



«Declarations.Carrier»

ADMINISTRATIVE OFFICES: 13403 NORTHWEST FREEWAY, HOUSTON, TEXAS 77040

TENANT DISCRIMINATION REIMBURSEMENT INSURANCE DECLARATIONS
(CLAIMS MADE AND REPORTED POLICY)

- 1. **Named Insured:** «Declarations.InsuredFullName»
- 2. **Address:** «Declarations.Insuredstreetaddress»
«Declarations.Insuredcity», «Declarations.Insuredstate» «Declarations.Insuredzip»
- 3. **Policy Number:** «Declarations.PolicyNo» **Renewal of:** «Declarations.RenewalPolicyNo»
- 4. **Policy Period:** Effective Date: «Declarations.InceptionDate» Expiration Date: «Declarations.ExpirationDate»
(12:01 a.m. Local Time at the Address of the **Named Insured** stated in Item 2 above)
- 5. **Retroactive Date:** «Declarations.RetroactiveDate»
- 6. **Knowledge Date:** «Declarations.KnowledgeDate»
- 7. **Limit of Liability:** \$«Declarations.LimitofLiability» per **Claim** (including **Claim Expenses**)
\$«Declarations.AggLimitofLiability» Aggregate (including **Claim Expenses**)
 - FCRA Sublimit:** \$«Declarations.LimitofLiability» per **Claim**
\$«Declarations.LimitofLiability» Aggregate
 - Fair Housing Training Costs Sublimit:** \$«Declarations.LimitofLiability» Aggregate
 - Court Attendance Costs Sublimit:** \$«Declarations.LimitofLiability» Aggregate
(subject to \$300.00 daily maximum limit)
- 8. **Deductible:** \$«Declarations.Deductible» per **Claim** (including **Claim Expenses**)
- 9. **Premium:** \$«Declarations.Premium»
 - «Taxes.Description» «Taxes.BilledAmt»
 - Administrative Fee: «Declarations.PolicyFees»

10. **How to Report a Claim:**

Report any **Claim** or potential **Claim** to the individual below:

Tokio Marine HCC – Professional Lines Group Claims Department
c/o Head of Claims
37 Radio Circle Drive
Mount Kisco, NY 10549
Claims Telephone Number: 800-742-2210
Claims Email Address: submitclaims@tmhcc.com



TOKIO MARINE
HCC

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**TENANT DISCRIMINATION REIMBURSEMENT INSURANCE DECLARATIONS
(CLAIMS MADE AND REPORTED POLICY)**

Schedule of Endorsements

It is hereby agreed that the following endorsements are attached to and are made a part of this Policy at time of issue:

«Endorsements.EndoNum»

«Endorsements.FormCode»

«Endorsements.FormName»

«Declarations.SignedBy(image)»

SPECIMEN

Tenant Discrimination Reimbursement Insurance

THIS IS A CLAIMS MADE AND REPORTED POLICY. THIS TENANT DISCRIMINATION REIMBURSEMENT INSURANCE POLICY IS LIMITED TO CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD OR AN OPTIONAL EXTENDED REPORTING PERIOD (IF APPLICABLE) AND REPORTED TO THE COMPANY IN WRITING PURSUANT TO THE TERMS AND CONDITIONS OF THIS POLICY. LOSS AND CLAIM EXPENSES REDUCE THE LIMIT OF LIABILITY. PLEASE REVIEW THIS POLICY CAREFULLY WITH YOUR INSURANCE BROKER OR ADVISOR.

In consideration of the payment of the premium, the undertaking of the **Named Insured** to pay the Deductible herein, and in reliance upon all statements made and information in the **Application**, which is deemed attached hereto and made a part of this Policy, and subject to the Limit of Liability and Deductible as well as all terms, conditions, limitations and exclusions of this Policy, the Company agrees with the **Named Insured** as follows:

The Company shall mean the insurance carrier set forth in the Declarations of this Policy.

