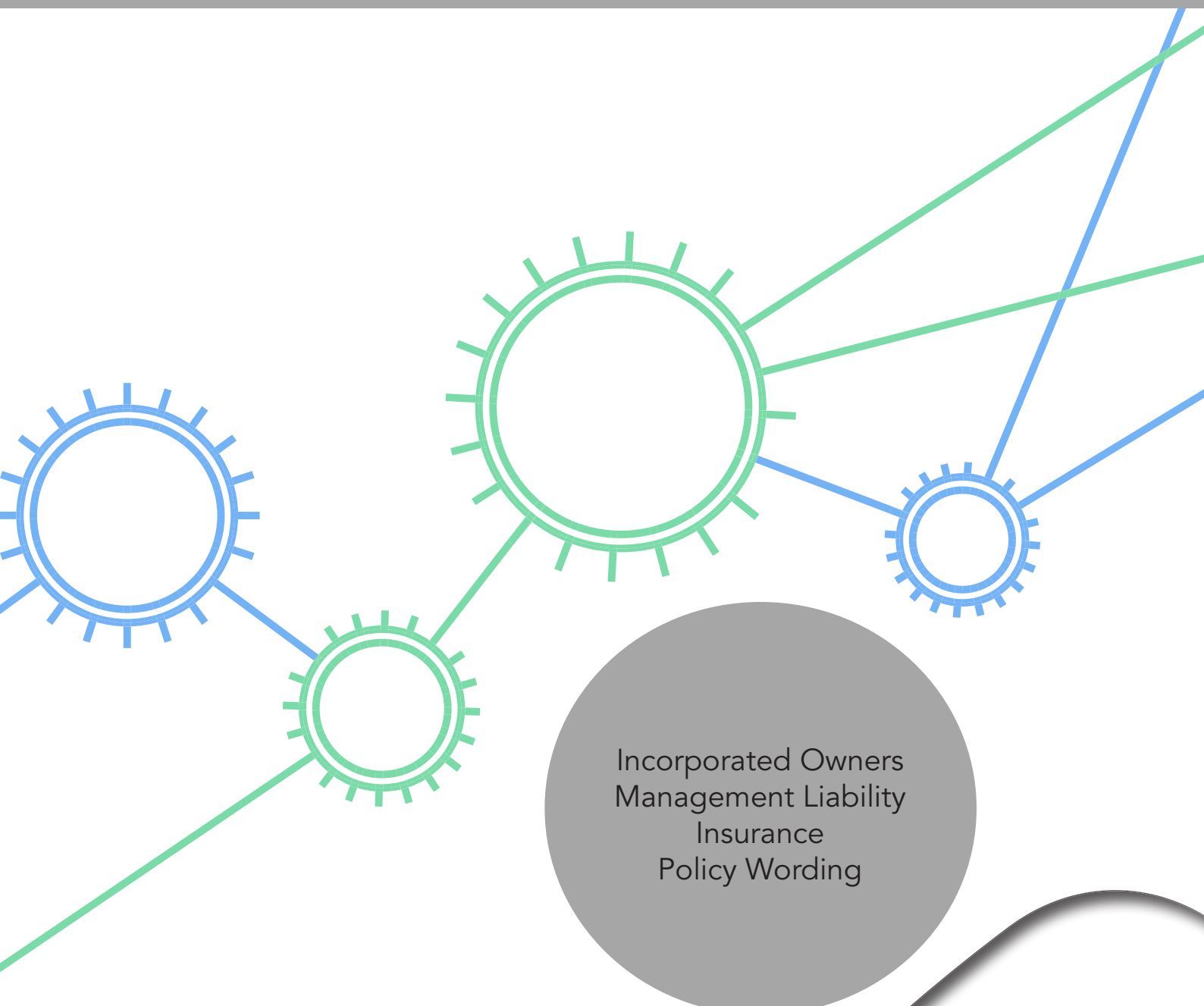




making relationships count

# MANAGEMENT LIABILITY POLICY WORDING



Incorporated Owners  
Management Liability  
Insurance  
Policy Wording

Insured by



**MSIG**



**DUAL Asia Management Liability Insurance  
Claims Made Policy Wording**

**Table of Contents**

Section 1:	INSURING CLAUSES .....	2
Section 2:	AUTOMATIC EXTENSIONS .....	3
Section 3:	DEFINITIONS .....	7
Section 4:	EXCLUSIONS APPLICABLE TO INSURING CLAUSES OTHER THAN 1.2(e) .....	11
Section 5:	ADDITIONAL EXCLUSIONS APPLYING TO INSURING CLAUSE 1.2(b).....	14
Section 6:	EXCLUSIONS APPLYING TO INSURING CLAUSE 1.2(e) .....	14
Section 7:	CLAIMS/LOSS CONDITIONS.....	16
Section 8:	GENERAL CONDITIONS.....	18
Section 9:	AUTHORITY .....	21

# DUAL Asia Management Liability Insurance

## Claims Made Policy Wording

In consideration of the premium, WE agree to provide the cover set out in the POLICY to each INSURED:

### Section 1: INSURING CLAUSES

#### 1.1 Cover for YOU

WE agree to pay on behalf of each INSURED PERSON all LOSS on account of any CLAIM first made against such INSURED PERSON and reported to US during the INSURANCE PERIOD in respect of any:

- a) WRONGFUL ACT; or
- b) EMPLOYMENT PRACTICE BREACH; or
- c) TRUSTEE BREACH

for which the INCORPORATED OWNERS are not permitted or required to indemnify the INSURED PERSON.

#### 1.2 Cover for the INCORPORATED OWNERS

WE agree to pay on behalf of the INCORPORATED OWNERS all LOSS:

- a) D&O / Incorporated Owners Reimbursement - on account of any CLAIM first made against any INSURED PERSON and reported to US during the INSURANCE PERIOD in respect of a WRONGFUL ACT for which the INCORPORATED OWNERS are permitted or required to indemnify the INSURED PERSON;
- b) Entity - on account of any CLAIM made against the INCORPORATED OWNERS for a WRONGFUL ACT

The total amount payable by US under this Insuring Clause 1.2 (b) for all such LOSS in the INSURANCE PERIOD including DEFENCE COSTS shall not exceed the Sub-Limit specified in Item 4 in the Schedule. This Sub-Limit forms part of, and is not payable in addition to, the INDEMNITY LIMIT;

- c) Employment Practices - on account of any CLAIM made against the INCORPORATED OWNERS for an EMPLOYMENT PRACTICE BREACH, up to the sub limit shown in Item 4 of the Schedule in respect of all such CLAIMS (which Sub-Limit shall be part of and not in addition to the INDEMNITY LIMIT);
- d) Trustee - on account of any CLAIM made against the INCORPORATED OWNERS for a TRUSTEE BREACH;
- e) Crime - sustained by the INCORPORATED OWNERS, in excess of the DEDUCTIBLE, which is first DISCOVERED during the INSURANCE PERIOD and caused by DISHONEST ACTS

The total amount payable by US under this Insuring Clause 1.2 (e) for all such LOSS DISCOVERED in the INSURANCE PERIOD shall not exceed the Sub-Limit specified in the Schedule for this Insuring Clause. This Sub-Limit forms part of, and is not payable in addition to, the INDEMNITY LIMIT.

### 1.3 Defence Costs for Claims

WE agree to pay DEFENCE COSTS either incurred by US or incurred by the INSURED with OUR prior written consent. The DEFENCE COSTS must be reasonably incurred.

WE also agree to advance DEFENCE COSTS before final disposition of a CLAIM:

- a) where WE give the INSURED written confirmation that WE will pay the INSURED's LOSS arising from the CLAIM; or
- b) where WE take over and conduct proceedings in respect of the CLAIM under Clause 7.4.

In any other case, WE may pay DEFENCE COSTS before final disposition of a CLAIM at OUR discretion.

