

# THE RULES FOR KIDNAP AND RANSOM LIABILITY

## KIDNAP AND RANSOM COVERAGE INSURANCE

In consideration of the premium paid and in reliance on the warranties and representations made by the Insured in the application for this insurance herein called the "Company", agree to indemnify the Insured for loss (es) as follows:

### II. INSURING AGREEMENT

The Company will indemnify the Insured for Covered Losses due to the following Insured Events which occur during the Policy Period:

#### INSURED EVENTS

##### A. KIDNAP AND RANSOM/EXTORTION; CORPORATE AND PERSONAL ASSETS

- 1) Kidnapping or alleged Kidnapping of an Insured Person(s); and
- 2) Bodily Injury Extortion upon an Insured Person(s); and
- 3) Property Damage Extortion upon the Insured or Insured Person(s).

##### B. WRONGFUL DETENTION

The Wrongful Detention of an Insured Person(s)

##### C. HIJACKING

The Hijacking of any aircraft, waterborne vessel, or motor vehicle on which an Insured Person(s) is traveling.

### III. COVERED LOSSES

The Company will indemnify the Insured for the following Covered Losses. Each Covered Loss is subject to a separate Limit of Liability and Policy Period aggregate as stated in the schedule.

A. **RANSOM MONIES** Ransom Monies paid by the Insured or Insured Person(s) resulting directly from a Kidnapping or Extortion occurring during the Policy Period.

B. **IN-TRANSIT / DELIVERY** Loss due to destruction, disappearance, confiscation or wrongful appropriation of Ransom Monies while being delivered to person(s) demanding the Ransom Monies by anyone who is authorized by the Insured or Insured Person(s) to have custody thereof; provided, however, that the Kidnapping or Extortion which gave rise to the delivery is insured hereunder.

C. **EXPENSES** Any reasonable and necessary expenses incurred and paid by the Insured or Insured Person(s) solely and directly as a result of a Kidnapping, Extortion, Wrongful Detention, or Hijacking provided that such Kidnapping, Extortion, Wrongful Detention or Hijack is insured hereunder, including but not limited to:

- 1) the amount paid by the Insured or Insured Person(s) as reward to an Informant for information relevant to any Insured Event; and
- 2) interest costs for a loan from a financial institution made to the Insured or Insured Person(s) for the purpose of paying Ransom Monies; and
- 3) reasonable costs of travel and accommodations shall be covered as follows:
  - a. costs incurred by the Insured or Insured Person(s) while attempting to negotiate an incident covered under Insured Events A, B; and C; and
  - b. travel costs of a Kidnapping, Wrongful Detention or Hijacking victim to join their immediate family upon

their release, and the travel costs of an employee to replace the Kidnap, Wrongful Detention or Hijack victim; and

- c. travel costs to evacuate, or hotel costs of, an Insured Person and/or Relatives living in the same household as the Insured Person who is the victim of a Kidnapping or Extortion threat covered under this policy; and
- 4) salary, which shall mean the following:
    - a. the amount of compensation paid by the Insured at an annual rate including but not limited to the average bonuses, commissions, cost of living adjustments or foreign tax reimbursements the Insured Person(s) would normally receive, including contributions to pension and benefit programs (at the level in effect on the date of the Kidnapping, Wrongful Detention, or Hijacking) which the Insured continues to pay to or on behalf of the Insured Person(s) for the duration of the Kidnapping, Wrongful Detention, or Hijacking of the Insured Person(s). Salary will be paid until the earliest of the following:
      - i. up to thirty (30) days after the release of the Insured Person(s) from a Kidnapping, Wrongful Detention or Hijacking if the Insured Person(s) has not yet returned to work; or
      - ii. discovery of the death of the Insured Person(s); or
      - iii. One hundred twenty (120) days after the Company receives the last credible evidence that the Insured Person(s) is still alive; or
      - iv. sixty (60) months after the date of the Kidnapping or Wrongful Detention or Hijacking; and
    - b. the amount of compensation paid by the Insured at an annual rate, of an individual newly hired to conduct the specific duties of the Insured Person(s) while he/she is held by the kidnappers or wrongfully detained, and will continue only until the earliest of the conditions set forth in Covered Loss II.C.4.a.i-iv above are satisfied; and
    - c. the amount of compensation normally received by a Relative of a Kidnapping, Wrongful Detention, or Hijacking victim, and paid by the Insured, who leaves their employment in order to assist in the negotiations for the release of the victim. Coverage under this section will continue only until the earliest of the conditions set forth in Covered Loss II.C.4.a.i-iv above are satisfied; and
  - 5) reasonable and necessary medical services and hospitalization costs incurred by any person(s) and paid by the Insured as a direct result of an Insured Event within thirty-six (36) months either following the release of the victim(s) or the last credible Extortion threat occurring during the Policy Period. Such medical services and hospitalization costs shall include but not be limited to any costs for treatment by a neurologist or psychiatrist, costs for cosmetic surgery, and expense of confinement for such treatment.
  - 6) reasonable and necessary fees and expenses of independent forensic analysts engaged by the Insured; and
  - 7) personal financial loss suffered by an Insured Person(s) solely and directly as the result of the physical inability of

