

SPS II Elite Pension Liability

For

Public Service Pension Boards

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ACE European Group Limited is authorised and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

ACE SPS II Elite Pension Liability for Public Service Pension Boards

In consideration of the payment of the premium or the promise to pay the premium and subject to all terms conditions and limitations of the Policy the **Insurer** agrees with the **Insured** as follows:-

1. *Insuring Agreement*

- i) The **Insurer** will pay on behalf of the **Insured** all **Loss** which the **Insured** are obligated to pay, or which the **Pension Scheme** is legally required or permitted to pay to the **Insured** as advancements or indemnity under applicable trusts, indemnity laws or agreements or rules of the **Pension Scheme**, for a **Claim** against an **Insured** for a **Wrongful Act**, provided the **Claim** is first made against an **Insured** during the **Policy Period**, or **Discovery Period** if applicable, and notified to the **Insurer** in accordance with the requirements of this Policy.
- ii) The **Insurer** will pay on behalf of the **Insured** all **Investigation Expenses** in respect of an **Investigation**, provided the **Investigation** is instigated during the **Policy Period**, or **Discovery Period** if applicable, and notified to the **Insurer** in accordance with the requirements of this **Policy**.
- iii) The **Insurer** will pay on behalf of the **Insured** all **Mitigation Expenses** incurred solely and exclusively in taking action to prevent, limit or mitigate the **Insured's** exposure to an actual or potential **Claim** for a **Wrongful Act**, provided that the **Wrongful Act** is first discovered during the **Policy Period**, or **Discovery Period** if applicable, and notified to the **Insurer** in accordance with the requirements of this **Policy**.

SIGNED for and on behalf of the **Insurer**



Andrew Kendrick *Chairman and Chief Executive Officer*

This Policy should be checked and if incorrect returned immediately for correction.

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ACE European Group Limited registered number 1112892 is registered in England & Wales with registered office at 100 Leadenhall Street, London, EC3A 3BP. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Full details can be found online at www.fsa.gov.uk/register/firmSearchForm.do

2. Definitions

In this **Policy** the word 'person(s)', wherever it appears, means legal or natural person(s) unless otherwise specified. When used in bold type in this **Policy**:

- (1) **Administering Authority** means the authority named in item 6 of the Schedule.
- (2) **Authorised Insured** means the **Insured** who acts on behalf of each and every **Insured** with respect to the giving and receiving of notice of a **Claim** or **Investigation** or of a circumstance that may give rise to a **Claim** or to an **Investigation**, the payment of premiums and the receiving of any return premium that may become due under this Policy, the negotiation, agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for in this Policy.
- (3) **Bail Bond Costs** means the reasonable premium (not including any collateral) for a bond or other financial instrument to guarantee an Insureds contingent obligation for bail or equivalent in any jurisdiction required by a Court in respect of any **Claim**. The sub-limit of liability for **Bail Bond Costs** is 10% of the **Limit of Liability** (such limit shall be part of and not in addition to the **Limit of Liability** shown in Item 3 of the Schedule).
- (4) **Benefit** means any obligation under a **Pension Scheme** to a participant or beneficiary, which is a payment of money or property, including a transfer payment to another scheme, or the grant of a privilege or perquisite.
- (5) **Claim** means:
 - (a) any written demand made against an **Insured** alleging a **Wrongful Act** whether or not containing a demand for monetary damages, asserting legal liability on the part of the Insured;
 - (b) any civil or arbitral proceeding against an **Insured**;
 - (c) any criminal proceedings against an **Insured**;
 - (d) any administrative or regulatory proceeding or official investigation commenced against an **Insured** based upon a specified **Wrongful Act**;
 - (e) a **Contribution Notice** as issued by the Pensions Regulator under Section 38 of the Pensions Act 2004;
 - (f) any **Extradition Proceeding**; or
 - (g) a written request to waive, suspend or extend time under any applicable
- (6) **Defence Costs** means all reasonable legal and other professional costs and expenses including lawyers', arbitrators' and experts' fees incurred by an Insured, , which are necessary to defend, investigate, discharge, dismiss settle or appeal a **Claim**, and which are incurred with the written consent of the Insurer..

Defence Costs also includes any premium paid for insurance instruments or for bonds which are required in order to institute an appeal, but without any obligation to furnish or procure such insurance instruments or bonds

Defence Costs do not include

 - (a) **Investigation Expenses, Mitigation Expenses, Prosecution Costs or Public Relation Expenses**; or
 - (b) the wages, salary or other remuneration of an **Insured**, nor any Value Added Tax or similar tax to the extent that such tax can be recovered by the **Insured**.
- (7) **Discovery Period** means the period of time in Section 5 of this Policy.