If WE subsequently refuse to pay LOSS under the POLICY, the INSURED must reimburse US for any DEFENCE COSTS that WE have paid in advance, according to their respective rights and interests.

For the purpose of this clause and the terms, conditions and exclusions of the POLICY, CLAIM also means an official investigation, examination or inquiry under Extension 2.1.

### 1.4 Retroactive Date

The POLICY shall only provide cover with respect to WRONGFUL ACTS, EMPLOYMENT PRACTICE BREACHES, TRUSTEE BREACHES and DISHONEST ACTS committed after the RETROACTIVE DATE.

## Section 2: AUTOMATIC EXTENSIONS

The automatic extensions are subject to the Insuring Clauses and all other POLICY terms, conditions and exclusions.

### 2.1 Official Investigations and Inquiries

#### Cover for YOU

- a) WE agree to pay DEFENCE COSTS incurred with OUR prior written consent for any attendance by an INSURED PERSON for examination at any official investigation, examination or inquiry in relation to the affairs of the INCORPORATED OWNERS or any other examination of the INSURED PERSON by virtue of his/her position as a director of the INCORPORATED OWNERS where such investigation, examination or inquiry may lead to a recommendation in respect of legal liability or proceedings which would be a CLAIM covered under this POLICY; Provided that notice of the official investigation, examination or inquiry is first received by the INSURED PERSON and notified to US during the INSURANCE PERIOD.

The total amount payable by US under this extension shall not exceed the Sub-Limit shown in Item 4 of the Schedule in respect of all investigations. This Sub-Limit forms part of, and is not payable in addition to the INDEMNITY LIMIT.

#### Cover for the INCORPORATED OWNERS

- b) WE agree to pay DEFENCE COSTS incurred with OUR prior written consent for any attendance by the INCORPORATED OWNERS at any official investigation, examination or inquiry in relation to an allegation that the INCORPORATED OWNERS have breached Occupational Health and Safety laws or regulations or employment laws or regulations, provided that the attendance at the investigation, examination or inquiry may lead to a recommendation in respect of civil liability or civil proceedings which would be a CLAIM covered under this POLICY; Provided that notice of the official investigation, examination or inquiry is first received by the INCORPORATED OWNERS and notified to US during the INSURANCE PERIOD.

The total amount payable by US under this extension shall not exceed the Sub-Limit shown in the Schedule in respect of all investigations. This Sub-Limit forms part of, and is not payable in addition to the INDEMNITY LIMIT.

## **2.2 Discovery Period**

The INSURED may give written notice to US of any CLAIM in respect of a WRONGFUL ACT occurring prior to the end of the INSURANCE PERIOD, during a DISCOVERY PERIOD immediately following the INSURANCE PERIOD of:

- a) 30 days, granted automatically with no additional premium payable; or
- b) 12 months, if the INSURED requests such period in writing within 15 days after the end of the INSURANCE PERIOD and tenders an additional premium of 50% of the annual premium level in effect immediately prior to the end of the INSURANCE PERIOD within 30 days after the end of the INSURANCE PERIOD; or

This Extension is not available if this POLICY is:

- i) renewed or replaced with any other directors and officers or management liability policy; or
- ii) cancelled or avoided.

Any discovery period purchased under this Extension is non-cancellable, and the premium paid for the DISCOVERY PERIOD is non-refundable.

## **2.3 Retirement Cover**

If the INCORPORATED OWNERS do not renew this POLICY or replace it with any other insurance providing directors and officers liability coverage and one of the DISCOVERY PERIOD Options detailed in Extension 2.2 of this POLICY has not been purchased then any INSURED PERSON will be automatically entitled to a 12 month DISCOVERY PERIOD at no additional premium after the expiry of the INSURANCE PERIOD provided that the INSURED PERSON retired from all employment or office prior to the expiry of the INSURANCE PERIOD.

## **2.4 Heirs Estates and Legal Representatives**

WE agree to provide cover to the estate, heirs, legal representatives or assigns of any deceased or mentally incompetent, bankrupt or insolvent INSURED PERSON in respect of LOSS arising from a WRONGFUL ACT, EMPLOYMENT PRACTICE BREACH or TRUSTEE BREACH committed by an INSURED PERSON.

## **2.5 Occupational Health and Safety**

WE agree to pay DEFENCE COSTS, notwithstanding the Bodily Injury / Property Damage Exclusion 4.4, in respect of any CLAIM made against an INSURED where such CLAIM arises from a breach or alleged breach of any occupational or workplace health and safety legislation.

The total amount payable by US under this extension shall not exceed the Sub-Limit shown in the Schedule in respect of all DEFENCE COSTS. This Sub-Limit forms part of, and is not payable in addition to the INDEMNITY LIMIT.

## **2.6 Spousal Liability Cover**

WE agree to provide cover for any CLAIM against an INSURED PERSON's legal or defacto spouse, domestic partner or companion in respect of LOSS arising from a WRONGFUL ACT, EMPLOYMENT PRACTICE BREACH or TRUSTEE BREACH committed by an INSURED PERSON.

## 2.7 Public Relations Cover

It is agreed that the definition of LOSS under this POLICY shall include, at the election of the INSURED, the PUBLIC RELATIONS EXPENSES of an INSURED PERSON:

- a) in connection with a CLAIM for extradition of such INSURED PERSON; or
- b) to mitigate any adverse effect on such INSURED PERSON'S reputation by disseminating findings which exonerates the INSURED PERSON from fault, liability or culpability in connection with a CLAIM that is covered under this POLICY, provided such findings are made by a court with jurisdiction to finally dispose of such CLAIM (including the outcome of any appeal in relation to such CLAIM).

The total amount payable under this Extension in respect of all INSURED PERSONS for all CLAIMS shall not exceed the Sub-Limit shown in the Schedule. This Sub-Limit forms part of, and is not payable in addition to the INDEMNITY LIMIT.

## 2.8 Order of Payment

If the payment of LOSS in respect of a CLAIM is due under this POLICY but the amount of such LOSS in the aggregate exceeds the remaining available INDEMNITY LIMIT, WE shall:

- a) first pay such LOSS for which coverage is provided under Insuring Clause 1.1 of this POLICY; then
- b) to the extent of any remaining amount of the INDEMNITY LIMIT available after payment under (a) above, pay such LOSS for which coverage is provided under any other provision of this POLICY.

## 2.9 Advance Payment of Defence Costs for Claims

WE agree to pay DEFENCE COSTS either incurred by US or incurred by the INSURED with OUR prior written consent in respect of a CLAIM for LOSS covered under the POLICY.

WE also agree to advance DEFENCE COSTS before final disposition of a CLAIM, where we have not determined the INSURED's right to indemnity for the CLAIM. For clarity, WE will not rely on clause 4.8 (Fraudulent, Dishonest and Wilful Conduct) until there is a relevant judgment, final adjudication or admission.

If WE subsequently refuse to pay the INSURED's LOSS under the POLICY, the INSURED must reimburse US for any DEFENCE COSTS that WE have paid in advance, according to the respective interests of the INSURED.

## 2.10 Continuous Cover

Subject to the terms and conditions of this POLICY, WE agree to provide cover in respect of any CLAIM where the INSURED:

- a) first became aware, prior to the INSURANCE PERIOD, that a CLAIM might or could arise from facts or circumstances known to it; and
- b) had not notified its insurer of such facts or circumstances prior to the INSURANCE PERIOD.

The Prior Knowledge Clause 4.1(a) will not apply to any notification to US during the INSURANCE PERIOD of any such CLAIM, provided that:

- i) WE were the management liability insurer of the INSURED when the INSURED first became aware of such facts and circumstances; and
- ii) WE have continued, without interruption, to be the INSURED's management liability insurer up until this POLICY came into effect;

- iii) There has not been any fraudulent non-disclosure or fraudulent misrepresentation by the INSURED in respect of such facts or circumstances; and
- iv) WE have the discretion to apply either the terms and conditions of the Policy on foot when the INSURED first became aware of the facts and circumstances, including but not limited to the INDEMNITY LIMIT and DEDUCTIBLE, or the terms and conditions of this POLICY.

