Hiscox Insurance Company Inc.

Kidnap and Ransom Insurance Policy

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This Policy provides coverage for Insured Events which commence during the Period of Insurance. Various provisions of the Policy restrict coverage. Please read the entire Policy carefully and discuss with your insurance broker or adviser. Refer to the Definitions section for words and phrases in bold, which have special meaning.

I. Coverage

In consideration of the payment of the required premium(s), and subject to the terms, limitations, conditions and exclusions set forth below, the Company agrees to indemnify the Named Insured in respect of Insured Losses sustained directly because of Insured Events which commence during the Period of Insurance – all as defined in this Policy. Reference to the Declarations shall determine the Limits of Liability that apply.

II. Insured Losses

The Company’s obligation to pay for Insured Losses shall not exceed the amounts stated in Item III. of the Declarations and shall be limited to the following:

A. Ransom which has been surrendered; in the case of marketable goods or services, the Company shall pay the actual cash value thereof at the time of surrender.

B. The loss in transit of a Ransom due to actual damage, destruction, disappearance, confiscation or wrongful abstraction, while the Ransom is being conveyed to such persons who have demanded it, provided the individual who is engaged in the conveyance has been duly authorized to do so by the Named Insured or an Insured Person.

C. The fees and expenses of Control Risks and/or alternative Security Consultants as agreed by the Company.

D. Additional expenses necessarily incurred by the Named Insured or an Insured Person immediately following and for the duration of an Insured Event, consisting of:

   (1) fees and expenses of an independent negotiator engaged by the Named Insured with the prior authorization of the Company;

   (2) fees and expenses of an independent public relations consultant and/or product recall consultant and/or interpreter;

   (3) costs of travel and accommodation incurred by the Named Insured or an Insured Person;

   (4) the costs of travel of a Kidnap and/or Detention and/or Hijack victim and his family to the country of which the victim is a national and the travel costs of a Kidnap and/or Detention and/or Hijack victim’s replacement and his family to the country in which the Kidnap and/or Detention and/or Hijack occurred. These costs shall only apply once per Insured Person per Kidnap and/or Detention and/or Hijack;

   (5) fees for independent psychiatric care and/or medical care and/or legal advice incurred prior to the release and within thirty-six months following the Insured Event;

   (6) reward or other monetary consideration paid by the Named Insured or an Insured Person to an informant for material information, which is not otherwise obtainable and which directly leads to recovery of the victim or his or her remains;

   (7) Personal Financial Loss;

   (8) one hundred percent (100%) of the gross compensation, including salary and bonuses, commissions, cost of living adjustments, foreign tax reimbursements, pension and/or welfare contributions and allowances which were contractually owed to or could reasonably be expected by an Insured Person who is a victim of a Kidnap, Detention or Hijack based on his or her past performance, from the time the Insured Event
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occurs up to sixty (60) days following their release or return to work, whichever occurs first;

(9) one hundred percent (100%) of the gross compensation, including salary and bonuses, commissions, cost of living adjustments, foreign tax reimbursements, pension and/or welfare contributions and allowances which were contractually owed to or could reasonably be expected based upon past performance, of a relative of an Insured Person who is a victim of a Kidnap, Detention or Hijack, provided such relative leaves their employment in order to assist in the negotiations for the release of the victim, from the time the Insured Event occurs up to sixty (60) days following the victim’s release or the relative’s return to work, whichever occurs first;

(10) one hundred percent (100%) of the gross compensation, including salary, bonuses and allowances, of a temporary replacement for an Insured Person who is a victim of a Kidnap or Detention or Hijack, from the time the Insured Event occurs up to sixty (60) days following the victim’s release or return to work, whichever occurs first, but not exceeding the total compensation that otherwise would have been paid to such Insured Person during the same time period;

(11) costs incurred by the Named Insured for the salaries of employees specifically designated to assist in negotiating on any Insured Event, not to exceed the employees’ base rate of pay, plus all other reasonable expenses solely and directly incurred in connection with such negotiations, provided that the Named Insured forwards an itemized account of such employees’ time, services and expenses;

(12) interest on loans obtained specifically to meet Insured Loss(es), but only to the extent of amounts subsequently reimbursed hereunder, provided the loan is repaid within seven days of the Named Insured receiving reimbursement from the Company;