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- (8) **Document** means all documents and computer record systems but excluding any bearer bonds, coupons, bank or currency notes or other negotiable instruments whether printed or reproduced by any other method, which are the property of the **Insured** or for which the **Insured** is legally responsible and which relate to the **Pension Scheme**.
- (9) **Extradition Proceedings** means:
- (a) a request for extradition, a warrant for arrest or other proceedings under the provisions of the United Kingdom Extradition Act 2003 in respect of or against an **Insured** for any actual or alleged act or omission connected with the **Pension Scheme**;
 - (b) any associated appeals and applications for judicial review; or
 - (c) any application or appeal to the European Court of Human Rights; or
 - (d) the equivalent of the above in any other jurisdiction.
- A **Wrongful Act** is not required for cover for **Extradition Proceedings**.
- (10) **Financial Support Direction** means a direction issued by the Pensions Regulator against or naming an **Insured** under Section 43 of the Pensions Act 2004.
- (11) **Insured** means a natural person who was, is or shall be a member of the **Pension Board** created specifically for the **Pension Scheme**. **Insured** is specifically extended to include the lawful spouse, domestic partner or civil partner of such an **Insured** and the estate, heirs or legal representatives of such an **Insured** in the event of death, incapacity, insolvency or bankruptcy, provided always that the **Claim** against such an **Insured** would have been covered in the absence of the death, incapacity, insolvency or bankruptcy.
- Insured** also means the **Pension Scheme**.
- (12) **Insurer** means ACE European Group Limited.
- (13) **Insured Capacity** means the performance of the duties and responsibilities of an **Insured** in connection with the governance, administration and operation of the **Pension Scheme**.
- (14) **Investigation** means an investigation or proceeding connected with the **Pension Scheme**, outside of the United States of America, commenced by the Pensions Ombudsman, the Financial Ombudsman Service, the Pensions Regulator, the Pensions Regulator Tribunal, the Pensions Regulator's Determinations Panel, the Pension Protection Fund or equivalent body or entity, the Information Commissioner, or any government body or agency, instigated during the **Policy Period** or **Discovery Period** if applicable, and having the power to require the **Insured** to provide evidence or documents.
- A **Wrongful Act** is not required for cover for an **Investigation**.
- (15) **Investigation Expenses** means the reasonable legal costs and related professional fees incurred by an **Insured** with the prior written consent of the **Insurer**, in relation to an **Investigation**; provided that such costs are not recoverable from any other source of insurance or indemnification other than as advancement or indemnity under applicable trusts, indemnity laws or agreements.
- Investigation Expenses** do not include the wages, salaries or other remuneration of any **Insured** nor any Value Added Tax or similar tax to the extent that such tax can be recovered by the **Insured**.
- (16) **Loss**
- (a) means any damages, judgements, settlements and awards for which an **Insured** is legally liable in respect of a **Claim** (including distress awards or

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compensation as determined by the Pensions Ombudsman, the Pensions Regulator, the Pensions Regulator Tribunal, the Pension Protection Fund or equivalent body or entity);

- (b) includes **Defence Costs**;
- (c) includes **Investigation Expenses**;
- (d) includes **Mitigation Expenses**;
- (e) includes **Prosecution Costs**;
- (f) includes **Public Relation Expenses**.

Where the **Loss**, or part of the **Loss**, is in respect of **Benefits**, **Loss** will be calculated as being the amount which the **Insured** has paid or becomes liable to pay out of the **Pension Scheme** in **Benefits** as a direct consequence of a **Wrongful Act**, after deduction of the amount the **Pension Scheme** would have paid or would have been liable to pay in **Benefits** under the trust deed and/or rules of the **Pension Scheme** if the **Wrongful Act** had not occurred.

In the event that such **Benefits** are payable by an **Insured** who is a natural person as a personal obligation, **Loss** means the amount that they are liable to pay as a direct consequence of a **Wrongful Act**.

Loss shall not include fines or penalties (other than civil fines and penalties under 7. Extensions (b) of this **Policy**) imposed by law, taxes or sums payable in relation to taxes and any sum deemed uninsurable under the law under which this **Policy** is construed. **Loss** shall also not include the wages, salaries, fees or expenses of an **Insured** nor any Value Added Tax or similar tax to the extent that such tax can be recovered by the **Insured**.

- (17) **Mitigation Expenses** means the costs and expenses of measures taken solely and exclusively by or on behalf of an **Insured** (and which are reasonably and necessarily required to prevent, limit or mitigate the **Insured's** exposure to **Loss** to an actual or potential **Claim** for a **Wrongful Act**, insofar as this loss, if it occurred, would be covered by this **Policy**, and which are incurred with the written consent of the **Insurer**, , up to GBP 500,000 (such limit shall be part of and not in addition to the Limit of Liability shown in Item 3 of the Schedule).

Where **Mitigation Expenses** include the payment of **Benefits**, they shall be calculated as being the amount of such **Benefits** which are a direct consequence of a **Wrongful Act**, after deduction of the amount the **Pension Scheme** would have paid or would have been liable to pay in **Benefits** under the trust deed and rules of the **Pension Scheme** if the **Wrongful Act** had not occurred.