## **2.11 Crisis Containment**

WE shall reimburse the INCORPORATED OWNERS for the CRISIS LOSS in excess of the DEDUCTIBLE which the INCORPORATED OWNERS have incurred by reason of a CRISIS EVENT which first occurs and is notified to US during the INSURANCE PERIOD.

The total amount payable by US under this extension for the INCORPORATED OWNERS for all CRISIS LOSSES shall not exceed the Sub-Limit shown in the Schedule. This Sub-Limit forms part of, and is not payable in addition to the INDEMNITY LIMIT.

## **2.12 Emergency Defence Costs**

Notwithstanding any provision in the POLICY to the contrary, if it is not possible for the INSURED to obtain OUR consent prior to incurring DEFENCE COSTS, WE will waive prior consent so long as OUR consent is obtained within 30 days of the first of such DEFENCE COSTS being incurred. The sub limit of liability for all such payments under this Extension is 10% of the INDEMNITY LIMIT. This Sub-Limit forms part of, and is not payable in addition to, the INDEMNITY LIMIT

## **2.13 Additional Coverage For INSURED PERSONS**

In the event of the total exhaustion of the INDEMNITY LIMIT due to payment by US of LOSS under Insuring Clauses 1.1 or 1.2(a), the total amount payable by US under this Extension shall not exceed the Sub-Limit shown in Item 4 of the Schedule inclusive of all LOSS in the aggregate for all INSURED PERSONS for all CLAIMS, on the following basis:

- a) the cover under this Extension will only be available for INSURED PERSONS for any subsequent LOSS on account of any CLAIM which is based on facts and matters that are entirely different from and unrelated to those upon which the CLAIM is based that led or contributed to the exhaustion referred to above. It is agreed that this Extension does not provide the additional coverage in respect of the CLAIM(S) that leads or contributes to the exhaustion referred to above; and
- b) the maximum amount of LOSS payable by US for all INSURED PERSONS in respect of any number of CLAIMS which arise out of or are attributable to or are in any way connected with a SINGLE WRONGFUL ACT, EMPLOYMENT PRACTICE BREACH or TRUSTEE BREACH shall not exceed the Sub-Limit shown in Item 4 of the Schedule inclusive of all LOSS; and
- c) if the INCORPORATED OWNERS or INSURED PERSONS has in effect, or the benefit of, any policy or policies providing coverage in excess of this POLICY, then the additional coverage provided by this clause will only take effect after the total exhaustion of any amounts payable under any such other policies but before any similar provisions as may be contained in any such other policies take effect; and
- d) this provision shall only be available to YOU to the extent that YOU are an INSURED PERSON.

This provision does not apply in respect of Sections 1.2(b) – (e) of this POLICY. It is only applicable where WE pay LOSS under Insuring Clauses 1.1 and 1.2(a). The total amount payable under this Extension in respect of all INSURED PERSONS for all CLAIMS shall not exceed the Sub-Limit shown in the Schedule.

### Section 3: DEFINITIONS

In the POLICY:

**3.1** BENEFITS means any amount payable to a beneficiary of a FUND by the TRUSTEE under the rules governing the FUND.

**3.2** CLAIM means:

- a) a civil proceeding brought by a third party for recovery of compensation or damages; or
- b) any suit, proceeding or written demand for monetary damages
- c) any formal administrative or regulatory proceeding including any arbitration, mediation, conciliation or alternative dispute resolution proceeding alleging an EMPLOYMENT PRACTICE BREACH, TRUSTEE BREACH or WRONGFUL ACT.

All CLAIMS which arise out of or are attributable to or are in any way connected with a SINGLE WRONGFUL ACT, EMPLOYMENT PRACTICE BREACH or TRUSTEE BREACH shall constitute a single CLAIM for the purposes of this POLICY. A SINGLE WRONGFUL ACT, EMPLOYMENT PRACTICE BREACH OR TRUSTEE BREACH means all respective WRONGFUL ACTS, EMPLOYMENT PRACTICE BREACHES or TRUSTEE BREACHES which are related or form part of a series of related conduct or form part of a course of conduct that is not entirely unconnected, different and/or unrelated.

**3.3** CREDIT ARRANGEMENT means any credit agreement, extension of credit, loan or transaction in the nature of a loan, lease or rental agreement, invoice, account, agreement or other evidence of debt.

**3.4** CRISIS EVENT means any of the following unforeseen events where, in the reasonable opinion of the chief executive officer (or equivalent) of the INCORPORATED OWNERS, the event has the potential to cause an imminent decrease of greater than 30% of the total consolidated annual revenues of the INCORPORATED OWNERS if left unmanaged:

- a) the sudden, unexpected death or disability of any Executive;
- b) EMPLOYEE workplace violence;
- c) the first apparent unauthorized intrusion into any INCORPORATED OWNERS'S computer facilities;
- d) a man-made disaster;
- e) any criminal or fraud investigation.

CRISIS EVENT does not include an event that affects the INCORPORATED OWNERS'S industry in general; rather than single INCORPORATED OWNERS, specifically.

**3.5** CRISIS LOSS means the reasonable and necessary fees, costs and expenses paid by the INCORPORATED OWNERS for external crisis management services provided in response to a CRISIS EVENT within the first thirty (30) days after the event

**3.6** DEDUCTIBLE means the amounts specified in Item 5 of the Schedule in respect of each Insuring Clause.

**3.7** DEFENCE COSTS means that part of LOSS consisting of reasonable costs, charges, fees (including but not limited to legal counsels' fees) and expenses reasonably incurred by YOU or the INCORPORATED OWNERS, as applicable, with OUR prior written consent in investigating or defending a CLAIM but does not include regular or overtime wages, salaries or fees of the committee members, officers or employees of the INCORPORATED OWNERS incurred in attending, defending, investigating or monitoring CLAIMS. In respect of Extension 2.1 it means the costs of YOUR or the INCORPORATED OWNERS's reasonable legal representation reasonably required for the attendance at any official investigation, examination or inquiry.



**3.8** DIRECT FINANCIAL LOSS means direct financial loss to the INCORPORATED OWNERS directly caused by the loss of MONEY, SECURITIES or other tangible property:

- a) owned by the INCORPORATED OWNERS; or
- b) in the care, custody or control of the INCORPORATED OWNERS and for which the INCORPORATED OWNERS is legally liable.

DIRECT FINANCIAL LOSS does not include wages, salaries or other remuneration or benefits paid by the INCORPORATED OWNERS to its directors, OFFICERS and EMPLOYEES, or any amount excluded by the Exclusions applicable to Insuring Clause 1.2(e). All DIRECT FINANCIAL LOSS caused by multiple DISHONEST ACTS that are related, or are part of a series of such conduct that is not entirely unconnected and entirely different, shall be a single LOSS for the purpose of cover under Insuring Clause 1.2(e).

**3.9** DISCOVERED or DISCOVERY means when any committee member or OFFICER (who is not in collusion with an EMPLOYEE who has committed or is attempting to commit a DISHONEST ACT) becomes aware of any facts which would cause a reasonable person to assume that a DIRECT FINANCIAL LOSS which may be covered by this POLICY has been or may be incurred, even though the exact amount or details of the DIRECT FINANCIAL LOSS are not known at the time of DISCOVERY. Such DISCOVERY constitutes DISCOVERY by every INSURED.

**3.10** DISCOVERY PERIOD means the period of time specified in Extension 2.2 during which time written notice may be given to US of any

- a) CLAIM which is first made against the INSURED for a WRONGFUL ACT committed or allegedly committed;
- b) DIRECT FINANCIAL LOSS which is first DISCOVERED and results from DISHONEST ACTS committed

prior to the end of the INSURANCE PERIOD.

