

ForeFront Portfolio
Kidnap/Ransom & Extortion Coverage Section

SCHEDULE

CHUBB INSURANCE COMPANY
OF AUSTRALIA LIMITED
(A.B.N. 69 003 710 647)
A.F.S. Licence No: 239778

Herein called the Company

Item 1. Limit of Liability for this Coverage Section

(A) Kidnap/Ransom and Extortion Coverage: Insuring Clause (A)	\$
(B) Delivery Coverage: Insuring Clause (B)	\$
(C) Expense Coverage: Insuring Clause (C)	\$
(D) Legal Liability: Insuring Clause (D)	\$
(E) Political Threat Coverage: Insuring Clause (E)	\$

Item 2. Deductible Amount: Nil

Item 3. Designated Persons: All Directors, Officers and Employees of the **Insured**

Item 4. Excluded Territories: As defined in Section II. Definitions, together with the following additional territories:

Item 5. Endorsement(s):

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In consideration of payment of the premium and subject to the Schedules, the General Terms and Conditions, and the limitations, conditions, provisions and other terms of this Coverage Section, the Company and the Insureds agree as follows:

I. INSURING CLAUSES

(A) KIDNAP/RANSOM AND EXTORTION COVERAGE

The Company shall be liable for loss of any property or other consideration actually surrendered:

- (a) as a ransom payment by or on behalf of the **Insured** as the result of an actual or alleged **Kidnapping**;
 - (b) as an extortion payment by or on behalf of the **Insured** as the result of any other **Extortion Threat** to do bodily harm to, wrongfully abduct or detain any **Insured Person**;
 - (c) as an extortion payment by the **Insured** as the result of an **Extortion Threat** made specifically against the **Insured** or any **Insured Property** to damage, destroy or **Contaminate** such **Insured Property**;
 - (d) as an extortion payment by the **Insured** as the result of an **Extortion Threat** made specifically against the **Insured** to disseminate, divulge or utilise **Proprietary Information** of the **Insured**; or
 - (e) as an extortion payment by the **Insured** as the result of a **Computer Virus Threat** made specifically against the **Insured**.
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(B) DELIVERY COVERAGE

The Company shall be liable for loss caused by the actual destruction, disappearance, confiscation or wrongful abstraction of property or other consideration intended as a ransom or extortion payment covered under Insuring Clause (A) while being held or conveyed by any person(s) duly authorised by the **Insured** to have custody of such property or other consideration.

(C) EXPENSE COVERAGE

The Company shall be liable for the following expenses incurred by the **Insured** solely and directly as the result of a ransom or extortion demand which would constitute a loss under Insuring Clause (A):

- (a) reasonable fees and expenses of any independent negotiators or consultants retained by the **Insured**;
- (b) reasonable fees and expenses of any independent public relations consultant;
- (c) interest costs for any loan taken by the **Insured** to pay that part of a ransom or extortion payment recoverable under Insuring Clause (A);
- (d) reasonable travel and accommodation expenses incurred by the **Insured**;
- (e) the reward paid by the **Insured** to an **Informant** for information not otherwise available which leads to the arrest and conviction of persons responsible for such demand;

- (f) the **Salary** which the **Insured** continues to pay an **Employee** while the **Employee** is being held to ransom as the result of a **Kidnapping**, provided that coverage shall only apply at the salary level in effect prior to the **Kidnapping** and only for a period commencing upon the abduction of the **Employee** and ending at the time the **Employee** is released, discovered to be dead, one hundred and twenty days (120) after the last positive evidence following the abduction that the **Employee** is alive, or sixty (60) months after the abduction, whichever is earliest;
 - (g) sums which the **Insured Person** becomes obligated to pay on account of an **Insured Person's** inability to attend to personal financial matters which result in any actual **Consequential Personal Financial Loss**;
 - (h) reasonable medical, psychiatric, and legal expenses incurred by an **Insured Person** with the approval of the **Insured** for a twelve (12) month period following the release of an **Insured Person**;
 - (i) reasonable fees for independent medical and legal advice incurred by the **Insured** with the approval of the Company;
 - (j) any other reasonable expenses incurred by the **Insured** with the approval of the Company.
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(D) LEGAL LIABILITY

The Company shall be liable for sums which the **Insured** shall become legally obligated to pay on account of judgments resulting from any suit for damages, and reasonable defence costs incurred by the **Insured** in defending such suit, brought by an **Insured Person** (or the estate, heirs or legal representatives of such **Insured Person**) alleging negligence or incompetence in hostage retrieval operations or negotiations following the **Kidnapping** of such **Insured Person** or negligence in not preventing the **Kidnapping** of such **Insured Person** or as the result of any extortion attempt to do bodily harm to an **Insured Person**, provided that the **Insured** agrees, as a condition precedent to coverage hereunder, to cooperate with the Company in conducting the defence or in negotiating the settlement of such suit.