Mitigation Expenses do not include the wages, salary or other remuneration of an **Insured**, nor any Value Added Tax or similar tax to the extent that such tax can be recovered by the **Insured**.

- (18) **Pension Board** means a pension board created as required and in accordance with The Public Service Pensions Act 2013 and The Public Service Pensions Act (Northern Ireland) Act 2014
- (19) **Pension Scheme** means the scheme named in Item 6 of the Schedule
- (20) **Policy** means this policy and any endorsement thereto.
- (21) **Policy Period** means the period of time shown in Item 4 of the Schedule of this Policy.
- (22) **Prosecution Costs** means the legal and other professional fees, costs and expenses to resist any application for or to bring legal proceedings to obtain the discharge or revocation of:
- (a) an order disqualifying an **Insured** from holding such office; or

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- (b) an interim or interlocutory order:
 - (i) confiscating, controlling, suspending or freezing rights of ownership of real property or personal assets of an **Insured** for any actual or alleged act or omission connected with the **Pension Scheme**; or
 - (ii) creating a charge over real property or personal assets of an **Insured** for any actual or alleged act or omission connected with the **Pension Scheme**
 - (c) an order of a court imposing a restriction of the **Insured's** liberty for any actual or alleged act or omission connected with the **Pension Scheme**; or
 - (d) the deportation of an Insured following revocation of otherwise proper, current and valid immigration status for any actual or alleged act or omission connected with the **Pension Scheme**.
- (23) **Public Relation Expenses** means the reasonable fees and related expenses of a public relations firm or consultant, crisis management firm or law firm, which an Insured may, in the reasonable exercise of its discretion, engage in order to prevent or limit adverse effects or negative publicity which it is anticipated may arise from any **Claim** or **Investigation** (including to disseminate the findings of a final adjudication in favour of an **Insured**), not including any Value Added Tax or similar tax to the extent that such tax can be recovered by the **Insured**. The sub-limit of liability for all **Public Relation Expenses** is GBP 250,000 (such limit shall be part of and not in addition to the Limit of Liability shown in Item 3 of the Schedule).
- (24) **Third Party Service Provider** means those persons having been appointed by the **Insured** to provide services in relation to the **Pension Scheme** and who, where necessary, are licensed or regulated in that regard by statute or any recognised professional body or institution.
- (25) **Wrongful Act** means any actual, alleged or attempted breach of trust, breach of duty, breach of statutory provision, breach of warranty of authority, maladministration, neglect, error or omission, misstatement, misleading statement or any other act committed or allegedly committed or attempted by an **Insured** in their **Insured Capacity** in relation to the **Pension Scheme** or any matter claimed against an **Insured** because of their **Insured Capacity**.

3. Exclusions

The **Insurer** shall not be liable to make any payment under this **Policy**:

1. Conduct

- (a) based on, arising from or attributable to any deliberately dishonest or deliberately fraudulent act or omission or an intentional breach of any law by an **Insured**; or
- (b) based on, arising from or attributable to any personal profit or advantage gained by an **Insured** to which such **Insured** was not legally entitled;

provided that this exclusion shall only apply if it is established through a judgment or any other final adjudication (including any appeal thereof) or any formal written admission by such **Insured** that the relevant conduct occurred.

2. Prior Claims & Circumstances

based on, arising from or attributable to

- (a) any pending or prior litigation or other proceedings or **Investigation** involving an **Insured** and issued or otherwise begun before the date shown in Item 5 of the Schedule or alleging or derived from the same or substantially the same facts or circumstances alleged in the pending or prior litigation or proceedings or **Investigation**.
- (b) any fact, circumstance, act, omission, **Wrongful Act** or other matter of which notice has been given under any policy existing or expired before or on the date shown in Item 5 of the Schedule.

3. Failure to Fund or Collect

based on, arising from or attributable to the failure to fund or procure funds to the **Pension Scheme** in accordance with the law or the trust deeds (or other similar provisions) or failure to collect contributions which are owed to the **Pension Scheme** from a participating employer company or any other source, including without limitation any **Financial Support Direction**. However this exclusion shall not apply to **Loss** resulting from a **Claim** against an **Insured** alleging that such failure to fund or procure funds or to collect contributions arises from, is attributable to or is based upon the negligence of that **Insured**.

4. Bodily Injury or Property Damage

for any bodily injury (other than for mental or emotional distress), sickness, disease or death of any natural person, or any damage to or destruction of any tangible property including loss of use of such property, other than a **Document**.

5. Severability of Exclusions

For the purposes of determining the applicability of the Exclusions,

- (a) the **Wrongful Act** of a natural person **Insured** shall not be imputed to any other natural person **Insured**; and
- (b) no fact pertaining to, conduct of or knowledge possessed by any **Insured** will be imputed to any other **Insured**.