**3.11** DISHONEST ACTS means any fraudulent or dishonest acts committed by an EMPLOYEE (acting alone or in collusion with others) with the principal intent to cause the INCORPORATED OWNERS to sustain a DIRECT FINANCIAL LOSS and results in the EMPLOYEE making an improper financial gain for themselves or for any other individual or organisation intended by the EMPLOYEE to receive such gain.

**3.12** EMPLOYEE means

- a) any natural person who is a past, present or prospective employee of the INCORPORATED OWNERS;
- b) in respect of Insuring Clause 1.2(e) only, any natural person who is a present employee of the INCORPORATED OWNERS

including any full-time, part-time or casual employee.

EMPLOYEE does not include consultants, independent contractors, secondees to or agents of the INCORPORATED OWNERS or their respective employees (including the employees of labour-hire agencies).

**3.13** EMPLOYMENT PRACTICE BREACH means any WRONGFUL ACT in relation to any of the following employment-related actual or alleged unfair or wrongful dismissal from, termination or discharge of employment (either actual or constructive, including breach of an implied contract), misrepresentation, wrongful failure to employ or promote, failure to grant tenure, discrimination, harassment, retaliation (including lockouts), humiliation, defamation, invasion of privacy, wrongful deprivation of career opportunity, wrongful demotion or negligent employee evaluation (including the provision of negative or defamatory statements in connection with an employee reference) which relate solely to the INCORPORATED OWNERS and its past, present or prospective EMPLOYEES.

**3.14** EMPLOYMENT-RELATED BENEFITS includes but is not limited to:

- a) non-monetary benefits including but not limited to the allocation of a Incorporated Owners car, travel allowance, mobile or landline telephone, medical or life insurance expenses, education and training allowances, and equipment allowances;
- b) stock, shares, stock options, share options or any entitlement or right under any employee plan of any description;
- c) participation in any stock, share option or share option plan, or participation in any employee plan of any description;
- d) severance or redundancy payments or entitlements;
- e) any benefit, payment or entitlement of any kind in respect of paid or unpaid leave;
- f) bonus or incentive payments, or any entitlement or right under a bonus or incentive plan (which, for the avoidance of doubt, does not include any payments, entitlement or right under any commission scheme);
- g) payments or contributions in respect of any provident, benefit, superannuation, pension or retirement fund, or any other account, fund, scheme or plan intended to provide benefits, in whole or in part, at retirement or a particular age, or on the happening of a particular event.
- h) any amount the INCORPORATED OWNERS pays or is ordered to pay pursuant to any determination or settlement in respect of an allegedly unfair contract, notwithstanding that it acted in accordance with the terms of the employment contract.

**3.15** FUND means any fund established for the benefit of EMPLOYEES under the Mandatory Provident Fund Schemes Ordinance &/or Occupational Retirement Schemes Ordinance. FUND does not include any industry or master mandatory provident funds.

**3.16** INCORPORATED OWNERS means the entity or entities specified in Item 2 of the Schedule.

**3.17** INDEMNITY LIMIT means the amounts specified in Item 4 of the Schedule.

**3.18** INDUSTRIAL INSTRUMENT means:

- a) an award, collective or individual agreement, minimum wage order or any other instrument made or authorised under statute;
- b) any other collective agreement;

which regulates the terms and conditions of employment.

**3.19** INSURANCE PERIOD means the period specified in Item 3 of the Schedule.

**3.20** INSURED means each INSURED PERSON, the INCORPORATED OWNERS or both.

**3.21** INSURED PERSON means a natural person who was, is or shall become a member of the management committee, sub-committee or an employee of the INCORPORATED OWNERS.

The term INSURED PERSON shall also include:

- a) the legal representative of a member of the management committee or sub-committee of the INCORPORATED OWNERS in the event of incapacity, insolvency or bankruptcy of such member; or
- b) any lawful spouse of a member of the management committee or sub-committee of the INCORPORATED OWNERS, but only when the claim results from the WRONGFUL ACT of such member; or

- c) the estate, heir or legal representative of a deceased person who is a member of the management committee or sub-committee of the INCORPORATED OWNERS at the time of the WRONGFUL ACT upon which the CLAIM is based;

INSURED PERSON does not include:

- a) a managing agent or property management company;
  - b) any external auditor;
- or any employee (s) of such person (s)

**3.22** LITIGATION includes, but is not limited to, any civil, criminal, administrative or regulatory proceeding as well as any official investigation, examination, inquiry, arbitration or adjudication.

**3.23** LOSS means, for the purpose of insuring Clauses 1.1 and 1.2(a) – (d), the total amount which a person or entity becomes legally obliged to pay on account of a CLAIM. LOSS includes, but is not limited to damages, judgments, settlements, costs and DEFENCE COSTS. However, LOSS does not include:

- a) fines or penalties (whether civil or criminal) imposed by law, punitive, aggravated, exemplary or multiple damages, or matters uninsurable under the laws governing this POLICY;
- b) taxes or government duties;
- c) fees, commissions or any EMPLOYMENT-RELATED BENEFITS paid or payable;
- d) costs incurred by the INCORPORATED OWNERS to modify any building or property, or to provide any service, in order to make such building or property, or make any service more accessible or accommodating to any disabled person;
- e) costs incurred by the INCORPORATED OWNERS in connection with any educational, corrective, sensitivity or other programme, policy or seminar relating to any EMPLOYMENT PRACTICE BREACH;
- f) BENEFITS; or
- g) Amounts ordered to be paid pursuant to a determination by a Court, Commission or other tribunal in relation to an unfair contract.

For the purpose of insuring Clause 1.2(e), LOSS means only DIRECT FINANCIAL LOSS.

**3.24** MONEY means only local or foreign currency, coins, bank notes, cheques, travellers cheques, registered cheques, postal orders, money orders and bullion.

**3.25** OFFICER means any INCORPORATED OWNERS secretary, and any EMPLOYEE who is concerned in, or takes part in, the management of the INCORPORATED OWNERS regardless of the name that is given to their position.

**3.26** POLICY means this policy wording, the Schedule, the PROPOSAL and any endorsement attaching to and forming part of the POLICY either at commencement or during the INSURANCE PERIOD.

**3.27** POLLUTANTS means any substance, solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to smoke, vapours, soot, fumes, acids, alkalis, chemicals and waste materials. Waste materials include, but are not limited to, recycled, reconditioned or reclaimed materials.

**3.28** PROPOSAL means the INSURED's written proposal specified in Item 1 of the Schedule made to US together with any attachments and material referred to therein.

- 3.29** PUBLIC RELATIONS EXPENSES means any reasonable fees, costs and expenses of a public relations consultant retained with OUR prior written consent (which shall not be unreasonably delayed or withheld).
- 3.30** RETROACTIVE DATE means the date specified in Item 6 of the Schedule.
- 3.31** SECURITIES for the purposes of the cover in, and terms of this POLICY applicable to, Insuring Clause 1.2(e) means any negotiable or non-negotiable instruments or contracts representing money or other property, but excluding Money. For the purposes of the other terms, conditions and exclusions of this POLICY, SECURITIES means any shares, preference shares, stocks, debentures, warrants, options, bonds, promissory notes or other equity or debt security.
- 3.32** TRUSTEE means any INSURED PERSON or the INCORPORATED OWNERS if validly appointed to act, and while acting in the capacity, as a trustee of a FUND.
- 3.33** TRUSTEE BREACH means any WRONGFUL ACT committed or allegedly committed:
- a) by an INSURED PERSON in their capacity as a TRUSTEE, or as a committee member or OFFICER of the INCORPORATED OWNERS acting as corporate TRUSTEE;
  - b) by the INCORPORATED OWNERS acting in its capacity as corporate TRUSTEE;
  - c) by any other person for which an INSURED PERSON referred to in (a) or the INCORPORATED OWNERS referred to in (b) is legally liable;
- but only in respect of the administration of a FUND.
- 3.34** WE/US/OUR means DUAL Asia as agent of the Underwriters named in the schedule to this POLICY next to the heading "Underwriters".
- 3.35** WRONGFUL ACT shall mean any breach of duty, breach of trust, neglect, error, omission, misstatement, misleading statement, libel, slander or defamation of character by the INSURED while acting in their capacity as INSUREDS of the INCORPORATED OWNERS..
- 3.36** YOU/YOUR means any INSURED PERSON(S).

