

Special definitions for this section

The General terms and conditions and the following terms and conditions all apply to this section.

Benefits

Any compensation awarded to an **employee** other than basic remuneration including but not limited to health benefits, amounts due in respect of an employee benefit or pension scheme, share or stock options, incentives or deferred compensation.

Claim

Any written demand or civil, criminal, regulatory or arbitration proceeding first made against **you** or an **insured person** during the **period of insurance** seeking monetary damages or other legal relief alleging an **employment practice wrongful act**.

Defence costs

Costs incurred with **our** prior written agreement to investigate, settle or defend any **claim** made against **you** or an **insured person** or to fund an appeal, including any premium paid for an appeal bond or similar bond obtained in relation to it, arising from any judgment, decision or award in relation to any **claim**.

Employee

1. Any person under a contract of service with **you**.
2. Any independent person seconded to **you**.
3. Any applicant or candidate for employment with **you**.

Employment practice wrongful act

Any actual or alleged act, error or omission committed or attempted by **you** or an **insured person** or by any third party where **you** are held vicariously liable relating to any actual or alleged wrongful, unfair or constructive dismissal, discharge or termination of employment, breach of written or implied contract, employment related misrepresentation, wrongful deprivation of a career opportunity, failure to grant tenure, negligent employee evaluation, harassment, unlawful discrimination, failure to provide adequate employee procedures and policies, retaliation, defamation, invasion of privacy arising solely as a result of the employment or non-employment by **you** of any current, former or prospective employee.

Insured person

1. Any natural person was, is or during the **period of insurance** becomes a director, member, partner or officer of **you**.
2. Any de facto director of **you** whilst acting in such capacity for **you**.
3. Any shadow director as defined under Section 250 of the Companies Act 2006 or equivalent legislation in any other jurisdiction.
4. Any **employee** of **you**.
5. The lawful spouse, civil or unmarried partner of any person above solely because of their spousal, civil or unmarried partner relationship following a **claim** against that person.
6. The estates, heirs or legal representatives of any person above who has died or become incapacitated, insolvent or bankrupt but only for a **claim** against that person.

Loss

In respect of a **claim** the amount **you** and/or any **insured person** becomes legally liable to pay for **defence costs**, awards of damages including punitive and exemplary damages where legally permissible, awards of costs and settlements with **our** prior written agreement.

Loss does not include any civil, regulatory or criminal fines or penalties taxes, remuneration or employment related benefits, punitive and exemplary damages or the multiplied portion of any damages award unless awarded for defamation

Outside entity

Any organisation other than **you**:

1. that is tax exempt and not for profit;
2. in which **you** hold any issued share;
other than:
 - a. any company registered outside of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man or the Republic of Ireland; or
 - b. any company traded on any recognised stock exchange; or
 - c. any bank, investment company, investment advisor or manager, hedge or mutual fund, private equity or venture capital company, stock brokerage, insurer or similar organisation.

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| Prior and pending litigation date | The date stated as the prior and pending litigation date in the schedule. |
| Retaliation | Any claim brought against an employee relating to any actual or alleged action taken by such employee exercising or attempting to exercise their rights under law. |
| Subsidiary | <p>Any entity in which you:</p> <ol style="list-style-type: none"> own directly or through one or more of your subsidiaries more than 50% of the share capital or a majority of the voting rights or have the right to appoint or remove a majority of the entity's board of directors; or control a majority of its voting rights under a written agreement with other shareholders or members. <p>If an entity ceases to be a subsidiary during the period of insurance, cover will continue but only for a claim against you or an insured person arising from an employment practice wrongful act committed before it ceased to be a subsidiary.</p> |
| You/your | <p>Also includes:</p> <ol style="list-style-type: none"> any subsidiary; any subsidiary created or acquired during the period of insurance within the United Kingdom but only for a claim against you or an insured person arising from an employment practice wrongful act committed after the date of acquisition. <p>If you require cover for any newly created or acquired subsidiaries which do not fall within the above parameters, we will consider providing cover subject to you providing all appropriate information. We shall be entitled to amend the terms and conditions of this section during the period of insurance and may charge a reasonable additional premium.</p> |

What is covered

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| Claims by employees | We will pay on behalf of you or an insured person the loss arising from a claim by an employee for an employment practice wrongful act . |
| Claims by others | We will pay on behalf of you or an insured person the loss arising from a claim by anyone other than an employee for an employment practice wrongful act . |
| Outside entities | We will pay on behalf of you or an insured person the loss arising from a claim in respect of an employment practice wrongful act committed by an insured person in their capacity as an employee of an outside entity , provided that the insured person acts in that capacity at your specific written request and the claim does not arise from a employment practice wrongful act committed after the insured person ceased to act in this capacity. However, we will only pay in excess of any indemnity provided by the outside entity to its employees and any other insurance available to its employees. |