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4. Conditions

(a) Limit of Liability

- (i) The amount shown in Item 3 of the Schedule is the **Insurer's** maximum aggregate liability for all **Loss** under this **Policy** irrespective of the number of **Claims** under this **Policy** or the number of **Insureds** who claim and irrespective of the amounts of any such **Claims** or when they are made.
- (ii) The **Insurer's** maximum aggregate liability for all **Loss** in respect of which a sub-limit is specified in the Schedule or any endorsement attaching to this **Policy** shall be that specified sub-limit (such limit shall be part of and not in addition to the Limit of Liability shown in Item 3 of the Schedule), irrespective of the number of claims under this **Policy** for such **Loss** or the number of **Insureds** who may so claim and irrespective of the amounts of any such claims or when they are made.
- (iii) If a single **Wrongful Act** or a series of **Wrongful Acts** or acts which are attributable to the one originating source or underlying cause give rise to a claim under this Policy then all claims arising out of such similar or related **Wrongful Acts** shall be treated as a single claim

(b) Deductible

- (i) For each claim under this Policy the Insurer shall only be liable for the amount of **Loss** arising from a **Claim** which is in excess of the deductible amount shown in Item 4 of the Schedule
- (ii) If a single **Wrongful Act** or a series of **Wrongful Acts** or acts which are attributable to one originating source or underlying cause give rise to a claim under this **Policy** then all claims arising out of such similar or related **Wrongful Acts** or acts shall be treated as a single claim and a single deductible shall apply to such claims.
- (iii) The deductible shown in Item 4 (a) of the Schedule shall apply to any **Loss** for a **Claim** for which advancement or indemnification by the **Pension Scheme** is required or permissible under applicable trusts, indemnity laws or agreements or otherwise regardless of whether or not the **Pension Scheme** actually advance or indemnify the **Insured** for such **Loss**. The deductible shall be paid by the **Pension Scheme**. Where exoneration has been granted, the deductible shall not apply.
- (iv) The **Insurer** shall have no obligation to pay any **Loss** for a **Claim** within the amount of such deductible if applicable, provided that the **Pension Scheme** fails or is unable to pay the amount of deductible then subject to all other terms and conditions of this **Policy** the **Insurer** shall pay such **Loss** and be subrogated to the **Insured's** rights of indemnity.
- (v) The deductible(s) shown in Item 4 of the Schedule shall not apply to **Investigation Expenses**.
- (vi) In the event a **Claim** triggers more than one of the deductible amounts shown in Item 4 of the Schedule then as to that **Claim** the highest of such deductible amounts shall be deemed the deductible amount applicable to such **Claim**.

(c) Claims and Investigations

- (i) The **Authorised Insured** shall give written notice to the **Insurer** of a **Claim** or **Investigation** as soon as reasonably practicable.

In the event of expiry of the **Policy Period**, notification must be given in any event no later than 90 days after the expiration of the **Policy Period**, or, in

relation to a **Claim** first made against the **Insured** during the **Discovery Period** if applicable no later than expiry of the **Discovery Period**.

- (ii) The **Insureds** shall give the **Insurer** such information and cooperation as it may reasonably require. Notice and all information can be sent in writing to the **Insurer** at:
- Ace European Group Ltd
200 Broomielaw,
Glasgow
G1 4RU
E-mail: claims@ace-ina.com.
- (iii) The **Insured** shall not do anything to prejudice any of the **Insurer's** rights nor shall they admit liability for or settle any **Claim** or, except as provided by Extension 7(c) **Emergency Costs** (when covered), incur **Defence Costs**, **Investigation Expenses**, **Mitigation Expenses**, **Prosecution Costs** or **Public Relations Expenses** without the **Insurer's** prior written consent.
- The **Insurer** shall at all times have the right, but not the duty, to effectively associate in the defence or settlement of any **Claim**, the incurring of **Investigation Expenses**, or the taking of measures to prevent, limit or mitigate exposure to direct financial loss to an actual or potential **Claim** or **Investigation** to which this **Policy** may apply and to be given the opportunity to consult with the **Insured** in relation to any proposed action that the **Insured** may wish to take in relation to such **Claim** or **Investigation**.
- (iv) If there is a dispute between the **Insured** and the **Insurer** about whether to agree a proposed settlement or about whether a **Claim** should continue to be defended (taking into account whether the **Claim** is likely on the balance of probabilities to be defended and such possibilities as may exist for settling the **Claim**), the **Insurer** may obtain an opinion from a Queen's Counsel or equivalent in a different jurisdiction to decide the issue. That decision shall be binding upon the **Insurer** and the **Insured**, who shall act accordingly in relation to the proposed settlement or in continuing or not continuing to defend the action as the case may be.
- (v) If during the **Policy Period**, or **Discovery Period** if applicable, an **Insured** becomes aware of any circumstances which in their opinion may give rise to a **Claim** and during such period gives notice of the same as soon as reasonably practicable to the **Insurer** then any **Claim** later made against any **Insured** shall for the purposes of this **Policy** be treated as a **Claim** made during the **Policy Period** or **Discovery Period** if applicable. A notice of such a circumstance should be made in writing and include to the extent possible all facts and details including the reasons for anticipating a **Claim**, with full particulars as to dates and persons involved and an estimate of quantum as precisely as possible.
- (vi) If during the **Policy Period**, an **Insured** becomes aware of any circumstances which in their opinion may give rise to an **Investigation** and during such period gives notice of the same as soon as reasonably practicable to the **Insurer**, then any **Investigation** later commenced against any **Insured** shall for the purposes of this **Policy** be treated as an **Investigation** during the **Policy Period**. A notice of such a circumstance should be made in writing and include to the extent possible all facts and details including the reasons for anticipating an **Investigation**, with full particulars as to dates and persons involved and an estimate of quantum as precisely as possible.