#### **Section 4: EXCLUSIONS APPLICABLE TO INSURING CLAUSES OTHER THAN 1.2(e)**

WE will not cover the INSURED for or in connection with:

##### **4.1 Prior Known Facts**

any CLAIM(s) arising out of or in any way connected with any:

- a) actual or alleged facts which were known to the INCORPORATED OWNERS or any INSURED PERSON prior to the commencement of the INSURANCE PERIOD and which the INCORPORATED OWNERS or the INSURED PERSON knew or ought reasonably to have known might give rise to a CLAIM;
- b) actual or alleged facts which were, which could have been or which can be notified under any policy existing prior to the commencement of the INSURANCE PERIOD;
- c) pending or prior LITIGATION, or LITIGATION derived from the same or essentially the same facts as are or might be alleged in such pending or prior LITIGATION, as at the commencement of the INSURANCE PERIOD;
- d) any fact or matter referred to in the PROPOSAL, no matter how it is recorded or expressed therein; or
- e) any contingent liability noted in the INCORPORATED OWNERS'S Financial Statements.

#### 4.2 Breach of Professional Duty

any CLAIM based upon, attributable to, or in consequence of any breach of professional duty or any CLAIM based upon, directly or indirectly attributable to or in consequence of the provision of any professional services and/or advice, or the failure to provide such services or advice

For the sake of clarity, this exclusion does not apply to WRONGFUL ACTS by any INSURED PERSON in their capacity as an INSURED PERSON other than in the provision of professional services to a third party. This Exclusion does not apply to the extent that cover may be provided under Insuring Clause 1.1 (c) or 1.2(d).

#### 4.3 INSURED v INSURED

any CLAIM which is brought by or on behalf of the INCORPORATED OWNERS; provided, however, that this exclusion shall not apply to:

- a) DEFENCE COSTS;
- b) any CLAIM brought or maintained by the INCORPORATED OWNERS for contribution or indemnity, if the CLAIM directly results from another CLAIM otherwise covered under the POLICY;
- c) any CLAIM brought or maintained on behalf of the INCORPORATED OWNERS by any external administrator to the INCORPORATED OWNERS (including but not limited to a liquidator, receiver, administrator or other external administrator) where such external administrator is appointed by a Court and such CLAIM is brought without the solicitation, assistance or co-operation of any INSURED PERSON or committee member, officer, trustee, governor, except when such solicitation, assistance or cooperation is required by law.
- d) any CLAIM instigated by any regulatory authority on behalf of the INCORPORATED OWNERS without the solicitation, assistance or co-operation of an INSURED PERSON or committee member, officer, trustee, governor, except when such solicitation, assistance or co-operation is required by law.

#### 4.4 Bodily Injury / Property Damage

any CLAIM for bodily injury, sickness, mental anguish or emotional distress or disturbance, disease or death of any person howsoever caused or damage to or destruction of any tangible property, including loss of use thereof. However, this exclusion shall not apply to any CLAIM in respect of mental anguish or emotional distress or disturbance alleging an EMPLOYMENT PRACTICE BREACH.

#### 4.5 Pollution

any CLAIM arising from or in any way connected with:

- a) the actual, alleged or threatened discharge, dispersal, release or escape of POLLUTANTS into or upon land, the atmosphere or any water course or body of water, whether such discharge, dispersal, release or escape is intentional or accidental; or
- b) any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise POLLUTANTS.

It is agreed, however, that this exclusion shall not apply to DEFENCE COSTS up to a limit of HKD\$1,000,000 in the aggregate for the INSURANCE PERIOD (which limit shall be part of and not in addition to the INDEMNITY LIMIT shown in Item 4 of the Schedule).

#### 4.6 Radioactivity

any CLAIM arising from or in any way connected with:

- a) loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting from or arising there from or any consequential loss; or

- b) any legal liability of whatsoever nature

directly or indirectly caused by or contributed to by or arising from:

- i) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
- ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

#### **4.7 War/Terrorism**

any CLAIM of whatsoever nature directly or indirectly caused by, resulting from or in any way connected with any of the following, regardless of any cause or event contributing concurrently or in any other sequence:

- a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- b) any act of terrorism;
- c) any action taken in controlling, preventing, suppressing or in any way relating to (a) and/or (b) above.

For the purposes of this exclusion, an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

#### **4.8 Fraudulent, Dishonest and Wilful Conduct**

any CLAIM arising from or in any way connected with any INSURED:

- a) gaining any personal profit or advantage to which the INSURED was not legally entitled;
- b) having improperly benefited from any SECURITIES transaction as a result of information that is/was not available to other sellers or purchasers of such SECURITIES;
- c) committing any dishonest, fraudulent, criminal or malicious act;
- d) committing any wilful violation or wilful breach of any statute or regulation; or

For the purpose of determining the applicability of these exclusions, the conduct and knowledge of any INSURED shall not be imputed to any other INSURED. These exclusions shall only apply if it is established through a judgment or any other final adjudication adverse to the INSURED, or any admission by an INSURED, that the relevant conduct did in fact occur.

#### **4.10 Pension Fund Liabilities**

any CLAIM:

- a) arising out of or in any way connected with the failure of the INCORPORATED OWNERS to pay into, or collect contributions for, a FUND as required by law and/or a FUND trust deed;
- b) for or in respect of BENEFITS.

#### **4.11 Insolvency**

Any CLAIM arising from or in any way connected with the insolvency, liquidation, bankruptcy, receivership or administration of the INCORPORATED OWNERS or its actual or alleged inability to meet any or all of its debts as and when they fall due.

#### 4.12 Investment Performance

Any CLAIM in connection with, arising from, attributable to, relating to or in any way involving:

- a) any actual or alleged dealings of any nature by which it is sought to affect the price of, or market in, any shares and/or debentures of any company or commodity or currency, or of any negotiable instrument, other than dealings carried out in accordance with the laws, rules and regulations applicable to such dealings;
- b) financial or investment advice provided by the INSURED, including but not limited to any advice or recommendation as to the tax implications or performance of any investment including any market fluctuation which is outside of the control of the INSURED.

### Section 5: ADDITIONAL EXCLUSIONS APPLYING TO INSURING CLAUSE 1.2(b)

In addition to the Exclusions outlined in Section 4 above, the following Exclusions apply with respect to Insuring Clause 1.2 (b) and any relevant Extension.

5.1 WE will not cover the INCORPORATED OWNERS in connection with any CLAIM made against it for or in connection with:

- a) breaches of intellectual property rights, including but not limited to any actual or alleged plagiarism, misappropriation, infringement or violation of copyright, patent, trademark or trade secret;
- b) any actual or alleged breach of any law, whether statutory, regulatory or common law, relating to anti-trust, business competition, price fixing, unfair or restrictive trade practices, or tortious interference in any other party's business or contractual relationships;
- c) any actual or alleged contractual liability of the INCORPORATED OWNERS under any express or implied contract or agreement. However, this exclusion shall not apply to a CLAIM for an EMPLOYMENT PRACTICE BREACH to the extent the INCORPORATED OWNERS would have had such liability in the absence of such contract or agreement;
- d) fines or penalties or non-monetary relief;
- e) any obligation, or breach of an obligation, under any law or regulation providing for paid or unpaid leave of any kind or any INDUSTRIAL INSTRUMENT; or
- f) any obligation pursuant to any law, regulation, or INDUSTRIAL INSTRUMENT in respect of workers' compensation, occupational or workplace health and safety, disability benefits, unemployment benefits or compensation, unemployment insurance, retirement benefits, social security benefits or any similar law, regulation or INDUSTRIAL INSTRUMENT whatsoever.

