

Kidnap/Ransom and Threat Coverage Section

In consideration of payment of the premium and subject to the Declarations, the limitations, conditions, provisions and other terms of this coverage, the Company agrees to indemnify the first named **Insured** for losses any **Insured** sustains between the effective date of this coverage and its date of termination, as follows:

Insuring Clauses

<p><i>Kidnapping Coverage</i> <i>Insuring Clause 1</i></p>	<p>1.</p>	<p>The Company shall reimburse for loss of property or other consideration surrendered as payment by or on behalf of an Insured resulting from Kidnapping.</p>
<p><i>Threat Coverage</i> <i>Insuring Clause 2</i></p>	<p>2.</p>	<p>The Company shall reimburse for loss of property or other consideration surrendered as payment by or on behalf of an Insured resulting from Threat.</p>
<p><i>Delivery Coverage</i> <i>Insuring Clause 3</i></p>	<p>3.</p>	<p>The Company shall reimburse for loss caused by actual destruction, disappearance, confiscation or wrongful abstraction of property or other consideration, within the custody of a person authorized by an Insured, which is intended as payment for Kidnapping or Threat.</p>
<p><i>Expense Coverage</i> <i>Insuring Clause 4</i></p>	<p>4.</p>	<p>The Company shall reimburse for Expenses incurred by an Insured resulting from covered loss.</p>
<p><i>Emergency Political Repatriation</i> <i>Insuring Clause 5</i></p>	<p>5.</p>	<p>The Company shall reimburse for Expenses incurred by an Insured or Insured Person resulting from Emergency Political Repatriation.</p>
<p><i>Accidental Loss Coverage</i> <i>Insuring Clause 6</i></p>	<p>6.</p>	<p>The Company shall pay the Benefit Amount for Accidental Loss resulting from Kidnapping, Detention, Hijacking or Terrorism.</p>
<p><i>Legal Liability Coverage</i> <i>Insuring Clause 7</i></p>	<p>7.</p>	<p>The Company shall reimburse for reasonable defense costs incurred by an Insured and damages for which an Insured becomes legally obligated to pay as a result of a judgment or settlement in any suit alleging negligence or incompetence in handling a Kidnapping, Threat, Detention or Hijacking.</p> <p>As a condition precedent to coverage hereunder, the Insured agrees to cooperate with the Company in conducting the defense or in negotiating the settlement of such suit.</p>

Definitions

8. When used herein:

Accidental Loss means **Loss of Life, Loss of Use, Loss of Sight, Loss of Speech and/or Hearing, or Mutilation** of an **Insured Person** when such **Accidental Loss**:

- (i) is sudden, unforeseen, unexpected and independent of any illness, disease or other bodily malfunction of such **Insured Person**; and
- (ii) happens by chance and arises from a source external to such **Insured Person**.

Benefit Amount means the amount stated in the Declarations.

Detention or **Detained** means the involuntary confinement of an **Insured Person**.

Emergency Political Repatriation means the return of an **Insured Person** to the **Resident Country** necessitated by:

- (A) an official of the **Resident Country** issuing, for reasons other than medical, a recommendation that categories of persons which include the **Insured Person** should leave the country in which that **Insured Person** is a temporary resident;
- (B) an **Insured Person** being expelled or declared *persona non grata* on the written authority of the recognized government of the country in which the **Insured Person** is a temporary resident; or
- (C) the wholesale seizure, confiscation or expropriation of the property, plant and equipment of the **Insured**.

Employee means a natural person who is:

- (A) in the regular service of an **Insured** in the ordinary course of its business and for the first sixty (60) days following termination of service, whether temporary, permanent, full-time, part-time or seasonal; and
- (B) governed and directed by an **Insured** in the performance of such service; and
- (C) compensated by an **Insured** through salary, wages or commissions.

Employee also includes a natural person who satisfies (A) and (B) above and who is:

- (D) not compensated;
- (E) a member of the board of directors, board of trustees, board of managers or equivalent management board of any **Insured**; or
- (F) performing **Employee** duties pursuant to a lease or other written contract to which any **Insured** is a party.

