PRIVATE CHOICE PREFERRED℠ POLICY

KIDNAP AND RANSOM/EXTORTION COVERAGE PART

I. INSURING AGREEMENTS

This **Non-Liability Coverage Part** applies to the **Ransom Monies, Expenses**, **Incidental Legal Loss** and **Personal Incidental Loss** stated below that are paid by an **Insured Entity** at any time, provided, however, that: (i) such payments result from a covered **Kidnapping**, **Extortion Threat**, **Detention**, or **Hijacking** that occurs during the **Policy Period**; and (ii) the **Insured Entity** discovers such occurrence, and makes a claim for reimbursement under this **Non-Liability Coverage Part**, no later than twelve (12) months after the expiration of the **Policy Period.**

(A) Kidnap/Ransom/Extortion

The Insurer shall reimburse **Ransom Monies** paid by an **Insured Entity** resulting from a covered **Kidnapping** or **Extortion Threat.**

(B) Expense

The Insurer shall reimburse **Expenses** paid by an **Insured Entity** resulting from a covered **Kidnapping**, **Extortion Threat**, **Detention**, **Hijacking** or **Disappearance** of any **Insured Person**.

The Insurer shall also reimburse **Express Kidnap Expenses** paid by an **Insured Entity** resulting from a covered **Express Kidnap** of any **Insured Person** that occurs during the **Policy Period**; provided, however, that: (i) the **Insured Entity** discovers such occurrence, and makes a claim for reimbursement under this **Non-Liability Coverage Part**, no later than twelve (12) months after the expiration of the **Policy Period**; and (ii) the Insurer's maximum liability for all **Express Kidnap Expenses** shall not exceed $10,000, which amount shall be part of, and not in addition to, the Insurer's maximum liability under Insuring Agreement (B).

The Insurer shall also reimburse **Repatriation Expenses** paid by the **Insured Entity** resulting from a covered **Emergency Political Repatriation** that occurs during the **Policy Period**; provided, however, that: (i) the **Insured Entity** discovers such occurrence, and makes a claim for reimbursement under this **Non-Liability Coverage Part**, no later than twelve (12) months after the expiration of the **Policy Period**; and (ii) the Insurer's maximum liability for all **Repatriation Expenses** shall not exceed $100,000, which amount shall be part of, and not in addition to, the Insurer's maximum liability under Insuring Agreement (B).

(C) Custody/Delivery

If, as a result of a covered **Kidnapping** or **Extortion Threat**, an **Insured Entity** sustains a destruction, disappearance, confiscation or wrongful appropriation of **Ransom Monies**, while they are being delivered to persons demanding such **Ransom Monies** by someone who is authorized by the **Insured Entity** to deliver them, the Insurer will reimburse the **Insured Entity** for such **Ransom Monies**.

(D) Personal Incidental Loss

The Insurer shall reimburse an **Insured Entity** for payments made to an **Insured Person**, or such person's estate in the event of **Loss of Life**, for the **Personal Incidental Loss** sustained by such **Insured Person** from a covered **Kidnapping**, **Detention** or **Hijacking**.

(E) Incidental Legal Loss

The Insurer shall reimburse an **Insured Entity** for **Incidental Legal Loss** as a result of any claim or suit brought by an **Insured Person** or the estate, heirs or legal representative alleging negligence or legal incompetence:

(1) in the hostage retrieval operations or negotiations in a covered **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking** of such **Insured Person**; or

(2) in the prevention of a covered **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking** of such **Insured Person**;

provided that, as additional conditions precedent to coverage hereunder, the **Insured Entity** shall immediately notify the Insurer of any claim or suit and shall not settle such claim or suit, or incur any related costs or expenses, without the Insurer's prior written authorization, nor shall the **Insured Entity** or any **Insured Person** admit liability in any such claim or suit or offer settlement terms without the Insurer's prior written authorization. The Insurer shall have no duty to defend any such claim or suit, but shall have the right to investigate, negotiate or settle any such claim or suit or to take over the conduct of the defense thereof. Moreover, if, in the Insurer's discretion, the Insurer advances payments for such claim or suit, the Insurer may require a written undertaking, on its terms and conditions, guaranteeing the repayment of any cost or expenses it pays that are determined to be not covered hereunder.