### Section 6: EXCLUSIONS APPLYING TO INSURING CLAUSE 1.2(e)

The following Exclusions apply with respect to Insuring Clause 1.2(e) and any relevant Extension.

6.1 WE will not cover the INCORPORATED OWNERS for or in connection with:

- a) DIRECT FINANCIAL LOSS arising out of or in any way connected with any DISHONEST ACTS committed, in whole or part, outside of the Hong Kong Special Administrative Region.
- b) DIRECT FINANCIAL LOSS:
  - i) first DISCOVERED prior to the commencement of the INSURANCE PERIOD; or

- ii) first DISCOVERED after the end of the INSURANCE PERIOD, or the DISCOVERY PERIOD if applicable; or
  - iii) in any way connected with any EMPLOYEE from the time any committee member or OFFICER (who is not in collusion with such EMPLOYEE) had actual knowledge that the EMPLOYEE had committed or was suspected of having committed any fraudulent or dishonest act, even if it does not constitute a DISHONEST ACT as defined.
- c) DIRECT FINANCIAL LOSS arising out of or in any way connected with any fraudulent or dishonest activities, or involving collusion by or complicity, of:
- i) a committee member or OFFICER; or
- d) Any indirect or consequential loss of any nature, including but not limited to:
- i) any loss of income (such as interest and dividends) not realised by the INCORPORATED OWNERS or any other person or organisation;
  - ii) any costs incurred by the INCORPORATED OWNERS in re-writing or amending the INCORPORATED OWNERS'S software programs or systems where such re-writing or amending is necessary to correct the programs or systems;
  - iii) any contractual penalties incurred by the INCORPORATED OWNERS;
  - iv) any liability to a third party;
  - v) any costs, fees or other expenses incurred by the INSURED in establishing a right under this POLICY (except as provided for under Claims Condition);
  - vi) any costs, fees or other expenses incurred by the INSURED in prosecuting or defending any demand, claim or legal proceeding
- resulting from a DIRECT FINANCIAL LOSS which is covered under Insuring Clause 1.2 (e) under this policy.
- e) DIRECT FINANCIAL LOSS the proof of which is dependent solely upon:
- i) a profit and loss computation; or
  - ii) a comparison of inventory records with an actual physical count.
- If, however, an EMPLOYEE is identified as having caused a DIRECT FINANCIAL LOSS, then inventory records and actual physical count of inventory can be submitted as partial evidence in support of proof of the DIRECT FINANCIAL LOSS as required by Claims Condition 7.5.
- f) DIRECT FINANCIAL LOSS arising out of or in any way connected with the accessing, use or dissemination of any confidential information including, but not limited to, trade secrets, computer programs, customer information, patents, trademarks, copyrights or processing methods.
- g) DIRECT FINANCIAL LOSS arising from, attributable to, or any way relating to:
- i) the issuing of cheques exceeding \$25,000 that are not countersigned; or
  - ii) any bank transfers that are not dually authorised; or
  - iii) employees responsible for cheque orders that also have cheque signing authority
- h) DIRECT FINANCIAL LOSS arising out of or in any way connected with:
- i) the voluntary giving or surrendering of MONEY, SECURITIES or other tangible property in any exchange or purchase, unless such DIRECT FINANCIAL LOSS is directly caused by DISHONEST ACTS committed.



- ii) the complete or partial non-payment or default under any CREDIT ARRANGEMENT including any payments made or withdrawals from any customer account involving items which are not finally paid for any reason.
- iii) any trading, whether or not in the name of the INCORPORATED OWNERS and whether or not in a genuine or fictitious account.

## **Section 7: CLAIMS/LOSS CONDITIONS**

### **7.1 Notification**

- a) The INSURED shall, as a condition precedent to its right to be indemnified under this POLICY, give US written notice of any CLAIM or circumstance which could give rise to a CLAIM as soon as practicable and, in any event, during the INSURANCE PERIOD or any applicable DISCOVERY PERIOD.

Once the INSURANCE PERIOD has ended written notice of any CLAIM or circumstance which could give rise to a CLAIM must be given within 30 days of the end of the INSURANCE PERIOD or if a DISCOVERY PERIOD applies, expiry of the DISCOVERY PERIOD.

- b) Any Notice to US shall be given in writing, and delivered to:

DUAL Underwriting Agency (Hong Kong) Limited  
Suite 2103, 21/F, Fu Fai Commercial Centre  
27 Hillier Street  
Sheung Wan, Hong Kong

Or

claims@dualasia.com

### **7.2 Co-operation**

- a) The INSURED shall, at its own cost and as a condition precedent to its right to indemnity under this POLICY, provide US with all information, assistance and cooperation WE and/or any lawyers and investigators and others WE appoint may require in relation to any matter notified to US.
- b) The INSURED shall, at its own cost, do everything reasonably practicable to minimise LOSS.

### **7.3 Allocation**

- a) WE agree that, if a CLAIM gives rise to LOSS which is covered and not covered under this POLICY, WE will negotiate in good faith with the INSURED to agree a basis for allocation, taking into consideration factors such as (but not limited to):
  - i) the extent to which the CLAIM is directed to matters which are covered and matters which are not covered;
  - ii) the relative legal and financial exposure of an INSURED compared to that of a person or persons who is, or are, not covered by this POLICY; and
  - iii) the benefit to an INSURED of any settlement, compared to that of a person or persons who is, or are, not covered by this POLICY.
- b) If WE cannot agree a basis for allocation with the INSURED by negotiation, the dispute or difference shall first be referred to mediation at the Hong Kong International Arbitration Centre (HKIAC) and dealt with in accordance with its Mediation Rules. If the mediation is abandoned by the mediator or otherwise ends without the dispute or difference having been resolved, the dispute or difference shall be referred to arbitration at the HKIAC

under the HKIAC's Domestic Arbitration Rules. Each of the parties to the mediation or arbitration shall bear their own costs of the mediation or arbitration.

- c) If the DEDUCTIBLE applicable to Insuring Clause 1.1 applies to part of a LOSS and the DEDUCTIBLE applicable to Insuring Clause 1.2 applies to part, then WE and the INSURED must use best efforts to reach an agreement of a fair allocation of such LOSS between Insuring Clause 1.1 and Insuring Clause 1.2. If no agreement can be reached, the dispute will be referred to Senior Counsel using the mechanism in (b) above for determination of the issue.

#### **7.4 Legal Defence and Settlement**

- a) Each INSURED has the right and duty to defend and contest any CLAIM, but WE have the right (which WE will exercise reasonably) to object to an INSURED's choice of lawyer to represent them in respect of that CLAIM and WE shall have the right to effectively associate with an INSURED in the defence and/or negotiation of settlement of any CLAIM that WE think is reasonably likely to exceed the DEDUCTIBLE.
- b) Any INSURED who admits or assumes liability, enters into any settlement agreement, or agrees to a judgment being entered against them without our prior written agreement (which shall not be unreasonably withheld or delayed) shall automatically forfeit their entitlement to an indemnity under this POLICY.
- c) If WE cannot agree with an INSURED whether a CLAIM should be contested, a decision as to whether the CLAIM should be contested (taking into account likely DEFENCE COSTS, the prospects of the CLAIM succeeding and the likely amount of the CLAIM) shall be made by a Senior Counsel, whose appointment shall be mutually agreed upon and whose decision shall be final. The cost of obtaining Senior Counsel's decision shall be part of DEFENCE COSTS.
- d) If Senior Counsel decides that a CLAIM should not be contested and the INSURED decides to contest the CLAIM, OUR liability for LOSS which results from that CLAIM shall be capped at the amount for which WE think the CLAIM could have been settled and OUR liability for DEFENCE COSTS will end on the date the CLAIM could have been settled.

