



Management Liability Insurance for Not-for-Profit Organizations

EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE

THIS IS A CLAIMS-MADE COVERAGE SECTION WHICH APPLIES ONLY TO CLAIMS FIRST MADE DURING THE POLICY PERIOD. PLEASE READ AND REVIEW THE COVERAGE SECTION AND THE ENTIRE POLICY CAREFULLY.

In consideration of the payment of the premium, in reliance on the Application, and subject to all of the terms, conditions and limitations of, and any endorsements to this Coverage Section and the Policy, the Insurer and the Insured agree as follows:

I. INSURING AGREEMENT

The **Insurer** will pay on behalf of the **Insured**, **Loss** from any **Claim** first made against them during the **Policy Period** or any applicable Extended Reporting Period for any **Employment Practices Wrongful Act**, including a **Third Party Discrimination Wrongful Act**, committed any time after the incorporation or formation of the **Named Insured**.

In addition to the Limit of Liability set forth in ITEM 9(a) of the Declarations, or if applicable ITEM 3 of the Declarations, the **Insurer** will have the right and duty to defend any **Claim** which is covered in whole or in part as described above, even if such **Claim** is groundless, false or fraudulent.

In connection with the defense of any **Claim**, as long as there are allegations asserted which are within the coverage afforded by this Coverage Section, the **Insurer** will not allocate any portion of **Defense Expenses** to the **Insured** even if there are allegations which are outside the coverage afforded by this Coverage Section.

II. DEFINITIONS

(A) "**Application**" means the application submitted to the **Insurer**, any and all materials and information submitted to the **Insurer** in connection with such application, and all publicly available material that is created by the **Insured** about the **Insured** that the **Insurer** obtained prior to the Inception Date of the **Policy**, all of which are deemed to be on file with the **Insurer** and are deemed to be attached to, and form a part of, this **Policy**, as if physically attached.

(B) "**Claim**" means:

- (1) any written demand for monetary, non-monetary, or injunctive relief;
- (2) any written request to toll or waive any statute of limitations;
- (3) any civil proceeding in a court of law or equity, including any appeal therefrom, which is commenced by the filing of a complaint, motion for judgment, or similar proceeding;
- (4) any criminal proceeding which is commenced by the return of an indictment or similar document;
- (5) any administrative or regulatory proceeding or investigation, including a proceeding brought by or before the Equal Employment Opportunity Commission or similar state or local agency, commenced by the filing of a notice of charges, formal order of investigation or similar document; or
- (6) any arbitration proceeding.

A **Claim** will be deemed to have been first made when an **Insured** receives notice of the **Claim**.

- (C) “**Contaminant-Toxin**” means any of the following:
- (1) smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials (including medical or pharmaceutical supplies and materials which are intended to be or have been recycled, reconditioned or reclaimed) or other irritants, pollutants or contaminants;
 - (2) mold(s), mildew(s), fungi and/or spore(s); or any materials, goods or products containing, harboring or nurturing any such mold(s), mildew(s), fungi and/or spore(s);
 - (3) lead, silica or asbestos, whether or not airborne as a particle, contained in or formed as part of a product, structure or other real or personal property, ingested or inhaled or transmitted in any fashion, or found in any form whatsoever; or
 - (4) nuclear reaction, radioactive contamination or any radiation of any kind, including but not limited to nuclear radiation and electromagnetic radiation.
- (D) “**Defense Expenses**” means reasonable legal fees and expenses incurred by or on behalf of the **Insured** in the defense or appeal of a **Claim**; provided, however, that **Defense Expenses** will not include the **Organization’s** overhead expenses or any salaries, wages, fees, or benefits of its **Insured Persons**. **Defense Expenses** shall include the cost of any bond or appeal bond required in any civil suit; provided that the **Insurer** shall not be obligated to apply for or furnish any such bond.
- (E) “**Domestic Partner**” shall have the meaning prescribed under applicable state law, or in the absence of such law, means one of two natural persons who form a couple living together in a committed, long standing relationship, provided that such persons:
- (1) have a common residence that they have shared for a period of two (2) years or more; and
 - (2) are not blood relatives and are not married or in a domestic partnership with someone else; and
 - (3) are mentally competent, at least 18 years of age and registered as domestic partners in a local registry, if one exists.
- (F) “**Employee**” means any natural person whose labor or service is engaged by and directed by the **Organization** while acting in the scope of such employment for the **Organization**, including any:
- (1) full-time, part-time, seasonal or temporary employee;
 - (2) volunteer; or
 - (3) leased employee or independent contractor, but only if the **Organization** provides indemnification to such person:
 - (a) pursuant to a written agreement executed prior to the Inception Date of the **Policy** or the date such person first rendered such labor or services to the **Organization**, whichever is later; and
 - (b) to the same extent and in the same manner as the **Organization** provides indemnification to its other employees.
- (G) “**Employment Practices Wrongful Act**” means any of the following, when alleged against an **Insured** by any past or present **Employee** of the **Organization** or any