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- (vii) If an **Insured** should have notified a **Claim** during the **Policy Period** or an applicable **Discovery Period** or within 90 days thereof but was unable to do so due to being prohibited from disclosing such information by the Pensions Ombudsman, the Financial Ombudsman Service, the Pensions Regulator, the Pensions Regulator Tribunal, the Pensions Regulator's Determinations Panel, the Pension Protection Fund or equivalent body or entity, the Information Commissioner, or any government body or agency under the terms of a non-disclosure agreement, then:
- (a) the **Insured** will be permitted to give written notice of the **Claim** within 24 months after the end of the **Policy Period** or **Discovery Period**; and
 - (b) the **Claim** must be notified to the Insurer within 90 days of the **Insured** being allowed to make such disclosure or under the terms of a non-disclosure agreement.

If the **Insured** fails to provide notice of a **Claim** or **Investigation** to the **Insurer** in compliance with this Condition 4 (c) Claims and Investigations, then the **Insured's** right to cover will be prejudiced only to the extent that the **Insurer** can demonstrate its' interests were actually, substantially and materially prejudiced by reason of such non-compliance.

No **Insured's** rights under this **Policy** are prejudiced by any delay on the part of any other **Insured** to give timely notice of a **Claim** or **Investigation**.

(d) Advancement of Defence Costs and Prosecution Costs and Payment of Investigation Expenses, Mitigation Expenses and Public Relation Expenses

- (i) The **Insurer** shall advance **Defence Costs** or **Prosecution Costs** on an ongoing basis prior to the final payment or settlement of any **Claim**; provided that:
 - (a) such costs are incurred with the written consent of the **Insurer**; and
 - (b) such advance payments by the **Insurer** shall be repaid to the **Insurer** in the event that the **Insured** is not entitled to payment of such **Loss** or part of such **Loss** under the **Policy** (the Limit of Liability shown in Item 3 of the Schedule shall be reduced by such amount until repaid to the **Insurer**).
- (ii) The **Insurer** shall advance **Defence Costs** or **Prosecution Costs** which the **Pension Scheme** fails to advance or indemnify.
- (iii) In the event of an **Investigation**, the **Insurer** shall pay **Investigation Expenses** incurred from the time the **Investigation** is instigated on an ongoing basis provided that such **Investigation Expenses** are incurred with the written consent of the **Insurer**.
- (iv) The **Insurer** will pay **Mitigation Expenses** or **Public Relations Expenses** on an ongoing basis provided that such **Mitigation Expenses** or **Public Relations Expenses** are incurred with the written consent of the **Insurer**.

(e) Allocation of Loss

- (i) In the event of:

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- (a) a **Claim** or **Investigation** against an **Insured** which is not wholly covered by this **Policy**; and/or
- (b) a **Claim** or **Investigation** against an **Insured** being also made against one or more persons or entities who are not **Insureds**;

the **Insurer** and the **Insureds** shall then use their best endeavours to determine a reasonable allocation of **Loss** that is covered under this **Policy** and loss that is not covered.

- (ii) In the event of a dispute as to allocation under sub-paragraph (i) above, the **Insurer** at its option or if requested by the **Insured** shall submit the dispute to binding arbitration before a panel consisting of one arbitrator selected by the **Insured**, one arbitrator selected by the **Insurer**, and a third independent arbitrator selected by the first two. Such arbitration shall be conducted under the Rules of the London Court of International Arbitration, the Rules of which are hereby deemed incorporated.

(f) **Other Insurance**

If **Loss** is insured under any other valid and collectible policy (save for insurance specifically arranged to apply in excess of this **Policy**) in respect of any **Claim** or **Investigation**, the **Insurer** shall not be liable for **Loss** other than in excess of any amount that is or would (but for the existence of this **Policy**) have been payable under any other such valid and collectible policy.

(g) **Subrogation**

In the event the **Insured** notifies any **Claim** or **Investigation** or any circumstance that may give rise to a **Claim** or **Investigation**, the **Insurer** shall become subrogated to any **Insured's** rights of recovery to the extent of any payment under this **Policy**. The **Insured** shall cooperate with the **Insurer** in securing such rights and shall not do anything to materially prejudice the **Insurer's** ability to assert such rights.