I. INSURING AGREEMENT

The Company will reimburse an **Insured** for any **Loss** and **Claim Expenses**, in excess of the Deductible and subject to this Policy's Limit of Liability, that an **Insured** becomes legally obligated to pay as a result of a **Claim** for **Discrimination**, provided always that:

- (1) the **Claim** is first made against an **Insured** during the **Policy Period** or the Optional Extended Reporting Period, if applicable;
- (2) the **Claim** is reported to the Company in writing during the **Policy Period**, or within sixty (60) days after the end of the **Policy Period**, or during the Optional Extended Reporting Period, if applicable;
- (3) the **Claim** arises out of, relates to, or involves a **Covered Property**;
- (4) the **Named Insured's** partners, principals, officers, directors, members or risk managers had no knowledge of any circumstance, dispute, situation or incident that could reasonably have been expected to give rise to such **Claim** prior to the Knowledge Date stated in the Declarations of this Policy; and
- (5) the **Discrimination** takes place on or after the Retroactive Date stated in the Declarations of this Policy.

The Company has no duty to defend any **Claim**, but only to reimburse an **Insured** for **Loss** and **Claim Expenses** to which this Policy applies. The obligation to defend any **Claim** resides solely with an **Insured**, and a reasonable and good faith defense by an **Insured** is a condition precedent to reimbursement under this Policy.

II. DEFINITIONS

(A) Application

“Application” means all applications and/or proposals, including any attachments thereto, and all other information and materials submitted by or on behalf of any **Insured** to the Company with respect to the underwriting of this Policy, or any other policy or policies of which this Policy is a direct renewal or replacement.

(B) Attorney

“Attorney” means an individual or group duly licensed to practice law at the time and place the legal services are rendered.

(C) Bodily Injury

“Bodily Injury” means physical injury, sickness, disease, death of a person, mental anguish, emotional distress, mental injury, shock, humiliation, pain and suffering, or any similar injury to any person.

(D) Claim

“Claim” means:

- (1) any lawsuit initiated against an **Insured** by or on behalf of a **Tenant** alleging **Discrimination**;
- (2) any administrative charge or proceeding filed against an **Insured** with the United States Department of Housing and Urban Development, or any similar federal, state or local agency responsible for the administration of fair housing laws, by or on behalf of a **Tenant** alleging **Discrimination**; or
- (3) an **FCRA Proceeding**.

However, **“Claim”** shall not include any **Criminal Proceeding** or class action suit.

A **Claim** will be deemed to have been first made against an **Insured** when any **Insured** first receives written notice of such **Claim**.

(E) Claim Expenses

“Claim Expenses” means reasonable and necessary legal fees and expenses charged by an **Attorney** for legal services rendered in the defense of a **Claim**.

“Claim Expenses” shall not include salary expenses, wages or lost earnings of any **Insured**.

(F) Court Attendance Costs

“Court Attendance Costs” means provable loss of earnings sustained by an **Insured**, and reasonable and necessary costs and expenses incurred by an **Insured**, after a total of three (3) days of required attendance at mediation sessions, arbitration proceedings, hearings, depositions and trials relating to the defense of a **Claim**. **Court Attendance Costs** are subject to the **Court Attendance Costs Sublimit**.

(G) Court Attendance Costs Sublimit

“**Court Attendance Costs Sublimit**” means the Company’s maximum limit of liability under this Policy for **Court Attendance Costs** for all **Claims** made during the **Policy Period**, regardless of the number of **Claims** or **Insureds**. The Company’s daily maximum Limit of Liability for **Court Attendance Costs** is \$300.00, regardless of the number of **Claims, Insureds** or proceedings attended by an **Insured**, and subject always to the aggregate Sublimit of Liability stated in the Declarations of this Policy. The **Court Attendance Costs Sublimit** is part of, and not in addition to, the aggregate Limit of Liability stated in the Declarations of this Policy.