II. DEFINITIONS

The following terms, whether used in the singular or plural in this **Non-Liability Coverage Part**, shall have the meaning specified below:

- **"Bodily Injury Extortion"** means any threat (other than a **Cyber Threat**), communicated to an **Insured Entity** or an **Insured Person** for the purpose of demanding **Ransom Monies**, to kill, physically injure or kidnap an **Insured Person**.

- **"Cyber Threat"** means any threat to alter, adulterate, access or destroy any computer system, hardware, software or program, including without limitation any data thereon, by the illegal or fraudulent input of data, information, facts, concepts or instructions which are processed and stored in such system, hardware, software or program through the illegal or fraudulent input of data by a person or group, whether acting alone or in collusion with others, where such person or group has illegally or fraudulently accessed or alleges to have accessed such system, hardware, software or program, including, without limitation, any such threat accompanying a demand for payment or a series of payments, in exchange for the mitigation or removal of such threats.

- **"Detention"** means the involuntary confinement, or connected series of involuntary confinements, of an **Insured Person** or **Insured Persons**, for a period of not less than six (6) hours, for whatever reason other than **Kidnapping**.

- **"Disappearance"** means the unexplained vanishing of an **Insured Person** for a period in excess of 24 hours (other than a **Detention** or **Hijacking**) provided that the **Disappearance** has been reported to local law enforcement authorities. If two or more **Insured Persons** who were last seen reported with each other vanish, the **Disappearances** shall be deemed to be connected and to constitute a single event. **Disappearance** does not include unexplained vanishing during or after a storm, earthquake, flood, tsunami, wildfire or any other natural disaster in which an **Insured Person** was last located or **Disappearance** of an **Insured Person** while engaged in transit by air or sea.

- **"Emergency Political Repatriation"** means the return of an **Insured Person**, who is a temporary resident or temporary business traveler in another country (the "Foreign Country"), to their **Resident Country** necessitated by:

  (1) an official of the **Resident Country** or the Foreign Country issuing a recommendation to leave such country for reasons other than those related to any medical concern; or

  (2) the expulsion of the **Insured Person** from the Foreign Country on the written authority of the government of the Foreign Country; or

  (3) the wholesale seizure, confiscation or expropriation of the property, plant, and equipment of the **Insured**.

  Emergency Political Repatriation also means the return of an **Insured Person** who is a temporary resident or temporary business traveler in a Foreign Country to their **Resident Country** if both the **Insured Entity** and the Independent Security Consultant referenced in ITEM 2 of the Declarations agree that, for political and/or security reasons, the **Insured Person** needs to leave the country.

- **"Employee"** means any natural person while in the service of an **Insured Entity**:

  (1) who is compensated directly by salary, wages or commissions by an **Insured Entity** and who such **Insured Entity** has the right to direct and control while performing services for such **Insured Entity**;

  (2) who is furnished temporarily to an **Insured Entity** by a temporary employment service firm to substitute for a permanent **Employee** as defined in sub-paragraph (1) above, who is on leave, or to meet seasonal or short-term work load conditions and who such **Insured Entity** has the right to direct and control while performing services for such **Insured Entity**;

  (3) whether compensated or not, who is an officer, director, partner, **Member**, **Manager**, representative or trustee or functional equivalent thereof, of an **Insured Entity**, in such capacity, or while acting as a member of any elected or appointed committee(s) of an **Insured Entity**;

  (4) who is leased to an **Insured Entity** under a written agreement between such **Insured Entity** and a labor leasing firm, to perform duties related to the conduct of such **Insured Entity's** business;

  (5) who is a former **Employee** while retained as a consultant for an **Insured Entity**; or

  (6) who is a guest student or intern of an **Insured Entity** while pursuing studies or duties with the guidance or direction of such **Insured Entity**.

  Employee also means an **Independent Contractor** while acting on behalf of an **Insured Entity.** However, **Employee** shall not mean any agent, broker, factor, commission merchant, consignee, independent contractor (other than as set forth above) or other person of the same general character not specified herein.

