issue such notice in respect of its own
participation.

The content and format of any such notice should be in accordance
with the 'Notice of Cancellation' standard, as published by the
London Market Group (LMG), or their successor body, on behalf of
London Market Associations and participants. However failure to
comply with this standard will not affect the validity of the notice
given.

The notice shall be provided to the broker by the following means:

By an email to FINEXNOC@willis.com

Failure to comply with this delivery requirement will make the
notice null and void. Satisfactory delivery of the notice will cause it
to be effective irrespective of whether the broker has acknowledged
receipt.

CODA Directors and Officers Liability

Excess and Difference-In-Conditions Insurance Policy Issued by
Chubb Bermuda International Insurance (Ireland) Limited

This is a one-year policy.

Please read this policy carefully. This is a claims first made policy. Defence costs are included
in the limit of liability.

Words and phrases that appear below in all capital letters have the special meanings set forth
in Clause 3 (Definitions).

This POLICY shall constitute the entire contract between the INSUREDS, the COMPANY
and the INSURER.

COMPANY National Grid plc

POLICY No. B080135407P19

Signed in London, England

on the ____ of _____, 2019.

Authorised Representative

DECLARATIONS

Item I COMPANY: National Grid plc

Principal Address: Grand Buildings
1-3 Strand
London
WC2N 5EH
United Kingdom

Item II POLICY PERIOD: From 01 December 2019 to 30 November 2020 both days inclusive
Local Standard Time at the address of the Company stated
above.

Item III LIMIT OF LIABILITY: GBP 25,000,000 in the aggregate.

Aggregate LIMIT OF LIABILITY for all LOSS paid on behalf of all INSUREDS
arising from all CLAIMS first made during each POLICY YEAR

Item IV PREMIUM: USD 91,902.00
Section 1 – Risks in the EEA and Monaco
0.0159%

Section 2 – Risks in the Rest of the World, excluding the EEA and Monaco
99.9841%

Item V NOTICE TO COMPANY:

Losses/Claims to be notified via

Willis Towers Watson,
FINEX Claims,
51 Lime Street,
London EC3M 7DQ,
United Kingdom.

Or by email to: professionsclaims@willistowerswatson.com

Any notice to the COMPANY or, except in accordance with Clause 16 (Representation) of
this POLICY, to the INSUREDS, shall be given or made to the individual listed above, if any,
or otherwise to the individual designated in the APPLICATION, if any, or otherwise to the
signer of the APPLICATION, and shall be given or made in accordance with Clause 15
(Notice) of this POLICY.

Item VI NOTICE TO INSURER:

Any notice to be given or payment to be made to the INSURER under this POLICY shall be
given or made to ACE Bermuda International Insurance (Ireland) Ltd, London Branch, ACE
Building, 100 Leadenhall Street, London EC3A 3BP and shall be given or made in accordance
with Clause 15 (Notice) of this POLICY.

Item VII SCHEDULE OF UNDERLYING DIRECTORS AND OFFICERS INSURANCE:

| Carrier | Policy No. | Policy Period | Limits | Attachment |
|------------------------------|-------------|-------------------|---------------|------------------------|
| AEGIS Insurance Services | DP5428206P | 01/12/19-30/11/20 | USD35,000,000 | Primary |
| EIM | 293270-19DO | 01/12/19-30/11/20 | USD50,000,000 | 1 st Excess |
| Chubb European Group Limited | 36006P19 | 01/12/19-30/11/20 | USD15,000,000 | 2 nd Excess |
| Munich Re | 36009P19 | 01/12/19-30/11/20 | USD80,000,000 | 3 rd Excess |
| Chubb European Group Limited | 36010P19 | 01/12/19-30/11/20 | USD70,000,000 | 4 th Excess |

Retention under Primary Policy: Insuring Agreement I (A) Nil,
Insuring Agreement I (B) USD2,500,000 each Claim

Endorsements 1 to 4 are made part of this POLICY at Policy Issuance.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Subject to all terms, definitions, conditions, exclusions and limitations of this POLICY, the COMPANY, the INSUREDS, and the INSURER agree as follows:

1. INSURING CLAUSE

- (a) The INSURER shall pay on behalf of the INSUREDS any and all NON-INDEMNIFIABLE LOSS that the INSUREDS become legally obligated to pay by reason of any CLAIM first made against the INSUREDS during the POLICY PERIOD or, if elected, the DISCOVERY PERIOD, for any WRONGFUL ACTS that are actually or allegedly caused, committed, or attempted prior to the end of the POLICY PERIOD by the INSUREDS, but only if:
1. the insurer(s) of the UNDERLYING INSURANCE:
 - i. refuses to indemnify the INSUREDS as required under the terms of the UNDERLYING INSURANCE; or
 - ii. fails to indemnify the INSUREDS within 60 days after the INSUREDS request such indemnification; or
 - iii. is financially unable to indemnify the INSUREDS; or
 - iv. rescinds, voids or cancels, or attempts to rescind, void or cancel, the UNDERLYING INSURANCE; or
 - v. as a result of a liquidation, administration or reorganisation proceeding commenced by or against the COMPANY pursuant to the United Kingdom Insolvency Act 1986, as amended, or any similar federal, state, foreign or common law ("Code"), fails or refuses to indemnify the INSUREDS because the proceeds of such UNDERLYING INSURANCE are subject to the automatic stay or similar payment prohibition under the Code; or
 2. according to the terms and conditions of the UNDERLYING INSURANCE, the insurer(s) of the UNDERLYING INSURANCE is not liable for such portion of the LOSS; or
 3. the limit(s) of liability or any applicable sublimit(s) of liability of the UNDERLYING INSURANCE has been exhausted by reason of:
 - i. the insurer(s) of the UNDERLYING INSURANCE, the INSUREDS or any other party paying thereunder the full amount of such underlying limit(s) of liability or sublimit(s); or
 - ii. a provision in the UNDERLYING INSURANCE which exhausts or reduces the limit of liability in the UNDERLYING INSURANCE by reason of any amount paid or payable under another policy issued by the insurer(s) of the UNDERLYING INSURANCE or a subsidiary, associate, affiliate or parent of the insurer(s) of the UNDERLYING INSURANCE.
- (b) In the event any UNDERLYING INSURANCE affords broader coverage for an INSURED than is afforded under this POLICY, then notwithstanding anything in this POLICY to the contrary, except:

Clause 4 (Limits Of Liability), Clause 5 (Arbitration), Clause 6 (Assistance, Cooperation And Consent), Clause 8 (Cancellation), Clause 10 (Advancement of Defence Costs), Clause 11 (Currency), Clause 13 (INSUREDS' Reporting Duties), Clause 14 (Other Insurance), Clause 15 (Notice), Clause 16 (Authority), Clause 19 (Subrogation), Clause 23 (Appeals), Clause 27 (Choice of Law), and any endorsement to this POLICY,

this POLICY is amended to follow and be subject to the terms and conditions of such UNDERLYING INSURANCE only in respect of and to the extent of such broader coverage for the INSURED; provided this POLICY shall not cover any claim against the COMPANY or any amounts indemnified, advanced or paid by the COMPANY.

- (c) In addition to the Limit of Liability and any applicable reinstatement(s) set forth in Item III of the Declarations, the INSURER shall pay a maximum of the amount set forth in Item IV of the Declarations, CODA Access Fund, for reasonable costs, charges, fees and expenses incurred by INSUREDS who are directors of the COMPANY to defend against efforts by other INSUREDS or third parties to seize or attach this POLICY, or otherwise enjoin the INSUREDS who are directors of the COMPANY from gaining access to the limits of liability provided by this POLICY; provided the UNDERLYING INSURANCE and/or COMPANY fails, refuses or is financially unable to indemnify, advance or pay such costs, charges, fees and expenses ("CODA Access Fund").
- (d) As part of and not in addition to the Limit of Liability and any applicable reinstatements(s) set forth in Item III of the Declarations, the INSURER shall pay a maximum of the amount set forth in Item IV of the Declarations, Public Relations Fund, for reasonable costs, charges, fees and expenses incurred by INSUREDS in connection with using a public relations firm to mitigate the adverse effects to the reputation of an INSURED from (i) an EXTRADITION PROCEEDING against such INSURED, if such EXTRADITION PROCEEDING is covered under this POLICY, or (ii) any negative public statement regarding such INSURED by any ENFORCEMENT AUTHORITY relating to or arising out of a CLAIM covered under this POLICY; provided the UNDERLYING INSURANCE and/or COMPANY fails, refuses or is financially unable to indemnify, advance or pay such costs, charges, fees and expenses ("Public Relations Fund").
- (e) As part of and not in addition to the Limit of Liability and any applicable reinstatements(s) set forth in Item III of the Declarations, the INSURER shall pay a maximum of the amount set forth in Item IV of the Declarations, Enforcement Fund, for reasonable costs, charges, fees and expenses (including but not limited to a premium for a bond) incurred by INSUREDS:
 - i. to oppose any efforts by any ENFORCEMENT AUTHORITY to seize or otherwise enjoin the personal assets or real property of an INSURED in connection with a CLAIM covered under this POLICY, or to revoke, overturn or set aside a court order in or relating to a CLAIM covered under this POLICY which in any way impairs the use of such assets or property; or
 - ii. to seek the release of an INSURED from any arrest, detainment or incarceration by an ENFORCEMENT AUTHORITY in or relating to a CLAIM covered under this POLICY,

if such costs, charges, fees and expenses relate to a WRONGFUL ACT by such INSURED and are not otherwise covered under this POLICY; provided the UNDERLYING INSURANCE and/or COMPANY fails, refuses or is financially unable to indemnify, advance or pay such costs, charges, fees and expenses (“Enforcement Fund”).

2. DEFINITIONS

(a) “APPLICATION” shall mean:

- i. All underwriting data submitted by the COMPANY or the INSUREDS to the INSURER during the 12 months preceding inception of this POLICY; and
- ii. all publicly available documents filed by the COMPANY with the U.S. Securities and Exchange Commission during the 12 months preceding inception of this POLICY.

All such applications and materials are deemed attached to and incorporated into this POLICY.

(b) “CLAIM” shall mean:

2. any written demand, or any civil, criminal, arbitration, judicial, administrative, or regulatory proceeding, for monetary damages or non-monetary or injunctive relief, or any investigation, including a “Wells Notice” issued by the U.S. Securities and Exchange Commission, a notice issued by the Serious Fraud Office under S.2 of the Criminal Justice Act 1987, or a notice issued under the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013 in relation to reporting of global greenhouse gas and carbon emissions, against any INSURED for a WRONGFUL ACT, including any appeal therefrom;
3. an EXTRADITION PROCEEDING;
4. the arrest, detainment or incarceration for more than 24 hours of any INSURED by an ENFORCEMENT AUTHORITY in connection with a WRONGFUL ACT, if reported to the INSURER at the option of the INSURED(S) pursuant to Clause 13(c) (INSUREDS’ Reporting Duties);
5. a written notice, as described in Clause 13(b) (INSUREDS’ Reporting Duties), to the INSURER by the INSUREDS and/or the COMPANY describing circumstances that may reasonably be expected to give rise to a CLAIM, if reported to the INSURER at the option of the INSUREDS pursuant to Clause 13(b) (INSUREDS’ Reporting Duties);
6. a PRELIMINARY INVESTIGATION, if reported to the INSURER at the option of the INSUREDS pursuant to Clause 13(c) (INSUREDS’ Reporting Duties); and
7. any written demand that an INSURED toll or waive a statute of limitations or other defence based on timeliness with respect to a potential or threatened claim against the INSURED for a WRONGFUL ACT, if reported to the INSURER at the option of the INSUREDS pursuant to Clause 13(c) (INSUREDS’ Reporting Duties).