(H) Covered Property

“**Covered Property**” means:

- (1) any real property held for rental which is owned or managed by the **Named Insured** as of the Effective Date of the **Policy Period**, but only with respect to **Discrimination** committed while the **Named Insured** manages or owns such real property;
- (2) any real property held for rental which, during the **Policy Period**, comes under the management or ownership of the **Named Insured**, but only with respect to **Discrimination** committed while the **Named Insured** manages or owns such real property and provided that the **Named Insured** gives the Company written notice of such transaction or event as soon as practicable, but no later than sixty (60) days after the effective date of the transaction or event;
- (3) any real property held for rental which, during the **Policy Period**, ceases to be owned or managed by the **Named Insured**, but only with respect to **Discrimination** committed while the **Named Insured** managed or owned such real property; and
- (4) any real property held for rental which was under the management or ownership of the **Named Insured** prior to the **Policy Period**, but only with respect to **Discrimination** committed while the **Named Insured** managed or owned such real property, and only if this Policy is a direct and continuous renewal of a policy issued by the Company

“**Covered Property**” shall not include any of the following:

- (1) any franchise restaurant owned or managed by any **Insured**;
- (2) any mobile home park or community owned or managed by any **Insured**;
- (3) any recreational vehicle park or community owned or managed by any **Insured**;
- (4) any hotel, motel or bed & breakfast owned or managed by any **Insured**; or

(5) any property owned by any religious organization or government entity.

(I) Criminal Proceeding

“**Criminal Proceeding**” means any governmental action or investigation for the enforcement of criminal laws, including offenses for which conviction could result in imprisonment and/or criminal fines.

(J) Discrimination

“**Discrimination**” means any actual or alleged disparate treatment of a **Tenant** by an **Insured** based on race, color, religion, age, sex, pregnancy, national origin, sexual orientation, familial status or disability, or any other basis prohibited by federal, state or local law, including humiliation, infliction of emotional distress or mental anguish, if directly resulting from such treatment.

(K) Domestic Partner

“**Domestic Partner**” means any person qualifying as such under any federal, state or local laws, or under an **Insured’s** employee benefit plan or program.

(L) Fair Housing Tester

“**Fair Housing Tester**” means any person employed by a fair housing council, organization or agency, to pose as a prospective renter or lessee of a **Covered Property**, to identify, investigate or document **Discrimination**, without any real intent to rent or lease such **Covered Property**.

(M) Fair Housing Training Costs

“**Fair Housing Training Costs**” means any of the following costs incurred by an **Insured** to comply with a **Settlement** or **Judgement**:

- (1) costs to provide training to staff relating to fair housing laws; and
- (2) costs to adopt or implement a fair housing law compliance program or fair housing policies and procedures.

Fair Housing Training Costs are subject to the **Fair Housing Training Costs Sublimit**.

(N) Fair Housing Training Costs Sublimit

“**Fair Housing Training Costs Sublimit**” means the Company’s maximum limit of liability under this Policy for **Fair Housing Training Costs** for all **Claims** made during the **Policy Period**, regardless of the number of **Claims** or **Insureds**. The **Fair Housing Training Costs Sublimit** amount stated in the Declarations of this Policy is part of, and not in addition to, the aggregate Limit of Liability stated in the Declarations of this Policy.

(O) FCRA Fines and Penalties

“FCRA Fines and Penalties” means administrative fines or penalties imposed against an **Insured** by a federal, state or local administrative agency in an **FCRA Proceeding**. **FCRA Fines and Penalties** are subject to the **FCRA Sublimit**.

(P) FCRA Proceeding

“FCRA Proceeding” means an administrative proceeding initiated against an **Insured** by a federal, state or local administrative agency alleging that the **Insured’s Tenant** screening procedures violate the Fair Credit Reporting Act (FCRA) of 1970 (15 U.S.C. § 1681), or any regulation promulgated thereunder, or any other similar federal, state or local law concerning the accuracy and fairness of consumer credit reporting.