The **Insurer** shall not exercise any rights of subrogation against an **Insured** unless it is established by final adjudication that Exclusion 3.1 Conduct applies to such **Claim**.

(h) **Insured Authorisation**

The **Insured** hereby agrees to act as the **Authorised Insured** and so act on his or her behalf other than in the event of cancellation or termination of this **Policy** where the prior written agreement of all members of the **Pension Board** shall be required in order to effect such cancellation or termination.

(i) **Non-assignment**

No change in, modification of, or assignment of interest under this **Policy** shall be effective unless made by written endorsement to this **Policy** duly executed on behalf of the Insurer.

(j) **Governing Law and Jurisdiction**

This **Policy** shall be governed by English Law. The **Insurer** and the **Insured** agree to submit to the exclusive jurisdiction of the English courts in relation to all disputes arising out of, relating to or connected with this **Policy** and/or its negotiation, validation or enforceability.

(k) **Policy Interpretation**

This **Policy**, its Schedule, any endorsements, appendices and any subjectivity notice issued by the **Insurer** at the inception of this **Policy** are one contract in which, unless the context otherwise requires:

- (a) headings are descriptive only, not an aid to interpretation;

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- (b) singular includes the plural, and vice versa;
- (c) the male includes the female and vice versa;
- (d) all references to specific legislation are English legislation unless otherwise stated and include amendments to and re-enactments of such legislation and similar legislation in any jurisdiction in which a claim is made;
- (e) references to positions, offices, functions or titles include their equivalents in any jurisdiction;
- (f) any prior consents required to be given by either party are not to be unreasonably withheld, conditioned or delayed.

(l) Cancellation

This **Policy** shall be cancelled in respect of all **Insureds** at the earliest of the following times:-

- (i) immediately upon the **Authorised Insured** mailing to the Insurer written notice of cancellation; or
- (ii) seven days after the receipt by the **Authorised Insured** of a written notice of cancellation from the **Insurer** for non-payment of premium; or
- (iii) upon expiration of the **Policy Period**; or
- (iv) at such other times that may be agreed upon by the **Authorised Insured** and the **Insurer**.

If this **Policy** is cancelled by the **Authorised Insured**, the **Insurer** shall refund 90% of the premium which would have been applicable to the remaining period of cover under the **Policy**.

If this **Policy** is cancelled by the **Insurer**, the **Insurer** shall refund 100% of the premium which would have been applicable to the remaining period of cover under the **Policy**.

(m) Insurer Downgrade

In the event that an **Insurer**

- a ceases underwriting insurance business to the extent it would no longer quote terms for the subject insurance;
- b is the subject of an order or resolution for winding up or formally proposes a scheme of arrangement or is the subject of insolvency or similar protective measures or proceedings including but not limited to voluntary or involuntary rehabilitation or liquidation or composition with its creditors or other acknowledgement of its actual or potential insolvency;
- c has its authority to carry on insurance business withdrawn or modified so that it could no longer underwrite the subject insurance;
- d is involved in a change of ownership materially affecting its business plans relevant to the subject insurance; or
- e has its (i) Standard & Poor's or Fitch rating downgraded below "A-" or (ii) Moody's rating downgraded below "A3";

the **Policyholder** may immediately cancel this **Policy** by giving written notice to that effect.

In the event that the **Policyholder** exercises its right to cancel this **Policy** or terminate the **Insurer's** participation on the risk under paragraphs (a)-(e) above:

- f the **Insurer** will refund any premium paid by the **Policyholder** for the remainder of the **Policy Period**, on a daily pro rata basis calculated from the beginning of the **Policy Period**; and

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- g if, as at the date of such cancellation, any **Claim** or circumstance has been notified to the **Insurer**:
 - i the premium payable by the **Policyholder** in respect of this **Policy** will be deemed to be fully due to the **Insurer** provided that the **Insurer** continues to advance **Defence Costs** and assistance as required under this **Policy**; and
 - ii no such refund of premium (as referred to in (i) above) will be made and the **Insurer's** liability to settle any **Claim** or circumstance notified under this **Policy** before the cancellation takes effect will be unaffected.

(n) Contracts (Rights of Third Parties) Act 1999

A person or company who is not a party to this **Policy** has no rights under the Contracts (Rights of Third Parties) Act 1999 in respect of this **Policy**.

(o) Sanctions Clause

The **Insurer** will not be liable to provide any coverage or indemnity under this **Policy** if to do so would be in violation of any sanctions law or regulation which prohibits the **Insurer** from providing coverage or paying an indemnity under this **Policy**.

(p) Warranties

This **Policy** contains no warranties or representations and no conditions in the **Policy** may be construed as such.