(13) costs, fees and expenses of temporary security measures solely and directly for the purpose of protecting an Insured Person(s) and/or Property located in the country where an Insured Event has occurred whether or not such Insured Event involves such Insured Persons and/or Property, and on the specific recommendation of Control Risks and/or alternative Security Consultants as agreed by the Company;

(14) costs of communications equipment, recording equipment and advertising incurred solely and directly to obtain the release of an Insured Person who is a victim of a Kidnap or Detention or Hijack;

(15) reasonable fees and expenses of independent forensic analysts engaged by the Named Insured;

(16) reasonable rest and rehabilitation expenses including meals and recreation incurred by the Kidnap and/or Detention and/or Hijack victim and a spouse and/or children incurred within six (6) months following the release of the Kidnap and/or Detention and/or Hijack victim;

(17) reasonable costs of cosmetic or plastic surgery which is required to correct any permanent disfigurement sustained by an Insured Person solely and directly as a result of an Insured Event;

(18) job retraining costs for the Kidnap and/or Detention and/or Hijack victim, including but not limited to salary of the Kidnap and/or Detention and/or Hijack victim while being retrained, and costs of external training courses;

(19) any other reasonable fees and expenses incurred by the Named Insured or Insured Person(s) with the prior approval of the Company.

E. Amounts for which the Named Insured has legal liability in connection with a judgment, award or settlement, including a judgment or award of attorney’s fees and costs, in an action
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for damages brought by or on behalf of an Insured Person(s), or his or her legal representative, against the Named Insured solely and directly as a result of a Kidnap, Detention, Hijack and/or an Extortion. As a condition to the Company's obligation to pay pursuant to this paragraph, the Named Insured shall:

(1) not admit liability for, settle any claim or suit, nor incur any costs or expenses without the prior authorization of the Company;

(2) provide the Company the right and opportunity to defend any such claim or suit against the Named Insured, including whatever investigation may be appropriate, and to settle the claim or suit as the Company may deem expedient and the law allows, and

(3) cooperate fully with the Company in all things in connection therewith.

Defense costs incurred by the Company, or by the Named Insured with the Company's prior consent and authorization, are payable in addition to the limit for Legal Liability. However, if the total amount for all settlements, awards, and judgments to which such costs refer exceeds this limit, this Policy shall pay only that proportion of defense costs which the limit bears to the total of such settlements, awards, and judgments.

F. Damages or injuries sustained by an Insured Person as a result of a Personal Accident, however, such Insured Losses shall not exceed those specified in Item III. of the Declarations.

G. Other than defense costs set forth in paragraph E. above, the Company's liability hereunder shall in all cases be limited to the amounts shown in Item III. of the Declarations. Specifically, but without limiting the generality of the foregoing, the Company's liability shall not be increased because:

(1) the Named Insured may comprise or include one or more legal entity(ies). If more than one legal entity is named in this Policy, only the first-named entity shall have the right to make, adjust, receive or enforce payment of any claim;

(2) an Insured Event may involve the Named Insured and/or one or more Insured Person(s);

(3) of renewal of this Policy. The Company's liability shall not be cumulative from one period of insurance to another;

(4) of any other reason whatsoever.

III. Exclusions

The Company shall not be liable in respect of any losses which are or but for this insurance would be covered under any other insurance, save in excess of such other insurance. Further, the Company shall not be liable in respect of any losses caused by or arising from or attributable to any of the following circumstances:

A. The surrender of a Ransom in any face to face encounter, unless surrendered by a person who is in possession of such a Ransom at the time of such surrender for the sole purpose of conveying it to pay a previously communicated Ransom demand.

B. The surrender of a Ransom either at the location where the Kidnap of one or more Insured Persons(s) occurs or where the Extortion or Products Extortion demand is first made, unless brought to such location after receipt of the Ransom demand for the sole purpose of paying such Ransom demand.

