



WITH YOU ALWAYS

Corporate Guard – Investment Management Insurance

UIN: IRDAN108CP0001V01200304

POLICY WORDINGS

Tata AIG General Insurance Co. Ltd.

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In consideration of the payment of the premium and in reliance upon the *submission*, the *insurer* and the *policyholder* agree as follows.

1 Insurance Covers

1.1 Investment Manager Professional Civil Liability

The *insurer* will:

- (i) pay the *loss* of any *insured person*;
- (ii) reimburse any *insured entity* for any *loss* it pays on its own behalf or on behalf of an *insured person*;

which arises out of a *claim* first made during the *policy period* for a *wrongful professional act*.

1.2 Fund Professional Civil Liability and Management Liability

The *insurer* will:

- (i) pay the *loss* of any *insured person*;
- (ii) reimburse any *fund* for any *loss* it pays on its own behalf or on behalf of an *insured person*;

which arises out of a *claim* first made during the *policy period* for a *wrongful professional act* or *wrongful managerial act*.

1.3 Investment Manager Management Liability

The *insurer* will:

- (i) pay the *loss* of any *insured person*;
- (ii) reimburse any *insured entity* for any *loss* it pays on behalf of an *insured person*;

which arises out of a *claim* first made during the *policy period* for a *wrongful managerial act*.

1.4 Investment Manager and Fund Crime Protection

The *insurer* will reimburse any *insured entity* or any *fund* or any *plan* for its *direct financial loss discovered* during the *policy period* resulting directly from any:

- (i) *act of infidelity*; or
- (ii) *third party crime*.

2 Extensions

Extensions applying to all Insurance Covers

2.1 Automatic cover for funds and subsidiaries

Subsidiary shall include all *automatic subsidiaries*; *fund* shall include all *automatic funds*.

In respect of insurance cover 1.4 only, cover for any *automatic subsidiaries* or *automatic funds* shall only apply in respect of any act, omission or event committed during the *policy period* and after the date of a *subsidiary* or *fund* acquisition and whilst such entity is a *subsidiary* of the *policyholder* or a *fund* managed by an *insured entity*.

2.2 Bilateral discovery period

If this policy is not renewed or replaced with similar cover, the *policyholder* shall be entitled to a *discovery period*, automatically of 90 days, or, upon payment of the applicable additional premium, of the period specified in item 7 of the schedule.

2.3 Kidnap response

In the event of a *kidnapping*, *hijacking* or *wrongful detention* of an *insured person* during the *policy period*, the *insurer* will pay for *kidnap response costs* of up to Rs.5,000,000 incurred through the *kidnap consultants* after they have been contacted as specified at item 10 of the schedule.

2.4 Regulatory crisis response

Apart from *investigation costs*, the *insurer* will pay, as part of the *limit of liability* up to Rs.25,000,000 for *regulatory crisis response costs* incurred through the *regulatory response team* only in response to a *critical regulatory event* that does not fall within the definition of *claim* or *investigation*.

2.5 Mitigation and avoidance services

The *insurer* has arranged for the *regulatory response team* to make available during the *policy period*, upon election by the *policyholder*, the loss avoidance services package specified in item 9 of the schedule. These services are detailed in Appendix 1 to this policy.

Civil Liability and Management Liability Extensions

2.6 Discovery period for retired insured persons

If this policy is not renewed or replaced with similar cover, *retired insured persons* shall automatically be entitled to a *discovery period* of 8 years at no additional premium.

2.7 Emergency costs

If, due to an emergency, the *insurer's* written consent cannot reasonably be obtained before *defence costs* are incurred with respect to a *claim* for a *wrongful managerial act* first made during the *policy period*, then the *insurer* will give retrospective approval for such *defence costs* of up to Rs. 15,500,000 in the aggregate.

2.8 Court Attendance

Defence costs shall include Rs.31,000 per day for each day on which an *insured person* has been required to and has attended court as a witness in connection with a *claim* notified under and covered by this policy. The *retention* shall not apply to this extension.