(c) "COMPANY" shall mean:

1. the company named in Item I of the Declarations;
2. any company that, prior to the inception of the POLICY PERIOD, merged into or consolidated with the company named in Item I of the Declarations and was not the surviving entity;
3. any SUBSIDIARY;
4. any SUBSIDIARY if covered in accordance with Clause 20(a) (Acquisition, Creation or Disposition of a SUBSIDIARY) below;
5. any foundation, charitable trust or political action committee controlled or exclusively sponsored by one or more organisations described in 1 through 4 above; and
6. any organisation described in 1 through 5 above as a debtor-in-possession under United States bankruptcy law or an equivalent status under the law of any other country.

(d) "DEFENCE COSTS" shall mean that portion of LOSS consisting of reasonable costs, charges, fees (including but not limited to legal fees and experts' fees) and expenses incurred in the defence, investigation or appeal of a CLAIM, whether or not such CLAIM is ultimately settled or adjudicated, including but not limited to:

1. defending or appealing an EXTRADITION PROCEEDING;
2. the premium for appeal, attachment or similar bonds, including a bail bond if such is available for an EXTRADITION PROCEEDING in the country at issue, but the INSURER shall be under no obligation to provide a bond;
3. reasonable fees and expenses incurred by the INSUREDS to defend or investigate a CLAIM pursuant to Section 304(a) of the Sarbanes-Oxley Act of 2002 or Sections 210 or 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or any rules or regulations pursuant to such Sections;
4. reasonable fees and expenses incurred by the INSUREDS at the INSURER'S request to assist the INSURER in investigating the CLAIM; and
5. costs assessed against the INSUREDS.

In no event shall DEFENCE COSTS include wages, salaries, fees, benefits or office expenses of INSUREDS or employees of the COMPANY.

(e) "DISCOVERY PERIOD" shall mean the continuation of the reporting period of this POLICY for the time periods set forth in Clause 21(a)-(c) (Extended Discovery Period, Insolvency Discovery Period and FORMER INSURED Discovery Period) in respect of any CLAIMS first made against an INSURED during such extended reporting period after the end of the POLICY PERIOD, but only if such CLAIMS are based on WRONGFUL ACTS alleged to have been committed prior to the end of the POLICY PERIOD.

- (f) “DOMESTIC PARTNER” shall mean any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by the COMPANY.
- (g) “ENFORCEMENT AUTHORITY” shall mean any law enforcement or other governmental enforcement official or authority, or the enforcement unit of any self-regulatory organisation, including, without limitation, the United Kingdom’s Prudential Regulation Authority and the Financial Conduct Authority.
- (h) “EXTRADITION PROCEEDING” shall mean any formal process by which an INSURED located in any country is or is sought to be surrendered to any other country for trial or otherwise to answer a WRONGFUL ACT.
- (i) “FORMER INSURED” shall mean a director or officer of the company named in Item I of the Declarations who, prior to the expiration of the POLICY PERIOD, has ceased to hold any position as an INSURED.
- (j) “INDEPENDENT DIRECTORS” shall mean one or more past, present or future directors or MANAGERS of the COMPANY who are not and have never been an officer or employee of any COMPANY.
- (k) “INSUREDS” shall mean one or more of the following:
1. all natural persons who were, now are, or shall be:
 - i. duly elected or appointed directors (including shadow and de facto directors), trustees, governors, officers, management committee members, MANAGERS, in-house general counsel, or comptrollers of the COMPANY;
 - ii. serving as a representative of an entity that serves as a director of the COMPANY;
 - iii. prospective directors of the COMPANY named as such in any listing particulars, prospectus or similar offering document;
 - iv. defined as insureds, insured persons, outside entity directors or outside entity insured persons or the equivalent in the UNDERLYING INSURANCE;
 - v. directors of investor relations, directors of human resources, risk managers or other managers serving in a functionally equivalent or comparable position with the COMPANY; or
 - vi. with respect to any COMPANY chartered outside the United Kingdom, natural person(s) serving in a position with such COMPANY which is functionally equivalent or comparable to any position described in i through v above;

2. all other natural persons not described in 1 above who were, now are, or shall be full-time or part-time, seasonal or temporary employees of the COMPANY, provided coverage for such other persons shall apply only if and while:
 - i. the COMPANY agrees to advance DEFENCE COSTS and indemnify such other persons with respect to the CLAIM to the same extent as the COMPANY agrees to advance DEFENCE COSTS for and indemnify the persons described in 1 above; or
 - ii. the CLAIM is:
 - (A) by securities holders of the COMPANY in their capacity as such, including without limitation any shareholder derivative or securities class action lawsuit; or
 - (B) made and continuously maintained against a person described in 1 above;
3. all natural persons who were, now are, or shall be serving as directors, officers, trustees, governors, or the equivalent thereof, for any OUTSIDE ENTITY if:
 - i. such activity is part of their duties regularly assigned by the COMPANY; or
 - ii. such activity is at the specific direction or request of the COMPANY; or
 - iii. such persons are a member of a class of persons so directed to serve by the COMPANY; and
4. the estates, heirs, legal representatives or assigns of deceased INSUREDS and the legal representatives or assigns of INSUREDS in the event of their incompetency, insolvency or bankruptcy.
 - (l) "INSURER" shall mean the insurance company indicated in the Declarations.
 - (m) "LOSS" shall mean any and all amounts that the INSUREDS are legally obligated to pay by reason of a CLAIM made against the INSUREDS for any WRONGFUL ACT, and shall include but not be limited to:
 1. compensatory, exemplary, punitive and multiple damages, judgments, settlements, pre-judgment and post-judgment interest;
 2. DEFENCE COSTS;
 3. reasonable costs, charges, fees and expenses (including the premium or origination fee for a loan or bond) solely to facilitate the return of amounts incurred and required to be repaid by the chief executive officer or chief financial officer of the company named in Item I of the Declarations pursuant to Section 304(a) of the United States Sarbanes-Oxley Act of 2002, or any INSURED pursuant to Sections 210 or 954 of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or any rules or regulations pursuant to such Sections. Such amounts do not include the payment, return, reimbursement, disgorgement or restitution of any such amounts requested or required to be repaid by such persons pursuant to such Section 304(a) or Sections 210 or 954;

4. reasonable costs, charges, fees and expenses (including but not limited to lawyers' fees and experts' fees) that the INSUREDS are obligated to return to the COMPANY where such amounts have been advanced by the COMPANY in respect of a CLAIM by reason of a provision in accordance with sections 234(3) and 205(2) of the UK Companies Act 2006 (or any equivalent applicable law);
5. reasonable costs, charges, fees and expenses incurred in connection with the CODA Access Fund, the Public Relations Fund and the Enforcement Fund as set forth in Clause 1(c) – (e) respectively; and
6. U.K. CORPORATE MANSLAUGHTER ACT DEFENCE COSTS.
Provided, however, LOSS shall not include:
 - (i) taxes, other than:
 - (A) taxes imposed upon a COMPANY for which the INSUREDS are legally liable solely by reason of the COMPANY's insolvency, or
 - (B) taxes, including national insurance contributions, imposed upon an INSURED solely by reason of the INSURER's payment of LOSS incurred by such INSURED;
 - (ii) fines or penalties imposed by law, other than:
 - (A) punitive, exemplary, or multiple damages; and
 - (B) civil fines or penalties assessed against an INSURED for a violation of any federal, state, local or foreign law, if such violation is neither intentional nor willful, including without limitation any such violation of the United States Foreign Corrupt Practices Act at 15 U.S.C. § 78dd-2(g)(2)(B) or 15 U.S.C. § 78ff(c)(2)(B), any similar provisions of the United Kingdom Bribery Act 2010, and the United States Federal Food, Drug and Cosmetic Act.

Subparagraphs (i) and (ii) immediately above shall not apply to DEFENCE COSTS.

 - (iii) matters that may be deemed uninsurable under the law pursuant to which this POLICY shall be construed. The INSURER shall not assert that any LOSS incurred by an INSURED is uninsurable due to the INSURED's actual or alleged violation of Section 11, 12 or 15 of the United States Securities Act of 1933 or equivalents thereof, as amended.
 - (n) "MANAGERS" shall mean any one or more natural persons who were, now are or shall be:
 1. managers, members of the board of managers or functionally equivalent or comparable executives of a COMPANY that is a limited liability company; or
 2. general partners, managing partners or functionally equivalent or comparable executives of a COMPANY that is a partnership;

including without limitation any such natural persons serving in a management position in such limited liability company or partnership in accordance with such organisation's operating agreement or partnership agreement.

- (o) "NON-INDEMNIFIABLE LOSS" shall mean LOSS for which the COMPANY or, with respect to INSUREDS described in Clause 2(k)(3) above, the OUTSIDE ENTITY, refuses to indemnify or advance DEFENCE COSTS or other LOSS as required or permitted, or is financially unable to indemnify, or fails to indemnify within 60 days after the INSUREDS request such indemnification; and the INSUREDS comply with Clause 19 (Subrogation) below.
- (p) "OUTSIDE ENTITY" shall mean any not-for-profit or for-profit organisation.
- (q) "POLICY" shall mean this insurance policy, including the APPLICATION, the Declarations, and any endorsements hereto issued by the INSURER.
- (r) "POLICY PERIOD" shall mean the period of time stated in Item II of the Declarations. If this POLICY is cancelled in accordance with Clause 8(b) (Cancellation) below, the POLICY PERIOD shall end upon the effective date of such cancellation.
- (s) "PRELIMINARY INVESTIGATION" shall mean a request or demand for an INSURED to appear at a meeting, deposition or interview, or produce documents, relating to a WRONGFUL ACT or the business of the COMPANY, where such request or demand is:
 - 1. by any ENFORCEMENT AUTHORITY; or
 - 2. by or on behalf of the COMPANY, the COMPANY'S board of directors (or similar management body), or any committee of the COMPANY'S board of directors (or similar management body) arising out of a request or demand set forth in 1 immediately above; or which is part of the COMPANY'S investigation and evaluation of a SHAREHOLDER DERIVATIVE DEMAND. For the purpose of this subparagraph 2, a SHAREHOLDER DERIVATIVE DEMAND means a written demand on the board of directors (or similar management body) by one or more shareholders of the COMPANY to assert a CLAIM on behalf of the COMPANY against one or more INSUREDS for a WRONGFUL ACT.

PRELIMINARY INVESTIGATION shall not include any routine or regularly scheduled regulatory or internal supervision, inspection, compliance, review, examination, production or audit, including any request for mandatory information from a regulated entity conducted in the normal review or compliance process of the COMPANY by an ENFORCEMENT AUTHORITY.

- (t) "SUBSIDIARY" shall mean any entity which the company named in Item I of the Declarations and/or one or more other SUBSIDIARIES, directly or indirectly, in any combination:
 - 1. owns interests representing more than 50% of the voting, appointment or designation power for the selection of a majority of the board of directors if such entity is a corporation, the management committee members or members of the management board if such entity is a joint venture, limited liability company, or partnership, or functionally equivalent or comparable executives of such entity; or

2. has the right, pursuant to written contract or the by-laws, charter, operating agreement, partnership agreement or similar documents of a COMPANY, to elect, appoint or designate a majority of the board of directors if such entity is a corporation, the management committee members or the members of the management board if such entity is a joint venture, limited liability company, or partnership, or functionally equivalent or comparable executives of such entity,

on or before the inception date of the POLICY; provided, however, a partnership shall be a SUBSIDIARY only if such partnership is specifically included as a SUBSIDIARY by an endorsement to this POLICY and such partnership agrees to indemnify its INSUREDS to the fullest extent permitted by law.

