



IRONSHORE SPECIALTY INSURANCE COMPANY

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New York, NY 10004
Toll Free: (877) IRON-411

ENDORSEMENT

Policy Number:
Insured Name:

Effective Date Of Endorsement:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KIDNAP/RANSOM AND EXTORTION POLICY

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations and applies to loss that you sustain and "expenses" that you incur resulting directly from an "occurrence" taking place during the Policy Period shown in the Declarations and reported to us during the Policy Period or during the Extended Reporting Period.

1. Kidnap/Ransom And Extortion – Direct Loss

- a. We will pay for loss of "property" surrendered as a ransom payment resulting directly from the "kidnap" or alleged "kidnap" of an "insured person".
- b. We will pay for loss of "property" surrendered as an extortion payment resulting directly from an extortion threat communicated to you:
 - (1) To do bodily harm to an "insured person";
 - (2) To do damage to "premises" or "property";
 - (3) To introduce a denial of service attack into your "computer system";
 - (4) To introduce a virus or other malicious instruction into your "computer system" which is designed to damage, destroy or corrupt "electronic data" or "computer programs" stored within your "computer system";
 - (5) To contaminate, pollute or render substandard your products or goods; or

(6) To disseminate, divulge or utilize:

- (a) Your proprietary information including formulas, patents, data, processes or other confidential information unique to your business, provided you make a constant and conscious effort not to disclose the existence of such information to any third party; or
- (b) Weaknesses in the source code within your "computer system".

2. Kidnap/Ransom And Extortion – Expenses Incurred

We will pay for "expenses" incurred by you resulting directly from a "kidnap", alleged "kidnap" or extortion threat covered under Insuring Agreement 1.

3. Detention Or Hijack

We will pay for "expenses" incurred by you resulting directly from the "detention" or "hijack" of an "insured person".

4. In-Transit Delivery Of Property

We will pay for loss of "property" while in the care and custody of a "messenger" resulting directly from theft, disappearance, confiscation or destruction, while being delivered to persons demanding the payment of such "property" arising out of a "kidnap", alleged "kidnap" or extortion threat covered under Insuring Agreement 1.

B. Limit Of Insurance

The most we will pay for all loss or "expenses" resulting directly from an "occurrence" is the applicable Limit of Insurance shown in the Declarations.

However, the fees and costs of the security firm shown in the Declarations are payable by us in addition to the Limits of Insurance applicable to Insuring Agreements 2. and 3.

C. Deductible

We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

The Deductible Amount does not apply to any "expenses" paid under Insuring Agreements 2. and 3.

D. Exclusions

1. This policy does not cover:

a. Acts Committed By You Or Any Insured Person

Loss or "expenses" resulting from any dishonest, fraudulent or criminal act committed by:

- (1) You; or
- (2) Any "insured person".

b. Surrender Of Property

Loss or "expenses" resulting from the surrender of "property":

- (1) Inside the "premises" unless first brought inside the "premises" after receipt of the ransom or extortion demand for the purpose of paying such demand; or
- (2) Outside the "premises" as a result of a threat to do bodily harm to a person in possession of such "property" other than a "messenger".

2. Insuring Agreement 3. does not cover:

a. Political Or Military Activity

"Expenses" resulting from an "insured person" taking part in any political activity or the operations of any security or military force.

b. Travel Documents

"Expenses" resulting from the failure of you or an "insured person" to properly procure or maintain required travel documents including passports, visas, permits and other similar documentation.

c. Violation Of Laws Of Foreign Countries

"Expenses" resulting from "detention" due to any actual or alleged violation of the laws of a foreign country by you or an "insured person", unless the "detention" results from allegations that are deliberately false, fraudulent or malicious and made solely to achieve political, propaganda and/or coercive effect upon or at the expense of you or an "insured person".

E. Conditions

1. Confidentiality

You and every "insured person" must make every reasonable effort not to divulge the existence of this policy.

2. Other Conditions

Wherever used in the Conditions, the word loss shall also be deemed to mean "expenses".

A. Additional Premises Or Employees

If, while this policy is in force, you establish any additional "premises" or hire additional "employees", other than by consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such "premises" and "employees" shall automatically be covered under this policy. Notice to us of an increase in the number of "premises" or "employees" need not be given and no additional premium need be paid for the remainder of the Policy Period shown in the Declarations.