Crime Extensions

2.9 Repair of computer programs

The *insurer* shall reimburse any *insured entity* or *fund* for reasonable expenses incurred or reasonable fees paid by an *insured entity* with the prior written approval of the *insurer*, for the verification or reconstitution or removal of electronic computer programs which have been fraudulently or maliciously prepared, modified or deleted so as to give rise to a payment for *direct financial loss* by the *insurer* under insurance cover 1.4 of this policy. No further *retention* amount shall be applied to expenses incurred or fees paid under this extension other than that *retention* amount applicable to such original payment. The *insurer's* liability under this extension is limited to the lesser of the *limit of liability* or Rs.12,400,000 in the aggregate for the *policy period*.

2.10 Stockbrokers legal liability for incomplete transactions

The *insurer* will reimburse any *insured entity* for its *direct financial loss discovered* during the *policy period* resulting directly from a legal liability to a third party caused by the *insured's* failure or inability to complete a transaction governed by stock exchange rules which was entered into in the course of the *insured's* business as a stockbroker, due to:

- (i) a *fraudulent transaction*;
- (ii) the physical loss of, damage to or destruction of *property*; or
- (iii) the *insured* having been deceived as to the identity of any person for the purpose of the buying or selling of *property*.

The *insurer's* liability under this extension is limited to the lesser of the *limit of liability* or Rs. 50,000,000 in the aggregate for the *policy period*.

3 Definitions

3.1 Act of infidelity

any dishonest, fraudulent or malicious act committed by an *employee* alone or in collusion with others. However, with respect to *loans* and *trading*, *act of infidelity* means only a dishonest or fraudulent act committed by an *employee* with the

intention of obtaining improper financial gain for the *employee* who committed such act.

3.2 **Approved person**

any natural person to whom the Financial Services Authority has given its approval to perform a controlled function for an *insured entity* or *fund* pursuant to Section 59 of the Financial Services and Markets Acts 2000.

3.3 **Automated clearing house**

any corporation or association which operates an electronic clearing and transfer mechanism for the transfer of pre-authorised debits and credits between *financial organisations* on behalf of *financial organisations'* customers.

3.4 **Automatic fund**

any *fund* (other than a hedge fund, private equity fund, a fund regulated by the U.S. Securities and Exchange Commission (SEC) or a fund offered to or for the benefit of residents of the United States of America or partnerships or corporations organised under the laws of the United States of America) will be deemed an *automatic fund* for 90 days after the date during the *policy period* on which the *fund* is first managed by an *insured entity* (or until the end of the *policy period* if shorter).

When the *fund* is no longer deemed an *automatic fund*, the *insurer* may continue to insure the *fund* on such terms and for such additional premium as agreed between the *insurer* and the *insured entity*.

3.5 **Automatic subsidiary**

any corporation, other than an *investment vehicle*, of which the *policyholder* either directly or indirectly through one or more of its *subsidiaries*, acquires during the *policy period*:

- (i) control of the composition of the board of directors;
- (ii) control of more than half of the shareholder voting power; or
- (iii) a holding of more than half of the issued share capital; provided that at the time of obtaining such control or holding, the acquired corporation:

- (i) has total gross assets under management of less than 25% of the combined total gross assets under management of all *insured entities* at the inception date of this policy;
- (ii) has total gross assets of less than 20% of the combined total gross assets of all insured entities at the inception date of this policy;
- (iii) is not incorporated, domiciled or providing *investment advisory services* in the United States of America and is not regulated by the SEC;
- (iv) has not had a *claim* made against it or a loss or *direct financial loss* paid by any insurer within the three years immediately preceding the inception date of this policy; and
- (v) does not derive its revenue primarily from investment banking, split capital investment trusts, hedge funds or derivatives trading.

3.6 **Central depository**

any clearing corporation where, as the direct result of an electronic clearing and transfer mechanism, entries are made evidencing an increase or reduction in an account, an obligation, a number of shares or the rights of any party.

3.7 **Certificate of deposit**

a written acknowledgement by a *financial organisation* of a deposit with a promise to pay such deposit to any person or to his order.