- (u) "UNDERLYING INSURANCE" shall mean the directors and officers liability insurance policies scheduled in Item VIII of the Declarations.
- (v) "U.K. CORPORATE MANSLAUGHTER ACT DEFENCE COSTS" shall mean DEFENCE COSTS incurred by an INSURED that result solely from the investigation, adjustment, defence and/or appeal of a CLAIM against a COMPANY for a violation of the United Kingdom Corporate Manslaughter and Corporate Homicide Act of 2007, or any similar statute in any jurisdiction.
- (w) "WRONGFUL ACT" shall mean:
 1. any actual or alleged error, misstatement, misleading statement, act, omission, neglect, or breach of duty by the INSUREDS while acting, individually or collectively, in their capacities as INSUREDS, or
 2. any other matter claimed against them by reason of their serving in such capacities, provided this subparagraph 2 shall not apply with respect to any INSUREDS of a COMPANY that is a partnership.

All such errors, misstatements, misleading statements, acts, omissions, neglects or breaches of duty actually or allegedly caused, committed, or attempted by or claimed against one or more of the INSUREDS arising out of or relating to the same or series of related facts, circumstances, situations, transactions or events shall be deemed to be a single WRONGFUL ACT.

3. CONDUCT EXCLUSION

- (a) The INSURER shall not be liable to make any payment for LOSS in connection with that portion of any CLAIM based upon or attributable to the INSUREDS having:
 1. gained any personal financial profit or financial remuneration to which they were not legally entitled, or
 2. committed any deliberate fraud or deliberate criminal act,

if a final and non-appealable adjudication in an underlying proceeding (which shall not include a proceeding brought by or against the INSURER) adverse to such INSUREDS establishes that such INSUREDS gained any such personal financial profit or financial remuneration, or committed such deliberate fraud or deliberate criminal act. However, this exclusion shall not apply to DEFENCE COSTS, INDEPENDENT DIRECTORS, any employment-related CLAIM or, with respect to subparagraph 1 immediately above, any actual or alleged violation of Section 11, 12 or 15 of the United States Securities Act of 1933, as amended.

- (b) For purposes of this exclusion, “final and non-appealable adjudication” means when:
1. the last court, tribunal, executive, legislative or regulatory agency, body or entity with jurisdiction over the CLAIM denies any further appeal, recourse or other relief from any adverse finding, judgment or decree; or
 2. the INSURED has waived or abandoned all rights of appeal from any adverse finding, judgment or decree with respect to the CLAIM; or
 3. the time for filing, asserting or pleading any appeal from any adverse finding, judgment or decree has lapsed or is otherwise exhausted.
- (c) Any fact pertaining to or any act, omission, knowledge, intent or WRONGFUL ACT of any INSURED or the COMPANY shall not be imputed to any other INSURED for the purpose of determining the application of this exclusion.
- (d) For acts or omissions which are deemed to be a criminal violation in a jurisdiction outside of the United Kingdom and such acts or omissions would not be deemed to be a criminal violation if such acts or omissions took place in the United Kingdom, the imposition of a criminal sanction or fine in such jurisdiction outside the United Kingdom will not, by itself, be conclusive proof that a deliberate fraudulent or deliberate criminal act occurred for purposes of this exclusion.

4. LIMITS OF LIABILITY

The maximum aggregate liability of the INSURER under this POLICY for all LOSS arising out of each CLAIM and all CLAIMS first made during the POLICY PERIOD and, if elected, the DISCOVERY PERIOD shall be the Limit of Liability set forth in Item III of the Declarations, subject to the following:

- (a) In the event the Limit of Liability of this POLICY is exhausted, this POLICY’s Limit of Liability shall be reinstated in the amount set forth in Item III of the Declarations, FIRST REINSTATED LIMIT OF LIABILITY, solely for LOSS incurred by INSUREDS as defined in Clause 2(k)(1), Definitions. Such FIRST REINSTATED LIMIT OF LIABILITY shall not apply to any CLAIM for which there has been any payment of LOSS under the Limit of Liability of this POLICY or any other CLAIM based upon, arising out of or related in any way to such CLAIM, and such FIRST REINSTATED LIMIT OF LIABILITY shall be excess of amounts payable under all other insurance policies that are specifically excess of this POLICY and all UNDERLYING INSURANCE providing a similar reinstated limit of liability.
- (b) In the event the FIRST REINSTATED LIMIT OF LIABILITY of this POLICY is exhausted, this POLICY’s Limit of Liability shall be reinstated a second time in the amount set forth in Item III of the Declarations, SECOND REINSTATED LIMIT OF LIABILITY, solely for LOSS incurred by duly elected or appointed directors (including shadow and de facto directors) of the company named in Item I of the Declarations. Such SECOND REINSTATED LIMIT OF LIABILITY shall not apply to any CLAIM for which there has been any payment of LOSS under the Limit of Liability of this POLICY or the FIRST REINSTATED LIMIT OF LIABILITY of this POLICY or any other CLAIM based upon, arising out of or related in any way to such CLAIMS, and such SECOND REINSTATED LIMIT OF LIABILITY of this POLICY shall be excess of amounts payable under all other insurance policies that are specifically excess of this POLICY and all UNDERLYING INSURANCE providing a similar reinstated limit of liability.

- (c) Upon exhaustion of the Limit of Liability and, if applicable, the FIRST REINSTATED LIMIT OF LIABILITY, SECOND REINSTATED LIMIT OF LIABILITY, CODA Access Fund, Public Relations Fund and/or Enforcement Fund, for the POLICY PERIOD by reason of payment of LOSS by the INSURER, the INSURER shall have no further obligations or liabilities under this POLICY with respect to such applicable limit (or sublimit) of liability for the POLICY PERIOD.
- (d) With respect to exhaustion for purposes of the FIRST REINSTATED LIMIT OF LIABILITY and the SECOND REINSTATED LIMIT OF LIABILITY, the limits of liability under any UNDERLYING INSURANCE and any insurance policies excess of this POLICY shall be reduced or exhausted by payments by an insurer, an INSURED and/or a third party.
- (e) DEFENCE COSTS shall be part of and not in addition to the Limit of Liability and, if applicable, the FIRST REINSTATED LIMIT OF LIABILITY, SECOND REINSTATED LIMIT OF LIABILITY, CODA Access Fund, Public Relations Fund and/or Enforcement Fund, as stated in Items III and IV of the Declarations, and payment by the INSURER of DEFENCE COSTS shall reduce such applicable limit of liability for the POLICY PERIOD.
- (f) Multiple demands, suits or proceedings arising out of the same WRONGFUL ACT shall be deemed to be a single CLAIM, which shall be treated as a CLAIM first made during the POLICY PERIOD in which the first of such multiple demands, suits or proceedings is made against any INSURED or in which notice of circumstances relating thereto is first given in accordance with Clause 13(b) (INSUREDS' Reporting Duties) below, whichever occurs first.

5. ARBITRATION

- (a) Any dispute, controversy or claim arising out of or relating to this POLICY or the breach, termination or invalidity thereof shall be finally and fully determined in an arbitration proceeding under the provisions of the English Arbitration Act of 1996, and/or any statutory modifications or amendments thereto, for the time being in force, by a Board composed of three arbitrators to be selected for each controversy as follows:

Any party may, in the event of a dispute, controversy or claim, notify the other party or parties to such dispute, controversy or claim of its desire to arbitrate the matter, and at the time of such notification the party desiring arbitration shall notify the other party or parties of the name of the arbitrator selected by it. The other party who has been so notified shall within 30 calendar days thereafter select an arbitrator and notify the party desiring arbitration of the name of such second arbitrator. If the party notified of a desire for arbitration shall fail or refuse to nominate the second arbitrator within 30 calendar days following the receipt of such notification, the party who first served notice of a desire to arbitrate will, within an additional period of 30 calendar days, apply to a judge of the High Court of Justice of England and Wales for the appointment of a second arbitrator and in such a case the arbitrator appointed by such a judge shall be deemed to have been nominated by the party or parties who failed to select the second arbitrator. The two arbitrators, chosen as above provided, shall within 30 calendar days after the appointment of the second arbitrator choose a third arbitrator. In the event of the failure of the first two arbitrators to agree on a third arbitrator within said 30 calendar day period, either of the parties may within a period of 30 calendar days thereafter, after notice to the other party or parties, apply to a judge of the High Court of Justice of England and Wales for the appointment of a third arbitrator and in such case the person so appointed shall be deemed

and shall act as a third arbitrator. Upon acceptance of the appointment by said third arbitrator, the Board of Arbitration for the controversy in question shall then be deemed fixed. All claims, demands, denials of claims and notices pursuant to this Clause 5 shall be given in accordance with Clause 15 (Notice) below.

- (b) The arbitration hearing shall be located, at the election of the INSUREDS, in London, England; Bermuda; Toronto, Ontario, Canada; or Vancouver, British Columbia, Canada or any other agreeable location outside of the United States. The Board of Arbitration shall fix, by a notice in writing to the parties involved, a reasonable time and place for the hearing and may prescribe reasonable rules and regulations governing the course and conduct of the arbitration proceeding, including, without limitation, discovery by the parties.
- (c) The Board of Arbitration shall, within 90 calendar days following the conclusion of the hearing, render its decision on the matter or matters in controversy in writing and shall cause a copy thereof to be served on all the parties thereto. In case the Board of Arbitration fails to reach a unanimous decision, the decision of the majority of the members of said Board shall be deemed to be the decision of the Board and the same shall be final and binding on the parties thereto. Such decision shall be a complete defence to any attempted appeal or litigation of such decision in the absence of fraud or collusion. Without limiting the foregoing, the parties waive any right to appeal and/or seek collateral review of the decision of the Board of Arbitration by any court or other body to the fullest extent permitted by applicable law.
- (d) In the event that the INSUREDS prevail in the arbitration proceeding, then the INSURER shall pay to such INSUREDS the attorneys' fees, expert fees and other necessary out of pocket costs and expenses reasonably incurred by such INSUREDS in the arbitration proceeding and shall pay the fees and expenses of the Board of Arbitration, such payments to be in addition to and not part of any applicable limit of liability under this POLICY. In the event the INSURER prevails in the arbitration proceeding, then such fees and expenses of the INSURER and the Board of Arbitration shall be paid as may be ordered by the Board of Arbitration within its sole discretion.

6. ASSISTANCE, COOPERATION AND CONSENT

The INSUREDS shall provide to the INSURER all information, assistance and cooperation which the INSURER may reasonably request, and the INSUREDS shall use diligence and prudence in the investigation, defence, negotiation of settlement and settlement of any CLAIM. In the event of a CLAIM, the INSUREDS shall do nothing that could prejudice the INSURER'S position or its potential or actual rights of recovery with respect to such CLAIM.

The INSURER has no duty to defend any CLAIM and shall not be called upon to assume charge of the investigation, settlement or defence of any CLAIM. However, the INSURER shall have the right, but not the duty, and shall be given the opportunity to fully and effectively associate with the INSUREDS, and shall be consulted in advance, regarding the control, investigation, defence, negotiation of settlement and settlement of any CLAIM that is reasonably likely to be covered in whole or in part by, or that is reasonably likely to cause liability to attach under, this POLICY.