- **"Expense"** means, solely as a direct result of any **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking**, the reasonable fees and expenses for, or cost of:

  (1) the Independent Security Consultant in ITEM 2 of the Declarations;

  (2) an independent negotiator;

(3) an independent public relations consultant and/or interpreter;

(4) legal services necessary to secure the release of an **Insured Person**;

(5) an independent forensic analyst;

(6) communication equipment, recording equipment and advertising incurred solely and directly to obtain the release of an **Insured Person**;

(7) a **Reward**;

(8) a **Qualified Salary**;

(9) the interest for a loan taken by an **Insured Entity** or **Insured Person** from a financial institution for the purpose of paying **Ransom Monies** as payment under Insuring Agreement (A);

(10) travel and accommodations incurred by an **Insured Person**;

(11) monetary loss suffered by an **Insured Person** due to the inability to attend to personal financial matters resulting directly from such **Insured Person's** involvement as a victim of a covered **Kidnapping**, **Detention** or **Hijacking**;

(12) temporary independent security measures to protect an **Insured Person**, or **Premises**, where a **Kidnapping**, **Detention** or **Hijacking** has occurred, at the specific direction of the Independent Security Consultant listed in ITEM 2 of the Declarations;

(13) independent security guard services for a period of up to thirty (60) days during a **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking**;

(14) assessment of an **Extortion Threat** by the Independent Security Consultant named in ITEM 2 of the Declarations;

(15) medical services (including psychiatric care, reasonable costs for cosmetic, dental or plastic surgery) which are medically required to correct any permanent disfigurement sustained by an **Insured Person** directly as a result of a **Kidnapping**, **Detention** or **Hijacking** within twenty-four (24) months following their release; the maximum liaility for this coverage shall not exceed $25,000 per **Insured Person**, per covered incident which amount shall be part of, and not in addition to, the Insurer's maximum liability under Insuring Agreement (B);

(16) rest and rehabilitation of an **Insured Person** and their spouse and children, incurred for a period of not more than 90 days, following the release of such **Insured Person** from a **Kidnapping**, **Detention** or **Hijacking**, provided such expenses are incurred within six (6) months following the release of such **Insured Person**; the maximum liability for this coverage shall not exceed $100,000 per **Insured Person**, per covered incident which amount shall be part of, and not in addition to, the Insurer's maximum liability under Insuring Agreement (B); and

(17) returning any **Insured Person** and their family to their resident country (the country of which the **Insured Person** is a national or resident alien) upon the **Insured Person's** release from a **Kidnapping**, **Detention** or **Hijack** event, and the reasonable travel costs for a replacement **Employee** and their family; provided, however, that these costs shall apply only once per **Insured Person** per covered incident.

Expense also means:

(18) in connection with any **Kidnapping**, **Extortion Threat**, **Detention**, or **Hijacking**, other reasonable expenses incurred by an **Insured Entity**, subject to the Insurer's prior written approval;

(19) reasonable and necessary fees, but not to exceed a maximum liability of $25,000, incurred by the **Named Insured** or an **Insured Person** to investigate a **Disappearance** which amount shall be part of, and not in addition to, the Insurer's maximum liability under Insuring Agreement (B);

(20) **Express Kidnap Expense** resulting from a covered **Express Kidnap**; and

(21) **Repatriation Expenses** resulting from a covered **Emergency Political Repatriation**.

- **"Express Kidnap"** means the illegal holding of an **Insured Person**, other than **Kidnapping** or **Hijacking**, that:

  (1) lasts for less than six (6) hours;

  (2) commences while the **Insured Person** is travelling in or entering/exiting a motor vehicle; and

  (3) demands property or other assets as a condition of the **Insured Person's** release.