3.8 **Claim**

- (i) any written demand, civil, regulatory or arbitration proceeding seeking compensation for a specified *wrongful professional act*; or

- (ii) any written demand, civil, regulatory, criminal or arbitration proceeding seeking compensation for a specified *wrongful managerial act*.

Any *claim* arising out of, based upon or attributable to continuous, repeated or related *wrongful professional acts* and/or *wrongful managerial acts* shall be considered a single *claim*.

3.9 **Computer fraud:**

- (i) the *impairment* of any electronic data, *uncertificated security*, electronic computer program, *electronic communications* or *voice initiated instruction* upon which an *insured*, or any *financial organisation* acting on its behalf, has acted or relied; or
- (ii) *impairment* of, or reliance by an *automated clearing house* or a *financial organisation* upon, any *electronic communication* or *voice initiated instruction* which purported to, but which did not, originate from an *insured*.

3.10 **Computer system**

a computer and all networks, input, output, processing, storage or communication facilities, which are connected, directly or indirectly, to such a device.

3.11 **Computer virus damage**

the loss or destruction of or amendment to or damage to any electronic data upon which an *insured*, or any *service bureau*, has acted or relied due to any unauthorised program or code fraudulently or maliciously created and/or distributed through the *computer system* of an *insured* or a *service bureau*.

3.12 **Consensual claim**

any *claim* which is solicited by, or brought with the voluntary (rather than legally required) intervention, assistance or participation of any *insured* or *fund* against whom it is brought. A *claim* by any *insured entity* or *fund* shall be presumed to be a *consensual claim* if made against: (i) an *insured entity* or *fund*; or (ii) any *insured person* who still serves in an *insured person* capacity at the time the *claim* is made.

3.13 **Continuity date**

the date specified in item 6 of the schedule.

3.14 **Counterfeit**

an imitation of any instrument which, because of the quality of the imitation, the *insured* believes is the authentic original instrument. Fictitious instruments, which merely contain fraudulent misrepresentation of fact and are genuinely signed or endorsed are not *counterfeit*.

3.15 **Critical regulatory event**

- (i) a raid or on-site visit to any *insured entity* which first takes place during the *policy period* by any official *regulator* that involves the production, review, copying or confiscation of files or interviews of any *insured persons*;
- (ii) a public announcement relating to the foregoing; or
- (iii) the receipt by any *insured* during the *policy period* from any official *regulator* of a formal notice which legally compels the *insured* to produce documents to, or answer questions by or attend interviews with that *regulator*.

3.16 **Defence costs**

reasonable costs and expenses incurred either as *emergency costs* or with the *insurer's* prior written consent (which shall not be unreasonably delayed or withheld), by or on behalf of an *insured* after a *claim* is made, directly in connection with its investigation, defence, discharge, dismissal, settlement or appeal, but shall not include remuneration of any *insured*, cost of their time or costs or overheads of any *insured entity* or *fund* (except costs under extension 2.8). *Defence costs* include the reasonable fees, costs and expenses of an accredited expert retained through defence counsel approved by the *insurer* on behalf of an *insured* in order to prepare an evaluation, report,

assessment, diagnosis or rebuttal of evidence in connection with the defence of a covered *claim*.

3.17 Direct financial loss

pecuniary loss sustained by an *insured entity* or *fund* directly as a result of any single act, single omission, or single event. A series of related or continuous acts, omissions or events up to the time of *discovery* shall be treated as a single act, omission or event.

Direct financial loss shall include interest which is not received or becomes payable by an *insured* as a direct result of an *act of infidelity* or *third party crime*. Such interest shall:

- (i) be calculated by applying the average of the Reserve Bank of India base rate in force between the time such interest would have been received or becomes payable and the date of its *discovery*; and
- (ii) not exceed twenty-five per cent (25%) of the *limit of liability*.

Direct financial loss shall not include (i) fines and penalties, (ii) salaries, fees, commission, bonuses and similar employee benefits earned in the normal course of employment, including salary increases and promotions, other than bonuses, commissions or profit sharing paid to an *employee* for a specific transaction with which such *employee* was involved and in respect of which that *employee* had committed an *act of infidelity* covered under this policy.