applicant for employment with the **Organization**, in connection with that person's actual or proposed employment relationship with the **Organization**:

- (1) wrongful dismissal, discharge, or termination of employment, whether actual or constructive;
- (2) harassment (including sexual harassment whether "quid pro quo", hostile work environment or otherwise);
- (3) discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy or disability or any basis prohibited by federal, state or local laws;
- (4) breach of any manual of employment policies or procedures issued by the **Organization**;
- (5) retaliatory action in response to that **Employee's**:
 - (a) disclosure or threat of disclosure of any act by an **Insured** alleged to be a violation of any federal, state, local or foreign law, common or statutory, or any rule or regulation promulgated thereunder;
 - (b) actual or attempted exercise of any right that **Employee** has under law;
 - (c) filing of any **Claim** under the Federal False Claims Act or any other federal, state, local or foreign "whistle-blower" law; or
- (6) misrepresentation, libel, slander, humiliation, defamation or invasion of privacy, wrongful failure to employ or promote, wrongful deprivation of tenure or other career opportunity, wrongful demotion or evaluation or wrongful discipline.

"**Employment Practices Wrongful Act**" also means any **Third Party Discrimination Wrongful Act**.

- (H) "**Insured**" means the **Organization** or any **Insured Person**.
- (I) "**Insured Person**" means any past, present or future director, officer, **Employee**, trustee, regent or governor, committee member of the **Organization**, or any functional equivalent of such position within the **Organization**, or any volunteer of the **Organization**. In the event of the death, incapacity or bankruptcy of an **Insured Person**, any **Claim** against the estate, heirs, legal representatives or assigns of such **Insured Person** for an **Employment Practices Wrongful Act** of such **Insured Person** will be deemed to be a **Claim** against such **Insured Person**.

The coverage afforded under this Coverage Section will, subject to all of its terms, conditions, limitations and exclusions, be extended to apply to **Loss** and **Defense Expenses** resulting from a **Claim** made against a person who, at the time the **Claim** is made, is a lawful spouse or **Domestic Partner** of an **Insured Person**, but only if: (a) the **Claim** against such spouse or **Domestic Partner** results from an **Employment Practices Wrongful Act** actually or allegedly committed by the **Insured Person**, to whom the spouse is married or with whom the **Domestic Partner** is residing; and (b) such **Insured Person** and his or her spouse or **Domestic Partner** are represented by the same counsel in connection with such **Claim**.

- (J) "**Insurer**" means the insurer identified on the Declarations page.
- (K) "**Loss**" means damages, pre-judgment interest, post-judgment interest, front pay and back pay, judgments, settlements, punitive or exemplary damages where insurable under applicable law, or other amounts that an **Insured** is legally obligated to pay as a result of a **Claim**. **Loss** will not include **Defense Expenses** fines, taxes, penalties, or the multiplied portion of multiplied damages; provided that **Loss** will include any multiplied damages awarded pursuant to the Age Discrimination in Employment Act or the Equal

Pay Act (“Specified Multiplied Damages”) that an **Insured** is obligated to pay as a result of a **Claim**, but only if such Specified Multiplied Damages are insurable under applicable law.