(E) POLITICAL THREAT COVERAGE

The Company shall be liable for the following expenses incurred by the **Insured** solely and directly as the result of a **Political Threat** initiated against the **Insured** and/or any **Protected Person**:

- (a) reasonable fees and expenses of any independent negotiators or consultants retained by the **Insured**;
- (b) reasonable costs, other than the fees and expenses of independent negotiators and consultants, incurred by the **Insured** in negotiating or securing the release of a **Protected Person** who has been wrongfully detained;
- (c) the **Salary** which the **Insured** continues to pay an **Employee** while such **Employee** is being wrongfully detained, provided that coverage hereunder shall only apply at the salary level in effect prior to the wrongful detention and only for a period commencing upon the wrongful detention of such **Employee** and ending at the time such **Employee** is released, or discovered to be dead, one hundred and twenty (120) days after the last positive evidence following such detention that such employee is alive, or sixty (60) months after the wrongful detention, whichever is earliest; or
- (d) any other reasonable expenses incurred by the **Insured** with the approval of the Company.

II. DEFINITIONS

Unless otherwise noted, as used in this **Coverage Section**, the singular of any definition includes the plural, and the plural of any definition includes the singular.

For purposes of this **Coverage Section**:

Computer Virus Threat means a threat or threats made by a person or group demanding an extortion payment or a series of such payments as a condition for the mitigation or removal of such threats to alter, adulterate, or destroy any of the **Insured's** computer programs through the introduction, into the **Insured's** computer systems, of instructions or data which are not authorised by the **Insured**.

Consequential Personal Financial Loss means, but is not limited to, pecuniary loss incurred by an **Insured Person** resulting directly from the failure to renew insurance contracts, failure to exercise stock options, and failure to respond to margin or loan calls by financial institutions.

Contaminate means to introduce a foreign material or substance in such a way as to render **Insured Property** unfit for use or sale.

Designated Persons means the natural persons identified as such in Item 3 of the Schedule for this **Coverage Section**.

Employee means any person in the regular service of any **Insured** during the **Policy Period** whom the **Insured** compensates by salary, wages or commissions and has the right to govern in the performance of such service, and any non-compensated officer of the **Insured**.

Excluded Territories means Algeria; Colombia; Georgia; India; Indonesia; Iraq; Israel; Lebanon; Malaysia; Pakistan; Peru; Philippines; Russia; Sri Lanka; Uzbekistan; Argentina; Ecuador; Haiti; Iran; Nicaragua; Nigeria; Venezuela; Yemen or Yugoslavia together with any additional territories identified as such in Item 4 of the Schedule for this **Coverage Section**.

Extortion Threat means a threat or threats (including actual or alleged **Kidnapping**), as set forth in Insuring Clause (A), made by a person or group demanding a ransom or extortion payment or a series of such payments as a condition for the mitigation or removal of such threats. All such threats (a) related by a common committed, attempted or threatened wrongful act or (b) made contemporaneously against the same **Insured, Insured Property** or **Insured Person** shall be deemed to constitute a single **Extortion Threat** if made by the same person or group.

Informant means any person providing information solely in return for monetary payment paid or promised by the **Insured**.

Insured means, the entity designated as the **Insured Organisation** in Item 1 of the Schedule for the General Terms and Conditions and any **Subsidiary**.

Insured Person either in the singular or plural, means:

- (a) **Designated Person**, as specified in Item 3 of the Schedule for this **Coverage Section**;
- (b) **Relative** of a **Designated Person**;
- (c) person legally resident in the household of a **Designated Person**;
- (d) guest in the home of a **Designated Person**; and
- (e) guest or customer of the **Insured** while on the **Premises** of the **Insured**.

Insured Property means all **Premises** and **Merchandise** of the **Insured** and any other tangible real or personal property owned by the **Insured** or for which the **Insured** is legally liable located on such **Premises** or on any land adjacent thereto occupied by the **Insured** in conducting its business.