#### **7.5 Notification of Direct Financial Loss**

The INSURED shall, as a condition precedent to OUR obligations under this POLICY, give written notice to US of any DIRECT FINANCIAL LOSS as soon as practicable within the POLICY PERIOD, or within the DISCOVERY PERIOD if applicable, but in any event not later than 60 days after any DIRECT FINANCIAL LOSS is first DISCOVERED.

The INSURED must, at its own cost, also:

- a) Provide US with affirmative proof of the DIRECT FINANCIAL LOSS with full particulars within 6 months of the DIRECT FINANCIAL LOSS being first DISCOVERED, and
- b) Provide US with all requested information and documents and co-operate with US in all matters pertaining to the DIRECT FINANCIAL LOSS.

#### **7.6 Settlement of Direct Financial Loss**

If the INSURED notify US of a DIRECT FINANCIAL LOSS and WE accept the notification under this POLICY, subject to the INSURED's compliance with Clause 7.5 above, an appropriate fraud investigator will be nominated by the INSURED, and approved in writing by US, to establish proof of any element or part of the DIRECT FINANCIAL LOSS not yet accepted by US. The fraud investigator shall:

- a) Investigate the facts behind such unproven DIRECT FINANCIAL LOSS; and
- b) Determine the quantum of such unproven DIRECT FINANCIAL LOSS, and
- c) Advise when and how the INSURED'S controls were or may have been breached; and

- d) Provide recommendations which may prevent future similar DIRECT FINANCIAL LOSS; and
- e) Issue their findings in a report format approved by US; and
- f) Provide a copy of the report to the INCORPORATED OWNERS and to US.

The report of the fraud investigator will not be binding and definitive as to the facts and quantum of such unproven DIRECT FINANCIAL LOSS.

WE will pay for the reasonable and necessary fees, costs and expenses of the fraud investigator provided the unproven DIRECT FINANCIAL LOSS is ultimately determined to be covered under this POLICY. If that part of the DIRECT FINANCIAL LOSS is determined not to be covered under this POLICY, the INSURED will pay the said fees, costs and expenses of the fraud investigator.

Any amount of investigator's fees paid by US under this Claims Condition will be paid in addition to the INDEMNITY LIMIT, and will not be the subject of any DEDUCTIBLE.

## **Section 8: GENERAL CONDITIONS**

### **8.1 Subrogation**

- a) Where WE have paid a CLAIM or LOSS under the POLICY WE become entitled to any rights the INSURED has against any party to the extent of OUR payment.
- b) The INSURED must, at its own cost, assist US and provide information as WE may reasonably require to exercise OUR rights of subrogation. This may include providing and signing statements and other documents and the giving of evidence.

### **8.2 Assignment**

The INSURED must not assign the POLICY or any rights under the POLICY without OUR prior written consent by way of endorsement to the POLICY.

### **8.3 Cancellation**

- a) The INSURED has the right to cancel this POLICY at any time by giving US written notice to that effect. Upon cancellation, WE will refund that part of the premium which relates to the unexpired part of the INSURANCE PERIOD.
- b) WE have the right to cancel the POLICY if the premium has not been paid within 90 days of the start of the INSURANCE PERIOD.

### **8.4 Several Liability of Underwriters**

The obligations of OUR subscribing Underwriters, where there is more than one Underwriter named in Item 11 of the Schedule subscribing to the POLICY, are several and not joint and are limited solely to the extent of their individual subscriptions. No subscribing Underwriter is responsible for the subscription of any co-subscribing Underwriter who, for any reason, does not satisfy all or part of its obligations.

### **8.5 Confidentiality**

The INSURED must not disclose, either personally or through any person or entity acting on the INSURED's behalf or at the INSURED's direction, to any third party:

- a) the existence of this POLICY; or
- b) the nature of the indemnity provided; or
- c) the INDEMNITY LIMIT; or

- d) the amount of premium paid.

However, the INSURED may disclose the above matters to the extent that:

- e) the INSURED is required to do so by the law ;or
- f) WE consent to the disclosure in writing.

#### **8.6 Jurisdictional Limitation**

The cover provided by the POLICY shall extend to a CLAIM brought anywhere in the world except:

- a) Any CLAIM made in or determined pursuant to the laws of the United States of America or the Dominion of Canada or their territories or protectorates; or
- b) Any CLAIM arising out of the enforcement of any judgment, order or award obtained within or determined pursuant to the laws of the United States of America or the Dominion of Canada or their territories or protectorates.

#### **8.7 Governing Law**

This POLICY is to be interpreted in accordance with the laws of the Hong Kong Special Administrative Region.

Any dispute or difference arising from this POLICY which cannot be resolved by negotiation shall first be referred to mediation at the Hong Kong International Arbitration Centre (HKIAC) and dealt with in accordance with its Mediation Rules. If the mediation is abandoned by the mediator or otherwise ends without the dispute or difference having been resolved, the dispute or difference shall be referred to arbitration at the HKIAC under the HKIAC's Domestic Arbitration Rules. Each of the parties to the mediation or arbitration shall bear their own costs of the mediation or arbitration.

#### **8.8 Indemnity Limit**

- a) If Extension 2.13 applicable, OUR total liability under the POLICY in respect of any single CLAIM including DEFENCE COSTS and in the aggregate from all CLAIMS and DEFENCE COSTS shall not exceed the INDEMNITY LIMIT.
- b) If Extension 2.13 applicable, OUR total liability under the POLICY for any single LOSS and all LOSSES under insuring Clause 1.2(e) or Extension 2.1 (b) shall not exceed the Sub-limit specified in Item 4 of the Schedule.

#### **8.9 Deductible**

- a) OUR liability under insuring Clause 1.1 (in respect of each INSURED PERSON) or Insuring Clause 1.2 (in respect of the INCORPORATED OWNERS) or both shall only apply to that part of each LOSS which is in excess of the DEDUCTIBLE specified in the schedule and such DEDUCTIBLE shall be borne by the INSURED PERSON and/or the INCORPORATED OWNERS (as the case may be) at their own risk.
- b) Unless otherwise expressed in the Schedule, all DEDUCTIBLES in respect of CLAIMS are inclusive of DEFENCE COSTS up to the amount of the DEDUCTIBLE.
- c) Except as otherwise stated in the POLICY, costs and expenses incurred by US in determining whether WE are liable to indemnify the INSURED under the POLICY shall not be subject to the DEDUCTIBLE and will be met by US.

### 8.10 Non-Imputation

Except as provided for under Insuring Clause 1.2(e) which includes reference to the definition of DISCOVERED in Clause 3.9, no state of mind or knowledge possessed by any one INSURED PERSON will be imputed to any other INSURED PERSON for the purpose of determining whether any provision in this POLICY applies. However, any state of mind or knowledge possessed by any past or present chairman of the board, chief executive officer, committee member, chief operating officer or chief financial officer of the INCORPORATED OWNERS will be imputed to the INCORPORATED OWNERS.

### 8.11 Basis of Valuation

With respect to any DIRECT FINANCIAL LOSS which is covered under this POLICY, WE are not liable for more than:

- a) the actual market value of SECURITIES, MONEY or precious metals at the close of business on the day the DIRECT FINANCIAL LOSS was first DISCOVERED (determined by the value published in the Asian Wall Street Journal), or the actual cost of replacing the SECURITIES, MONEY or precious metals, whichever is less.
- b) the actual cash value of other tangible property (not referred to in (a) above) at the close of business on the day the DIRECT FINANCIAL LOSS was first DISCOVERED, or the actual cost of replacing the property with property of like quality or value, whichever is less.
- c) the cost of blank books, blank pages or other materials plus the cost of labour and computer time for the actual transcription or copying of data furnished by the INSURED in order to reproduce books of account and other records.
- d) The cost of labour for the actual transcription or copying of electronic data furnished by the INSURED in order to reproduce such electronic data.