For the purpose of determining the insurability of punitive damages, exemplary damages or Specified Multiplied Damages under this **Policy**, the laws of the jurisdiction most favorable to the insurability of such damages shall control, provided that such jurisdiction:

- (1) is the location of the court which awarded or imposed such punitive or exemplary damages;
 - (2) is where the **Named Insured** is incorporated or otherwise organized or has a place of business; or
 - (3) is where the **Insurer** is incorporated or has its principal place of business.
- (L) “**Named Insured**” means the entity named in ITEM 1 of the Declarations.
- (M) “**Organization**” means the **Named Insured** and any **Subsidiary**, including any such entity in its capacity as a debtor in possession under the United States bankruptcy law or equivalent status under the law of any other country.
- (N) “**Policy**” means the Declarations, the **Application**, all purchased Coverage Sections and all endorsements.
- (O) “**Policy Period**” means the period from the Inception Date to the Expiration Date in ITEM 2 of the Declarations, or to any earlier cancellation date.
- (P) “**Related Claims**” means all **Claims** for **Employment Practices Wrongful Acts** based on, arising out of, directly or indirectly resulting from, in consequence of or in any way involving the same or related facts, circumstances, situations, transactions or events or the same or related series of facts, circumstances situations, transactions or events, whether related logically, causally or in any other way.
- (Q) “**Subsidiary**” means any entity during any time which the **Named Insured** and/or one or more of its **Subsidiaries** has control over the management and operation of such entity through a written agreement or owns or controls the right to elect or appoint more than 50% of such entity’s directors or trustees; provided that:
- (1) such entity is a not-for-profit entity;
 - (2) such entity is a for-profit entity, was created or acquired by the **Named Insured** and/or one or more of its **Subsidiaries** on or before the Inception Date in ITEM 2(a) of the Declarations and the **Insurer** agreed by written endorsement to provide coverage with respect to such for-profit entity; or
 - (3) such entity is a for-profit entity and was created or acquired by the **Named Insured** and/or one or more of its **Subsidiaries** during the **Policy Period** and the **Insurer** agreed by written endorsement to provide coverage with respect to such for-profit entity, subject to CONDITIONS (H).
- (R) “**Third Party Discrimination Wrongful Act**” means any of the following, when alleged against an **Insured** by any natural person who is a customer, client or business invitee of the **Organization**:
- (1) harassment (including sexual harassment);

- (2) discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy or disability or any basis prohibited by federal, state or local laws; or
- (3) humiliation, invasion of privacy or infliction of emotional distress.

III. EXCLUSIONS

- (A) No coverage will be available under this Coverage Section for **Loss** from any **Claim**:
 - (1) seeking relief or redress in any form other than damages, including but not limited to costs associated with compliance with the Americans with Disabilities Act or similar provisions of any federal, state, or local statutory or common law; or
 - (2) for any actual or alleged violation of any provision of the Fair Labor Standards Act (other than the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, any workers' compensation, unemployment insurance, social security, or disability benefits law, and any amendments thereto or any other similar provisions of any federal, state or local statutory or common law or any rules or regulations promulgated under any of the foregoing, including, but not limited to, any actual or alleged improper payroll practices, wage and hour policies, or payment of overtime or vacation pay; provided, however, that this EXCLUSIONS (A)(2) shall not apply to the extent that any **Claim** alleges retaliatory action by an **Insured** in response to an **Employee's** exercise of rights under such statute or law.
- (B) No coverage will be available under this Coverage Section for **Loss** and **Defense Expenses** from any **Claim**:
 - (1) for actual or alleged violation of the Employee Retirement Income Security Act of 1974, or any regulations promulgated thereunder and amendments thereto, or of any similar provisions of federal, state, or local law or regulation or any other actual or alleged act, error or omission in the administration of employee benefits;
 - (2) against any **Subsidiary** or any **Insured Person** of such **Subsidiary** in his or her capacity as such for any **Employment Practices Wrongful Act** committed during any time in which such entity is not a **Subsidiary**;
 - (3) for any actual or alleged bodily injury, sickness, disease or death of any person, damage or destruction of any tangible property including loss of use thereof, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, malicious use or abuse of process, assault, battery, or loss of consortium; provided, that this EXCLUSIONS (B)(3) shall not apply to mental anguish or emotional distress, actually or allegedly resulting from a **Claim** for an **Employment Practices Wrongful Act**; or
 - (4) seeking salary, wages, or other employment-related benefits which any **Insured** is obligated to pay to any **Employee** under a written contract either to commence employment or in the event of termination of employment.