(Q) FCRA Sublimit

“FCRA Sublimit” means the Company’s maximum limit of liability under this Policy for **Claim Expenses** and **FCRA Fines and Penalties** for each **FCRA Proceeding** initiated during the **Policy Period**, and in the aggregate for all **FCRA Proceedings** initiated during the **Policy Period**, regardless of the number of **FCRA Proceedings** or **Insureds**. The **FCRA Sublimit** is part of, and not in addition to, the aggregate Limit of Liability stated in the Declarations of this Policy.

(R) Guest of a Tenant

“Guest of a Tenant” means any person who occupies or enters a residential **Covered Property** with the express or implied consent of the renter or lessee of such residential **Covered Property**. **Guest of a Tenant** does not include any person patronizing, occupying, or entering any commercial **Covered Property**.

(S) Insured

“Insured” means:

- (1) the **Named Insured** designated as such in the Declarations of this Policy;
- (2) any lawfully appointed director, trustee, officer, partner, principal, member or shareholder of the **Named Insured**, but only while acting within the course and scope of his or her duties as such;
- (3) any employee of the **Named Insured**, but only while acting within the course and scope of his or her duties as such;
- (4) any person or organization who provides property management services on behalf of the **Named Insured** in connection with a **Covered Property**, pursuant to a written contract, but only for acts committed or allegedly committed by such person or organization in the course and scope of such property management services;
- (5) any **Domestic Partner**, heir, executor, administrator, assign or legal representative of an **Insured** in the event of death, incapacity, or bankruptcy;

- (6) any owner of a **Covered Property** to whom the **Named Insured** provides property management services in connection with such **Covered Property**, pursuant to a written contract, but only for acts committed or allegedly committed by a party described in paragraph (1), (2) or (3) above in the course and scope of such property management services; and
- (7) any **Special Purpose Entity**, but only for acts committed or allegedly committed by a party described in paragraph (1), (2) or (3) above after such **Special Purpose Entity** is established.

(T) Judgment

“**Judgment**” means a final determination of the legal liability of an **Insured** by a court of competent jurisdiction within the United States, or in the event of an appeal, by an appellate court, resulting from a **Claim** made against such **Insured**. Such **Judgment** must be final in effect as to an **Insured**, and not be in the alternative or contingent, and must require an **Insured** to pay money as compensatory damages, including punitive damages to the extent insurable under the law of the most favorable applicable jurisdiction that allows coverage for punitive damages.

(U) Loss

“**Loss**” means:

- (1) any payments required to be made by an **Insured** for **Judgment** entered against such **Insured**, or any **Settlement** paid by an **Insured**, either of which arises out of a **Claim** made during the **Policy Period**;
- (2) **Fair Housing Training Costs**, subject to the **Fair Housing Training Costs Sublimit**;
- (3) **Court Attendance Costs**, subject to the **Court Attendance Costs Sublimit**; and
- (4) **FCRA Fines and Penalties**, subject to the **FCRA Sublimit**.

(V) Named Insured

“**Named Insured**” means the entity or individual designated as such in the Declarations of this Policy.

(W) Policy Period

“**Policy Period**” means the period from the Effective Date of this Policy to its Expiration Date as set forth in the Declarations of this Policy, or this Policy’s earlier termination date, if any. “**Policy Period**” specifically excludes the sixty (60) days following expiration referenced in Section **V**. and specifically excludes the Optional Extended Reporting Period.

(X) Property Damage

“Property Damage” means:

- (1) physical injury to, or destruction of, tangible property including loss of use resulting therefrom; or
- (2) loss of use of tangible property that has not been physically injured or destroyed.

(Y) Settlement

“Settlement” means an agreement pursuant to which an **Insured** is required to pay money as compensatory damages because of a **Claim**, and to which the Company has expressly agreed in writing prior to an **Insured’s** entry into such settlement. Such **Settlement** shall be final in effect as to an **Insured**, and not be in the alternative or contingent.