C. In respect of Kidnap, Extortion, Products Extortion or Hijack only, a fraudulent, or criminal act of the Named Insured, a director, officer, employee or agent of the Named Insured, or an Insured Person or agent thereof, whether acting alone or in collusion with others and sanctioned by the Named Insured.
D. In respect of Detention only;

1. a Detention which is for a period of less than six (6) hours;

2. any act or alleged act of the Named Insured or an Insured Person which would be a criminal offense if committed by the same party in the State where its headquarters are located or of which he is a national, unless the Company determines that such allegations were intentionally false, fraudulent and malicious and made solely and directly to achieve a political, propaganda or coercive effect upon or at the expense of the Named Insured or the victim of a Detention;

3. failure of the Named Insured or an Insured Person to properly procure or maintain immigration, work, residence or similar visas, permits or other documentation.

IV. Definitions

Words and phrases in bold shall have the meanings set forth below.

Computer Violation means any unauthorized entry into, change or deletion of data elements or program logic from, or introduction of instructions, program logic or software virus, whether or not self-propagating, that is directed solely at the Named Insured’s computer system or network of computers, including both on-line and off-line input, output, processing, storage and communications facilities.

Detention means the holding under duress in the Territory specified under Item II. Coverage Details of the Declarations of an Insured Person for whatever reason and whether by authorities legally constituted in the place of custody or by others. With respect to salary payments only, the Company’s liability shall be for a period of seventy-two (72) months or until sixty (60) days after the date on which the Detention ceases, whichever shall occur first.

Extortion means the making of illegal threats either directly or indirectly to the Named Insured or to an Insured Person to:

1. kill, injure, or abduct an Insured Person; or

2. pollute, cause physical damage or loss to Property; or

3. disseminate, divulge or utilize Trade Secrets or Proprietary Information including any personal, private or confidential data; or

4. adulterate or destroy any computer system or network by a Computer Violation by persons who then demand a Ransom as a condition of not carrying out such threats.

Hijack means the attempted or actual illegal holding under duress of an Insured Person for a period in excess of six hours whilst travelling in or on any aircraft, motor vehicle, railroad train, or waterborne vessel or any other form of public or private transport.

Insured Event means a Kidnap or Extortion or Products Extortion or Detention or Hijack or a series of acts committed in furtherance thereof. If it is evident from the demand(s) or the making of such demand(s) that Kidnaps and/or Extortions and/or Products Extortions and/or Detentions and/or Hijacks are or were carried out in furtherance of one another or as part of a common scheme, they shall be deemed to be connected and to constitute a single Insured Event. Nevertheless, there shall be no liability hereunder in respect of a series of Kidnaps or Extortions or Products Extortions or Detentions or Hijacks the first of which began before the Period of Insurance.

Insured Loss means Ransom amounts and expenses that the Named Insured incurs, or damages that an Insured Person sustains, in connection with an Insured Event and which are specified in section II. above.

Insured Person means:
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(1) anyone specified under Item II. Coverage Details, Insured Persons, of the Declarations;

(2) the spouse, or a domestic partner, or relative, fiancé or fiancée, or a lineal descendant or a living ancestor, including but not limited to step-parents, step-children, step-siblings, foster children, adopted children, adopted parents and spouses thereof, of either an Insured Person or the spouse of an Insured Person;

(3) a person normally resident or employed in the household and/or on the grounds of an Insured Person;

(4) a guest in the home of an Insured Person;

(5) guest or customer of the Named Insured while on any real property which premises are occupied by the Named Insured in the conduct of its business, or a guest or customer on board any vehicle, aircraft or waterborne vessel owned or leased by the Named Insured or an Insured Person;

(6) a person who is temporarily employed for the sole purpose of negotiating and/or delivering a Ransom.

Kidnap means the actual, alleged or attempted illegal taking, in the Territory specified in Item II. Coverage Details of the Declarations, and holding captive of one or more Insured Persons by persons who demand or intend to demand specifically from assets of the Named Insured or Insured Person a Ransom as a condition of the release of such captive(s).

Named Insured means the entity or person specified under Item I. General Details of the Declarations.