5. **Discovery Period**

- (i) If the **Authorised Insured** or the **Insurer** refuses to renew the **Policy**, any **Insured** may upon payment of an additional premium of 100% of the full annual premium shown in Item 8 of the Schedule extend the cover under this **Policy** for a period of 12 months from the date on which the **Policy Period** expires, for any **Claim** first made against the **Insured** during the **Discovery Period**, but only in respect of **Wrongful Acts** committed or alleged to have been committed prior to expiry of the **Policy Period**.
- (ii) Upon written request the **Insurer** will quote a longer **Discovery Period** and in considering such request the **Insurer** is entitled to fully underwrite the exposure and to extend such offer on whatever terms, conditions and limitations that the **Insurer** deems appropriate bearing in mind the terms of original cover and any changes in risk since inception.
- (iii) The **Insured's** right to purchase the **Discovery Period** as set out above must be exercised by notice to the **Insurer** in writing within 30 days of expiration of the **Policy Period** and is only effective upon payment of the above sum.
- (iv) The **Insurer's** offer of renewal terms, conditions, limits of liability or premium different from those of the expiring policy shall not constitute a refusal to renew.
- (v) The **Insurer** shall not be liable to make any payment in respect of any **Claim** first made against the **Insured** during the **Discovery Period** if at any time any **Insured** obtains any other Pension Liability insurance policy covering the whole or any part of the **Discovery Period**.

6. **Severability**

This **Policy** is not avoidable or rescindable in whole or in part and the **Insurer** shall have no other remedy with respect to any non-disclosure or misrepresentation in connection with this **Policy**, except with respect to any fraudulent misrepresentation or fraudulent non-disclosure of any **Insured**, where the fraud is established by final adjudication.

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7. Extensions

These extensions will be subject to the terms and conditions of this **Policy**.

(a) Public Relations Expenses

The **Insurer** will pay **Public Relation Expenses** arising from a **Claim** or **Investigation** first made during the **Policy Period**, provided such costs are incurred with the prior written consent of the **Insurer**, up to a maximum amount of GBP 250,000 which shall apply in the aggregate for the **Policy Period** (such limit shall be part of and not in addition to the Limit of Liability shown in Item 2 of the Schedule).

(b) Civil Fines and Penalties

The **Insurer** will pay civil fines and penalties (to the extent that such civil fines and penalties are insurable under the proper law of this **Policy**) made against an **Insured**, either by the Pensions Ombudsman, the Pensions Regulator, the Pensions Regulator Tribunal, the Pensions Regulator Determinations Panel, the Pension Protection Fund or equivalent body or entity, the Information Commissioner, or any government body or agency, arising from any **Claim** first made or **Investigation** instigated in respect of an **Insured** during the **Policy Period**, provided that:

- (1) the premium for this extension is paid by the **Insured** or **Administering Authority** without recourse or reimbursement from the **Pension Scheme** or any of its assets; and
- (2) the **Insurer** shall not make any payment for fines, penalties or punitive damages imposed in connection with any criminal act for which an **Insured** has been or is to be prosecuted

Any payment under this extension shall be part of and not in addition to the aggregate limit of liability shown in Item 2 of the Schedule.

(c) Emergency Costs

If the **Insurer's** written consent cannot reasonably be obtained before **Defence Costs, Investigation Expenses, Prosecution Costs, Mitigation Expenses, Public Relation Expenses** or **Bail Bond Costs** are incurred with respect to any **Claim** or **Investigation**, the **Insurer** will give retrospective approval for such costs provided they would otherwise fall to be paid within the terms and conditions of this **Policy** wording of up to a maximum amount of 10% of the Limit of Liability which shall apply in the aggregate for the **Policy Period** (such limit shall be part of and not in addition to any sub-limits specified or the aggregate Limit of Liability shown in Item 2 of the Schedule). The **Insured** shall give written notice of any emergency costs incurred within 14 days.

(d) Extradition Proceedings

The **Insurer** will pay for **Defence Costs, Bail Bond Costs** and **Public Relation Expenses** in relation to **Extradition Proceedings**, provided such costs are incurred with the prior written consent of the **Insurer**.

(e) Loss of Documents

The **Insurer** will pay up to a maximum amount of GBP 100,000 which shall apply in the aggregate for the **Policy Period** (such limit shall be part of and not in addition to the aggregate Limit of Liability shown in Item 2 of the Schedule), for all costs reasonably incurred in replacing or restoring **Documents**, which during the **Policy Period** or **Discovery Period** if applicable are discovered to have been lost, damaged or destroyed, provided that:

- (1) such loss, damage or destruction is sustained while the **Documents** are either in transit or in the custody of the **Insured** or of any person to whom the **Insured** has entrusted them;

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- (2) such costs are incurred with the consent of the **Insurer**; and
- (3) such costs are not available from any other source of insurance or indemnification other than as advancement or indemnity under applicable trusts, indemnity laws or agreements.

The cover provided under this extension excludes any loss, damage or destruction arising out of wear or tear, gradual deterioration, moth or vermin, and in respect of **Documents** comprising computer records excludes any loss, damage or destruction unless there is physical loss, damage or destruction of the media on which the records were stored.