(Z) Special Purpose Entity

“Special Purpose Entity” means any legal entity which:

- (1) is formed by an owner, partner, principal, member or shareholder of the **Named Insured** for the purpose of conducting the business activities or operations of the **Named Insured**; and
- (2) is controlled or managed by such owner, partner, principal, member or shareholder of the **Named Insured**.

(AA) Tenant

“Tenant” means:

- (1) any past, current or prospective renter or lessee of a **Covered Property**;
- (2) any **Fair Housing Tester**; and
- (3) any **Guest of a Tenant**.

III. EXCLUSIONS

This Policy does not apply to:

- (A)** any **Claim Expenses** or **Loss** based upon or arising out of disputes with respect to this insurance, including questions as to whether **Claim Expenses** or **Loss** are reimbursable under this Policy;
- (B)** any **Claim** based upon or arising out of any actual or alleged seepage, pollution or contamination;
- (C)** any **Claim** based upon or arising out of any actual or alleged asbestos, asbestos-related injury or damage, mold or mold-related injury or damage;
- (D)** any matter other than a **Claim**;

- (E) any class action suit, whether certified or not;
- (F) any **Claim** based upon or arising out of any actual or alleged dishonest, criminal, fraudulent, malicious or intentional acts or omissions committed by any **Insured**;
- (G) any **Criminal Proceeding**;
- (H) any matter initiated against an **Insured** by any past, present or prospective employee of the **Named Insured**;
- (I) any **Loss** obtained by default, stipulation, **Settlement** or agreement, unless the Company has expressly agreed in writing to the entry of such **Loss**. It is an **Insured's** responsibility to request this written agreement from the Company and to notify its **Attorney** of this Exclusion;
- (J) any fines, penalties or any matter deemed uninsurable pursuant to the law under which this Policy is interpreted.

However, this Exclusion shall not apply to punitive damages to the extent insurable under the law of the most favorable applicable jurisdiction that allows coverage for punitive damages;

- (K) the costs of repairing, building or modifying any property to accommodate or comply with the Americans with Disabilities Act or any other similar federal, state, local or foreign statutes, laws, rules, regulations or ordinances;
- (L) the costs to comply with any **Settlement** or award by a court, administrative order, arbitration award or any similar **Judgment**.

However, this Exclusion shall not apply to **Fair Housing Training Costs** payable under the **Fair Housing Training Costs Sublimit**; or

- (M) **Bodily Injury or Property Damage**.

IV. LIMIT OF LIABILITY / DEDUCTIBLE

(A) Limit of Liability

- (1) The Limit of Liability stated in the Declarations of this Policy shall be the Company's per **Claim** and aggregate Limit of Liability for all **Loss** and **Claim Expenses** for all **Claims** first made against an **Insured** during the **Policy Period**, including any Optional Extended Reporting Period, if applicable.
- (2) All Sublimits of Liability stated in the Declarations of this Policy are part of, and not in addition to, the aggregate Limit of Liability.

(B) Exhaustion of Limit of Liability

- (1) The Company shall not be liable to pay any **Loss** or **Claim Expenses** after the Limit of Liability, or applicable Sublimit of Liability, has been exhausted.

- (2) The payment of **Loss** and **Claim Expenses** by the Company reduces and may totally exhaust the applicable Limit of Liability or applicable Sublimit of Liability.

(C) Deductible

- (1) The Deductible amount stated in the Declarations of this Policy shall apply to **Loss** and **Claim Expenses** for each **Claim**. The Company will not be obligated to pay **Loss** or **Claim Expenses** until an **Insured** pays the applicable Deductible in full. The Limit of Liability shall not be reduced by the amount of the Deductible.
- (2) Any payments made to satisfy the retention or deductible under another policy of insurance shall not satisfy or apply towards the applicable Deductible, or any portion thereof, under this Policy.