The INSUREDS shall not offer to settle or settle, assume any obligation, admit any liability or stipulate to any judgment with respect to any CLAIM that is reasonably likely to be covered in whole or in part by, or that is reasonably likely to cause liability to attach under, this POLICY without the INSURER'S prior written consent, which shall not be unreasonably withheld or delayed. The INSURER shall not be liable for or as a result of any offer to settle, settlement, assumed obligation, admission of liability or stipulated judgment to which it has not given its prior written consent.

The INSURER is entitled to pay LOSS as it becomes due and payable by the INSURED, without considering the potential for other future LOSS.

The failure of any INSURED or the COMPANY to comply with his or her obligations under this Clause shall not impair the rights of any other INSURED under this POLICY.

The INSURER shall fulfill its obligations in accordance with the terms and conditions of this POLICY notwithstanding the issuance of any insurance by another member of the ACE Group.

7. RENEWAL

Except in the event this POLICY is cancelled in whole or in part in accordance with Clause 8 (Cancellation) below, on the expiration date of this POLICY, upon delivery of the renewal application or submission and payment of the premium, this POLICY shall be renewed to a date one year beyond the expiration date of this POLICY, unless written notice is given by the INSURER to the COMPANY, or by the COMPANY to the INSURER, that such POLICY extension is not desired. Such written notice must be given at least 30 days prior to the expiration date of this POLICY.

The premium charged on renewal of this POLICY shall be determined by the underwriting guidelines and rating plan of the INSURER in force at such expiration date. If during the POLICY PERIOD the INSURER announces amendments to this standard policy form, which amendments are generally applicable to all similar policies issued by the INSURER, such amendments shall be applicable to any applicable renewal.

8. CANCELLATION

This POLICY shall not be subject to cancellation except as follows:

- (a) In the event during the POLICY PERIOD:
1. the company named in Item I of the Declarations shall merge into or consolidate with another organisation in which the company named in Item I of the Declarations is not the surviving entity, or
 2. any person or entity or group of persons and/or entities acting in concert shall acquire securities or voting rights which results in ownership or voting control by such person or entity or group of persons or entities of more than 50% of the outstanding securities representing the present right to vote for election of directors or MANAGERS or functionally equivalent or comparable executives of the company named in Item I of the Declarations,

this POLICY shall remain in force until the later of:

- i. the termination of the POLICY PERIOD, or
- ii. any subsequent date to which the INSURER may agree by endorsement,

but only with respect to CLAIMS for WRONGFUL ACTS actually or allegedly taking place before the effective date of said merger, consolidation or acquisition. If the POLICY remains in force beyond the period of time stated in Item II of the Declarations by reason of this Clause 8(a), the Limit of Liability for such extension is part of and not in addition to the Limit of Liability applicable to the POLICY PERIOD. All premiums paid

or due at the time of said merger, consolidation or acquisition shall be fully earned and in no respect refundable.

- (b) This POLICY may be cancelled by the INSURER for non-payment of premium by sending notice, in accordance with Clause 15 (Notice) below, to the company named in Item I of the Declarations stating when, not less than 10 days thereafter, the cancellation shall be effective. The effective date of cancellation stated in the notice shall become the end of the POLICY PERIOD. All premiums paid or due for this POLICY shall be fully earned at the time of said end of the POLICY PERIOD.

9. CHANGES AND ASSIGNMENTS

The terms and conditions of this POLICY shall not be waived or changed, nor shall an assignment of interest under this POLICY be binding, except by an endorsement to this POLICY issued by the INSURER.

10. ADVANCEMENT OF DEFENCE COSTS

Except in those instances when the INSURER has denied liability for the CLAIM because of the application of one or more coverage issues, if the COMPANY fails, refuses or is financially or legally unable to advance DEFENCE COSTS, and if the insurer(s) of the UNDERLYING INSURANCE fails or refuses to advance such costs as described in Clause 1(a) (Insuring Clause) above, the INSURER shall, upon request and if proper documentation accompanies the request, advance on behalf of the INSUREDS, or any of them, such DEFENCE COSTS on a current basis, but no later than 60 days after the receipt by the INSURER of such properly documented DEFENCE COSTS invoices. In the event that the INSURER so advances DEFENCE COSTS and it is finally established that the INSURER has no liability hereunder for such DEFENCE COSTS, the INSUREDS on whose behalf such advances have been made and the COMPANY, to the fullest extent legally permitted, agree to repay to the INSURER, severally according to their respective interests, all such advanced DEFENCE COSTS.

11. CURRENCY

All premium, limits, retentions, and other amounts referenced in this POLICY are expressed, and all LOSS is payable, in the currency of the United Kingdom. If judgment is rendered, settlement is denominated or another element of LOSS under this POLICY is stated in a currency other than British pounds, payment under this POLICY shall be made in British pounds at the applicable rate of exchange as published in *The Wall Street Journal* as of the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of LOSS is due, respectively, or if not published on such date, the next date of publication of *The Wall Street Journal*.

12. HEADINGS

The descriptions in the headings and sub-headings of this POLICY are inserted solely for convenience and do not constitute any part of the terms or conditions hereof.

13. INSUREDS' REPORTING DUTIES

- (a) The INSUREDS and/or the COMPANY shall give written notice to the INSURER of any of the following as soon as practicable after the in-house general counsel or risk manager of the company named in Item I of the Declarations first learns thereof:
1. any CLAIM described in Clause 2(b)(1) or (2), Definitions, above;

2. any event described in Clause 8(a) (Cancellation) above;
3. any material change in the terms or conditions of the UNDERLYING INSURANCE occurring during the POLICY PERIOD or the DISCOVERY PERIOD (if elected pursuant to Clause 21 below); or
4. any nonrenewal or cancellation of the UNDERLYING INSURANCE occurring during the POLICY PERIOD or the DISCOVERY PERIOD (if elected pursuant to Clause 21 below).

If the INSUREDS and/or the COMPANY fail to provide notice of any such CLAIM to the INSURER as specified in 1 immediately above, the INSURER shall not be entitled to deny coverage for the CLAIM based solely upon late notice unless the INSURER can demonstrate its interests were materially prejudiced by reason of such late notice.

If the INSURED provides notice of events specified in subparts 3 and 4 above, any additional premium reasonably required by the INSURER as a result of such events shall be paid as soon as practicable after notice of such additional premium by the INSURER.

- (b) If, during the POLICY PERIOD or, if elected, the DISCOVERY PERIOD, but in no event later than 60 days after the termination of the POLICY PERIOD, or if elected the DISCOVERY PERIOD, the INSUREDS first become aware of any circumstances that may reasonably be expected to give rise to a CLAIM described in Clause 2(b)(1) or (2) above being made against the INSUREDS as set forth in Clause 2(b)(4), and if the INSUREDS or the COMPANY give written notice to the INSURER of such circumstances and the reasons for anticipating such a CLAIM, with particulars as to dates and persons involved, the nature of the WRONGFUL ACT, the alleged injury, the names of the claimants, and the manner in which the INSUREDS or the COMPANY first became aware of the circumstances; then such notice of circumstances shall be a CLAIM under this POLICY and any LOSS incurred by an INSURED solely in connection with his or her response to such circumstances shall be covered, subject to the other terms, conditions and limitations of this POLICY. Any other CLAIM which arises out of such circumstances shall be deemed to have been first made at the time such written notice of circumstances was received by the INSURER. However, if the INSUREDS elect not to report such circumstances, then any subsequent CLAIM which arises out of the circumstances shall be subject to the reporting requirements set forth in 13(a) above, and coverage for such subsequent CLAIM will not be denied because of the INSUREDS' failure to report the circumstances pursuant to this Clause 13(b).
- (c) Any arrest, detainment or incarceration, PRELIMINARY INVESTIGATION, or demand described in subparts 3, 5 or 6 of Clause 2(b), Definitions, shall be a CLAIM under this POLICY only if during the POLICY PERIOD, the COMPANY or the INSUREDS, in their sole option, report such circumstance, PRELIMINARY INVESTIGATION, or demand to the INSURER as a CLAIM.
- (d) No coverage is afforded for any LOSS incurred in connection with any circumstance, PRELIMINARY INVESTIGATION, or demand described in Clause 2(b)(3), (4), (5) or (6), Definitions, prior to the time written notice as described in (b) or (c) above is given to the INSURER.
- (e) The time when a CLAIM shall be made for purposes of determining the application of Clause 1 (Insuring Clause) above shall be (i) with respect to a CLAIM described in Clause 2(b)(1), (2), (3) and (6) above, the date on which the CLAIM is first made against the INSURED, and (ii) with respect to a CLAIM described in Clause 2(b)(4) and (5) above, the date on which notice of such CLAIM is given to the INSURER.

14. OTHER INSURANCE

If any LOSS covered under this POLICY is covered under any other valid and collectible insurance, then this POLICY shall cover the LOSS, subject to its terms and conditions, only to the extent that the amount of the LOSS is in excess of the amount of such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is UNDERLYING INSURANCE or is written only as specific excess insurance over the Limit of Liability provided by this POLICY. Such insurance as is provided by this POLICY shall apply as primary to any personal “umbrella” excess liability insurance purchased by an INSURED.

If LOSS covered under this POLICY is also covered under but not paid by such other valid and collectible insurance, this POLICY will respond on behalf of the INSUREDS without regard to such other insurance, subject to the terms, conditions and limitations of this POLICY and without prejudice to the INSURER’s right to recover LOSS paid under this POLICY from the issuers of such other insurance.

15. NOTICE

All notices under any provision of this POLICY shall be in writing and given by prepaid express courier or email properly addressed to the appropriate party at the respective addresses as shown in Items VI and VII of the Declarations, and notice so given shall be deemed to be received and effective upon actual receipt thereof by the party or one day following the date such notice is sent, whichever is earlier, subject to proof of transmittal. Notice to the INSURER of any CLAIM shall be directed to the attention of the INSURER’s claims department. All other notices to the INSURER shall be directed to the attention of the INSURER’s underwriting department.

16. AUTHORITY

By acceptance of this POLICY, the company named in Item I of the Declarations and the INSUREDS agree that the INSURER may treat the company named in Item I of the Declarations as the authorised representative of INSUREDS with respect to all matters under this POLICY, including, but not limited to, the giving and receiving of notice of CLAIM or cancellation or desire not to extend the POLICY or election of the DISCOVERY PERIOD, the payment of premiums, the receiving of LOSS payments and any return premiums that may become due under this POLICY, the requesting, receiving, and acceptance of any endorsement to this POLICY, and the submission of a dispute to arbitration.

The INSUREDS agree that said company shall represent them but, for purposes of the investigation, defence, settlement, or appeal of any CLAIM, all similarly situated INSUREDS who are named as defendants in the CLAIM may, upon notice to the INSURER, replace said company with another agent to represent them with respect to the CLAIM, including giving and receiving of notice of CLAIM and other correspondence, the receiving of LOSS payments, and the submission of a dispute to arbitration.

17. NON-RESCISSION

Coverage under this POLICY shall not be rescinded or voided by the INSURER in whole or in part for any reason.

18. SPOUSAL LIABILITY

If a CLAIM against an INSURED includes a claim against the INSURED’s lawful spouse or

DOMESTIC PARTNER solely by reason of (a) such spouse's or DOMESTIC PARTNER's status as a spouse or DOMESTIC PARTNER of the INSURED; or (b) such spouse's or DOMESTIC PARTNER's ownership interest in property which the claimant seeks as recovery for alleged WRONGFUL ACTS of the INSURED, all loss which such spouse or DOMESTIC PARTNER becomes legally obligated to pay by reason of such CLAIM shall be treated for purposes of this POLICY as LOSS which the INSURED becomes legally obligated to pay by reason of the CLAIM made against the INSURED. Such spousal or DOMESTIC PARTNER loss shall be covered under this POLICY only if and to the extent such loss would be covered if incurred by the INSURED.