- **"Express Kidnap Expense"** means reasonable fees and expenses for, or costs of:

  (1) an Independent Security Consultant in Item 2 of the Declarations;

  (2) an independent public relations consultant and/or interpreter;

  (3) legal services necessary to secure the release of the **Insured Person**;

  (4) an independent forensic analyst;

  (5) travel and accommodations incurred by the **Insured Person**; and

  (6) monetary loss suffered by the **Insured Person** due to the inability to attend a personal financial matter;

  if incurred as a result of a covered **Express Kidnap.**

- **"Extortion Threat"** means **Bodily Injury Extortion**, **Property Damage Extortion**, **Products Extortion** or **Trade Secrets Extortion**. All such threats related by a common committed, attempted or threatened act, or made simultaneously against the same **Insured Entity** or **Insured Person**, will be deemed to constitute a single **Extortion Threat.**

- **"Guest"** means any natural person:

  (1) while visiting the **Premises** as a guest of an **Insured Entity**;

  (2) while traveling with an **Employee** of an **Insured Entity** as a guest;

  (3) while traveling in a motor vehicle, aircraft, or waterborne vessel owned, rented or leased by an **Insured Entity** as a guest; or

(4) who is employed in the household of an **Employee**, while in the home of such **Employee**.

- **“Hijack”** or **“Hijacking”** means the illegal holding, or connected series of holdings, under duress of an **Insured Person** or **Insured Persons**, in excess of four (4) hours, while traveling in any motor vehicle, aircraft, train or waterborne vessel for whatever reason other than **Kidnapping**.

- **“Incidental Legal Loss”** means loss due to awards, judgments, settlements, reasonable attorney fees, and court costs which an **Insured Entity** becomes legally obligated to pay.

- **“Informant”** means any person, other than an **Insured Person**, providing information not otherwise obtainable, solely in return for a **Reward** offered by an **Insured Entity**.

- **“Insured”** means the **Insured Entity(ies)** and **Insured Persons**.

- **“Insured Person”** means any:

  (1) **Employee**;

  (2) **Relative**;

  (3) **Guest**; or

  (4) natural person who is temporarily retained by any **Insured Entity** or an Independent Security Consultant to deliver a **Ransom Monies** or **Extortion Threat** payment.

- **“Kidnap”** or **“Kidnapping”** means any event, or connected series of events, of seizing, detaining, abducting or carrying away by fraudulent means of one or more **Insured Persons**, except a minor by a parent thereof (or by a person acting on behalf of a parent), for the purpose of demanding **Ransom Monies**.

- **“Loss of Extremity”** means the permanent physical separation or the total irrecoverable loss of use of a digit or part thereof, or an ear, nose or genital organ or part thereof by deliberate mutilation that is certified by a qualified medical practitioner specialist approved by the Insurer.

- **“Loss of Life”** means:

  (1) death, including clinical death, determined by a medical examiner or similar local governing medical authority; or

  (2) the lack of communication from an **Insured Person** or those responsible for the **Kidnapping**, **Detention** or **Hijacking** of such **Insured Person** for a period of one (1) year following the later of:

    (a) such **Kidnapping**, **Detention** or **Hijacking**;

    (b) the last communication from such **Insured Person**; or

    (c) the last communication from those responsible for such **Kidnapping**, **Detention** or **Hijacking**.

- **"Loss of Sight"** means the loss of sight of one or both eyes that is certified as being entire and irrevocable to the extent of legal blindness by a qualified medical practitioner specializing in ophthalmology approved by the Insurer.

- **"Loss of Speech and/or Hearing"** means the permanent total loss of the capability of speech and/or hearing that is certified by a qualified medical practitioner specialist approved by the Insurer.

- **"Loss of Use"** means the permanent total loss of function of a foot, hand, or thumb and index finger that is certified by two qualified medical practitioners, who are approved by the Insurer, as being beyond hope of improvement.

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

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

- **"Personal Incidental Loss"** means any specified **Loss of Life**, **Loss of Use**, **Loss of Sight**, **Loss of Speech and/or Hearing** or **Loss of Extremity** of an **Insured Person** when such **Personal Incidental Loss**:

  (1) is unanticipated and independent of any illness, disease or other bodily malfunction of such **Insured Person**; and

  (2) arises from a source outside of such **Insured Person**.

- **"Premises"** means buildings, facilities or properties occupied by an **Insured Entity** in conducting its business or a residence occupied by any **Employee**.

- **"Products Extortion"** means any threat (other than a **Cyber Threat**), communicated to an **Insured Entity** for the purpose of demanding **Ransom Monies**, that products of such **Insured Entity**, or products that are to be passed off as such, or goods which such **Insured Entity** handles, will be contaminated, polluted or rendered substandard.