Personal Accident means injury sustained by an Insured Person, solely and directly as a result of an Insured Event or attempt thereat, provided that such injury, within twelve (12) calendar months from the date of the Insured Event, results in any one of the following:

(1) Loss of Sight - the entire and irrevocable loss of vision of one or both eyes, as certified by a qualified practitioner specializing in ophthalmology and approved by the Company;

(2) Loss of Extremity - the permanent physical separation or the total and irrecoverable loss of use of one or more finger(s), toe(s), ear(s), nose or genital organ(s) or part(s) thereof caused by deliberate mutilation;

(3) Loss of Limb - the permanent loss by separation or the total and irrecoverable loss of use of one or both hand(s) at or above the wrist or a foot or both feet at or above the ankle;

(4) Permanent Total Disablement – bodily injury which necessarily and continuously prevents an Insured Person from attending to every aspect of his or her normal business or occupation for a period of twelve (12) consecutive calendar months or, if the Insured Person has no business or occupation, confines him or her immediately and continuously to the home and prevents him or her from attending to normal duties of daily life; provided that at the end of such twelve-month period, two qualified medical practitioners, who have been approved by the Company, certify that the Insured Person is disabled and beyond hope of improvement; or

(5) Death of an Insured Person.

If an Insured Person disappears while this Policy is in effect and his or her body is not found within twelve (12) months after disappearance and sufficient evidence is produced satisfactory to the Company that leads inevitably to the conclusion that the Insured Person sustained death solely and directly as a result of an Insured Event, the Company shall forthwith pay the death benefit under this insurance provided that the person or persons to whom such a sum is payable shall sign an undertaking to refund such sum to the Company if the Insured Person is subsequently found to be living.
Insured Losses shall not exceed those specified in Item III. of the Declarations. 

Personal Financial Loss means loss suffered by an Insured Person solely as a result of the physical inability of a Kidnap or Extortion or Detention or Hijack victim to attend to personal financial matters.

Products Extortion means the making of illegal threats to the Named Insured or the publication of information that products produced, handled or sold by the Named Insured will be or have been contaminated, polluted or rendered substandard, where such threats are accompanied by a demand for Ransom, either:

(1) as a condition of not carrying out such threats; or

(2) before providing further information about the affected products.

Property means buildings (including fixtures, fittings, works of art and other contents), plant and equipment fixed or mobile, (including vessels and aircraft), bloodstock and livestock owned or leased by the Named Insured or an Insured Person for which the Named Insured or an Insured Person is legally liable.

Proprietary Information means any confidential, private or secret information unique to the Named Insured, the Named Insured's business or an Insured Person.

Ransom means cash and/or marketable securities, goods or services surrendered or to be surrendered by or on behalf of the Named Insured or an Insured Person(s) to meet a Kidnap or Extortion or Hijack or Detention or Products Extortion demand.

Trade Secrets means information (including formula, pattern, and compilation of data, program, device, method, technique or process), which:

(1) is particular to the Named Insured in the conduct of his, her or its business; and

(2) for reason of its potential commercial value to others, the Named Insured makes constant and conscious efforts not to disclose to any third party.

V. Conditions

A. Bankruptcy - Bankruptcy or insolvency of the Named Insured or an Insured Person or their estate shall not relieve the Company of any of its obligations under this Policy.

B. Cancellation - This policy may be cancelled by the Named Insured by delivering or mailing written notice to the Company stating when thereafter such cancellation shall be effective. This Policy also may be cancelled by the Company, but solely as a result of non-payment of premium by the Named Insured. In such event, the Company shall mail written notice of cancellation to the Named Insured not less than thirty (30) days prior to the effective date of cancellation. If the Named Insured cancels, earned premium shall be calculated at the customary short rate basis. If the Company cancels, earned premium shall be calculated on a pro rata basis.

C. Notice of Claim - It is a condition precedent to the Company's obligation to pay when an Insured Event has occurred, or is believed to have occurred, the Named Insured shall:

(1) notify the Company and Control Risks (or an alternative Security Consultant that the Company has approved) and provide whatever information is required as soon as is practicable;

(2) inform or allow Control Risks (or an alternative Security Consultant that the Company has approved) to inform the appropriate authorities responsible for law enforcement in the country where the Insured Event has occurred, or is believed to have occurred, of the Kidnap, Extortion, Products Extortion, Detention or Hijack, including any Ransom demand, as soon as is practicable, but taking into consideration the personal safety of the victim;
(3) provide whatever information may be requested and cooperate with Control Risks and the appropriate authorities; and

(4) before agreeing to the payment of any Ransom, make every reasonable effort to:
   a) determine that the Insured Event has actually occurred and is not a hoax; and
   b) ensure that the Named Insured, by a senior officer or principal thereof, agrees to the payment of the Ransom;

When requesting the reimbursement hereunder of a Ransom, the Named Insured shall bear the burden of demonstrating that such Ransom has been surrendered under duress.