(D) Multiple Claims

- (1) Two or more **Claims** based upon or arising out of the same act of **Discrimination**, or related acts of **Discrimination**, shall be considered a single **Claim** and shall be deemed to have been made when the first such **Claim** was made against any **Insured**. Further, any related acts of **Discrimination** shall be deemed to have been committed at the time when the first of such acts of **Discrimination** was committed.
- (2) Acts of **Discrimination** shall be deemed to be related if they have as a common nexus any fact, event, circumstance, dispute, situation or incident or a series of facts, events, circumstances, disputes, situations or incidents. Any appeals and post-trial proceedings shall be deemed to be part of the original **Claim** and treated as a single **Claim**.
- (3) A single Deductible and a single per **Claim** Limit of Liability shall apply to any **Claim** or the total of all **Claims** arising from the same act of **Discrimination**, or related acts of **Discrimination**.

(E) Non-Stacking of Limits

If any **Claim** is covered, in whole or in part, under this Policy, and any other policy issued by the Company, including any coverage(s) added by endorsement, then the total limit of liability for such **Claim** shall not exceed the single largest limit of liability available. The largest applicable limit of liability shall apply only once to such **Claim**. The retention or deductible for each policy shall be applied to the portion of such **Claim** that is allocated to the respective **Insured**.

(F) Allocation

If a **Claim** made against any **Insured** includes both covered and uncovered allegations or is made against both an **Insured** and others not insured under this Policy, the **Named Insured** and the Company agree that there must be an allocation between insured and uninsured **Loss** and **Claim Expenses**. If there is no agreement as to the allocation of **Claim Expenses**, the Company will pay the

allocated portion of **Claim Expenses** which the Company deems fair and appropriate until an agreement can be reached. In addition, if there is no agreement on allocation of **Loss** and **Claim Expenses**, no presumption as to allocation shall exist in any arbitration, suit or other proceeding.

V. NOTIFICATION

As a condition precedent to any available rights under this Policy, if any **Claim** is made against any **Insured**, any **Insured** shall give written notice of the **Claim** to the individual designated in the Declarations of this Policy as soon as practicable during the **Policy Period** but no later than sixty (60) days after the end of the **Policy Period**, or during the Optional Extended Reporting Period, if applicable.

VI. CONDITIONS

(A) Reimbursement

An **Insured** shall be reimbursed only for **Claim Expenses** charged for legal services rendered and **Loss** sustained in a **Claim**, up to the Limit of Liability or applicable Sublimit of Liability. However, actual payment by an **Insured** for **Claim Expenses** or **Loss** will not be a condition precedent to reimbursement.

(B) Free Choice of Attorneys

The Company does not assume any duty to defend under this Policy. An **Insured** shall select and retain the licensed **Attorney** who will provide legal services in respect to any **Claim** to which this Policy applies. However, reimbursement of **Claim Expenses** under this Policy will be limited to a maximum hourly **Attorney** rate of \$300.00.

(C) Counter-Claims and Cross-Complaints

If any **Claim** which is reimbursable under this Policy is made against any **Insured**, and such **Insured** prosecutes a counter-claim, cross-complaint or similar action in defense of such **Claim**, any **Claim Expenses** incurred shall be reimbursed, subject to the Limit of Liability.

(D) Assistance and Cooperation

- (1) Every **Insured** shall cooperate with the Company and its representatives and, upon the Company's request, shall submit to examination and interrogation by a representative of the Company, under oath if required and without charge to the Company. Every **Insured** shall further cooperate with the Company and do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment that any **Insured** may have.
- (2) Every **Insured** must take all reasonable action, within its ability, to prevent and/or mitigate any **Claim** or **Loss** to which this Policy applies and agrees that it shall not take any action which in any way increases the Company's exposure under this Policy.