- **"Property Damage Extortion"** means any threat (other than a **Cyber Threat**), communicated to an **Insured Entity** for the purpose of demanding **Ransom Monies**, to physically damage, contaminate or pollute any buildings or **Premises** (including, furniture, fixtures, fittings, machinery or equipment (fixed or mobile)), works of art and other contents, bloodstock and livestock, owned or leased by such **Insured Entity**.

- **"Ransom Monies"** means cash and/or marketable goods or services that an **Insured Entity** shall have surrendered to meet a **Kidnapping** or **Extortion Threat** demand.

- **"Relative"** means a spouse, domestic partner, child, step-child, adopted child, adopted stepchild, foster child, spouse of married children, grandchild, sister, brother, parent, parent-in-law, step-parent, grandparent, or grandparent-in-law of any **Employee**.

- **"Repatriation Expense"** means reasonable fees and expenses, if incurred as a result of a covered **Emergency Political Repatriation**, for:

  (1) travel by an **Insured Person**, who is temporarily travelling on business on behalf of the **Insured**, to the nearest place of safety or to their **Resident Country**;

  (2) accommodations for an **Insured Person**, who is temporarily travelling on business on behalf of the **Insured**, for a maximum of seven days; and

(3) the net salary paid by the **Insured** to an **Employee** for a period of time commencing on the day:

(a) an official of the **Resident Country** or the Foreign Country issues a recommendation to leave such country for reasons other than those related to any medical concern; or

(b) of the expulsion of the **Insured Person** from the Foreign Country on the written authority of the government of the Foreign Country; or

(c) of the wholesale seizure, confiscation or expropriation of the property, plant, and equipment of the **Insured**;

and terminating either:

(i) 90 days later; or

(ii) on the date of the return of the **Employee** to their **Resident Country**;

whichever period of time in (i) or (ii) above is shorter. Coverage shall apply to the **Employee's** documented net salary in effect during the **Emergency Political Repatriation**.

Repatriation Expense also means other reasonable fees and expenses, if incurred with the Insurer's prior written approval, resulting from an **Emergency Political Repatriation** of an **Insured Person**.

- **"Resident Country"** means the country in which an **Insured Person** permanently resides.

- **"Reward"** means the amount paid by an **Insured Entity** to an **Informant** for information which directly leads to the arrest and conviction of the individual(s) responsible for **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking**.

- **"Qualified Salary"** means the amounts of compensation paid by an **Insured Entity** at an annual rate, including bonuses, commissions, incentive payments, health and welfare and pension benefits (at the level in effect on the date of the **Kidnapping**, **Detention** or **Hijacking**) which such **Insured Entity** continues to pay an **Insured Person** who has been the subject of such **Kidnapping**, **Detention** or **Hijacking**. Payment of **Qualified Salary** ends at the earliest of:

(1) up to ninety (90) days after such **Insured Person** is released, if the **Insured Person** is not yet back at work;

(2) when such **Insured Person** suffers **Loss of Life**;

(3) one hundred and twenty (120) days after the last credible evidence following abduction that the **Insured Person** is still alive; or

(4) solely with respect to **Detention** or **Hijacking**, for twenty-four (24) months after the commencement of such **Detention** or **Hijacking**.

Qualified Salary shall include the amounts of compensation paid by an **Insured Entity** to a replacement **Employee** to conduct the duties of the **Insured Person** following the **Kidnapping**, **Detention** or **Hijacking** of such **Insured Person**. Such coverage shall apply to the **Qualified Salary** in effect at the time of such **Kidnapping**, **Detention** or **Hijacking** and will end forty-five (45) days after such **Insured Person** is released or suffers **Loss of Life**.

- **"Trade Secrets Extortion"** means any threat (other than a **Cyber Threat**), communicated to an **Insured Entity** for the purpose of demanding **Ransom Monies**, to disseminate, utilize or divulge information including formulas, patterns, patents, compilations of data, programs, devices, methods, techniques or processes, or other proprietary information which is particular to such **Insured Entity** in the conduct of business, provided such **Insured Entity** makes constant and conscious efforts not to disclose such information to any third party.