Expense(s) means:

- (A) for **Kidnapping, Threat** or **Detention**, only the reasonable fees and expenses for, or cost of:
- (i) an independent security consultant;
 - (ii) an independent public relations consultant;
 - (iii) travel and accommodations of an **Insured Person**;
 - (iv) independent legal advice;
 - (v) independent security guard services up to fifteen (15) days;
 - (vi) advertising, communications and recording equipment;
 - (vii) an independent forensic analyst;
 - (viii) assessment of the **Threat** by an independent security consultant;
 - (ix) interest for a loan taken by an **Insured** for property or other consideration surrendered as payment under Insuring Clauses 1 or 2;
 - (x) a reward paid by an **Insured** to a natural person who provides information leading to the arrest and conviction of the person(s) responsible for **Kidnapping** or **Threat**;
 - (xi) the **Salary** which an **Insured** continues to pay an **Employee** who is **Kidnapped** or **Detained**. Such coverage shall apply to the **Salary** in effect at the time of **Kidnapping** or **Detention** and shall end when such **Employee** is released or suffers **Loss of Life**;
 - (xii) the salary or wages which an **Insured** pays a newly hired natural person to conduct the duties of an **Employee** who is **Kidnapped** or **Detained**. Such coverage shall apply to such **Salary** in effect at the time of **Kidnapping** or **Detention** and end when such **Employee** is released or suffers **Loss of Life**;
 - (xiii) consequential personal financial loss which an **Insured Person** suffers as the result of such **Insured Person's** inability to attend to personal financial matters;
 - (xiv) reasonable medical, cosmetic, psychiatric and dental expenses incurred following the **Insured Person's** release;

- (xv) reasonable expenses of rest and rehabilitation, including meals and recreation, for up to thirty (30) days, when such expenses are incurred within twelve (12) months following an **Insured Person's** release; and
 - (xvi) other reasonable expenses incurred for the benefit of an **Insured Person**.
- (B) reasonable fees and expenses for **Recall**.
- (C) for **Hijacking**, only the following reasonable fees and expenses:
- (i) landing and takeoff fees;
 - (ii) refueling charges; and
 - (iii) cost of temporary protection for the threatened person or property, not to exceed fifteen (15) days.
- (D) for **Emergency Political Repatriation**, only the following reasonable fees and expenses:
- (i) for travel to the nearest place of safety or to the **Resident Country**;
 - (ii) of accommodations for a maximum of seven (7) days; and
 - (iii) the **Salary** which an **Insured** continues to pay an **Employee** who is the subject of an **Emergency Political Repatriation**. Such coverage shall apply to the **Salary** in effect at the time of the **Emergency Political Repatriation** and shall end 120 days thereafter or upon the return of the **Employee** to the **Resident Country**.
- (E) other reasonable fees and expenses incurred with the Company's prior written approval.

Hijacking means the unlawful detention of an **Insured Person**, for a period in excess of six (6) hours, while traveling on or in a vehicle.

Insured means a company designated in the Declarations.

Insured Person means the persons designated in the Declarations.

Kidnapping or **Kidnapped** means an actual or alleged wrongful taking of an **Insured Person** that includes a demand for payment by an **Insured** or an **Insured Person** in exchange for the release of such **Insured Person**.

Loss of Life means:

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

- (B) the absence of communication from an **Insured Person**, or those responsible for **Kidnapping** such **Insured Person**, for a period of two (2) years following such **Kidnapping** or the last communication from such **Insured Person**, or those responsible for such **Kidnapping**, whichever is more recent.

Loss of Sight means the permanent loss of sight to the extent of legal blindness.

Loss of Speech and/or Hearing means the permanent total loss of the capability of speech and/or hearing.

Loss of Use means the permanent total loss of function of a foot, hand, or thumb and index finger.

Mutilation means complete severance of an entire finger, toe, ear, nose or genital organ.

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

Premises means buildings, facilities or properties occupied by an **Insured** in conducting its business.

Recall means the withdrawal, physical inspection or destruction of **Merchandise** resulting from a **Threat** to introduce a foreign material or substance which would render such **Merchandise** unfit for use or sale.

Relative means spouses, domestic partners, siblings, ancestors, spouses' ancestors, lineal descendants or lineal descendants' spouses. Lineal descendants include adopted children, foster children and stepchildren. Ancestors include adoptive parents and stepparents.

Resident Country means country of which the **Insured Person** is a national.

Salary means compensation an **Insured** pays an **Employee**, including but not limited to bonus, commission, incentive payments, and the cost of health, welfare and pension benefits.