The coverage extension afforded by this Clause 18 does not apply to the extent such CLAIM alleges a wrongful act or omission by the INSURED's spouse or DOMESTIC PARTNER.

19. SUBROGATION

- (a) In as much as this POLICY is excess insurance, the INSUREDS' right of recovery against any person or organisation cannot be exclusively subrogated to the INSURER. It therefore is understood and agreed that in case of any payment hereunder, the INSURER will act in concert with all other interests concerned (including the INSUREDS'), in the exercise of such rights of recovery. The apportioning of any amounts that may be so recovered shall follow the principle that any interest (including the INSUREDS') that has paid an amount over and above any payment hereunder, shall first be reimbursed up to the amount paid by it; the INSURER is then to be reimbursed out of any balance then remaining up to the amount paid hereunder; lastly, the interests (including the INSUREDS') of which this coverage is in excess are entitled to claim the residue, if any. Expenses necessary to the recovery of any such amounts shall be apportioned between the interests concerned (including the INSUREDS'), in the proportion of their respective recoveries as finally settled. If there should be no recovery in proceedings instituted solely on the initiative of the INSURER, the expenses thereof shall be borne by the INSURER.
- (b) The INSUREDS shall execute all papers reasonably required and shall take all reasonable actions that may be necessary to secure the rights of the INSURER, including the execution of such documents necessary to enable the INSURER effectively to bring suit in the name of the INSUREDS, including but not limited to an action against the COMPANY or the insurer(s) of the UNDERLYING INSURANCE for nonpayment of indemnity due and owing to the INSUREDS by the COMPANY or the insurer(s), respectively.
- (c) In no event shall the INSURER exercise its right of subrogation against an INSURED unless and to the extent Clause 3, Conduct Exclusion, applies to such INSURED.
- (d) Payment by the INSURER under Insuring Clause 1(a)(1)(v) above ("Bankruptcy Payment") is not intended to be a payment in satisfaction of the obligations under the UNDERLYING INSURANCE, but, rather, an advance of funds subject to repayment as provided in this Clause 19. Subject to reinstatement pursuant to subparagraph (e) immediately below, all Bankruptcy Payments shall reduce and/or exhaust the limits of liability of this POLICY to the same extent as any payment of LOSS by the INSURER to the INSUREDS hereunder. In the event of any Bankruptcy Payment, INSUREDS hereby assign to the INSURER all their rights under the UNDERLYING INSURANCE to obtain payment of the amounts of the Bankruptcy Payment.

- (e) Any recoveries by the INSURER pursuant to this Clause 19 of LOSS paid under this POLICY shall be the sole property of the INSURER, but an amount equal to the amount of such recoveries, minus all costs incurred by the INSURER to obtain such recoveries, shall reinstate, in such amount and as of the date each recovery is received by the INSURER, the limits of liability of this POLICY that were eroded or exhausted by such payment.

20. ACQUISITION, CREATION OR DISPOSITION OF A SUBSIDIARY

- (a) If, during the POLICY PERIOD, the COMPANY acquires interests in or rights with respect to another organisation, or creates another organisation, which as a result of such acquisition or creation becomes a SUBSIDIARY, or acquires any organisation by merger into or consolidation with the COMPANY, and if, as a result of such acquisition or creation, such organisation's INSURED'S are included as insureds under the primary policy of UNDERLYING INSURANCE, then such organisation's insureds shall also be included as INSURED'S under this POLICY but only with respect to CLAIMS for WRONGFUL ACTS taking place after such acquisition or creation, unless the INSURER agrees to provide coverage by endorsement for WRONGFUL ACTS taking place prior to such acquisition or creation.
- (b) Coverage shall not apply to directors, MANAGERS, officers and employees of any subsidiary, including a SUBSIDIARY as defined in Clause 2 (Definitions) above, for CLAIMS for WRONGFUL ACTS actually or allegedly taking place subsequent to the date that the SUBSIDIARY ceases to be a SUBSIDIARY.

21. DISCOVERY PERIOD

- (a) If the INSURER or the company identified in Item I of the Declarations elects not to renew this POLICY, then the company identified in Item I of the Declarations and the INSURED'S shall have the right, upon payment of an additional premium equal to the expiring premium paid, to a continuation of the reporting period of this POLICY in respect of any CLAIMS first made against an INSURED during the one-year period after the end of the POLICY PERIOD, but only if the CLAIMS are based on WRONGFUL ACTS alleged to have been committed prior to the end of the POLICY PERIOD ("Extended Discovery Period"). Such CLAIMS shall be deemed to have been made during the POLICY PERIOD, provided that notification of each such CLAIM is in accordance with Clause 13 (INSURED'S Reporting Duties) above. The right to elect the Extended Discovery Period shall terminate, however, unless written notice of such election together with the additional premium is received by the INSURER within 60 days after the end of the POLICY PERIOD. Any premium paid for the Extended Discovery Period is not refundable.
- (b) If nonrenewal of this POLICY follows the commencement during the POLICY PERIOD of a liquidation or reorganisation proceeding described in Clause 22 below, then any DISCOVERY PERIOD elected by the COMPANY or the INSURED'S shall be six years from the date of such nonrenewal ("Insolvency Discovery Period") for CLAIMS first made during such Insolvency Discovery Period based on WRONGFUL ACTS alleged to have occurred prior to such nonrenewal. No additional premium shall be required for the Insolvency Discovery Period.

- (c) In the event the COMPANY does not renew this POLICY, FORMER INSUREDS shall receive, instead of the DISCOVERY PERIOD set forth in paragraph (a) or (b) above, a discovery period of unlimited duration from the effective date of such nonrenewal (“FORMER INSURED Discovery Period”) for CLAIMS first made against the FORMER INSURED during such FORMER INSURED Discovery Period based on WRONGFUL ACTS alleged to have occurred prior to such nonrenewal. No additional premium shall be required for the FORMER INSURED Discovery Period. The FORMER INSURED Discovery Period shall not apply to any INSURED who ceased to serve as an INSURED on account of an event described in Clause 8(a)1 or Clause 8(a)2.
- (d) The offer by the INSURER of renewal at a premium different from the premiums for the expiring POLICY PERIOD shall not constitute an election by the INSURER not to renew this POLICY.
- (e) The Limit of Liability provided during any DISCOVERY PERIOD is part of and not in addition to the Limit of Liability provided during the POLICY PERIOD, and there shall be no separate or additional Limit of Liability for the DISCOVERY PERIOD.

22. BANKRUPTCY

In the event a liquidation, administration or reorganisation proceeding is commenced by or against the COMPANY or any INSURED, pursuant to the United Kingdom Insolvency Act 1986, as amended, or any similar state, local, or foreign law, such proceeding shall not relieve the INSURER of its obligations nor deprive the INSURER of its rights or defences under this POLICY. In the event of such liquidation or reorganisation proceeding the COMPANY and the INSUREDS hereby: (i) waive and release any automatic stay or similar payment prohibition which may apply in such proceeding to this POLICY or its proceeds under such Bankruptcy Code or law; and (ii) agree not to oppose or object to any efforts by the INSURER, the COMPANY or any INSURED to obtain relief from any such stay or payment prohibition.

In the event the COMPANY becomes a debtor-in-possession or equivalent status under the United States Bankruptcy Code or the law of any other country and the aggregate LOSS due under this POLICY exceeds the remaining available Limit of Liability, the INSURER shall:

- (a) first pay such LOSS allocable to WRONGFUL ACTS that are actually or allegedly caused, committed, or attempted prior to the COMPANY becoming a debtor-in-possession or such equivalent status, then
- (b) with respect to whatever remaining amount of the Limit of Liability is available after payment under (a) above, pay such LOSS allocable to WRONGFUL ACTS that are actually or allegedly caused, committed, or attempted after the COMPANY became a debtor-in-possession or equivalent status under the United States Bankruptcy Code or the law of any other country.

23. APPEALS

In the event the INSUREDS or the insurer(s) of the UNDERLYING INSURANCE elect not to appeal a judgment, the INSURER may elect to make such appeal at its own expense, and shall be liable for any increased award, taxable costs and disbursements and any additional interest incidental to such appeal, to the extent such payments are not covered by other valid and collectible insurance.

24. TERRITORY

This POLICY shall apply to any WRONGFUL ACT taking place, LOSS incurred or CLAIM made against any INSURED anywhere in the world.

25. SEVERABILITY

The APPLICATION for coverage shall be construed as a separate APPLICATION for coverage by each INSURED. With respect to the declarations and statements contained in such APPLICATION for coverage, no statement in the APPLICATION or knowledge possessed by any one INSURED shall be imputed to any other INSURED for the purpose of determining the availability of coverage with respect to CLAIMS made against any other INSURED. Any fact pertaining to, or any act, omission, knowledge, or intent of any INSURED or COMPANY shall not be imputed to any other INSURED with respect to coverage under this POLICY.

26. LIBERALISATION

Where legally permissible, for LOSS from that portion of any CLAIM maintained in a FOREIGN JURISDICTION or to which the law of a FOREIGN JURISDICTION is applied, the INSURER shall apply to such CLAIM those terms and conditions (and related provisions) of the FOREIGN POLICY in such FOREIGN JURISDICTION that are more favorable to such INSURED than the terms and conditions of this POLICY. However, this paragraph shall not apply to any provision of this POLICY or the FOREIGN POLICY addressing limits of liability (primary, excess or sublimits), other insurance, non-renewal, duty to defend, defence within or without limits, taxes, conformance to law or excess liability coverage, any claims made coverage provisions, arbitration and any endorsement to this POLICY that excludes or limits coverage for specific events or litigation or that specifically states that it will have worldwide effect.

For the purpose of this Clause:

FOREIGN JURISDICTION means any jurisdiction, other than the United Kingdom of Great Britain and Northern Ireland.

FOREIGN POLICY means the INSURER'S or any other member company of the ACE Group of Companies' ("ACE") standard directors' and officers' liability policy (including all mandatory endorsements, if any) approved by ACE to be sold within a FOREIGN JURISDICTION that provides difference-in-conditions coverage for non-indemnifiable loss of a natural person insured substantially similar to the coverage afforded under this POLICY. If more than one such policy exists, then "FOREIGN POLICY" means the standard policy most recently registered in the local language of the FOREIGN JURISDICTION, or if no such policy has been registered, then the policy most recently registered in that FOREIGN JURISDICTION.

27. CHOICE OF LAW

This POLICY, and any dispute, controversy or claim arising out of or relating to this POLICY, shall be governed by and construed and enforced in accordance with the internal laws of the state or jurisdiction listed in Item IX of the Declarations, except insofar as such laws: (i) may prohibit payment hereunder in respect of punitive, exemplary or multiple damages, taxes, fines or penalties; (ii) pertain to the procurement, issuance, delivery, renewal, nonrenewal or cancellation of policies of insurance under the insurance law of such state or jurisdiction, or under regulations issued by the insurance department of such state or jurisdiction; or (iii) are inconsistent with any provisions of this POLICY. The internal laws of

England and Wales shall apply as respects any arbitration procedure pursuant to Clause 5 above. The insurability of punitive, exemplary and multiple damages, taxes, fines or penalties shall be governed by the law of the applicable jurisdiction that most favors coverage for such punitive, exemplary and multiple damages, taxes, fines or penalties, including without limitation the internal laws of England and Wales. If the INSUREDS present to the INSURER a written opinion from legal counsel that such punitive, exemplary or multiple damages, taxes, fines or penalties are insurable under such applicable law, the INSURER shall not challenge that determination.