(E) Subrogation

- (1) If any payment is made under this Policy, the Company shall be subrogated to the extent of such payment to all rights of recovery thereof, and any **Insureds** shall execute all documents required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company to effectively sue in the name of any **Insured**, and shall provide all other assistance and cooperation which the Company may reasonably require. An **Insured** shall do nothing after a **Claim** is made against an **Insured** to prejudice the Company's subrogation rights.
- (2) All recoveries (after first deducting the legal fees and expenses incurred by the Company in obtaining such recovery) shall first be paid to the Company to the extent of any **Loss** or **Claim Expenses** incurred by the Company, with the balance paid to an **Insured**.

(F) Other Insurance

This Policy shall be excess over any other valid and collectible insurance, including the amount of any deductibles and/or retentions, available to any **Insured**, including any insurance under which there is a duty to defend and regardless of whether such other policy or policies are stated to be primary, contributory, excess, contingent or otherwise, unless such insurance is written specifically as excess insurance of this Policy by reference in such other policy to the Policy number set forth in the Declarations of this Policy.

(G) Cancellation

- (1) The **Named Insured** may cancel this Policy by giving advance written notice to the Company stating when thereafter cancellation shall take effect.
- (2) If the Company decides to cancel this Policy, the Company will mail a written notice to the **Named Insured** stating on what date cancellation shall be effective and the reason for cancellation. If the reason is because of non-payment of premium, then the date of cancellation will be at least ten (10) days from the date of the Company's notice of cancellation. If it is for any other reason, then the date of cancellation will be at least sixty (60) days from the date of the Company's notice of cancellation.
- (3) If this Policy is cancelled by the Company before the Expiration Date the return portion of the premium shall be computed on a prorated basis. If the **Named Insured** elects to cancel this Policy before the Expiration Date, the earned premium will be computed on a short rate basis subject to a minimum earned of twenty-five percent (25%) of the total annual premium. Notwithstanding the foregoing, if a **Claim** is made against an **Insured** and reported under this Policy, no return premium will be provided. Cancellation is not contingent upon acceptance by the **Named Insured** of the unearned premium.

(H) Non-Renewal

If the Company elects to non-renew this Policy, it will mail a written notice to the **Named Insured** stating the reason for non-renewal at least sixty (60) days before the Expiration Date of this Policy.

(I) Optional Extended Reporting Period

- (1) If this Policy is cancelled or non-renewed by the Company for any reason other than fraud, material misrepresentation, material omission or for the non-payment of premium, or if the **Named Insured** cancels or chooses not to renew this Policy, then the **Named Insured** shall have the right, following the effective date of such cancellation, if applicable, or the Expiration Date of this Policy, to purchase an Optional Extended Reporting Period, upon written request and payment of an additional premium of up to the percentage of the full annual premium not to exceed:
 - (a) For 12 months: 150% of the full annual premium.
 - (b) For 24 months: 200% of the full annual premium.
 - (c) For 36 months: 250% of the full annual premium.
- (2) At the commencement of the Optional Extended Reporting Period, the entire premium shall be considered fully earned.
- (3) Any such Optional Extended Reporting Period:
 - (a) shall only apply with respect to any **Claim** first made against an **Insured** during the Optional Extended Reporting Period and only with respect to any **Discrimination** committed on or after the Retroactive Date stated in the Declarations of this Policy and before the effective date of cancellation, if applicable, or the Expiration Date of this Policy;
 - (b) shall be evidenced by issuance of an Endorsement to this Policy;
 - (c) is subject to all terms, conditions, limitations and exclusions of this Policy;
 - (d) shall require payment within thirty (30) days from the **Named Insured's** written request to bind such Optional Extended Reporting Period; and
 - (e) shall be effective on the effective date of such cancellation, if applicable, or the Expiration Date of this Policy.
- (4) The aggregate Limit of Liability for the Optional Extended Reporting Period shall be part of, and not in addition to, the aggregate Limit of Liability for the **Policy Period** set forth in the Declarations. The purchase of the Optional Extended Reporting Period shall not increase or reinstate the Limit of Liability set forth in the Declarations, which shall be the Company's

maximum liability for all **Loss**, including **Claim Expenses**, for all **Claims** first made during the **Policy Period** and Optional Extended Reporting Period.