(C) No coverage will be available under this Coverage Section for **Loss and Defense Expenses** from any **Claim** based upon, arising out of, directly or indirectly resulting from, in consequence of or in any way involving:

- (1) any actual, alleged or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, seepage, migration, release, growth, infestation, spread, escape, treatment, removal or disposal of, any **Contaminant-Toxin**, or any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Contaminant-Toxin**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request;

provided, however, this EXCLUSIONS (C)(1) shall not apply to any **Claim** by any **Employee** alleging retaliatory actions as defined in Section II., paragraph (G)(5) herein;

- (2) any fact, circumstance, situation, transaction, event, or **Employment Practices Wrongful Act**:
 - (a) underlying or alleged in any prior and/or pending litigation, administrative or regulatory proceeding or arbitration proceeding of which any **Insured** had received written notice before the Inception Date in ITEM 2(a) of the Declarations; or
 - (b) which, before the Inception Date in ITEM 2(a) of the Declarations, was the subject of any notice given by or on behalf of any **Insured** under any other policy of insurance;

if, however, this Coverage Section is a renewal of one or more policy or coverage sections previously issued by the **Insurer** to the **Named Insured**, and the coverage provided by the **Insurer** to the **Named Insured** was in effect, without interruption, for the entire time between the inception date of the first such other policy and the Inception Date of this **Policy**, the reference in this EXCLUSIONS (C)(2) to the Inception Date will be deemed to refer instead to the inception date of the first policy or coverage section under which the **Insurer** began to provide the **Organization** with the continuous and uninterrupted coverage of which this Coverage Section is a renewal; or

- (3) any for-profit entity as to which the **Named Insured** and/or one or more of its **Subsidiaries** has control over the management and operation of such entity through a written agreement or owns or controls the right to elect or appoint more than 50% of such entity's directors or trustees; provided, however, this EXCLUSIONS (C)(3) shall not apply if such for-profit entity is considered a **Subsidiary** pursuant to a written endorsement to this **Policy**.

No **Employment Practices Wrongful Act** of any **Insured Person** will be imputed to any other **Insured Person** to determine the application of any exclusion set forth in EXCLUSIONS (A), (B) and (C) above.

IV. CONDITIONS

- (A) **Limit of Liability:**

- (1) Regardless of the number of **Claims**, the number of persons or entities included within the definition of **Insured**, or the number of claimants who make a **Claim** against the **Insured**, the amount stated in ITEM 9(a) or if applicable ITEM 3 of the Declarations shall be the maximum aggregate Limit of Liability of the **Insurer** for all **Loss** resulting from all **Claims** for which this Coverage Section provides coverage, regardless of whether such **Claims** are made during the **Policy Period** or the Extended Reporting Period, and regardless of the time of payment by the **Insurer**.
- (2) Except as provided in CONDITIONS (A)(3) below with respect to **Defense Expenses** resulting from a **Claim** for which the resulting **Loss** is wholly excluded from coverage under EXCLUSIONS (A) of this **Policy**, **Defense Expenses** are in addition to the Limit of Liability set forth in ITEM 9(a) of the Declarations, or if applicable ITEM 3 of the Declarations, and such payment of **Defense Expenses** by the **Insurer** will not reduce any such Limit of Liability.
- (3) The **Insurer** shall not be obligated under this Coverage Section to pay more than the amount set forth in ITEM 9(a) of the Declarations or if purchased, ITEM 3 of the Declarations, for all **Defense Expenses** resulting from all **Claims** for which the resulting **Loss** is wholly excluded from coverage under EXCLUSIONS (A) of this Coverage Section.
- (4) If the Policy Shared Aggregate Limit is indicated as purchased in ITEM 3 of the Declarations, the maximum aggregate Limit of Liability available under this **Policy** for **Claims** under this Coverage Section and any other Coverage Section(s) purchased shall be the amount indicated in ITEM 3 of the Declarations regardless of the number of **Claims**, the number of Coverage Sections providing coverage, the number of persons or entities included within the definition of **Insured**, or the number of claimants who make a **Claim** against the **Insured**, and regardless of whether such **Claims** are made during the **Policy Period** or any Extended Reporting Period.