ENDORSEMENTS

1. Special Cancellation Clause NMA 2975 Amended

By way of endorsement to the Policy, the parties are hereby agreed as follows (subject otherwise to all other terms, Conditions, Limits of Liability and Exclusions of the Policy):

In the event that an Insurer:

- a) ceases underwriting; or
- b) is the subject of an order or resolution for winding up or formally proposes as scheme of arrangement; or
- c) has its authority to carry on insurance business withdrawn; or
- d) has its financial strength rating reduced by A.M. Best's, Standard & Poor's or equivalent rating agency to less than A-;

the Insured Organisation may terminate the Insurer's participation on this risk forthwith by giving notice, and the premium payable to the Insurer shall be pro rata to the time on risk .

However, at such time of Insurers termination, in the event that this layer has paid any Indemnity or Defence Costs, or there are any existing official Indemnity or Defence Costs reserves, arising from a notification of a circumstance(s) that may give rise to a claim, the premium shall be deemed fully earned.

However, in the event that the subject policy is not ultimately called upon to pay any Indemnity or Defence Costs then the termination premium shall be re-calculated as necessary on a pro-rata basis.

2. Trade or Economic Sanctions Endorsement

In consideration of the payment of the premium, it is hereby understood and agreed

“The POLICY shall not provide coverage for, and the INSURER shall not be liable to make any payment for LOSS if and to the extent that such coverage or payment would violate or expose the INSURER, or any of its directors, officers, employees or agents to sanctions or penalties under any applicable trade or economic sanctions laws, rules, regulations or resolutions. Nothing herein shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.”

3. It is understood and agreed that wherever the word COMPANY appears herein it shall be deemed to read and mean Insured Organisation.

4. In the event the Limit of Liability of this POLICY is exhausted, this POLICY's Limit of Liability shall be reinstated in the amount set forth in Item III of the Declarations, **FIRST REINSTATED LIMIT OF LIABILITY**, solely for LOSS incurred by INSUREDS as defined in Clause 2(k)(1), Definitions. Such **FIRST REINSTATED LIMIT OF LIABILITY** shall not apply to any CLAIM for which there has been any payment of LOSS under the Limit of liability of the POLICY or any other CLAIM based upon, arising out of or related in any way to such CLAIM, and such **FIRST REINSTATED LIMIT OF LIABILITY** shall be excess of amounts payable under all other insurance policies that are specifically excess of this POLICY, other than policy number 35475P15, and all **UNDERLYING INSURANCE** providing a similar reinstated limit of liability.

The above language also to be replicated in respect of the **SECOND REINSTATED LIMIT OF LIABILITY**

**SUBJECT OTHERWISE TO THE TERMS,
CONDITIONS AND LIMITATIONS OF THIS INSURANCE**

2. INFORMATION

INFORMATION:

This section details the information that was provided to Insurers to support the assessment of the risk at the time of underwriting.

Where it is required to provide exposure information it is recommended that this should follow the ACORD exposure schedule standard which can be found at www.acord.org

Client Presentation to Insurers dated 05 September 2019

3. SECURITY DETAILS

(RE)INSURER'S LIABILITY:

(RE)INSURERS LIABILITY CLAUSE

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line". Where this contract permits, written lines, or certain written lines, may be adjusted ("signed").

In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together).

A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

21/6/07
LMA3333

ORDER HEREON: 100% of 100%

BASIS OF WRITTEN LINES: Percentage of whole.

BASIS OF SIGNED LINES: Percentage of whole.

SIGNING PROVISIONS:

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of (re)insurance then all lines written by that date will be signed in full;
- b) the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of (re)insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

WRITTEN LINES

MODE OF EXECUTION CLAUSE

This contract and any changes to it may be executed by:

- (a) electronic signature technology employing computer software and a digital signature or digitiser pen pad to capture a person's handwritten signature in such a manner that the signature is unique to the person signing, is under the sole control of the person signing, is capable of verification to authenticate the signature and is linked to the document signed in such a manner that if the data is changed, such signature is invalidated;
- (b) a unique authorisation provided via a secure electronic trading platform
- (c) a timed and dated authorisation provided via an electronic message/system;
- (d) an exchange of facsimile/scanned copies showing the original written ink signature of paper documents;
- (e) an original written ink signature of paper documents (or a true representation of a signature, such as a rubber stamp).;

The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this contract. This contract may be executed in one or more of the above counterparts, each of which, when duly executed, shall be deemed an original.

In a co-insurance placement following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

It is the responsibility of each (Re)insurer subscribing to this contract to ensure that they are appropriately licenced to underwrite this contract in the territories described herein and can also discharge their relevant Insurance Premium Tax obligations.

UMR: B080135407P19
Insured: National Grid Plc

Section 1

Section 2

Details of variation(s) to the contract applying to the above (Re)Insurer only:

Premium: 0.0159% of USD 91,902
Brokerage: Nil
SMB: Nil

Details of variation(s) to the contract applying to above (Re)Insurer only:

Premium: 99.9841% of USD 91,902
Brokerage: Nil
SMB: Nil

CONTRACT ADMINISTRATION AND ADVISORY SECTIONS

(Applying to the contract but not forming part of the client's contract documentation)

4. SUBSCRIPTION AGREEMENT

SLIP LEADER: Chubb Bermuda via Chubb European Group SE

BUREAU LEADER: Not applicable unless completed here.

Lloyd's Leader

LIRMA Leader

ILU Leader

**BASIS OF AGREEMENT
TO CONTRACT
CHANGES:**

GUA (Version 2.0 February 2014) with Non-Marine Schedule -
October 2001

- A. In respect of each (re)insurer which at any time has the ability to send and receive ACORD messages via the Exchange:
 - i. Any contract change will be submitted by Willis Limited for agreement via an 'ACORD message';
 - ii. any contract change which requires notification will be notified by Willis Limited via an 'ACORD message';
 - iii. It is understood and agreed that whilst any contract change may be negotiated and agreed in any legally effective manner (and will be binding at that stage), such agreement of any contract change will be confirmed by each such (re)insurer via an appropriate 'ACORD message'. For the avoidance of any doubt, no further duty of disclosure arises in relation to any such confirmation.

- B. In respect of each (re)insurer who does not have the ability to send and receive ACORD messages via the Exchange:
 - i. It is understood and agreed that whilst any contract change may be negotiated and agreed in any legally effective manner (and will be binding at that stage),

any such contract change will be submitted/notified by Willis Limited electronically via email or other electronic means;

- ii. Such binding agreement of any contract change will be confirmed by each such (re)insurer via email or other electronic means. For the avoidance of any doubt, no further duty of disclosure arises in relation to any such confirmation.

Where there is a requirement for any wording to be agreed this is to be agreed by the Slip Leader only.

The Slip Leader is to determine whether amendments to the wording fall into part one, part two or part three of the GUA schedule.

The period of this contract may be extended for up to one calendar month at expiry, at terms to be agreed by the Slip Leader only.

The following clause is applicable to insurance risks which are eligible for TRIA.

TRIA NOTICE CLAUSE

Authority is hereby given to the Slip Leader to issue notice to Insured(s) as required by the U.S. Terrorism Risk Insurance Act of 2002 on behalf of all insurers hereon.

Where differing premium and/or broker remuneration and deductions terms apply to subscribing (re)insurers to this contract and the contract is subsequently subject to any form of additional/return premium, it is hereby agreed that the original premium and/or broker remuneration and deductions proportions shall be applied to such additional/return premium unless specifically stipulated to be otherwise in the endorsement.

**OTHER
AGREEMENT
PARTIES FOR
CONTRACT
CHANGES, FOR
PART 2 GUA
CHANGES ONLY:**

Where no other agreement parties for contract changes are stated herein, the agreement party will be the Slip Leader only.

**OTHER
AGREEMENT
PARTIES FOR
CONTRACT
CHANGES, FOR
THEIR PROPORTION
ONLY:**

Where no other agreement parties for contract changes are stated herein, the agreement party will be the Slip Leader only.

**BASIS OF CLAIMS
AGREEMENT:**

As specified under the CLAIMS AGREEMENT PARTIES section of this Contract and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENT – LMA9150 [as below] for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall apply as appropriate:-
- ii) The Lloyd's Claims Scheme (combined) or as amended or any successor thereto.
(N.B. The applicable Lloyd's Claims Scheme/part will be determined by the rules and scope of the Schemes(s))
- iii) IUA claims agreement practices.
- iv) The practices of any company(ies) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements and should be referred to as appropriate.

Single Claims Agreement Party Arrangements

1 Single Claims Agreement Party

1.1 Scope

All claims having, or circumstances assessed by the SLIP LEADER as having, a **Claim Amount** at or below GBP250,000 or currency equivalent (the **Threshold Amount**) will be designated a Single Claims Agreement Party Claim (**SCAP Claim**) and will be managed within the terms of these Single Claims Agreement Party Arrangements (these **Arrangements**). For the purposes of these **Arrangements** the SLIP LEADER must be: (a) an authorised person (as defined in Section 31 of the Financial Services and Markets Act 2000) with permission to effect and/or carry out contracts of insurance; or (b) a Member of Lloyd's.

1.2 Exceptions

Where:

- 1.2.1 the **Claim Amount** is more than, or, in the assessment of the SLIP LEADER, is likely to be more than, the **Threshold Amount**; and/or
- 1.2.2 after making further enquiries, there remains insufficient information to form a view on the likely quantum of any circumstance or claim and in the SLIP LEADER'S assessment, there is a material risk that the quantum will ultimately exceed the **Threshold Amount**; and/or
- 1.2.3 issues arise of fraud or avoidance (either under the Insurance Act 2015 or otherwise) or there are allegations against (re)insurers of regulatory breach which may result in regulatory action being taken against (re)insurers, or actionable allegations of improper claims handling have been made in respect of the claim at issue, or, in the assessment of the SLIP LEADER, such issues are likely to arise in connection with a claim; and/or
- 1.2.4 in the assessment of the SLIP LEADER a claim is, or is likely to become, controversial or complex, or is likely to become subject to **Dispute Resolution Proceedings**,

such claims or circumstances shall be managed in accordance with the provisions of the applicable BASIS OF CLAIMS AGREEMENT.

2 Slip Leader Responsibilities

2.1 Receipt of a Claim

Upon receiving a notification of a claim or circumstance, the SLIP LEADER shall, as soon as practicable, reasonably assess and decide, based on all the relevant circumstances (including but not limited to the **Claims Information**), whether such claim or circumstance is a **SCAP Claim** and notify the Broker accordingly with instructions for it to advise this decision to all claims agreement parties defined in B of the CLAIMS AGREEMENT PARTIES section.

2.2 Role of the Slip Leader

A **SCAP Claim** shall be **Determined** by the SLIP LEADER on behalf of itself and all (re)insurers which subscribe: (1) to this **Contract** on the same contractual terms (other than premium and brokerage); and (2) to these **Arrangements (Subscribing (Re)Insurers)**.