D. Mitigation of Loss - The Named Insured shall use due diligence and undertake or concur in the Company's undertaking of all things reasonably practicable to avoid or diminish any Insured Loss(es).

E. Confidentiality - The Named Insured and each and every Insured Person(s) must at all times use their best efforts to ensure that knowledge of the existence of this insurance is kept confidential and access to the Policy is restricted as much as possible.

F. Subrogation - In the event of any payment under this Policy, the Company shall be subrogated to the extent of such payment to all rights of recovery of the Named Insured and/or any Insured Person(s). The Named Insured and any Insured Person(s) shall execute all papers required and shall do everything necessary to enable the Company to bring suit in the name of the Named Insured or the Insured Person(s).

G. Assignment - No assignment of the Named Insured's interest hereunder shall be binding on the Company, unless and until its written consent thereto has been obtained and endorsed hereon.

H. Changes - Notice to any or knowledge possessed by any agent of the Company or by any other person shall not effect a waiver or a change in any of the terms or conditions of this Policy, or prevent the Company from asserting any of its rights under this Policy. Nor shall the terms of this Policy be waived or changed except by written endorsement attached to and forming part of this Policy. Failure by the Company to exercise or enforce any rights hereunder will not be deemed to be a waiver of such rights nor operate so as to bar the exercise or enforcement thereof at any time thereafter.

I. Transfer of Rights and Duties – The rights of the Named Insured and any Insured Person(s) may not be transferred or assigned without the prior written consent of the Company. Notwithstanding the foregoing, if an Insured Person dies, his or her rights will be transferred to the legal representative for such Insured Person, but only in the scope of the legal representative's duties as such.

J. Medical Care and Examinations – With regard to any Insured Losses as a result of a Personal Accident, the following additional conditions apply:
   1) Any Insured Person who suffers an incident which caused or may cause disablement within the meaning of this Policy must place himself under the care of a qualified medical practitioner approved by the Company as early as possible after the incident.
   2) The Company will not be liable to pay compensation unless the medical advisors appointed by the Company shall be allowed as often as is thought necessary to examine the Insured Person.

K. Newly Acquired Subsidiaries - It is agreed that the Named Insured shown in Item I. of the Declarations shall be automatically amended to include any newly acquired subsidiary on the following basis:
   1) any newly acquired subsidiary whose market value at the date of the acquisition is less than ten percent (10%) of the Named Insured's market value is automatically covered
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for the remainder of the policy period, provided that with respect to the new acquisition there are no threats or incidents ongoing at the time of acquisition;

(2) any newly acquired subsidiary whose market value at the date of the acquisition is greater than ten percent (10%) of the Named Insured’s market value is automatically covered for a period of thirty (30) days from the date of acquisition, provided that with respect to the new acquisition there are no threats or incidents ongoing at the time of acquisition.

L. Trade Sanctions - This Policy does not apply to the extent any trade or economic sanctions, or other laws or regulations prohibit the Company from providing insurance, including, but not limited to, the payment of any claims.

M. Currency and Valuation – The Limits of Liability of the Policy and the Company’s obligation to indemnify for Insured Losses are in United States dollars. In the event of any payment of Insured Loss by the Named Insured or Insured Person(s) in foreign currency, the amount to be indemnified pursuant to this Policy shall be calculated based upon the exchange rate published in the Wall Street Journal on the date the claim for Insured Loss is submitted to the Company for payment. In the event of any payment of Insured Loss by the Named Insured or Insured Person(s) in marketable securities, goods or services, the Company shall pay the least of (i) the actual cash value of the securities, goods or services at the time of their surrender or (ii) the actual cost to replace or repair such securities, goods or services with consideration of similar quality and value.

N. Other Insurance – The insurance provided by this Policy is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this Policy and any other insurance available to the Named Insured or any Insured Person(s) apply to an Insured Event on the same basis, whether primary or excess, the Company shall not be liable under this Policy for a greater proportion of any Insured Loss(es) than the applicable Limit of Liability under this Policy bears to the total limits of liability of all valid and collectible insurance available to the Named Insured and any Insured Persons for such Insured Loss(es).