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Kidnapping means the wrongful abduction and holding under duress or by fraudulent means of any **Insured Persons** by any person or group making a ransom demand or series of ransom demands for the release of such **Insured Persons**.

Merchandise means the **Insured's** inventory, raw materials, work in progress and any products manufactured or distributed by the **Insured**.

Political Threat means the wrongful, politically motivated detention of, or threat to detain or do bodily harm to any person made by any person or group:

- (a) acting as agent of or with tacit approval of any government or governmental entity; or
- (b) acting or purporting to act on behalf of any political, terrorist or insurgent party, organisation or group.

All such threats (a) related by a common committed, threatened or attempted wrongful act or (b) made contemporaneously against the same **Insured** and/or **Protected Person** shall be deemed to constitute a single **Political Threat** if made by the same person or group.

Premises means that portion of any building occupied by the **Insured** in conducting its business.

Proprietary Information means any confidential, private, or secret information unique to the **Insured's** business contained on or in drawings, negatives, microfilm, tapes, transparencies, manuscripts, prints, computer disks and other records of a similar nature which are protected by physical or electronic controls.

Protected Person means a **Designated Person**, as specified in Item 3 of the Schedule for this **Coverage Section** or any **Relative** of a **Designated Person**.

Relative means a person's spouse, sibling, ancestor, spouse's ancestor, lineal descendent or lineal descendant's spouse. Adopted children and stepchildren shall be deemed to be lineal descendants. Adoptive parents or stepparents shall be deemed to be ancestors.

Salary means the direct compensation which the **Insured** pays to an **Employee** for personal services rendered, including normal bonus, commissions, standard incentive payments, health benefits, welfare benefits or pension benefits.

Subsidiary means any organisation in which more than 50% of the outstanding securities or voting rights representing the present right to vote for election of directors is or was owned or controlled, directly or indirectly, in any combination, by one or more **Insureds**.

III. EXCLUSIONS APPLICABLE TO ALL INSURING CLAUSES

(A) Coverage under this **Coverage Section** does not apply to:

Employee Dishonesty (a) loss due to any fraudulent, dishonest or criminal act by an identifiable **Employee**, director, trustee authorised representative or messenger of the **Insured** acting alone or in collusion with others, unless the loss is in excess of the amount recovered or received by the **Insured** under any other bond, insurance or indemnity which would cover the loss in whole or in part, in which case this coverage section shall cover only such excess; or

False Threats (b) loss resulting from fraud or collusion by the person allegedly the subject of an **Extortion Threat** or **Political Threat** if the person authorising the ransom or extortion payment had not, prior to the payment, made every reasonable effort under the circumstances to determine that the **Extortion Threat** or **Political Threat** was genuine;

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Excluded Territories (c) loss of any property, any payments made, or legal obligations or expenses incurred in any **Excluded Territories** as defined in this **Coverage Section** and/or as listed in Item 4. of the Schedule for this **Coverage Section**.

IV. EXCLUSIONS APPLICABLE TO INSURING CLAUSE (A)

Coverage under Insuring Clause (A) does not apply to loss of property and other consideration:

Robbery (a) surrendered away from the **Premises** in any face to face encounter involving the use or threat of force or violence unless surrendered by a person in possession of such property or other consideration at the time of such surrender for the sole purpose of conveying it to pay a previously communicated ransom or extortion demand and unless actually surrendered to those responsible for such demand or their designee; or

On Premises (b) surrendered on the **Premises** unless brought onto the **Premises** after receipt of the ransom or extortion demand for the purpose of paying such demand.

V. EXCLUSIONS APPLICABLE TO INSURING CLAUSES (B), (C) (D) AND (E)

Kidnap, Ransom & Extortion Coverage under Insuring Clauses (B) and (C), (D) and (E) does not apply to loss of property and other consideration actually surrendered as a ransom or extortion payment covered under Insuring Clause (A).

VI. EXCLUSIONS APPLICABLE TO INSURING CLAUSE (E)

Coverage under Insuring Clause (E) does not apply to:

Government (a) any costs or expenses arising from or attributable to any detention or threat by any agency or instrumentality of the government of the country in which such detention or threat occurs or by any person or group acting with the apparent tacit or expressed approval of such government based upon any actual or alleged:

(i) violation of law by the **Insured**, any **Insured Person** or any person for whom they are legally responsible, or

(ii) failure of any person to maintain and possess any required documents, passports or visas; or

Expenses (b) expenses or costs covered under Insuring Clauses (C) or (D).