When Determining a **SCAP Claim**, including where the SLIP LEADER may have delegated the **Determination** of a **SCAP Claim**, the SLIP LEADER must always:

- 2.2.1 act in good faith and exercise the reasonable care of a competent (re)insurer; and
- 2.2.2 act in the best interest of all **Subscribing (Re)Insurers** on whose behalf it acts; and
- 2.2.3 comply with all laws, sanctions regimes, regulations and related guidance (including, but not limited to, those issued by Lloyd's, the Financial Conduct Authority and/or the Prudential Regulation Authority) as may be applicable to the **Determination** of a **SCAP Claim** and to which the SLIP LEADER is subject, including, but not limited to conduct of business rules requiring (re)insurers to treat customers fairly (if applicable in that jurisdiction); and
- 2.2.4 notify either directly or via the Broker, all **Subscribing (Re)Insurers** of any **Dispute Resolution Proceedings** commenced against them.

For the avoidance of doubt, the SLIP LEADER shall have no obligations or liability to any (re)insurer, other than a **Subscribing (Re)Insurer**, arising out of or in any way connected with the **Determination** of a **SCAP Claim**.

2.3 Reassigning Claims

Where during the life of a **SCAP Claim** any of the provisions of clause 1.2 apply, the SLIP LEADER shall:

- 2.3.1 reassign the **SCAP Claim** to the claims agreement parties defined in B of the CLAIMS AGREEMENT PARTIES section; and
- 2.3.2 notify the Broker accordingly with instructions for it to advise all applicable claims agreement parties defined in B of the CLAIMS AGREEMENT PARTIES section, following which the provisions of the applicable BASIS OF CLAIMS AGREEMENT shall apply to the claim.

The SLIP LEADER may, at any time, reassign a **SCAP Claim** outside of these **Arrangements** if having due regard to the available **Claims Information**, all relevant circumstances and its ability to act in accordance with clauses 2.2.1 to 2.2.3 inclusive, it considers that this assignment would be appropriate, following which the provisions of the applicable BASIS OF CLAIMS AGREEMENT shall apply to the claim.

The Broker may also, at any time, reassign a **SCAP Claim** outside of these **Arrangements** and to the provisions of the applicable BASIS OF CLAIMS AGREEMENT by advising all claims agreement parties defined in B of the CLAIMS AGREEMENT PARTIES section.

Where a **SCAP Claim** has been reassigned outside of these **Arrangements**, it may not, without the consent of all claims agreement parties defined in B of the CLAIMS AGREEMENT PARTIES section, be reassigned as a **SCAP Claim**.

Notwithstanding clauses 1.2.1 and 1.2.2 but without prejudice to any other right or requirement to (re)assign a **SCAP Claim** outside of these **Arrangements**, where the exchange rate between Sterling and the currency in which the **SCAP Claim** has been made fluctuates after the conversion date stated in A of the CLAIMS AGREEMENT PARTIES section such that the Sterling value of the claim exceeds the **Threshold Amount**, the claim shall not cease to be a **SCAP Claim** by reason of the currency fluctuation alone.

2.4 Delegation of Determination

The SLIP LEADER may delegate its **Determination** of a SCAP Claim to another entity.

Despite its right to delegate the **Determination** of a **SCAP Claim** pursuant to these **Arrangements** the SLIP LEADER shall remain responsible for all acts and omissions of the delegate and the acts and omissions of those employed or engaged by the delegate as if they were its own.

2.5 Processing Claims

The SLIP LEADER shall ensure that all supporting information has been properly documented prior to payment of the claim and that such records are kept for a period of no less than seven years after closure, subject always to the requirements of applicable laws (including but not limited to those applicable to the processing of personal data and privacy).

3 Broker Responsibilities

Notwithstanding the application of these **Arrangements**, the Broker shall advise all claims agreement parties defined in B of the CLAIMS AGREEMENT PARTIES section of any or all of the following matters or events, where known, as soon as practicable:

- 3.1 any new claim or circumstance assigned as a **SCAP Claim**;
- 3.2 any recommended reserve or reserves for a **SCAP Claim**;
- 3.3 any revision to the recommended reserve or reserves for a **SCAP Claim**;
- 3.4 any change in the assignment of a **SCAP Claim**;
- 3.5 the receipt of notice of the commencement of any **Dispute Resolution Proceedings** relating to a **SCAP Claim**;
- 3.6 the final **Determination** of a **SCAP Claim**, including where a **SCAP Claim** is denied;
- 3.7 any receipt of a complaint against (re)insurers;
- 3.8 any termination of the SLIP LEADER's authority to **Determine** claims under clauses 4.1 to 4.3 inclusive; and/or
- 3.9 where so requested by the SLIP LEADER, the identity and participation of all **Subscribing (Re)Insurers**.

A **Subscribing (Re)Insurer** may request the SLIP LEADER and/or Broker to provide such further information as it may reasonably require and the SLIP LEADER and Broker shall co-operate fully with any such request.

4 Termination of the SLIP LEADER's Authority

In the event that the SLIP LEADER:

- 4.1 becomes the subject of voluntary or involuntary rehabilitation or liquidation, action in bankruptcy or similar or in any way otherwise acknowledges its insolvency or is unable to pay its debts or losses; or
- 4.2 has its right to transact the main class of business covered by the slip withdrawn, suspended, removed or made conditional or impaired in any way by any regulatory authority; or

- 4.3 ceases to be either: (a) an authorised person (as defined in Section 31 of the Financial Services and Markets Act 2000) with permission to effect and/or carry out contracts of insurance; or (b) a member of Lloyd's,

the authority of that SLIP LEADER to **Determine** all **SCAP Claims** shall automatically terminate from the date of that event, following which the provisions of the applicable BASIS OF CLAIMS AGREEMENT shall apply to the claim.

5 Professional Advisers

- 5.1 The SLIP LEADER has the sole authority to appoint and instruct an independent, external, professional adviser (which may include, but is not limited to, a lawyer, loss adjuster, surveyor, actuary or accountant) on behalf of **Subscribing (Re)Insurers** where, in its sole discretion, it considers the professional adviser necessary for the **Determination** of a claim. The SLIP LEADER shall supervise the professional adviser throughout the period of their appointment.
- 5.2 A professional adviser appointed in connection with a **SCAP Claim** pursuant to clause 5.1 above may, at the SLIP LEADER's discretion, be instructed to send all reports and correspondence directly to the SLIP LEADER. The professional adviser's fees shall be agreed by the SLIP LEADER. The fees of the professional adviser shall be shared between the **Subscribing (Re)Insurers** in accordance with their respective shares of the **SCAP Claim**.

6 Claims Concerns

If a **Subscribing (Re)Insurer** has a concern regarding the handling of a **SCAP Claim** by the SLIP LEADER it shall notify the SLIP LEADER of its concern. The SLIP LEADER and the **Subscribing (Re)Insurer** which has raised the concern shall promptly confer and use their best endeavours to resolve the concern. If any disagreement remains after a period of 28 days from the date on which the concern was notified to the SLIP LEADER, the authority of the SLIP LEADER to **Determine** the **SCAP Claim** to which the concern relates shall terminate, following which the provisions of the applicable BASIS OF CLAIMS AGREEMENT shall apply to the claim.

7 Intra-(Re)Insurer Dispute Resolution Protocols

Before a **Subscribing (Re)Insurer** (Claimant) can bring a legal claim against the SLIP LEADER in relation to the **Determination** of a **SCAP Claim** or for an alleged breach of its obligations under these

Arrangements, it must first attempt to resolve the dispute (**Dispute**) as follows:

- 7.1 The **Claimant** shall notify the SLIP LEADER that it is commencing the **Dispute Resolution Protocols** prescribed in this clause 7.
- 7.2 The **Dispute** shall first be referred to representatives of the SLIP LEADER and of the **Claimant** who shall meet in a good faith effort to resolve the **Dispute**. If a resolution is not achieved within 21 days from the date the **Dispute** was referred to these individuals, the matter shall be escalated to a member of senior management responsible for claims, for each of the **Claimant** and SLIP LEADER, who shall attempt to resolve the **Dispute**.
- 7.3 If the **Dispute** has not been resolved within 28 days from the date upon which it is referred to senior management, then the **Claimant** and SLIP LEADER shall enter into a mediation agreement in the form prescribed by the LMA and IUA. If the resulting mediation fails to resolve the **Dispute**, then the **Dispute** shall be settled by arbitration in accordance with clause 7.4, provided always that the decision to commence an arbitration must be taken by the senior management of the **Claimant** in question.
- 7.4 All arbitrations arising out of or in connection with a **Dispute** shall be referred to arbitration under ARIAS Fast Track Arbitration Rules. The seat of arbitration shall be London.

8 Limitation of Liability

- 8.1 The total liability, whether in contract, in tort (including but not limited to negligence), breach of fiduciary duty, breach of statutory duty or otherwise, of a SLIP LEADER to all **Subscribing (Re)Insurers** on whose behalf it has acted, or is acting, under these **Arrangements** shall not exceed GBP 500,000 in respect of any one **SCAP Claim (Liability Cap)**.
- 8.2 If the aggregate liability of a SLIP LEADER in respect of any one **SCAP Claim** would exceed the **Liability Cap**, the **Subscribing (Re)Insurers** shall each be entitled to be paid only a share of the **Liability Cap** calculated in proportion to the share of the (re)insurance underwritten by each **Subscribing (Re)Insurer** (excluding for the purposes of this clause any share underwritten by the SLIP LEADER).
- 8.3 A SLIP LEADER shall not be liable for loss of profits, loss of business, loss of use (in each case whether direct or indirect) or any other indirect, special, or consequential damages alleged to have been suffered by a **Subscribing (Re)Insurer** arising out of its breach of the terms of these **Arrangements**.

- 8.4 Notwithstanding clause 8.3 but subject always to clauses 8.1, 8.2 and 8.5, nothing in this clause 8 is intended to exclude the SLIP LEADER'S liability to the **Subscribing (Re)Insurers** in respect of damages payable by the **Subscribing (Re)Insurers** to the (re)insured, in addition to the Claim Amount, arising from the mishandling of a **SCAP Claim** by the SLIP LEADER, its agents or employees, where such mishandling gives rise to an actionable claim for damages against **Subscribing (Re)Insurers**.
- 8.5 Nothing in these **Arrangements** shall exclude, restrict or limit with respect to the handling of a **SCAP Claim** a SLIP LEADER's liability for: (1) fraud or fraudulent misrepresentation; (2) death or personal injury caused by its negligence or the negligence of its employees or agents; or (3) any matter in respect of which it would be unlawful to exclude or restrict liability.

9 Choice of Law and Jurisdiction

Notwithstanding any other choice of law, express or implied in the contract of (re)insurance, the provisions of these **Arrangements** shall be construed and governed in accordance with the Laws of England and Wales and the **Subscribing (Re)Insurers** submit to the exclusive jurisdiction of the Courts of England and Wales.

10 Exclusions

- 10.1 The following types of business (and applicable risk codes for Lloyd's) are excluded from these **Arrangements**:
- 10.1.1 Binding Authorities;
 - 10.1.2 Proportional & Quota Share Treaties.
- 10.2 The following forms of settlement are excluded from these **Arrangements**:
- 10.2.1 ex gratia payments of any kind;
 - 10.2.2 commutation agreements.

Definitions

In these **Arrangements**, unless the context otherwise requires, the following words shall have the following meanings:

Claim Amount means:

- in relation to each **SCAP Claim**, the total amount claimed (after the application of any applicable deductible(s)); or

- in relation to a circumstance, the total amount which, in the judgement of the SLIP LEADER, may be claimed (after the application of any applicable deductible(s)),
- by the (re)insured from all (re)insurers under the **Contract** including, but not limited to, any of their expenses or other sums that are recoverable from the (re)insurers under the **Contract** pursuant to the terms of the (re)insurance. The Claim Amount shall exclude any costs incurred by the (re)insurers arising out of, or in connection with the handling of a **SCAP Claim**.