III. EXCLUSIONS

The Insurer shall not cover **Ransom Monies**, **Expenses**, **Incidential Legal Loss** and/or **Personal Incidential Loss**:

(A) in connection with any claim for reimbursement hereunder, for, based upon, arising from or in any way related to any fraudulent, dishonest or criminal acts of an **Insured Entity**, **Insured Person** or any person authorized by such **Insured Entity** to have custody of **Ransom Monies**;

(B) resulting from fraud by any **Insured Person** allegedly the subject of a **Kidnapping**, **Extortion Threat**, **Detention**, **Disappearance** or **Hijack** if an **Insured Entity** had not, prior to payment, made reasonable efforts to determine that such **Kidnapping**, **Extortion Threat**, **Detention**, **Disappearance** or **Hijacking** was genuine;

(C) due to confiscation or expropriation of **Reward** or **Ransom Monies** by any governmental authority;

(D) due to the failure of an **Insured Entity** to realize income;

(E) due to the surrender of **Ransom Monies**:

(1) in any face-to-face encounter involving the use or threat of force or violence unless surrendered by a person who is in possession of such **Ransom Monies** at the time of such surrender for the sole purpose of conveying them to pay a previously communicated demand for **Ransom Monies**; or

(2) on any **Premises** unless brought onto the **Premises** after the receipt of the **Kidnapping** or **Extortion Threat** demand for the purpose of paying such demand;

(F) under Insuring Agreement (B):

(1) due to any act or alleged act of an **Insured Entity** or **Insured Person** which would be a criminal offense if committed by the same party in a country where such **Insured Entity** is headquartered or of which the **Insured Person** is a national, unless the Insurer determines that such allegations were intentionally false, fraudulent and malicious and made solely and directly to achieve political, propaganda or coercive effect upon or at the expense of such **Insured Entity** or **Insured Person** who was subject to the **Detention** or **Hijacking**;

(2) due to the failure of an **Insured Entity** or an **Insured Person** to properly procure or maintain immigration, work, travel, residence or similar visas, permits or other documentation;

(3) due to an **Insured Person** taking part in any political activity or the operations of any security or armed forces; or

(4) due to an **Insured Person** traveling to or remaining in a country after the U.S. Government provides a directive to leave the country in question;

(G) resulting from fraud by an **Insured Person** allegedly the subject of a **Personal Incidental Loss**;

(H) due to any **Kidnapping**, **Disappearance** and/or **Extortion Threat** that is part of a connected series of acts involving **Kidnapping**, **Disappearance** and/or **Extortion Threat** beginning prior to the **Policy Period**, or prior to the acquisition, consolidation or purchase of assets of another entity;

(I) related to the recalling of a product;

(J) in connection with any claim for reimbursement hereunder, for, based upon, arising from or in any way related to any loss sustained by one **Insured Person** or **Insured Entity** to the advantage of another **Insured Person** or **Insured Entity**;

(K) or **Repatriation Expense** in connection with:

(1) the actual or alleged violation by an Insured or **Insured Person** of the laws or regulations of any country from which the **Insured Person** is repatriated;

(2) a debt, insolvency, commercial failure, repossession of any property by a title holder or any other financial crisis;

(3) an **Insured's** failure to honor any contractual obligation or bond to obey any conditions in a license;

(4) any natural disasters, including earthquake, flood, fire, famine, volcanic eruption or windstorm;

(5) radiation or contamination by radioactivity from any irradiate nuclear fuel or nuclear waste, or the radioactive, toxic, explosive or other hazardous properties of any nuclear assembly; or

(6) the relocation of any **Insured Person** from their **Resident Country**; or

(L) in connection with any **Cyber Threat**.

IV. GENERAL AGREEMENTS

(A) Joint Insured Entity

(1) By acceptance of this **Non-Liability Coverage Part**, the **Named Entity** for itself and all other **Insured Entities** agree that this **Non-Liability Coverage Part** embodies all agreements existing between themselves and the Insurer or any of its agents relating to this insurance. The **Named Entity** will act for itself and for every other **Insured Entity** with respect to all matters under this **Non-Liability Coverage Part**, including, without limitation, giving and receiving of notices regarding claims, cancellation, payment of premiums, receipt of any return premiums, and acceptance of any endorsements to this **Non-Liability Coverage Part**.