B. Cancellation Of Policy

- (1) The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- (2) We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (3) We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- (4) Notice of cancellation will state the effective date of cancellation. The Policy Period will end on that date.
- (5) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- (6) If notice is mailed, proof of mailing will be sufficient proof of notice.

C. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

D. Concealment, Misrepresentation Or Fraud

This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- (1) This policy;
- (2) A person insured under this policy;
- (3) The "property" covered under this policy;
- (4) Your interest in the "property" covered under this policy; or
- (5) A claim under this policy.

E. Consolidation – Merger Or Acquisition

If you consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:

1. you must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this policy to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional premium; but
2. For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this policy shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all "occurrences" causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

F. Cooperation

You must cooperate with us in all matters pertaining to this policy as stated in its terms and conditions.

G. Due Diligence

You and every "insured person" must exercise due diligence in doing all things reasonably practicable to avoid or diminish any loss covered under this policy.

H. Duties In The Event Of An Occurrence

In the event of an "occurrence" which may result in a loss covered under this policy, you must:

- (1) Determine that the "kidnap", extortion threat, "detention" or "hijack" has actually occurred.
- (2) In regard to a "kidnap" or extortion threat, make every reasonable effort to:
 - (a) Immediately notify the Security Firm shown in the Declarations;
 - (b) Notify an associate;
 - (c) Notify the local law enforcement authorities; and
 - (d) Notify the Federal Bureau of Investigation;before surrendering any "property" in payment of a ransom demand or extortion threat.
- (3) Approve any payment involving a ransom demand or extortion threat.
- (4) Notify us as soon as possible.
- (5) Submit to examination under oath at our request and give us a signed statement of your answers.
- (6) Produce for our examination all pertinent records.
- (7) Give us a detailed, sworn proof of loss within 120 days.
- (8) Cooperate with us in the investigation and settlement of any claim.

I. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the Policy Period shown in the Declarations and up to 3 years afterward.

J. Extended Reporting Period

We will pay for loss that you sustain prior to the effective date of cancellation of this policy which is reported to us or the security firm shown in the Declarations no later than 30 days from the date of that cancellation.

K. Inspections And Surveys

- (1) We have the right to:
 - (a) Make inspections and surveys at any time;
 - (b) Give you reports on the conditions we find; and
 - (c) Recommend changes.
- (2) We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - (a) Are safe or healthful; or
 - (b) Comply with laws, regulations, codes or standards.
- (3) Paragraphs k.(1) and k.(2) apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

L. Joint Insured

(1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this policy. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.

(2) If any Insured, or partner, "member", official or officer of that Insured has knowledge of any information relevant to this policy, that knowledge is considered knowledge of every Insured.

(3) If this policy or any of its coverages is cancelled as to any Insured, loss sustained by that Insured is covered only if reported to us no later than 30 days from the date of that cancellation.

(4) We will not pay more for loss or losses sustained by more than one Insured than the amount we would pay if all the loss or losses had been sustained by one Insured.

(5) Payment by us to the first Named Insured for loss sustained by any Insured shall fully release us on account of such loss.

M. Legal Action Against Us

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this policy;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within 2 years from the date you reported the loss to us.

If any limitation in this Condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

N. Liberalization

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this policy.

O. Other Insurance

If other valid and collectible insurance is available to you for a loss we cover under this policy, our obligations are limited as follows:

(1) Primary Insurance

When this policy is written as primary insurance, and:

- (a) You have other insurance subject to the same terms and conditions as this policy, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the total limit of all other insurance covering the same loss.
- (b) You have other insurance covering the same loss other than that described in Paragraph o.(1)(a) we will only pay for the amount of loss that exceeds:
 - (i) The Limit of Insurance and Deductible Amount, if any, of that other insurance, whether you can collect on it or not; or
 - (ii) The Deductible Amount shown in the Declarations;

whichever is greater. Our payment for loss is subject to the terms and conditions of this policy.

(2) Excess Insurance

(a) When this policy is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other Insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this policy.

(b) However, if loss covered under this policy is subject to a Deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

P. Ownership Of Property; Interests Covered

The "property" covered under this policy is limited to "property":

- (1) That you own or lease; or
- (2) That you hold for others whether or not you are legally liable for the loss of such "property".