3.18 Director or officer

any person who was, now is, or during the *policy period* becomes:

- (i) an executive or non-executive director or officer of an *insured entity* or *fund*;
- (ii) any *approved person* who performs one or more of controlled functions 1-20 for an *insured entity*;
- (iii) a natural person general partner in a *fund* which is established as a limited partnership;
- (iv) a natural person trustee of a *fund* which is established as a trust;
- (v) an *employee* of an *insured entity*:
 - (a) while acting in a managerial or supervisory capacity in that *insured entity*;
 - (b) with respect to a *claim* alleging an *employment practice violation*; or
 - (c) named as a co-defendant with a *director* or *officer* of an *insured entity* in a *claim* for a *wrongful managerial act* in which that *employee* is alleged to have been involved.

3.19 Discovered or discovery (of a direct financial loss)

when any *responsible person* first becomes aware of or has any knowledge of any act, omission or event which could reasonably be foreseen to give rise to a *direct financial loss* covered by this policy, even though the exact amount or details of such *direct financial loss*, act, omission or event are not known at the time of *discovery*. Such *discovery* shall constitute *discovery* by every *insured*.

3.20 Discovery period

the period specified in item 7 of the schedule immediately following expiry of the *policy period* during which written notice may be given to the *insurer* of:

- (i) a *direct financial loss discovered* during such period which was a direct result of an *act of infidelity* or *third party crime* committed prior to the expiry of the *policy period*; or
- (ii) a *claim* first made during such period or the *policy period*, for a *wrongful professional act* or *wrongful managerial act* committed prior to the expiry of the *policy period*;

provided any applicable additional premium required by the *insurer* is paid within 30 days of expiry of the *policy period*.

3.21 Document

any cheque, bill of exchange, draft, *certificate of deposit*, letter of credit, promissory note, withdrawal order or receipt for the withdrawal of funds or *property*, money order, orders upon public treasuries, or any similar instruments of value serving the same purpose.

3.22 Electronic communications

the communications that have been transmitted electronically through an *electronic communication system*, via the Internet, by *tested* communication, or through communications recorded on electronic data or electronic data processing media.

3.23 Electronic communications system

electronic communication operations by automated communications systems or any *computer system* which provides an *insured entity* or *fund*, or any *financial organisation* acting on their behalf, with direct access to the *computer system* of another *financial organisation* and vice versa, including cash management systems and other computer-based systems which allow dematerialised communications between an *insured entity* or *fund* and other parties.

3.24 Employee

any:

- (i) natural person under a contract of employment with or under the direct control and supervision of an *insured entity* or *fund*;
- (ii) *approved person* who performs one or more of controlled functions 21-27 for an *insured entity*; or
- (iii) any director or officer when performing acts coming within the scope of the usual duties of an employee rather than directorial acts on behalf of that *insured entity* or *fund*
- (iv) with respect to insurance cover 1.4 only:
 - (a) a trustee, fiduciary, administrator, or officer of any plan;
 - (b) ex-employee, for a period not exceeding 60 days following the termination of their employment with an *insured entity* or *fund*, other than when such termination is a result of an act of infidelity covered under this policy;
 - (c) employee whom the policyholder is unable to identify by name, but whom the policyholder proves beyond reasonable doubt has committed an act of infidelity which caused a direct financial loss covered under this policy;
 - (d) solicitor, other than a sole practitioner, retained by an *insured entity* or *fund*, or any employee of such solicitor, whilst providing legal services exclusively for an *insured entity* or *fund*; or
 - (e) company or person(s) authorised by a written contract with an *insured entity* to perform accounting, data processing of cheques, payroll or computing services outsourced by an *insured entity*.

The term employee does not mean any independent broker, independent financial adviser, or any similar agent or independent representative remunerated on a sales or commission basis unless specifically agreed by the insurer and endorsed to this policy.