(B) **Application of Retention:**

The obligation of the **Insurer** to pay **Loss** will only be in excess of the applicable retention set forth in ITEM 9(b) of the Declarations. The **Insurer** will have no obligation whatsoever, either to the **Insureds** or to any other person or entity, to pay all or any portion of any retention amount on behalf of any **Insured**, although the **Insurer** will, at its sole discretion, have the right and option to do so, in which event the **Insured** agrees to repay the **Insurer** any amounts so paid.

(C) **Defense and Settlement of Claims:**

- (1) No **Insured** may incur any **Defense Expenses** or admit liability for, or settle, or offer to settle, any **Claim** without the **Insurer's** written consent. The **Insurer** will have the right to make investigations and conduct negotiations and, with the consent of the **Insured**, enter into such settlement of any **Claim** as the **Insurer** deems appropriate. If the **Insured** refuses to consent to a settlement acceptable to the claimant in accordance with the **Insurer's** recommendation, then, subject to the **Insurer's** maximum aggregate Limit of Liability set forth in ITEM 9(a) of the Declarations, or if applicable ITEM 3 of the Declarations, the **Insurer's** liability for such **Claim** will not exceed:
 - (a) the amount for which such **Claim** could have been settled by the **Insurer** plus **Defense Expenses** up to the date the **Insured** refused to settle such **Claim**; plus

(b) eighty percent (80%) of any **Loss** and/or **Defense Expenses** in excess of the amount in clause (a) above, incurred in connection with such **Claim**. The remaining **Loss** and/or **Defense Expenses** will be carried by the **Insured** at its own risk and will be uninsured.

(2) The **Insurer** will have no obligation to pay **Loss** or **Defense Expenses**, or to defend or continue to defend any **Claim**, after the **Insurer's** maximum aggregate Limit of Liability, as set forth in ITEM 9(a) of the Declarations, or if applicable ITEM 3 of the Declarations, has been exhausted by the payment of **Loss**. If the **Insurer's** maximum aggregate Limit of Liability, as set forth in ITEM 9(a) of the Declarations, or if applicable ITEM 3 of the Declarations, is exhausted by the payment of **Loss**, the entire premium will be deemed fully earned.

(D) **Other Insurance:**

(1) All **Loss** payable under this Coverage Section will be specifically excess of and will not contribute with other valid insurance (whether collectible or not), including but not limited to any other insurance under which there is a duty to defend, unless such other insurance is specifically stated to be in excess of this **Policy**. This **Policy** will not be subject to the terms of any other insurance.

(2) Notwithstanding CONDITIONS (D)(1) above, with respect to any **Claim** under this Coverage Section for which coverage is available under any insurance policy(ies) which applies to claims for bodily injury and/or property damage, the **Insurer** will have no duty to defend such **Claim**, or to pay **Defense Expenses** incurred by or on behalf of any **Insured** in connection with such **Claim** or to contribute to any defense provided to any **Insured** under such other insurance policy(ies), or to reimburse any other insurer, in whole or in part, for **Defense Expenses** incurred in connection with such **Claim**.

(E) **Cooperation; Subrogation:**

In the event of a **Claim**, the **Insured** will provide the **Insurer** with all information, assistance and cooperation that the **Insurer** reasonably requests, and will do nothing that may prejudice the **Insurer's** position or potential or actual rights of recovery. At the **Insurer's** request, the **Insured** will assist in any actions, suits, or proceedings, including but not limited to attending hearings, trials and depositions, securing and giving evidence, and obtaining the attendance of witnesses, and will also assist in making settlements. In the event of payment, the **Insurer** will be subrogated to the extent of any payment to all of the rights of recovery of the **Insured**. The **Insured** will execute all papers and do everything necessary to secure such rights, including the execution of any documents necessary to enable the **Insurer** effectively to bring suit in their name. The obligations of the **Insured** under this CONDITIONS (E) will survive the expiration or cancellation of the **Policy**.