What is not covered

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| | A. We will not make any payment for any claim or loss : |
| Specific activities | <ol style="list-style-type: none"> Based upon, attributable to or arising out of: <ol style="list-style-type: none"> membership or non-membership of any trade union or equivalent labour organisation or any involvement in trade union activities; your failure to act in accordance with any collective bargaining agreement. <p>The above shall not apply to any claim for retaliation.</p> Based upon, attributable to or arising out of any responsibility, duty or obligation imposed by law in relation to health and safety, unemployment, social security, retirement or disability benefits or any similar law whether statutory or common law. <p>The above shall not apply to retaliation.</p> |
| Prior claims and circumstances | <ol style="list-style-type: none"> Based upon, attributable to or arising out of any claim or circumstance which you were aware of, or that has been reported under any policy existing or expired, prior to the start of the period of insurance. |

Management liability - Employment practices liability

Policy wording

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| Claims in the United States of America | 4. Based upon, attributable to or arising out of any employment practice wrongful act brought or maintained in the United States of America. |
| Prior litigation | 5. Based upon, attributable to or arising out of any prior or pending litigation or proceedings (including allegations deriving from the same or essentially the same facts) involving an insured person, you or an outside entity initiated prior to the prior and pending litigation date . |
| Deliberate and dishonest acts | <p>6. Based upon, attributable to or arising out of:</p> <ul style="list-style-type: none"> a. a dishonest or fraudulent act or omission or any intentional breach of any statute or regulation committed by any insured person; b. an act intended to secure or which does secure a personal profit or advantage to which any insured person was not legally entitled; c. an act intended to secure or which does secure a profit for any other company where an insured person is a director, officer or employee of such company. <p>This exclusion will only apply after a judgment or other final adjudication or an admission by an insured person that such act did occur. We may request the obtainment of an opinion from a mutually agreed Queens Counsel or equivalent in a different jurisdiction as to the prospects of a court finding that such act did occur. This exclusion shall apply if Counsel is of the opinion that there are no reasonable prospects of the court finding that such act did not occur. Such opinion will be binding on us and the insured person. The costs of such opinion shall be met by us.</p> |
| Matters insurable elsewhere | <p>7. For the death or any bodily or mental injury or emotional distress suffered by anyone, or the loss, damage or destruction of any tangible property, other than emotional distress directly arising from any employment practice wrongful act.</p> <p>8. Based upon, attributable to or arising out of the use of any mechanically propelled vehicle for which compulsory insurance is required under any legislation.</p> |
| Takeovers and acquisitions | <p>9. Based upon, attributable to or arising out of any employment practice wrongful act occurring after the date of:</p> <ul style="list-style-type: none"> a. your acquisition by, or your merger or consolidation with another entity so that you are not the surviving entity; b. the acquisition at any time during the period of insurance of 50% or more of your share capital; <p>unless we have received prior written notice and we have agreed by written endorsement to provide cover and you have paid any additional premium.</p> <p>B. We will not make any payment other than defence costs:</p> |
| Specific activities | <ul style="list-style-type: none"> 1. Based upon, attributable to or arising out of your failure to pay any amount you are contractually committed to pay to an employee including but not limited to any payments for contractual or statutory notice periods or breach of any obligation pursuant to any minimum wage legislation or benefits payable. 2. Based upon, attributable to or arising out of any amount relating to equal pay or redundancy pay. 3. Based upon, attributable to or arising out of the loss of any right or benefit under any pension scheme, private health insurance or other employee benefit scheme or the operation or administration of any pension or employee benefit scheme or trust fund, or your breach of any legislation or regulation related to these activities. 4. Based upon, attributable to or arising out of your failure to pay taxes. |
| Non-compensatory payments | <ul style="list-style-type: none"> 5. Based upon, attributable to or arising out of anyone else's liability which you are legally obliged to assume under any contract or agreement. This does not apply to any claim that would have resulted in the absence of such contract or agreement. 6. Based upon, attributable to or arising out any non-pecuniary or injunctive relief. 7. Based upon, attributable to or arising out of any amount in respect of the costs of complying or refusing to comply with a court or other order for the reinstatement of an employee. |

Special conditions

General terms

The General definitions, General conditions and General claims conditions set out in the General Terms all apply equally to each **insured person** and to **you**, except for General condition 4. Premium payment which applies only to **you**.

General condition 1, paragraph 2 and General claims condition 2 shall only apply to **you**.

You agree to act on behalf of all the **insured persons** as regards paying the premium and giving or receiving notice of all matters relevant to this section.