(f) Prosecution Costs

The **Insurer** will pay **Prosecution Costs** arising from a **Claim** or **Investigation** first made during the **Policy Period**, provided such costs are incurred with the prior written consent of the **Insurer**, up to a maximum amount of GBP 250,000 which shall apply in the aggregate for the **Policy Period** (such limit shall be part of and not in addition to the aggregate Limit of Liability shown in Item 2 of the Schedule).

(g) Third Party Service Provider Pursuit

The **Insurer** will pay up to a maximum amount of GBP 100,000 which shall apply in the aggregate for the **Policy Period**, or **Discovery Period** if applicable, (such limit shall be part of and not in addition to the aggregate Limit of Liability shown in Item 2 of the Schedule), all reasonable fees, costs and expenses incurred by the **Insured** in the pursuit of legal proceedings against a **Third Party Service Provider** for the purpose of establishing a breach of professional duty of care, provided that:

- (1) the **Insured** is first aware of the circumstances requiring the proceedings during the **Policy Period**, or **Discovery Period** if applicable, and as soon as practicable thereafter gives written notice to the **Insurer** and demonstrates to the **Insurer** that they have reasonable grounds to pursue the proceedings;
- (2) such costs are incurred with the consent of the **Insurer**, and
- (3) such costs are not available from any other source of insurance or indemnification other than as advancement or indemnity under applicable trusts, indemnity laws or agreements.

In the event of any dispute as to whether the **Insured** has reasonable grounds to pursue proceedings or whether the **Insurer** has unreasonably withheld consent to incur costs, the dispute shall be referred to a Queen's Counsel agreed by the **Insured** and **Insurer**.

Data Protection

ACE European Group Limited and its group companies ('ACE') will use the information supplied during the formation and performance of this Policy for policy administration, customer services, the payment of claims and the production of management information for business analysis. We will keep this information for a reasonable period.

Where sensitive personal data has been disclosed, including any medical or criminal record information, ACE will also use this information for these purposes. ACE are entitled to ask about criminal convictions in relation to insurance risks. There is no obligation to provide ACE with details of any convictions which are spent under the terms of the Rehabilitation of Offenders Act 1974. ACE may also transfer certain information to countries that do not provide the same level of data protection as the UK for the above purposes. A contract will be in place to ensure the information transferred is protected.

ACE may record telephone calls for quality control, fraud prevention and staff training purposes.

When personal or sensitive data is supplied to ACE about third parties other than the Insured, both during the formation and performance of this policy, ACE assumes that those third parties consent to the supply of this information to ACE, to ACE processing this data, including sensitive personal data, and to the transfer of their information abroad. ACE will also assume that the supplier of the information is authorised to receive, on their behalf, any data protection notices.

ACE may share personal and sensitive personal information with the following organisations for the purposes described above: our connected companies, service providers, agents and subcontractors including loss adjusters and claims investigators; our reinsurers who use this information to assess the terms of specific policies and to administer our insurance policies generally; other insurance companies about other insurance policies you may have; the police, other insurance companies, fraud reference agencies and other representative bodies in relation to the prevention and detection of fraudulent claims or as part of our money laundering checks.

We work with the police, other insurance companies, fraud reference and detection agencies and other representative bodies to prevent and detect fraudulent or exaggerated claims. As part of this we will share information about your claims with providers of software designed to assist in the detection of fraudulent claims. We may also use commercially available databases to prevent money laundering.

Other companies may contact these bodies for information to help them make decisions about insurance or similar services they provide to you.

Individuals whose information has been supplied to ACE are entitled to a copy of that information on payment of a fee and to have any inaccuracies corrected. Such information is available by contacting the Data Protection Officer at 100, Leadenhall Street, London EC3A 3BP.

We do not use personal information for marketing purposes, nor do we share it with any other company for marketing purposes, unless consent to do so has been received in writing from you.

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Complaints Procedure

We are dedicated to providing you with a high quality service, and want to maintain this at all times. If you feel that we have not offered you a first class service or you wish to make an enquiry regarding this insurance, please contact the intermediary who arranged this insurance for you or the manager of the branch of the company which issued your policy.

If you are still not satisfied, you may write to our Chief Executive of the company at ACE's head office – the address is shown on your policy.

ACE European Group Limited is a member of the Financial Ombudsman Service (FOS) and you may be able to approach them for assistance if you remain dissatisfied with our response. A leaflet explaining its procedure is available on request.

The FOS's contact details are FOS, South Quay, 183 Marsh Wall, London, E14 9SR, Phone: 0845 080 1800

e-mail: enquiries@financial-ombudsman.org.uk

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Financial Conduct Authority

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ACE European Group Limited is authorised and regulated by the Financial Services Authority in the United Kingdom and is regulated by the Central Bank of Ireland for conduct of business rules.

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