VII. JOINT INSURED

Only the first named **Insured** shall have any right to claim, adjust, receive or enforce payment of any loss and shall be deemed to be the sole agent of the others for such purposes and for the giving or receiving of any notice or proof required to be given by the terms hereof and for the purposes of effecting or accepting any amendments to or termination of this **Coverage Section**. Each and every other **Insured** and any **Insured Person** protected hereunder shall be conclusively deemed to have consented and agreed that none of them shall have any direct or beneficial interest herein or any right of action hereunder whatsoever and that this **Coverage Section** or any right of action hereon shall not be assignable; but knowledge possessed or discovery made by any **Insured** or by any partner or officer of any **Insured** shall constitute knowledge possessed or discovery made by all of the **Insureds** for the purposes of this **Coverage Section**. All losses and other payments, if any, payable by the Company shall be payable to the first named **Insured**, without regard to its obligations to others; and the Company shall

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not be responsible for the proper application of any payment made. The Company shall not be liable for loss sustained by one **Insured** to the advantage of any other **Insured**. If the Company shall agree to and shall make payment to any **Insured** other than the first named or to any **Insured Person**, then such payment shall be treated as though made to the first named **Insured**.

VIII. PERSONAL ASSETS

In the event of a ransom or extortion demand directed against any **Insured Person** rather than against the

Insured, property or other consideration surrendered or intended to be surrendered by or on behalf of such **Insured Person** and expenses described in (a), (b), (c), (d), (e), (g), (h), and (j) of Insuring Clause (C) incurred by or on behalf of such **Insured Person** shall, at the option of the **Insured**, be considered property or other consideration surrendered or intended to be surrendered on behalf of the **Insured** and expenses incurred by the **Insured**.

IX. OTHER INSURANCE

To the extent that any loss insured under this **Coverage Section** is insured under:

- (a) those policies or coverage sections listed in the documents comprising the proposal for this policy or **Coverage Section**; or
- (b) any other policy or section,

then to the extent to which it is permitted by the Insurance Contracts Act 1984, as amended, coverage is only provided under this **Coverage Section** subject to its limitations, conditions, provisions and terms for such loss excess of the coverage provided by any of the policies and coverage sections referred to in (a) or (b) above.

The Company's liability under this **Coverage Section** for any loss of personal assets under section VIII, other than a loss sustained by an **Employee**, shall be reduced by any amount paid or payable on account of such loss under such other insurance issued by the Company or any of its subsidiaries or affiliated companies.

X. LIABILITY FOR PRIOR LOSSES

The liability of the Company for loss arising from an **Extortion Threat** or **Political Threat** which occurred or was communicated to the **Insured**, directly or indirectly, prior to: (1) the effective date of this **Coverage Section**; or (2) the effective date additional **Insureds** or coverages are subsequently added, is subject to the following:

- (a) the **Insured** or some predecessor in interest of the **Insured** carried some other policy which, at the time of the **Extortion Threat** or **Political Threat** afforded the **Insured** some or all of the coverage of the Insuring Clause of this **Coverage Section** applicable to the loss;
- (b) such prior coverage and the right of claim continued under the same or some superseding policy without interruption from the time of the **Extortion Threat** or **Political Threat** until the date specified in (1) or (2) above; and
- (c) the **Extortion Threat** or **Political Threat** shall have been discovered by the **Insured** after the expiration of the time allowed for discovery under the last such policy.

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The liability of the Company with respect to such loss shall not exceed the Limit of Liability under the coverage in force at the time of the **Extortion Threat** or **Political Threat**, or the Limit of Liability under the Insuring Clause of this **Coverage Section** applicable to the loss, whichever is smaller.

XI. LIMITS OF LIABILITY

The payment of any loss under this **Coverage Section** shall not reduce the liability of the Company for other losses; provided, however, that the maximum liability of the Company shall not exceed the dollar amount set forth in Item 1 of the Schedule for this **Coverage Section**:

- (a) applicable to Insuring Clause (A), Extortion Coverage, for all loss of property and other consideration actually surrendered as ransom and extortion payments arising from one **Extortion Threat** or a series of related **Extortion Threats**;
 - (b) applicable to Insuring Clause (B), Delivery Coverage, for all losses of property and other consideration intended as ransom and extortion payments arising from one **Extortion Threat** or a series of related **Extortion Threats**;
 - (c) applicable to Insuring Clause (C), Expense Coverage, for all expenses arising from one **Extortion Threat** or a series of related **Extortion Threats**;
 - (d) applicable to Insuring Clause (D), Legal Liability Coverage, for all sums including defence costs arising from one **Extortion Threat** or a series of related **Extortion Threats**;
 - (e) applicable to Insuring Clause (E), Political Threat Coverage, for all expenses arising from one **Political Threat** or a series of related **Political Threats**.
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XII. MULTIPLE EXTORTION OR POLITICAL THREATS