(2) If any **Insured Entity** or **Insured Person** has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every **Insured Entity** and **Insured Person**.

(3) An **Employee** of any **Insured Entity** is considered to be an **Employee** of every **Insured Entity**.

(4) All reimbursement by the Insurer hereunder shall be payable to the **Named Entity**, and the Insurer shall not be responsible for the proper application of any payment made. If the Insurer shall agree to and shall make payment to any **Insured Entity** other than the **Named Entity** or to any **Insured Person**, such payment shall be treated as though made to the **Named Entity**.

(5) The Insurer will not pay more for **Ransom Monies**, **Expense**, **Incidental Legal Loss** and/or **Personal Incidental Loss** sustained by multiple **Insured Entities** than the amount it would pay if all such loss had been sustained by one **Insured Entity**.

(B) Additional Premises

If, before or during the **Policy Period**, an **Insured Entity** acquires the use and control of any additional **Premises**, coverage shall apply only to incidents or threats occurring on such **Premises** after the date of such acquisition of use or control.

(C) Independent Security Consultant Fees and Expenses

The fees and expenses of the Independent Security Consultant set forth in ITEM 2 of the Declarations shall not erode any Limit of Insurance under this **Non-Liability Coverage Part**.

(D) Payment of Personal Incidental Loss

Where allowable by law, the Insurer shall, at the **Named Entity's** election, make payments for a covered **Personal Incidental Loss** directly to an **Insured Person**, or, in the event of **Loss of Life**, to the estate of an **Insured Person**.

(E) Loss Sustained

A loss shall be deemed to have been sustained under:

(1) Insuring Agreement (A), at the time of the payment of the **Ransom Monies**;

(2) Insuring Agreement (B), at the time of payment of incurred **Expenses**;

(3) Insuring Agreement (C), at the time of the actual destruction, disappearance, confiscation or wrongful appropriation of **Ransom Monies**;

(4) Insuring Agreement (D), at the time of the **Personal Incidental Loss**; and

(5) Insuring Agreement (E), at the time of the first bringing of the claim or suit.

V. CONDITIONS AND LIMITATIONS:

(A) Conditions Precedent to Liability

As conditions precedent to the Insurer's liability to provide coverage hereunder:

Prior to any payment:

(1) the **Named Entity** shall give oral or written notice of a **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking** as soon as practicable to the Independent Security Consultant referenced in ITEM 2 of the Declarations; and

(2) the **Named Entity** shall make every reasonable effort to notify the Federal Bureau of Investigation or other law enforcement agency having jurisdiction thereover of such occurrence and a demand for **Ransom Monies** and comply with such agencies' recommendations and instructions; and

(3) the **Named Entity** shall determine, or aid in determining, that the **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking** is genuine and has actually occurred; and

(4) the **Insured Entities** and **Insured Persons** shall use all reasonable efforts not to disclose the existence of this **Non-Liability Coverage Part**; and

(5) the **Insured Entities** and **Insured Persons** shall use all due diligence and do all things reasonably practicable to avoid or diminish any payment; and

(6) the **Named Entity** shall have approved the payment; and

(7) the **Named Entity**, as soon as practicable, shall give written notice to the Insurer of the **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking** noticed pursuant to **(A)(1)** above.

The **Named Entity** shall furnish to the Insurer affirmative proof of payment with full particulars of loss sustained.

(B) Limits of Insurance

(1) The Insurer's maximum liability under any Insuring Agreement shall not exceed the dollar amount set forth in ITEM 1 of the Declarations applicable to:

(a) Insuring Agreement (A): for all **Ransom Monies** actually paid for a covered **Kidnapping** or **Extortion Threat**;

(b) Insuring Agreement (B): for all **Expenses** paid for a covered **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking**;

(c) Insuring Agreement (C): for all actual loss of **Ransom Monies** intended to be paid for a covered **Kidnapping** or **Extortion Threat**;

(d) Insuring Agreement (D): for all **Personal Incidental Loss** from a covered **Kidnapping**, **Detention** or **Hijacking**; and

(e) Insuring Agreement (E): for all **Incidental Legal Loss** from a covered **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking**.