Stalking Threat means conduct, other than **Workplace Violence**, that:

- (A) demonstrates an intent to injure or harm an **Employee** or an **Insured**; and
- (B) is by a natural person who is the subject of a temporary restraining order, injunction or similar court order, the purpose of which is to protect such **Employee** or **Insured** from such natural person.

Subsidiary means any corporation or limited liability corporation in which one or more **Insureds**, in any combination, directly or indirectly owns or controls more than 50% of the outstanding securities or the voting rights representing:

- (A) the present right to vote for the election of directors; or

- (B) the present right to elect, appoint or designate members of the Board of Managers or equivalent executives.

Terrorism means the intentional use of, or threat to use, violence in order to attain political objectives.

Threat means a declaration with or without a demand, of an intention or determination to injure or harm an **Insured**, an **Insured's** property, an **Insured Person** or an **Insured Person's** property by commission of an unlawful act. **Threat** does not include **Workplace Violence** or **Stalking Threat**.

Workplace Violence means any intentional and unlawful act of deadly force or threat of deadly force involving the use or display of a lethal weapon which has or could result in bodily injury or death directed against an **Insured Person**, and which occurs on or in the **Premises**.

Exclusions

9. Coverage hereunder does not apply to:
- (A) loss resulting from fraud by an **Insured Person** allegedly the subject of a **Threat** or **Kidnapping** if an **Insured** had not, prior to payment, made reasonable efforts to determine that such **Threat** or **Kidnapping** was genuine;
 - (B) loss of property or other consideration surrendered or intended to be surrendered as payment by or on behalf of an **Insured Person** unless an **Insured** agrees that such payment is on behalf of such **Insured**;
 - (C) loss of income not realized by an **Insured** as the result of a covered loss;
 - (D) loss arising from declared or undeclared war, civil war, insurrection, riot, civil commotion, rebellion or revolution, military, naval or usurped power, governmental intervention, expropriation or nationalization;
 - (E) loss from **Recall** caused by:
 - (i) refunds for, the value of, or the cost of replacing any withdrawn, damaged, or destroyed **Merchandise**;
 - (ii) any loss, fees or expenses incurred for any known or suspected defect, deficiency or use of substandard or flawed materials necessitating the withdrawal, physical inspection or destruction of **Merchandise** in the absence of an **Threat** against such **Merchandise**.
 - (F) loss from **Detention** caused by:
 - (i) violation of law by an **Insured** or **Insured Person**; or
 - (ii) failure of an **Insured Person** to maintain and possess any required legal documents.

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- (G) loss from **Emergency Political Repatriation** caused by:
- (i) violation by the **Insured** or an **Insured Person** of the laws or regulations of the country from which the **Insured Person** is repatriated;
 - (ii) the **Insured** or an **Insured Person** failing to procure or maintain proper immigration, work, residence or similar visas, permits or other documentation;
 - (iii) a debt, insolvency, commercial failure, repossession of any property by a title holder, or any other financial cause;
 - (iv) the **Insured** or an **Insured Person** failing to honor any contractual obligation or bond or to obey any conditions in a license;
 - (v) any natural disasters, including without limitation any earthquake, flood, fire, famine, volcanic eruption or windstorm;
 - (vi) ionizing radiations or contamination by radioactivity from any irradiated nuclear fuel or from any nuclear waste, or the radioactive, toxic, explosive or other hazardous properties of any nuclear assembly or nuclear component thereof; or
 - (vii) the relocation of any **Insured Person** from a country of which such **Insured Person** is a national.

Beneficiary

10. The **Benefit Amount** for **Loss of Life** will be paid to the **Insured Person's** designated beneficiary. The **Benefit Amount** for all other **Accidental Loss** will be paid to the **Insured Person**, unless otherwise directed by the **Insured Person**.
- If an **Insured Person** suffers **Loss of Life** and has not designated a beneficiary, or if the designated beneficiary is not alive, the Company will pay covered loss in the following order:
- (i) to the **Insured Person's** spouse or domestic partner;
 - (ii) in equal shares to the **Insured Person's** surviving children;
 - (iii) in equal shares to the **Insured Person's** surviving parents;
 - (iv) in equal shares to the **Insured Person's** surviving brothers and sisters; or
 - (v) to the **Insured Person's** estate.
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Coverage Extension

11. If the **Insured** cancels or nonrenews coverage, then, in the event of a **Kidnapping, Threat, Detention** or **Hijacking** covered hereunder, the Company will extend the **Policy Period** for a maximum of one (1) year.