However this policy is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

Q. Premiums

The first Named Insured shown in the Declarations:

- (1) Is responsible for the payment of all premiums; and
- (2) Will be the payee for any return premiums we pay.

R. Recoveries

(1) Any recoveries, whether effected before or after any payment under this policy, whether made by us or you, shall be applied net of the expense of such recovery:

- (a) First, to you in satisfaction of your covered loss in excess of the amount paid under this policy;
- (b) Second, to us in satisfaction of amounts paid in settlement of your claim;
- (c) Third, to you in satisfaction of any Deductible Amount; and
- (d) Fourth, to you in satisfaction of any loss not covered under this policy.

(2) Recoveries do not include any recovery:

- (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (b) Of original securities after duplicates of them have been issued.

S. Surrender Of Personal Assets

In the event of a ransom or extortion demand directed against any "insured person" other than the Named Insured, any "property" surrendered or to be surrendered by or on behalf of the "insured person" and additional "expenses" of the "insured person" shall be considered "property" or "expenses" of the Named Insured shown in the Declarations, provided the ransom or extortion demand occurred directly as the result of the "insured person's" association with the Named Insured shown in the Declarations and not as the result of such person's association or position with any other entity.

T. Territory

This policy covers loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world, unless modified in the Declarations.

U. Transfer Of Your Rights And Duties Under This Policy

(1) Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

(2) If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your "property" will have your rights and duties but only with respect to that "property".

V. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

W. Valuation – Settlement

(1) The value of any loss for purposes of coverage under this policy shall be determined as follows:

(a) Loss of money but only up to and including its face value. We will, at your option, pay for loss of money issued by any country other than the United States of America:

(i) At face value in the money issued by that country; or

(ii) In the United States of America dollar equivalent determined by the rate of exchange published in *The Wall Street Journal* on the day it was surrendered.

(b) Loss of securities but only up to their market value at the close of business on the day they were surrendered. We may, at our option:

(i) Pay the market value of such securities or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those securities; or

(ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the securities. However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

i. Market value of the securities at the close of business on the day you first became aware of the loss; or

ii. The Limit of Insurance applicable to the securities.

(c) Loss of "property" for its replacement cost without deduction for depreciation. However, we will not pay more than the least of the following:

(i) The cost to replace the lost "property" with "property" of comparable material and quality and used for the same purpose;

(ii) The amount you actually spend that is necessary to replace the lost "property"; or

(iii) The Limit of Insurance applicable to the lost "property".

With regard to Paragraphs w.(1)(c)(i) through w.(1)(c)(iii) we will not pay on a replacement cost basis for any loss or damage:

(i) Until the lost "property" is actually replaced; and

(ii) Unless the replacement is made as soon as reasonably possible after the loss.

If lost "property" is not replaced, we will pay on an actual cash value basis.

(2) We will, at your option, settle loss of "property" other than money and securities:

(a) In the money of the country in which the loss occurred; or

(b) In the United States of America dollar equivalent of the money of the country in which the loss occurred determined by the rate of exchange published in *The Wall Street Journal* at the time it was surrendered.

(c) Any "property" that we pay for or replace becomes our property.

F. Definitions

1. "Computer program" means a set of related electronic instructions that direct the operations and function of a computer and computer devices connected to it and enable the computer or devices to receive, process, store or send "electronic data".

2. "Computer system" means:

a. Computers and related peripheral components;

b. Systems and applications software;

c. Terminal devices; and

d. Related communications networks;

by which "electronic data" is collected, transmitted, processed, stored and retrieved.

3. "Detention" means the holding under duress of an "insured person" by anyone:

a. Acting as an agent of or with the tacit approval of any government or government entity; or

b. Acting or purporting to act on behalf of any insurgent party, organization or group;

for any reason other than "kidnap".

4. "Electronic data" means information or facts stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

5. "Employee":

a. "Employee" means:

(1) Any natural person:

(a) While in your service;

(b) Who you compensate directly by salary, wages or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph 5.a. (1), who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as defined in Paragraph 5.a.(2);

(4) Any natural person who is a former official, "employee", director, partner, "member", "manager" trustee or other person retained as a consultant while performing services for you;

(5) Any natural person who is a guest student or intern pursuing studies or duties excluding, however, any such person while having care and custody of property outside the "premises"; or

(6) Any employee of an institution merged or consolidated with you prior to the effective date of this policy.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph 5.a.