(F) **Extended Reporting Period:**

If either the **Insurer** or the **Named Insured** cancels, refuses or declines to renew this Coverage Section for any reason and, within thirty (30) days of the end of the **Policy Period**, the **Named Insured** elects to purchase the Extended Reporting Period Policy set forth in ITEM 7 of the Declarations by paying the additional premium set forth in ITEM 7 of the Declarations, then the coverage otherwise afforded by this Coverage Section will be extended to apply to **Loss** from **Claims** first made during the Extended Reporting Period, but only if such **Claims** are for **Employment Practices Wrongful Acts** committed before the end of the **Policy Period** or the date of any conversion of coverage

under CONDITIONS (I), whichever is earlier. The Extended Reporting Period does not increase or reinstate any Limit of Liability and may only be purchased if all premiums and retentions due under the **Policy** have been paid. Once purchased, the Extended Reporting Period may not be canceled and the premium shall be deemed fully earned.

(G) **Notice; Timing, and Interrelationship of Claims:**

- (1) As a condition precedent to any right to payment in respect of any **Claim**, the **Insured** must give the **Insurer** written notice of such **Claim**, with full details, as soon as practicable after it is first made and in no event later than seventy-five (75) days after the expiration date of the **Policy Period**.
- (2) If, during the **Policy Period**, the **Insured** first becomes aware of an **Employment Practices Wrongful Act** which may subsequently give rise to a **Claim** and, as soon as practicable thereafter but before the expiration or cancellation of this Coverage Section:
 - (a) gives the **Insurer** written notice of such **Employment Practices Wrongful Act**, including a description of the **Employment Practices Wrongful Act** in question, the identities of the potential claimants, the consequences which have resulted or may result from such **Employment Practices Wrongful Act**, the damages which may result from such **Employment Practices Wrongful Act** and the circumstances by which the **Insured** first became aware of such **Employment Practices Wrongful Act**; and
 - (b) requests coverage under this Coverage Section for any subsequently resulting **Claim** for such **Employment Practices Wrongful Act**;then the **Insurer** will treat any such subsequently resulting **Claim** as if it had been first made during the **Policy Period**.
- (3) All notices under CONDITIONS (G)(1) and (G)(2) must be sent in writing or electronically, as set forth in ITEM 5 of the Declarations.
- (4) All **Related Claims** will be treated as a single **Claim** made when the earliest of such **Related Claims** was first made, or when the earliest of such **Related Claims** is treated as having been made in accordance with CONDITIONS (G)(2), whichever is earlier.

(H) **Adjustments:**

If, during the **Policy Period**, the **Organization** acquires or creates a **Subsidiary** that is a for-profit entity (the "New Entity"), then the New Entity will be included within the definition of **Insured** only if the **Organization** has provided the **Insurer** with written notice of the Transaction, containing full details thereof, and the **Organization** and the **Insurer** have agreed to add coverage for the New Entity and its **Insured Persons** by written endorsement upon such terms, conditions, and limitations of coverage and such additional premium as the **Insurer**, in its sole discretion, may require.

(I) **Conversion of Coverage Under Certain Circumstances:**

If, during the **Policy Period**, any of the following events occurs:

- (1) any person or entity acquires the ownership or control, directly or indirectly, of the right to elect or appoint more than fifty percent (50%) of the directors or trustees of the **Named Insured**;
- (2) any person or entity acquires control over the management and operation of the **Named Insured** through a written agreement; or
- (3) the merger or consolidation of the **Named Insured** into or with another entity

such that the **Named Insured** is not the surviving entity,

then coverage under this Coverage Section will continue in full force and effect with respect to **Claims** for **Employment Practices Wrongful Acts** committed before such event, but coverage will cease with respect to **Claims** for **Employment Practices Wrongful Acts** committed after such event. After any such event, the Coverage Section may not be cancelled, regardless of CONDITIONS (J)(2), and the entire premium for **Policy** shall be deemed fully earned.