Any **Extortion Threats** or **Political Threats** made by the same person, group or collaborating groups with the apparent purpose of creating a cumulative or continuing coercive effect upon, or political effect involving, the **Insured**, **Insured Persons** or **Insured Property** shall be considered related threats.

XIII. NON-ACCUMULATION OF LIABILITY

Regardless of the number of years coverage shall continue in force, and the number of premiums which shall be payable or paid or any other circumstances whatsoever, the liability of the Company with respect to any loss or losses shall not be cumulative from year to year or from period to period. When there is more than one **Insured**, the aggregate liability of the Company for loss or losses sustained by any or all of them shall not exceed the amount for which the Company would be liable if all losses were sustained by any one of them.

XIV. DEDUCTIBLE

From all losses sustained by the **Insured** arising from any one **Extortion Threat** or series of related **Extortion Threats**, after deducting all recoveries (except insurance or sureties held by the **Insured** or the Company for their benefit) on account thereof made prior to payment, shall be deducted the amount specified in Item 2 of the Schedule for this **Coverage Section**.

XV. LOSS SUSTAINED

A loss shall be deemed to have been sustained:

- (a) under Insuring Clause (A) at the time of the surrender of the ransom or extortion payment;
 - (b) under Insuring Clause (B) at the time of the actual destruction, disappearance, confiscation or wrongful abstraction of the property or other consideration;
 - (c) under Insuring Clause (C) at the time of the payment of incurred expenses by the **Insured**;
 - (d) under Insuring Clause (D) at the time the **Insured** has made payment for any incurred expense or judgment; and
 - (e) under Insuring Clause (E) at the time of the payment of incurred expenses by the **Insured**.
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XVI. RECOVERIES

If the **Insured** shall sustain any loss covered by this **Coverage Section**, all recoveries (except from suretyship, insurance, reinsurance or indemnity taken by or for the benefit of the Company) on account of loss, less the actual cost of recovery, shall be distributed as follows: the **Insured** shall be reimbursed for any loss which exceeds the amount of coverage provided by this **Coverage Section** less the Deductible Amount, the balance applied to reimbursement of the Company to the extent of its loss and any remainder paid to the **Insured**.

XVII. DISCOVERY PERIOD

This **Coverage Section** does not cover any loss arising from any **Extortion Threat** or **Political Threat** unless such threat occurs or is communicated directly or indirectly to the **Insured** or an **Insured Person** prior to the effective date of termination of coverage hereunder and is discovered by the **Insured** and communicated to the Company in writing prior to one (1) year after the effective date of the termination of this **Coverage Section** in its entirety.

XVIII. NOTICE – PROOF – LEGAL PROCEEDINGS

At the earliest practicable moment after the occurrence of any loss hereunder, the **Insured** shall give the Company written notice thereof and shall also within four (4) months after such occurrence furnish to the Company affirmative proof of loss with full particulars. Legal proceedings for recovery of any loss hereunder shall not be brought after the expiration of twenty-four (24) months from the occurrence of such loss. If any limitation embodied herein is prohibited by any law controlling the construction thereof, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

XIX. VALUATION

In no event shall the Company be liable under this **Coverage Section** for more than:

- (a) the actual market value of lost, damaged or destroyed securities at the close of business on the business day immediately preceding the day on which the loss is discovered, or for more than the actual cost of replacing the securities, whichever is less;
- (b) the actual cash value at the time of loss of any other property or consideration, or the actual cost of repairing or replacing such property or consideration with property or consideration of similar quality and value, whichever is less;

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- (c) the cost of blank books, pages, tapes or other blank materials to replace lost or damaged books of account or other records; or
 - (d) the Australian dollar value of any foreign currency based on a cash rate of exchange published in the *Australian Financial Review* on the day any loss involving foreign currency is discovered.
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XX. TERRITORY

Coverage shall extend anywhere in the world except for any **Excluded Territories** and any additional territories designated as such in Item 4. of the Schedule for this **Coverage Section**.