6. "Expenses":

a. "Expenses" mean:

(1) Fees and costs of the security firm shown in the Declarations hired to negotiate or secure the release of an "insured person" or determine the validity and severity of an extortion threat;

(2) Fees and costs of independent negotiators;

(3) Fees and costs of independent public relations consultants and/or interpreters;

(4) The cost of hiring security guards to protect an "insured person" or "property" upon the recommendation of the security firm shown in the Declarations;

(5) Travel costs and accommodations incurred by you or an "insured person";

(6) Salary, commissions and other financial benefits paid by you to an "insured person". Such compensation applies at the level in effect on the date of the "kidnap", "detention", or "hijack" of the "insured person" and ends upon the earliest of:

(a) Up to 30 days after their release if the "insured person" has not yet returned to work;

(b) Discovery of their death;

(c) 120 days after the last credible evidence following abduction that they are still alive; or

(d) 60 months after their abduction;

(7) Hospitalization and medical service fees and costs, including psychiatric care and cosmetic or plastic surgery of an "insured person" within 24 months following their release;

(8) Fees and costs of independent forensic analysts;

(9) Interest costs paid by you for any loan from a financial institution taken by you to pay a ransom demand or extortion threat;

(10) Personal financial losses of an "insured person" as a result of their inability to attend to their own personal financial matters due to their "kidnap", "detention" or "hijack";

(11) Reward money paid by you to an "informant" which leads to the arrest and conviction of parties responsible for loss covered under this policy;

(12) Court costs and attorney fees you incur in defense of a suit brought by the surviving spouse or beneficiary of an "insured person" resulting directly from "kidnap", "detention" or "hijack"; and

(13) Any other reasonable expenses incurred by you with our written consent.

b. "Expenses" do not include:

(1) Any costs incurred by you to recall or destroy any of your products or goods as a result of an extortion threat to contaminate, pollute or render substandard such products or goods.

(2) Loss of earnings and any other costs incurred by you as a result of an interruption to your business.

7. "Guest" means any person:

a. Visiting your "premises" or the residence of a director, trustee, partner, "member", "manager", official, "employee" or proprietor (if the Insured is a sole proprietorship); or

b. Traveling with a director, trustee, partner, "member", "manager", "employee" or proprietor (if the Insured is a sole proprietorship) in a motor vehicle, aircraft or water craft;

for business or social purposes.

8. "Hijack" means the holding under duress of an "insured person" while traveling in a motor vehicle, aircraft or watercraft for any reason other than "kidnap".

9. "Informant" means a person, other than an "insured person" providing information not otherwise obtainable, solely in return for a reward offered by you.

10. "Insured person" means:

a. Any director, trustee, partner, "member", "manager", official, "employee", proprietor (if the Insured is a sole proprietorship) of any Insured, unless excluded in the Declarations;

b. Any "relative", "guest" or resident in the household of an "insured person" defined in Paragraph **10.a.**; and

c. Any "messenger".

11. "Kidnap" means the involuntary abduction by force or otherwise of an "insured person" for the purpose of demanding money or other consideration in exchange for their release.

12. "Manager" means a person serving in a directorial capacity for a limited liability company.

13. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

14. "Messenger" means a natural person designated by you to have care and custody of "property" outside the "premises".

15. "Occurrence" means:

a. An act or series of related acts involving one or more persons; or

b. An act or event, or a series of related acts or events other than in Paragraph **15.a.**

However we will not pay for any loss resulting from "kidnap", alleged "kidnap", an extortion threat, "detention" or "hijack" which is part of a series of related acts that began prior to the effective date of this insurance.

"Premises" means any building you occupy in conducting your business and the residence of any "insured person".

17. "Property" means money, monetary instruments, securities and items of tangible property.

18. "Relative" means a spouse, child, step-child, legally adopted child, foster child, spouse of a married child, grandchild, brother, sister, parent, adoptive parent, stepparent, grandparent, brother-in-law, sister-in-law, parent-in-law and grandparent-in-law.