such person(s) to attend to personal financial matters while a Kidnapping, Wrongful Detention or Hijacking victim. Coverage will include but not be limited to loss (es) which result from such person's failure to renew insurance contracts, failure to exercise stock options, failure to respond to margin or loan calls by financial institutions and failure to pay off personal loans or a mortgage. Claims will be payable to the Insured where applicable; and

- 8) Recall Expenses which are incurred by the Insured solely as a result of a threat or connected series of threats, for the purpose of demanding Ransom Monies, made directly against the Insured to commit a Product Tampering;
- 9) The maximum Limit of Liability for all Recall Expenses will not exceed the amount set forth in Item II.C of the schedule; and
- 10) Business Interruption Loss suffered by the Insured resulting from the necessary interruption of business caused directly and solely by a Kidnapping, Extortion, Wrongful Detention or Hijacking, or an Extortion threat to physically damage any real or tangible property bordering the Insured's Premises which necessarily results in an interruption of the Insured's business.
- 11) The maximum Limit of Liability for all Business Interruption Loss will not exceed the amount set forth in Item II.C of the schedule. The waiting period for all Business Interruption Loss will be six (6) hours; and
- 12) rest and rehabilitation expenses including travel, lodging, meals and recreation of the Kidnapping, Wrongful Detention or Hijacking victim and a spouse and/or children; and
- 13) reasonable and necessary fees and expenses of a qualified interpreter assisting the Insured or Insured Person(s) in the event of an incident covered under Insured Events A, B; or C; and
- 14) increased costs of security due to Kidnapping, Extortion threats, or Hijacking including but not limited to hiring of security guards, hiring of armored vehicles and overtime pay to existing security staff, for a period of up to ninety (90) days, provided however that NYA International Ltd. or other specialist consultant has specifically recommended such security measures; and
- 15) job retraining costs for the Kidnapping, Wrongful Detention, or Hijacking victim, including but not limited to salary of the Kidnap, Wrongful Detention or Hijack victim while being retrained, and costs of external training courses.

#### D. CONSULTANTS

- 1) Reasonable fees and expenses of NYA International Ltd. or its subsidiaries, or other independent security consultants, provided that the Company has given its prior consent to the use of such other independent security consultants; and
- 2) Reasonable fees and expenses of Edelman Inc., Inc. or its subsidiaries or other public relations or recall consultants, provided the Company has given its prior consent to the use of such other public relations or recall consultants.

#### E. JUDGMENTS, SETTLEMENTS AND DEFENSE COSTS

Defense costs, judgments, and settlements (with the Company's consent) incurred as a result of any claim or suit brought by or on behalf of an Insured Person(s) (or the heirs, estate, or legal representatives of an Insured Person(s) against the Insured solely and directly as a result of a Kidnapping, Extortion, or Wrongful Detention provided such suit or claim is brought within twelve (12) months of the release or death of a kidnapped, wrongfully detained Insured Person(s) or the last credible Extortion threat occurring during the Policy Period, but in no event longer than sixty (60) months after the Kidnapping, Extortion, or Wrongful Detention. As additional conditions precedent to the Company's liability, the Insured will:

- a. immediately notify the Company of any such claim or suit, and
- b. not admit liability in any such claim or suit, and
- c. co-operate with the Company in conducting the defense of any such claim or suit. The Company will have the right to investigate, negotiate or settle any such claim or suit or to take over the conduct of the defense thereof, and the Insured will cooperate with the Company to these ends.