Claims Information means the information contained within a notification or provided by the (re)insured or its agent in relation to a **SCAP Claim**. It also includes all information obtained by the SLIP LEADER or provided by any **Professional Adviser** employed by (re)insurers.

Contract means, for the purposes of these **Arrangements**, (re)insurance evidenced by (re)insurers subscribing to a single Market Reform Contract and where all (re)insurers participate on the same contractual terms and conditions (other than premium and brokerage).

Determination/Determine means all claims handling activities necessary (including the appointment and instruction of any **Professional Advisers**) in order to: (i) accept or deny a **SCAP Claim**, in whole or in part; (ii) agree any amount payable and (iii) resolve finally any open matter in respect of the **SCAP Claim** by agreement or, negotiation.

Dispute Resolution Proceedings means any litigation, arbitration, mediation, regulatory hearing (other than before an ombudsman) or other contested proceeding commenced by or against **Subscribing (Re)Insurers** in any jurisdiction.

LMA9150
01 February 2018

CLAIMS AGREEMENT PARTIES:

- A. Claims falling within the scope of the (LMA9150) to be agreed by Slip Leader only on behalf of all (re)insurers subscribing (1) to this Contract on the same contractual terms (other than premium and brokerage) and (2) to these Arrangements.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

i) For Lloyd's syndicates:

The leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's Syndicate is

ii) Those companies acting in accordance with the IUA claims agreement practices, excepting those that may have opted out via iv) below.

iii) Those companies that have specifically elected to agree claims in respect of their own participation.

iv) All other subscribing insurers that are not party to the Lloyd's/IUA claims agreement practices, each in respect of their own participation.

v) Notwithstanding anything contained in the above to the contrary, any ex gratia payments to be agreed by each (re)insurer for their own participation.

**CLAIMS
ADMINISTRATION:**

Willis Limited and (re)insurers agree that any claims hereunder (including any claims related costs/fees) will be notified and administered via the Electronic Claims File (ECF) with any payment(s) processed via CLASS, unless both parties agree to do otherwise.

Where claims or circumstances are not administered via ECF, notification, administration and payment(s) will be electronic.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above) they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

Willis Limited are authorised to obtain translations of claims documents on behalf of insurers, with Insurers' associated costs being payable by Insurers as provided for under Expert(s) Fees Collection heading.

For Non Bureaux Insurers only

Claims settlement to be remitted to Willis Limited (unless otherwise specified within the contract) within 7 working days after agreement of claim by Slip Leader and submission of collection to market(s).

**RULES AND EXTENT
OF ANY OTHER
DELEGATED CLAIMS
AUTHORITY:**

None

Where the Claims Agreement Parties hereunder have delegated authority to a third party, then all insurers will follow the settlements of the appointed third party.

**EXPERT(S) FEES
COLLECTION:**

In respect of Expert(s) Fees payable by (re)insurers for services performed on their behalf, an appointed Service Provider to provide all collection and disbursement services on behalf of (re)insurers in conjunction with, whenever appropriate, Xchanging in respect of any bureau markets. In respect of Expert(s) Fees payable by (re)insurers for services performed on behalf of the (re)insured Willis Limited to collect fees.

**SETTLEMENT
DUE DATE:**

29 January 2020

In the absence of a Settlement Due Date, a Premium Payment Warranty or a Premium Payment Clause which automatically cancels the contract if premium payment is not paid by a specified date, the Settlement Due Date will be calculated by granting 60 days (or 90 days in respect of reinsurance) from whichever is the later of either:

- 1) the inception date of the risk or
- 2) the date on which the final Insurer agreement is obtained

**INSTALMENT PREMIUM
PERIOD OF CREDIT:**

Not applicable unless detailed here.

**ADJUSTMENT PREMIUM
PERIOD OF CREDIT:**

Not applicable unless detailed here.

**BUREAUX
ARRANGEMENTS:**

Premium Processing Clause

Where the premium is to be paid through Xchanging Ins-sure Services (XIS), payment to Insurers will be deemed to occur on the day that a delinked premium is released for settlement by the Appointed Broker or in the case of non-delinked premiums, on the day that the error-free Premium Advice Note (PAN) is submitted to XIS.

Where premiums are to be paid by instalments under the Deferred Account Scheme, and the Appointed Broker does not receive the premium in time to comply with the agreed settlement date for the second or subsequent instalment, the Appointed Broker, if electing to suspend the automatic debiting of the relevant deferred instalment, shall advise the Slip Leader in writing and instruct XIS accordingly. XIS shall then notify Insurers. Payment to any entity within the same group of companies as the Appointed Broker will be deemed to be payment to the Appointed Broker.

Nothing in this clause shall be construed to override the terms of any Premium Payment Warranty or Clause or any Termination or Cancellation provision contained in this contract. Furthermore, any amendment to the Settlement Due Date of a premium instalment as a result of the operation of this Premium Processing Clause shall not amend the date that such instalment is deemed to be due for the purposes of such Premium Payment Warranty or Clause or Termination or Cancellation provision unless Insurers expressly agree otherwise.

Appointed Broker : Willis Limited

LSW3003
14/12/09

Xchanging Ins-sure Services (XIS) are authorised to sign premium, de-linked or otherwise, from individual insureds, cedants, territories, insurers or class of business sections separately as and when received from Willis Limited.

In the event that any applicable premium payment warranty, clause or condition has a different due date to the settlement due date, XIS are hereby authorised to amend the settlement due date to match the premium payment warranty, clause or condition due date. This agreement shall be binding on all bureau insurers.

Insurers hereby agree that any premium payable in instalments under this contract will be processed as delinked additional premium entries other than when submitted under the Deferred Account Scheme.

Where any Settlement Due Date (SDD), Premium Payment Warranty (PPW) or Premium Payment Condition (PPC) due date falls on a weekend or public holiday, presentation to XIS or insurers hereon or release for settlement of a delinked premium as applicable on the next working day will be deemed to be in compliance with such SDD, PPW or PPC.

Where Premium Transfers have been completed any additional/return premiums due thereafter will be paid/deducted from the last Year of Account unless advised differently by (re)insurers.

Agreed to accept currency rate of exchange adjustments as presented to XIS bearing evidence of Insured payment / settlement.

For signing purposes XIS agree to accept netted down premiums (being both gross and net) as presented by Willis Limited.

All premium related transactions shall be settled in the same currency as indicated in this contract and all claims related transactions, including fees and expenses shall be paid in any appropriate currency as requested by the Insured, expert or adjuster, providing:

Where the currency(ies) is not a currency nominated by Lloyd's, IUA or XIS as a settlement currency, or where one or more XIS Underwriter does not transact business in a nominated XIS settlement currency or where all or part of the Lloyd's premium is to be settled in US Dollars (USD) for US or Canadian Trust Fund purposes, then all transactions will be converted into Pounds Sterling (GBP), US Dollars (USD) or Euro (EUR), as specified by Willis Limited, at the applicable rate of exchange which shall be determined by:

- a) the date of receipt by Willis Limited for premiums
- b) the date of payment to the client for claims and return premiums or as agreed by the Slip Leader.

XIS are authorised to:

- issue For Declaration Only (FDO) signings (to allow prompt policy signing and notification of claims via ECF, where necessary).

Insurers agree to allow delinked signings to be removed on Broker instruction only, subject to evidence that insurers have been advised by the Broker that it has been unable to collect the premium.

Tax Schedules and other documentation supporting premium calculation included within submissions to XIS are deemed informational documents only and do not form part of the contract nor require underwriter agreement.

For the purpose of policy production only references to "Slip Leader" and "Slip Leader only" herein are deemed to read "Insurers".

**NON-BUREAUX
ARRANGEMENTS:**

Insurers agree to accept premium from individual insureds, cedants, territories or class of business sections separately as and when received from Willis Limited.

In the event that any applicable premium payment warranty, clause or condition has a different due date to the settlement due date, insurers hereby agree the settlement due date is amended to match the premium payment warranty, clause or condition due date. This agreement shall be binding on all non-bureau insurers.

Premium included in either the next Statement of Account or the next e-Accounting Financial Account (FA) ACORD message batch, dispatched electronically after SDD shall be deemed to meet Premium Payment Terms. This does not supersede priority payments nor special payment terms nor specifically agreed payment and currency terms stated in this contract.

Agreed to accept currency rate of exchange adjustments as presented to insurers bearing evidence of Insured payment / settlement.

All premium related transactions shall be settled in the same currency as indicated in this contract and all claims related transactions, including fees and expenses shall be paid in any appropriate currency as requested by the Insured, expert or adjuster, providing:

Where the currency(ies) is not a currency nominated by insurers or Willis Limited as a settlement currency, then all transactions will be converted into Pounds Sterling (GBP), US Dollars (USD) or Euro (EUR), as specified by Willis Limited, at the applicable rate of exchange which shall be determined by:

- a) the date of receipt by Willis Limited for premiums
- b) the date of payment to the client for claims and return premiums or as agreed by the Slip Leader.

Settlements in respect of any Canadian interest will be converted, where necessary, into US Dollars (USD) or Canadian Dollars (CAD) for payment to insurers at the applicable rate of exchange determined by the date of premium receipt by Willis Limited.

5. FISCAL AND REGULATORY

**TAX PAYABLE BY
INSURER(S):**

None.

COUNTRY OF ORIGIN:

United Kingdom.

**REGULATORY RISK
LOCATION:**

United Kingdom – 34.9841%
United States of America – 65%
Belgium – 0.0159%

OVERSEAS BROKER:

Direct Insured.

US CLASSIFICATION:

Non-Regulated – Non US Risk

**ALLOCATION OF
PREMIUM TO
CODING:**

D3 – 100%

**REGULATORY CLIENT
CLASSIFICATION:**

Commercial Customer

6. BROKER REMUNERATION AND DEDUCTIONS

**FEE PAYABLE BY
CLIENT?** Yes.

TOTAL BROKERAGE: Nil

**OTHER DEDUCTIONS
FROM PREMIUM:** None.

SECURITY DETAILS

REFERENCES

UMR (Unique Market Reference): B080135407P19
 Date contract printed to PDF: 09:44 09 December 2019

SIGNED UNDERWRITERS

Chubb

Jonathan Boyd-Wallis

EEA - EEA

Chubb

Jonathan Boyd-Wallis

| | | | |
|-----------------------------------------------------------------------|------------------------|---------------------|--------------------|
| Written Line | 100.00% | Signed Line | 100.00% |
| Agreed on | 15:15 06 December 2019 | | |
| For and on behalf of: | | Written Line | Signed Line |
| Chubb Bermuda International, a division of Chubb European Group SE | | 100.00% | 100.00% |
| Bound as Slip Leader | | | |
| <i>Reference:</i> | CBIICODA0193119 | | |
| <i>Description:</i> | | | |

Non-EEA - Non-EEA

Chubb

Jonathan Boyd-Wallis

| | | | |
|-----------------------------------------------------------------------|------------------------|---------------------|--------------------|
| Written Line | 100.00% | Signed Line | 100.00% |
| Agreed on | 15:15 06 December 2019 | | |
| For and on behalf of: | | Written Line | Signed Line |
| Chubb Bermuda International, a division of Chubb European Group SE | | 100.00% | 100.00% |
| Bound as Slip Leader | | | |
| <i>Reference:</i> | CBIICODA0193119 | | |
| <i>Description:</i> | | | |