(J) **Cancellation; No Obligation to Renew:**

- (1) The **Insurer** may not cancel this **Policy** except for failure to pay a premium when due. The **Insurer** will deliver or mail by first class, registered or certified mail to the **Named Insured** at its last known address, written notice of cancellation at least twenty (20) days before the effective date of cancellation. Such notice shall state the reason for cancellation. A copy of such notice shall be sent to the agent of record.
- (2) The **Named Insured** may cancel this **Policy** by mailing to the **Insurer** written notice stating when, not later than the Expiration Date set forth in ITEM 2(b) of the Declarations, such cancellation will be effective. In such event, return premium will be computed as 0.90 times the pro rata unearned premium shown in ITEM 6 of the Declarations and rounded to the nearest whole dollar. Premium adjustment may be made either at the time cancellation by the **Named Insured** is effective or as soon as practicable thereafter.
- (3) The **Insurer** will not be required to renew this Coverage Section upon its expiration. If the **Insurer** elects not to renew this Coverage Section, the **Insurer** will deliver or mail by first class, registered or certified mail to the **Named Insured** at its last known address, written notice to that effect at least sixty (60) days before the Expiration Date set forth in ITEM 2(b) of the Declarations. Such notice shall state the specific reason(s) for non-renewal.

(K) **Representations; Severability:**

The **Insured** represents that the particulars and statements contained in the **Application** are true, accurate and complete, and agrees that this **Policy** is issued in reliance upon the truth of that representation, and that such particulars and statements, which are deemed to be incorporated into and to constitute a part of this **Policy**, are the basis of this **Policy**.

In the event of any material untruth, misrepresentation or omission in connection with any of the particulars or statements in the **Application**, this **Policy** will be void:

- (1) with respect to any **Insured Person** who knew of such untruth, misrepresentation or omission; and
- (2) with respect to the **Organization**, if, and only if, a director or officer of the **Organization**, or any functional equivalent of such position within the **Organization**, knew of such untruth, misrepresentation or omission.

(L) **No Action against Insurer:**

- (1) No action may be taken against the **Insurer** unless, as conditions precedent thereto, there has been full compliance with all of the terms of this **Policy** and the amount of the **Insured's** obligation to pay has been finally determined either by judgment against the **Insured** after adjudicatory proceedings, or by written agreement of the **Insured**, the claimant and the **Insurer**.

(2) No person or entity will have any right under this Policy to join the **Insurer** as a party to any **Claim** to determine the liability of any **Insured**; nor may the **Insurer** be impleaded by an **Insured** or his, her or its legal representative in any such **Claim**.

(M) **Insolvency of Insured:**

The **Insurer** will not be relieved of any of its obligations under this Coverage Section by the bankruptcy or insolvency of any **Insured**.

(N) **Territory:**

This Coverage Section applies to **Employment Practices Wrongful Acts** committed by any **Insured**, or to any **Claim** brought against the **Insured**, anywhere in the world.

(O) **Authorization and Notices:**

The **Insureds** agree that the **Named Insured** will act on their behalf with respect to receiving any notices and return premiums from the **Insurer**.

(P) **Changes:**

Notice to or knowledge possessed by any agent or other person acting on behalf of the **Insurer** will not effect a waiver or change in any part of this **Policy** or estop the **Insurer** from asserting any right under the terms, conditions and limitations of this **Policy**. The terms, conditions and limitations of this **Policy** can be waived or changed only by written endorsement.

(Q) **Assignment:**

No assignment of interest under this **Policy** will bind the **Insurer** without its consent.

(R) **Entire Agreement:**

The **Insured** agrees that this **Policy**, including the **Application** and any endorsements, constitutes the entire agreement between them and the **Insurer** or any of its agents relating to this insurance.

(S) **Headings:**

The descriptions in the headings and sub-headings of this Coverage Section are solely for convenience, and form no part of the terms and conditions of coverage.

In witness whereof, the **Insurer** has caused this **Policy** to be executed by its authorized officers, but this **Policy** will not be valid unless countersigned on the Declarations page by a duly authorized representative of the **Insurer**.