#### F. DEATH OR DISMEMBERMENT

- 1) The Death or Dismemberment sustained by an Insured Person(s) during a Kidnapping, Wrongful Detention, Extortion, or Hijacking and any other Insured Person(s) involved in the handling or negotiation of the Kidnapping, Wrongful Detention, Extortion, or Hijacking incident.
- 2) The amounts listed in Item II.F. of the schedule will be the total limit of the Company's liability for all Death and Dismemberment benefits arising out of bodily injury sustained by the Insured Person(s) during any one covered incident.
- 3) The Company at its own expense will have the right and opportunity to examine the person of any individual whose injury is the basis of claim when and as often as it may reasonably require during the pendency of a claim hereunder and to make an autopsy, in case of death, where it is not forbidden by law.
- 4) All claims under this section will be payable to the Insured or Insured Person's legal heirs/representatives, upon receipt and acceptance by the Company of Proof of Loss. Proof of Loss may include a death certificate, coroner's report, police report, or other evidence of the Death or Dismemberment of the Insured Person(s), deemed sufficient by the Company.

#### IV. DEFINITIONS The following words, when used in this policy, have the meanings set forth below:

- A. "Advisory" means a formal recommendation of the Appropriate Authorities that the Insured Person(s) specifically leave a host country or generally that a class of person(s) which include an Insured Person(s) leave the host country.
- B. "Appropriate Authorities" means the Government of India, or similar authority of the country of the Insured listed in Item I of the schedule.
- C. "Bodily Injury Extortion" means any threat or connected series of threats for the purpose of demanding Ransom Monies communicated to the Insured or Insured Person(s) to