Changes in Exposure

12. If an **Insured**:
- (A) consolidates or merges with;
 - (B) acquires majority voting rights; or
 - (C) acquires the assets of
- another entity, which results in an increase of the **Insured's** total revenues by more than 25%, coverage is provided to such entity if an **Insured**:
- (i) gives the Company written notice within ninety (90) days from the date of such consolidation, merger, or acquisition; and
 - (ii) pays the Company an additional premium computed pro rata from such date to the end of the current **Policy Period**.

Coverage hereunder shall be afforded for loss which is sustained on or after the effective date of the transaction.

If a **Subsidiary** ceases to be a **Subsidiary** during the **Policy Period**, coverage will continue to be provided but only for losses sustained prior to the date such **Subsidiary** ceased to be a **Subsidiary**.

Limits of Liability

13. The Company's maximum liability for each loss shall be the Limits of Liability for Each Loss set forth in the Declarations.
- If an **Insured Person** suffers more than one covered **Accidental Loss**, the Company's maximum liability for all such **Accidental Loss** shall be the **Benefit Amount** for All Other **Accidental Loss** in the Declarations.
- If more than one **Insured Person** suffers covered **Accidental Loss** resulting from the same **Kidnapping, Detention** or **Hijacking**, the Company's maximum liability shall be 50% of the Limit of Liability in the Declarations up to a maximum Limit of Liability of \$5,000,000, divided proportionately among such **Insured Persons**. Such amount shall be part of, not in addition to, the Limits of Liability in the Declarations.
- For all covered **Accidental Loss** occurring during the **Policy Period**, the Company's maximum liability shall be 50% of the Limit of Liability in the Declarations up to a maximum Limit of Liability of \$5,000,000. Such amount shall be part of, not in addition to, the Limits of Liability in the Declarations.

For all covered **Recall** occurring during the **Policy Period**, the Company's maximum liability shall be 50% of the Limit of Liability in the Declarations up to a maximum Limit of Liability of \$5,000,000. Such amount shall be part of, not in addition to, the Limits of Liability in the Declarations.

For all covered rest and rehabilitation expenses incurred during the **Policy Period**, the Company's maximum liability shall be \$50,000. Such amount shall be part of, not in addition to, the Limits of Liability in the Declarations.

Non-Accumulation of Liability

14. Regardless of the number of years this coverage remains in effect and the total premium amounts due or paid, the amount the Company shall pay for a loss shall not be cumulative from year to year or from **Policy Period** to **Policy Period**.

Other Insurance

15. This coverage shall be specifically excess of any other insurance, bond or indemnity that applies to any loss also covered hereunder.

Valuation and Foreign Currency

16. The Company shall pay the market value of property or other consideration at the time the loss was incurred. If judgment is rendered, settlement is denominated or another element of loss under this policy is stated in a currency other than Canadian dollars, payment under this policy shall be made in Canadian dollars at the rate of exchange published in the *The Globe and Mail* on the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of loss is due, respectively however if the Limits of Liability, Item 2 of the Declarations for this

Coverage section are clearly expressed in United States (U.S.) currency then payment under this policy shall be made in United States dollars at the rate of exchange published in *The Globe and Mail* on the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of loss is due, respectively.

In the event of any conflict between this provision and the General Terms and Conditions, this provision shall control.

First Named Insured Rights and Obligations

17. The first named **Insured** identified in the Declarations is considered the sole agent of all **Insureds** and **Insured Persons**. Only the first named **Insured** identified in the Declarations can:

- (i) file notice or proof of loss in accordance with the Notice, Proof of Loss and Legal Proceedings provision;
- (ii) make a claim, adjust the amount of loss submitted, receive or enforce payment of a loss; or
- (iii) accept amendments to or termination of this coverage.

**Notice, Proof of Loss and
Legal Proceedings**

18. It is a condition precedent to coverage that:
- (A) a loss be sustained and communicated to an **Insured** or **Insured Person** during the **Policy Period**; and
 - (B) the first named **Insured** give written notice to the Company at the earliest practicable moment; and
 - (C) the first named **Insured** furnish a proof of loss with full particulars to the

Company within six (6) months after such loss is communicated to an **Insured** or **Insured Person**.

The **Insured** shall not institute legal proceedings against the Company after two (2) years immediately following the time when loss was first sustained.