### 8.12 Preservation of Right to Indemnity

In the event and to the extent that the INCORPORATED OWNERS is legally permitted or required to indemnify an INSURED PERSON in respect of a CLAIM, but for whatever reason fails or refuses to do so, then the Insurer shall pay on behalf of the INSURED PERSON any LOSS arising from the CLAIM. In such event, the DEDUCTIBLE applicable to the Insuring Clause 1.2 (a) Incorporated Owners Reimbursement shall be paid by the INCORPORATED OWNERS to the Insurer. However, the amount of the DEDUCTIBLE will not be payable by the INCORPORATED OWNERS if the INCORPORATED OWNERS is unable to pay the amount of the DEDUCTIBLE due to insolvency.

### 8.13 Other Insurance

This POLICY will only cover LOSS to the extent that the amount of such LOSS is in excess of any indemnity or cover available to the INSURED in respect of that LOSS under any other policy entered into by the INSURED or the INCORPORATED OWNERS.

This POLICY will only cover LOSS to the extent that the amount of such LOSS is in excess of any indemnity or cover available to the INSURED in respect of that LOSS under any other policy effected on behalf of the INSURED or under which the INSURED is a beneficiary (but not a policy to which the preceding paragraph applies).

Neither of the two paragraphs immediately above applies to such other insurance that is written only as specific excess insurance over the INDEMNITY LIMIT provided in this POLICY.

If such other insurance is provided by US, or any other member Incorporated Owners, associate or affiliate, and it covers a LOSS covered by this POLICY in respect of a CLAIM or inquiry, the INDEMNITY LIMIT under this POLICY in respect of that CLAIM or inquiry shall be reduced by any amount paid by US (or member Incorporated Owners, associate or affiliate) under such other insurance.

**8.14 Interpretation**

Person includes individuals, partnerships, bodies corporate and associations.

If any part of this POLICY is found to be invalid or unenforceable, the remainder of this POLICY shall remain in full force and effect.

All the documents making up this POLICY shall be read together as one contract and any word or expression to which a specific meaning has been attached shall bear the same meaning wherever it may appear.

**Section 9: AUTHORITY**

**9.1** This is to certify that in accordance with the authorisation granted under Contract to the undersigned by certain Underwriters as named in the Schedule attached to this POLICY

In consideration of the premium paid the Underwriters are hereby bound, severally and not jointly, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

## Appendix: Notice to customers relating to the Personal Data (Privacy) Ordinance ("the Ordinance")

MSIG Insurance (Hong Kong) Limited ("MSIG", "we" or "us") would ask that you take the time to read this privacy policy carefully. In case of discrepancies between the English and Chinese versions of this statement, the English version shall prevail.

### **PRIVACY POLICY**

MSIG takes your privacy very seriously. To ensure your personal information is secure, we communicate and enforce our privacy and security guidelines according to the relevant laws and regulations. MSIG takes precautions to safeguard your personal information against loss, theft, and misuse, as well as against unauthorised access, disclosure, alteration, and destruction. Furthermore, we will not sell your personal information to anyone for any purposes. MSIG imposes very strict sanction control and only authorised staff on a need-to-know basis are given access to or will handle your personal data, and we provide regular training to our staff to keep them abreast of any new developments in privacy laws and regulations.

We will only retain your personal data in our business records for as long as it is necessary for business and tax purposes as permitted by the laws. We will require our agent, contractor or third party who provides administrative or other services on our behalf to protect personal data they may receive in a manner consistent with this policy. We do not allow them to use such information for any other purposes. If you have any questions or inquiries regarding our privacy policy, please feel free to contact us.

We may amend this Privacy Policy at any time and for any reason. The updated version will be available by following the 'Privacy Policy' link on our website homepage at [www.msig.com.hk](http://www.msig.com.hk). You should check the Privacy Policy regularly for changes.

### **Personal Information Collection Statement**

Personal information is data that can be used to uniquely identify or contact a single person. As our customers, it is necessary from time to time for you to supply us with your personal data in relation to the general insurance services and products ("the Product") that we provide to you and in order for us to deliver and improve the customer service. This includes but not limited to the personal data contained in the proposal form or in any documents in relation to the Product or any claim made under the Product.

Your personal data may be used for **obligatory purpose** or **voluntary purpose**. If personal data are to be used for an obligatory purpose, you MUST provide your personal data to MSIG if you want MSIG to provide the Product. Failure to supply such data for obligatory purpose may result in MSIG being unable to provide the Product.

The **obligatory purposes** for which your personal data may be used are as follows:-

- processing and evaluating your insurance application and any future insurance application you may make;
- our daily operation and administration of the services and facilities in relation to the Product provided to you;
- variation, cancellation or renewal of the Product;
- invoicing and collecting premiums and outstanding amounts from you;
- assessing and processing claims in relation to the Product and any subsequent legal proceedings;
- exercising any right of subrogation by us;
- contacting you for any of the above purposes;
- other ancillary purposes which are directly related to the above purposes;
- complying with applicable laws, regulations or any industry codes or guidelines; and
- detecting and preventing fraud (whether or not relating to the policy issued in respect of this application).

The **voluntary purposes** for which your personal data may be used are any sales, marketing, promotion of other general insurance services and products provided by MSIG. The personal data we intend to use for voluntary purposes are your name, your address, your phone number and email address.

**If you do not wish MSIG to use your personal data for the voluntary purposes listed above, you should tick the box on the right and send us a copy of this Notice at the address listed below together with the required information which are necessary for us to process your opt-out request. You may also notify us by sending an email to 'dpo@hk.msig-asia.com'.**

**In your notification, you must supply the same required information as listed below.**

<b>To enable us to process your opt-out request, please provide us below information and send to: The Data Protection Officer at 9/F, Cityplaza One, 1111 King's Road, Taikoo Shing, Hong Kong.</b>	
<b>Full Name:</b>	
<b>Contact Number:</b>	
<b>HKID Number:</b>	<i>(for identification purpose)</i>
<b>Policy / Certificate / Acknowledgement Number (if you have one):</b>	
<b>NOTE: This instruction will override all previous instructions relating to direct marketing that have been given to MSIG.</b>	

In connection with any of the above purposes, the personal data that we have collected might be transferred to:

- third party agents, contractors and advisors who provide administrative, communications, computer, payment, security or other services which assist us to carry out the above purposes (including medical service providers, emergency assistance service providers, telemarketers, mailing houses, IT service providers and data processors);
- in the event of a claim, loss adjudicators, claims investigators and medical advisors;
- reinsurers and reinsurance brokers;

- your insurance broker;
- our legal and professional advisors;
- our related companies as defined in the Companies Ordinance;
- the Hong Kong Federation of Insurers (or any similar association of insurance companies) and its members;
- the Insurance Complaints Bureau and similar industry bodies; and
- government agencies and authorities as required or permitted by law;
- fraud prevention organizations;
- other insurance companies (whether directly or through fraud prevention organization or other persons named in this paragraph);
- the police; and
- databases or registers (and their operators) used by the insurance industry to analyse and check information provided against existing information.

In order to confirm the accuracy of your personal data, you agree to provide us with authorisation to access to and to verify any of your personal data with the information collected by any federation of insurance companies from the insurance industry.

Under the relevant laws and regulations, you have the right to request access to and to request correction of your personal data held by us. If you wish to exercise these rights, please write to our Data Protection Officer at 9/F Cityplaza One, 1111 King's Road, Taikoo Shing, Hong Kong.

If you have any enquiries or require assistance with this **Personal Information Collection Statement**, please call **MSIG at (852) 3122 6922**.