- 1) kill, physically injure or kidnap an Insured Person(s), provided that Ransom Monies are not in the possession of an Insured Person(s) at the time of the threat; and/or
  - 2) divulge any confidential, private or secret information unique to the Insured Person.
- D. "Business Interruption Loss" means the loss of Earnings, but not exceeding the actual reduction in Earnings, less charges and expenses, which do not necessarily continue during the interruption of business, resulting from necessary interruption of business caused directly and solely by an Insured Event.
- E. "Death or Dismemberment" means the death or permanent total physical disablement of an Insured Person(s) including but not limited to paralysis or loss or loss of use of any body part
- F. "Earnings" means net profit plus payroll expense, taxes, interest, rents and all other operating expenses earned and incurred by the business.
- G. "Extortion" means Bodily Injury Extortion or Property Damage Extortion, as herein defined.
- H. "Hijacking" means the illegal holding under duress, for a period in excess of six hours, of an Insured Person while traveling on any aircraft or waterborne vessel and in excess of twelve hours while traveling on any motor vehicle.
- I. "Informant" means any person, other than an Insured Person(s), providing information not otherwise obtainable, solely in return for a reward offered by the Insured.
- J. "Insured" means any natural or legal person, sole proprietorship, partnership or corporation stated in Item I of the schedule.
- K. "Insured Person(s)" means any individual(s) listed in Item VI of the schedule page.
- L. "Kidnapping" means any event or connected series of events of seizing, detaining or carrying away by force or fraud, of one or more Insured Person(s) (except a minor by the parent(s) thereof) by person(s) for the purpose of demanding Ransom Monies.
- M. "Policy Period" means the period stated in Item IV of the schedule.
- N. "Premises" means that portion of any building occupied by the Insured or insured persons as a place to conduct business or a residence occupied by the insured or any insured person who is listed in Item VI of the schedule.
- O. "Product Tampering" means any actual or threatened, intentional, malicious and wrongful alteration or contamination of any goods or products manufactured, handled or distributed by the Insured.
- P. "Property Damage Extortion" means any threat or connected series of threats for the purpose of demanding Ransom Monies communicated to the Insured or Insured Person(s) to:
- 1) damage physically or pollute any Premises or other real or personal property owned by the Insured, leased by the Insured, or for which the Insured is legally liable, including fixtures, machinery, equipment or electronic data (including computer virus) located therein, livestock, fine art; and/or
  - 2) commit a Product Tampering; and/or
  - 3) reveal a Trade Secret or other Proprietary Information of the Insured.
- Q. "Proprietary Information" means any confidential, private or secret information unique to the Insured or the Insured's business.
- R. "Ransom Monies" means any monies which the Insured or Insured Person(s) has paid or lost under circumstances described in Insured Event A or D'. The term "Monies" as used herein includes cash, monetary instruments, bullion, or the fair market value of any securities, property or services.
- S. "Recall Expense" means reasonable and necessary costs incurred by the Insured to inspect, withdraw and destroy the Insured's product(s), including, but not limited to:
- 1) the cost of newspaper, magazine, radio and television announcements necessary to effect the recall of the Insured's product(s); and
  - 2) the cost of correspondence and transportation necessary to effect the recall of the Insured's product(s); and
  - 3) the cost to hire additional person(s), other than regular employees of the Insured, necessary to effect the recall of the Insured's product(s); and
  - 4) remuneration paid to regular employees of the Insured for overtime devoted exclusively to the purpose of recalling the Insured's products; and
  - 5) the reasonable and necessary out of pocket expenses of personnel under paragraphs 3. and 4. above, including transportation, incurred exclusively for the purpose of recalling the Insured's products; and
  - 6) any other reasonable and necessary expenses approved by the Company, necessary to effect the recall of the Insured's product(s).
- T. "Trade Secret" means a secret process, formula, tool, mechanism, or compound known to the Insured, but not patented, which is used directly to produce some article of trade having a commercial value.
- U. "Wrongful Detention" means the arbitrary or capricious act of involuntary confinement of an Insured Person(s) by person(s) acting as agent(s) of or with the tacit approval of any government or governmental entity, or acting or purporting to act on behalf of any insurgent party, organization or group. A connected series of Wrongful Detentions will be considered one Wrongful Detention.
- V. TERRITORY**
- This policy applies to incidents anywhere in the world unless limited by the Company through endorsement.
- VI. CONDITIONS PRECEDENT TO LIABILITY**
- A. As a condition precedent to the Company's liability under Insured Event A, whenever possible, the Insured will have approved the payment of Ransom Monies.
- B. In the event of a Kidnapping, Extortion, Wrongful Detention, or Hijacking of an Insured Person(s) during the Policy Period, and in the case of a Kidnapping or Extortion, prior to the payment of Ransom Monies, the Insured will make every reasonable effort to:

- 1) determine that the Kidnapping, Extortion, Wrongful Detention, or Hijacking has actually occurred; and
- 2) give immediate oral and written notice to the Company with periodic and timely updates concurrent with activity occurring during the incident; and
- 3) if it appears to be in the best interest of the Insured or Insured Person(s), notify the national or other appropriate law enforcement agency having jurisdiction over the matter.

- 2) any reduction in revenue or profits; and
- 3) refunds for, the reduction in value of, or the cost of replacing any withdrawn, recalled, substandard or destroyed goods.

## VII. EXCLUSIONS

The Company will not be liable for loss caused by or resulting either directly or indirectly from:

- A. the fraudulent, dishonest, or criminal acts of the Insured, Insured Person(s), or any person authorized by the Insured to have custody of Ransom Monies. This exclusion will not apply to the payment of Ransom Monies by the Insured or Insured Person(s) in a situation where local authorities have declared such payment illegal; or
- B. monies or property 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 monies at the time of such surrender for the sole purpose of conveying it to pay an Extortion or demand for Ransom Monies previously communicated to the Insured or Insured Person(s); or
- C. monies or property surrendered on the Premises unless brought onto the Premises after receipt of the Extortion or demand for Ransom Monies for the purpose of paying such demand; or
- D. As respects Wrongful Detention only:
  - 1) any actual or alleged violation of the laws of the host country by the Insured or Insured Person(s), or failure of the Insured or Insured Person(s) to maintain and possess duly authorized and issued required documents and visas, unless the Company determines that such allegations were intentionally false, fraudulent, and malicious and made solely to achieve a political, propaganda, or coercive effect upon or at the expense of the Insured or Insured Person(s);
  - 2) failure of the Insured or Insured Person(s) to evacuate from the host country within ten (10) days after issuance of an Advisory by the Appropriate Authorities or travel to country(ies) after an Advisory has been issued;
  - 3) any Insured Person(s) who is an active member of any governmental organization, official law enforcement, or military force.

The Insured agrees to reimburse the Company for any payments made hereunder by the Company, which are ultimately determined not to be covered because of the application of this exclusion.

- E. As respects Recall Expense only:
  - 1) any Recall Expenses where the Insured's use of flawed or substandard materials or components in its manufacturing process or the manufacturing process itself would, without any Extortion threat, have necessitated product recall and/or destruction; and

## VIII. GENERAL CONDITIONS

- A. **CONFIDENTIALITY:** The Insured and Insured Person(s) will use all reasonable efforts not to disclose the existence of this policy. This condition will also apply to any excess or other insurance.
- B. **DEDUCTIBLE:** Except as stated herein to the contrary, the Deductible stated in Item III of the schedule will apply to each and every loss under Insured Event A only. The Deductible is to be borne by the Insured and remain uninsured.
- C. **LIMITS OF LIABILITY:** For each Covered Loss the maximum limit and aggregate limit of the Company's liability hereunder will not exceed the amounts set forth in Item II of the schedule by reason of any one Insured Event, except as stated herein to the contrary. All Covered Losses will be deemed to have been incurred during the Policy Period in which the Insured Event occurred.
- D. **CANCELLATION:**
  - (a) The Company may cancel this policy by giving 30 days written notice of such cancellation to the last known address of the Insured and in such event the Company will return a pro-rata portion of the premium for the unexpired Policy Period.
  - (b) This policy may also be cancelled by the Insured by giving 30 days written notice to the Company in which event the Company will retain premium at the customary short period scale, provided that there has been no claim under the policy during the Policy Period in which case no refund of premium shall be allowed.
  - (c) The payment or tender of any unearned premium by the Company shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.
- E. **DUE DILIGENCE:** The Insured and Insured Person(s) will use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any loss (es) insured under this policy.
- F. **OTHER INSURANCE:** The insurance provided under this policy will be excess over any other valid bond or insurance.
- G. **EXCESS INSURANCE:** The Insured may purchase excess insurance over the Limit of Liability set forth in this policy without prejudice to this policy, provided that the Company is notified in writing of the details of such other insurance at the time such other insurance is acquired. The existence of such insurance, if any, will not reduce the Company's liability under this policy.
- H. **NON-ACCUMULATION OF LIABILITY:** Regardless of the number of years this policy will continue in force, and of the number of premiums which will be payable or paid or of any other circumstances whatsoever, the liability of the Company under this policy with respect to any loss (es) will not be cumulative from year to year or period to period. When there is more than one Insured, the aggregate Limit of Liability of the Company for loss (es) sustained by any or

all of them will not exceed the amount for which the Company would be liable if all loss (es) were sustained by any one of them.