Extended notification period

If **we** or **you** refuse to renew this section of the **policy** for any reason other than non-payment of premium or insolvency, **you** may purchase an extended notification period of 12 months upon payment of 50% of the full annual premium. If **you** do so, the first paragraph of item 1 under **Your obligations** in this section will then be amended to:

We will not make any payment under this section unless you notify **us** promptly of the following within the **period of insurance** or at the latest within 12 months after it expires.

This extended notification period is only available if:

1. **we** receive **your** written notice of purchase and **your** premium within 30 days following the end of the **period of insurance**; and
2. this section of the **policy** is not replaced or succeeded by any other policy providing employment practices liability cover; and
3. at the end of the **period of insurance**, **you** have not merged or consolidated with another company, nor has any party acquired 50% or more of **your** issued share capital.

If **we** offer renewal terms, conditions, limits of liability or premium different from those of the expiring policy, this does not constitute a refusal to renew.

The entire premium for this section is considered fully earned at the beginning of the extended notification period. **We** will not refund any premium to **you** if **you** cancel the extended notification period before it ends.

We will not make any payment for a **claim** due to an **employment practice wrongful act** committed or alleged to have been committed after the end of the original **period of insurance**.

The limit of indemnity for the extended notification period will be part of and not in addition to the limit of indemnity shown in the schedule.

You will not have the right to purchase an extended notification period if:

1. you merge or consolidate with another company or any party acquires more than 50% of **your** issued share capital;
2. this section or the **policy** is cancelled.

Management buy-outs

If during the **period of insurance** **your** existing management conduct a management buy-out, **we** agree to provide cover to the same level and terms of this **policy** for the new company for a period of 30 days from the buy-out date for any **employment practice wrongful act** committed by any individual **insured person** subsequent to the buy-out.

This cover will only apply excess of any other insurance and indemnification available from any other source.

How much we will pay

The most **we** will pay for the total of all **claims** and their **defence costs** is the limit of indemnity shown in the schedule irrespective of the number of **claims** made.

The amount **we** will pay for **claims** and their **defence costs** includes any amount **we** pay on an **insured person's** behalf as a director of an **outside entity**, and on **your** behalf, and for **claims** against an **insured person's** spouse, civil or unmarried partner.

Each **claim** shall be treated as first made when **we** receive notice of the first **claim**.

You must pay the relevant **excess** shown in the schedule. The **excess** shall not apply to any **claim** made solely against an **insured person**.

Paying out the limit of indemnity

At any stage of a **claim**, **we** can pay the **insured person** the applicable limit of indemnity or what remains after any earlier payment from that limit. **We** will then have no further liability for any **claim** or **loss**.

Your obligations

Notification

We will not make any payment under this section:

1. unless **you** notify **us** promptly of the following within the **period of insurance** or at the latest within 14 days after it expires for any problem **you** become aware of within the seven days before expiry:
 - a. **you** or an **insured person's** first awareness of any **employment practice wrongful act**;
 - b. any **claim** or threatened **claim** against **you** or an **insured person**;
2. if, when dealing with a third party, **you** or the **insured person** admit that **you** or the **insured person** are liable for what has happened, or make any offer, deal or payment without **our** prior written agreement. **You** must also not reveal the amount of cover available under this insurance.
3. if, prior to the **period of insurance**, **you** had knowledge of a material misstatement in or omission from the information provided to **us** upon which **we** agreed to insure **you**.

Control of defence and payment of a claim

You and any **insured person** must give **us** the information and co-operation which **we** may reasonably require and take all reasonable steps to defend any **claim**. **You** and the **insured person** should not do anything which may prejudice **our** position.

We have the right, but not the obligation, to take control of and conduct in **your** name or the name of any **insured person**, the investigation, settlement or defence of any **claim**. If **we** think it necessary **we** will appoint an adjuster, solicitor or any other appropriate person to deal with the **claim**.

We shall have the right to participate fully in the defence of any **claim** including negotiation of any settlement. **We** shall have the right to defend any **claim** brought by **you**.

Where there is a dispute between **us** and **you** and/or any **insured person** over cover, proposed settlement or continuing the defence of a **claim**, **you** or **we** may request the obtainment of an opinion from a mutually agreed Queens Counsel or equivalent in a different jurisdiction. Such opinion shall be binding on **us** and **you** and any **insured person** and will establish whether policy cover exists, defence of said **claim** will continue or settlement will be agreed. The costs of such opinion shall be met by **us**.

We shall pay **defence costs** above any **excess** and covered by this section on an ongoing basis prior to the final resolution of any **claim**. **You** and/or any **insured person** must reimburse **us** for any **defence costs** paid where it is determined there is no entitlement under this section.

If a **claim** is made which is not wholly covered by this section and/or is also made against **you** and any other person who is not **you** or an **insured person**, **we**, **you** and the **insured person** shall use our best endeavours to agree a fair allocation between **loss** that is covered and **loss** not covered by this section.