- (5) As used herein, "full annual premium" means the equivalent annual premium level for the coverage terms in effect immediately prior to the end of the **Policy Period**, including any additional premium for endorsements.
- (6) A change in Policy terms, conditions or exclusions and/or premiums shall not be considered a nonrenewal for purposes of triggering the **Named Insured's** right to purchase the Optional Extended Reporting Period.
- (7) The rights contained in this provision shall terminate, however, unless the **Named Insured** provides written notice of such election to purchase the Optional Extended Reporting Period to the Company within thirty (30) days of the effective date of cancellation, if applicable, or the Expiration Date of this Policy. Furthermore, as a condition precedent to the **Named Insured's** rights to purchase the Optional Extended Reporting Period, the total premium for this Policy must have been paid in full and any outstanding Deductible fully satisfied.

(J) Action Against the Company

No action shall lie against the Company unless, as a condition precedent thereto, there has been full compliance with all terms of this Policy.

No individual or organization shall have any right under this Policy to join the Company as a party to any action against any **Insured** to determine an **Insured's** liability, nor shall the Company be impleaded by any **Insured** or any **Insured's** legal representative.

(K) Assignment

No assignment of interest under this Policy shall bind the Company unless its prior written consent is endorsed hereon.

(L) Authorization Clause

The **Named Insured** designated in the Declarations of this Policy shall have the sole authority and responsibility to act on behalf of every **Insured** with respect to: (1) the payment or return of premium; (2) the receipt and agreement of any Endorsements issued to form a part of this Policy; and (3) the exercise of the rights provided in Section **VI.(I)** regarding the Optional Extended Reporting Period.

By acceptance of this Policy, every **Insured** under this Policy understands and agrees that the **Named Insured** shall have the authority set forth in this Section **VI.(L)**.

(M) Representations

- (1) Each **Insured** represents and acknowledges that the statements made in the **Application**, and the information submitted therewith, are true and accurate, and that such statements and information:
 - (a) are the bases upon which this Policy was issued and are considered to be incorporated herein and form a part of this Policy; and
 - (b) are deemed material to the acceptance of the risk assumed by the Company under this Policy.
- (2) Each **Insured** understands and agrees that this Policy was issued in reliance upon the truth and accuracy of the representations, statements and information made in or submitted with the **Application**.

(N) False or Fraudulent Claims

If any **Insured** commits fraud in proffering any **Claim** with regard to amount or otherwise, this Policy in its entirety shall be void from the date such fraudulent **Claim** is proffered.

(O) Bankruptcy or Insolvency

Bankruptcy or insolvency of any **Insured** shall not relieve the Company of its obligations nor deprive the Company of its rights or defenses under this Policy.

(P) Office of Foreign Assets Control

Payment of **Loss** and **Claim Expenses** under this Policy shall only be made in full compliance with all United States of America economic or trade sanctions, laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

(Q) Headings

The titles of the various paragraphs of this Policy and its Endorsements are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provision to which they relate.

(R) Policy Conformance

Any terms of this Policy that are in conflict with any local or state law, regulation or ordinance of the state that applies, will be thereby amended to the extent necessary in order to conform to such local or state law, regulation or ordinance.

VII. ENTIRE AGREEMENT

By acceptance of this Policy, the **Named Insured** agrees that this Policy embodies all agreements existing between the **Named Insured** and the Company or any of its agents relating to this Policy. Notice to any agent or knowledge possessed by any agent or other

individual acting on behalf of the Company shall not effect a waiver or a change in any part of this Policy or estop the Company from asserting any rights under the terms of this Policy, nor shall the terms be waived or changed except by written endorsement or rider issued by the Company and signed by an authorized representative of the Company to form a part of this Policy.

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