(2) In the event that one **Insured Person** suffers multiple specified **Personal Incidental Losses** from a covered **Kidnapping**, **Detention** or **Hijacking**, then, subject to the maximum amount set forth in ITEM 1 of the Declarations, the **Insured Entity** shall be entitled to reimburse the **Insured Person** only for a dollar amount equal to the percentage of such maximum liability. The applicable percentage shall be provided in ITEM 1 of the Declarations for such **Personal Incidental Loss**.

(3) In the event that more than one **Insured Person** suffers specified **Personal Incidental Losses** from a covered **Kidnapping**, **Detention** or **Hijacking** then, subject to the maximum amount set forth in ITEM 1 of the Declarations, the **Insured Entity** shall be entitled to reimburse the **Insured Persons** only for a dollar amount equal to the percentage of such maximum liability. The applicable percentage shall be provided in ITEM 1 of the Declarations for each such **Personal Incidental Loss**, provided, however, any such dollar amount shall be subject to a division of the maximum amount set forth in ITEM 1 of the Declarations, which shall be divided proportionately among such **Insured Persons** in accordance with their respective **Personal Incidental Loss**.

(4) All recoveries made by any **Insured Person** or **Insured Entity** in connection with a covered **Kidnapping**, **Extortion Threat**, **Detention** or **Hijacking** shall be factored into any determination of reimbursable payments hereunder.

(5) In the event that any reported occurrence involves multiple **Insured Entities** or **Insured Persons**, the maximum liability of the Insurer for covered payments made by one or all **Insured Entities** or **Insured Persons** shall not exceed the amount for which the Insurer would be liable if all such payments were made by one **Insured Entity** or **Insured Person**. The Limit of Insurance shall not be cumulative from **Policy Period** to **Policy Period**.

(C) Retention Amount

The Insurer shall have no obligation to pay loss under any Insuring Agreement until the applicable Retention amount set forth in ITEM 1 of the Declarations has been paid by the **Named Entity**. The Insurer may, at its sole discretion, pay all or part of the Retention on behalf of the **Named Entity**, and in such event, the **Named Entity** agrees to repay the Insurer any amount paid.

(D) Personal Assets

In the event that a demand for **Ransom Monies**, **Bodily Injury Extortion**, or **Property Damage Extortion** is directed against any **Insured Person** rather than against an **Insured Entity**, **Ransom Monies** surrendered, or intended to be surrendered, in response to such demand by or on behalf of such **Insured Person**, and the resulting **Expenses** incurred (other than **Related Defense Expenses**) by or on behalf of such **Insured Person**, shall, at the option of such **Insured Entity**, be considered **Ransom Monies** and/or **Expenses** incurred by such **Insured Entity** provided such loss occurs directly as the result of the **Insured Person's** association with such **Insured Entity** and not as a result of such person's association or position with any other entity. Such **Insured Entity** must approve the **Ransom Monies** payment made by the **Insured Person** in writing.

(E) Recoveries

In the event of any payment under this **Non-Liability Coverage Part**, all recoveries, less the actual cost to the Insurer of recovery, shall be distributed in the following manner:

(1) An **Insured Entity** shall be reimbursed for any loss it paid which exceeded the amount of insurance provided by this **Non-Liability Coverage Part**.

(2) If there is a balance after reimbursement pursuant to the above sub-paragraph (1), it shall be applied to reimbursement of the Insurer to the extent of its payment.

(3) If there is a balance after reimbursement pursuant to the above sub-paragraph (2), any remainder shall be paid to such **Insured Entity** referenced above.

(4) If there is no excess payment, any such recoveries shall be distributed first in reimbursement to the Insurer to the extent of its payment and any remainder paid to such **Insured Entity** referenced above.

(F) Valuation

The Insurer shall not be liable for more than the actual cash value of any **Ransom Monies** paid at the time of such payment, less any amounts which are recovered from the persons to whom the **Ransom Monies** were paid. If **Ransom Monies**, **Expense**, and/or **Personal Incidental Loss** is in a currency other than that of the U.S., the Insurer shall not be liable for more than the U.S. Dollar equivalent of the foreign currency as of the day when the foreign currency is paid as **Ransom Monies**. The rate of the exchange will be at the rate published in the *Wall Street Journal* on the day when the **Ransom Monies** are paid.