- I. **STATEMENT OF LOSS:** The Insured will file a detailed, sworn Statement of Loss with the Company as soon as practicable after the date of loss.
- J. **NON-EMPLOYEE DIRECTORS:** In the event that any director(s) of the Insured, who is not an employee thereof, is an Insured Person(s) under any other similar policy or policies issued by the Company (or any other member or affiliated insurance company of the American International Group, Inc.) and a loss as respects such director is reported under this policy and one or more such other policies, then the aggregate liability of the Company and other member Company (ies) for each loss will not be cumulative and will in no event exceed the highest Limits of Liability applicable to each loss under any one such policy.
- K. **NON-ASSIGNMENT:** This policy will not be assigned or transferred without the written consent of the Company.
- L. **AUTHORIZATION:** By acceptance of this policy, the first Insured listed in Item I of the schedule agrees to act on behalf of any of its subsidiaries with respect to the giving and receiving of any return premiums that may become due under this policy, the acceptance of endorsements, and the giving or receiving of any other notice provided for in this policy; and these subsidiaries agree that the first Insured will act on their behalf.
- M. **CONSOLIDATION-MERGER:** If, through either 1) consolidation or merger with, 2) acquisition of the majority stock ownership of, or 3) acquisition of the assets of, some other entity, exposures are created which are covered by this policy and not originally part of the Insured based on the original description of the Insured at the time of policy issuance, the Insured will give the Company written notice of consolidation, merger, or acquisition within thirty (30) days of such consolidation, merger or acquisition and upon acceptance by the Company of such additional exposure, will pay the Company an additional premium computed from the date of the consolidation, merger or acquisition to the end of the current premium period.
- N. **ARBITRATION:**
- (a) Any and all disputes or differences which may arise under, out of, in connection with or in relation to this policy, or to its existence, validity or termination, or to the determination of the amount or any amounts payable under this policy, shall be referred to a sole arbitrator to be appointed by the parties to the dispute within 30 days of any party giving notice of arbitration to the other(s).
- (b) In the event that the parties are unable to agree upon the identity of a sole arbitrator, the disputes or differences shall be referred to the decision of 3 arbitrators of whom one shall be appointed in writing by each of the parties within a period of 30 days after the failure to appoint a sole arbitrator and the third (who shall serve as Chairman) shall be appointed by the nominated arbitrators. In case either party shall refuse or fail to appoint an arbitrator within the aforesaid 30 days after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint a sole arbitrator who shall thereafter be empowered to conduct the arbitration and determine the disputes or differences referred to him as if he had been appointed a sole arbitrator with the consent of both parties.
- (c) The parties shall share the expenses of the arbitrator or arbitral tribunal equally and such expenses, along with the reasonable costs of the parties in the arbitration, shall be awarded by the arbitrator or arbitral tribunal in favour of the successful party in the arbitration or, where no party can be said to have been wholly successful, to the party who has substantially succeeded.
- (d) The place of arbitration shall be India, the language of the arbitration shall be English, the law applicable to and in the arbitration shall be Indian law and the arbitration process will be in accordance with the provisions of the Arbitration & Conciliation Act 1996, as amended from time to time.
- (e) It is a condition precedent to any right of action or suit upon this policy that the award by such arbitrator or arbitrators shall be first obtained.
- (f) In the event that these arbitration provisions shall be held to be invalid then all such disputes shall be referred to the exclusive jurisdiction of the Indian courts.
- O. **ASSISTANCE AND CO-OPERATION:** The Insured and Insured Person(s) will co-operate with the Company in all matters relating to this insurance. This may include attending hearings and trials, securing and giving evidence, obtaining the attendance of witnesses, assisting in effecting settlements, and in conducting litigation, arbitration, or other proceedings.
- P. **INSPECTION AND AUDIT:** The Company may examine and audit the Insured's business documents, relating to the subject matter of this insurance, until three (3) years after this policy has expired or has been canceled. Any premium due for exposures, which exist but were not reported, will be determined by Company audit.
- Q. **SUBROGATION:** In the event of any payment under this policy, the Company will be subrogated to the Insured's or Insured Person's rights of recovery. In such case the Insured or Insured Person(s) will execute all documents required and will do everything necessary to secure and preserve such right including the execution of such documents necessary to enable the Company effectively to bring suit in the name of the Insured.
- R. **RECOVERIES:** In the event of any payment under this policy, all recoveries, less the actual cost to the Company of recovery, will be distributed firstly to the Company for all amounts paid by the Company under this policy and any remainder will be paid to the Insured.
- S. **ACTION AGAINST COMPANY:** No suit, action or proceeding for recovery of any loss under this policy will be sustainable in any court of law, equity or other tribunal unless all the requirements of this policy are complied with and the same be commenced within twelve (12) months next after a Statement of Loss has been filed with the Company by the Insured.