3.25 Employment practice violation

any actual or alleged unfair or wrongful dismissal, discharge or termination, either actual or constructive, of employment, including breach of an implied contract; employment-related misrepresentation; wrongful failure to employ or promote, wrongful deprivation of career opportunities, or wrongful discipline; failure to furnish accurate job references; failure to grant tenure; negligent employee evaluation; sexual or workplace or racial or disability harassment of any kind (including the alleged creation of a harassing workplace environment); unlawful discrimination, whether direct, indirect, intentional or unintentional; failure to provide adequate employee policies and procedures; retaliation (including lockouts); and (b) any other basis for a *claim* pursuant to the

Indian Labour Laws and any amendments made thereto from time to time or any similar legislation in any jurisdiction; provided that the foregoing act, error, omissions or basis relates to the employment or prospective employment of any past, present, future or prospective employee of any *company*.

3.26 **Financial organisation:**

- (i) any bank, credit institution, financial institution, undertaking for collective investment in *securities*, investment firm or similar entity; or
- (ii) a *central depository* in connection with the purchase, sale, transfer or pledge of an *uncertificated security*; or
- (iii) any person or organisation with which an *insured entity* or *fund* has a written agreement for the provision of purchasing services, safekeeping, registration and entitlement records in connection with *securities*.

3.27 **Forgery or forged**

the hand-written signing or endorsing of the name of a genuine person or a copy of said person's signature without authority and with intent to deceive; it does not include the signing or endorsing in whole or in part of one's own name, with or without authority, in any capacity, for any purpose.

Mechanically or electronically produced or reproduced signatures are treated the same as hand-written signatures.

Any endorsement upon a *document* of a fictitious name, or an endorsement upon a *document* procured in a face to face transaction of the name of anyone impersonated, shall be deemed to be a *forged* endorsement.

3.28 **Fraudulent alteration**

a material alteration to an instrument for a fraudulent purpose by any person other than a person who was authorised to prepare or sign the instrument.

3.29 **Fraudulent transaction**

an *insured entity* or *fund*, or any *financial organisation* acting on their behalf, having acted or relied upon:

- (i) any *forged*, *fraudulently altered* or *counterfeit*,
 - (a) *document*; (b) *instruction*; (c) *security*; or
 - (d) *currency*; or
- (ii) any *security* which has been lost or stolen.

3.30 **Fund**

any trust, investment trust, investment management company (open or closed ended), fund, partnership, or other similar entity specifically listed in the proposal form submitted to the *insurer* at inception or listed by endorsement to this policy and *automatic funds*, provided such *fund* is managed by an *insured entity* at the time of the *wrongful professional act* or *wrongful managerial act* on which a *claim* is based, or at the time of an *act of infidelity* or *third party crime* which results in *direct financial loss discovered* during the *policy period*. *Fund* shall not include any *plan*.

3.31 **Hijacking**

illegal holding under duress, for a period in excess of 6 hours, of an *insured person*, during travel in the course of employment with an *insured entity*, on or in any aircraft, motor vehicle or waterborne vessel.

3.32 **Impairment**

any actual or attempted preparation, input, modification or destruction for a fraudulent purpose.

3.33 **Instruction**

any written or printed instruction, advice or *tested* facsimile directed to equipment maintained by an *insured entity* or *fund* within a secure environment, authorising or acknowledging the transfer, payment, delivery or receipt of funds or *property*.

3.34 **Insured**

an *insured entity* or any *insured person*.

3.35 **Insured entity**

the *policyholder* and each of its *subsidiaries*.

3.36 **Insured person**

- (i) any *employee* of an *insured entity* or other person for whose *wrongful professional act* an *insured entity* is legally liable, with respect to insurance cover 1.1;
- (ii) a *director* or *officer* of:
 - (a) a *fund* with respect to insurance cover 1.2; and
 - (b) an *insured entity* with respect to insurance cover 1.3;
- (iii) an *outside entity director* for a *wrongful managerial act* with respect to insurance cover 1.2 and 1.3;
- (iv) a *director*, *officer* or *employee* of an *insured entity* or a relative or guest of such person with respect to extension 2.3.

Insured person shall not include any external auditor.

3.37 **Insurer**

the *insurer* shall be Tata AIG General Insurance Company Ltd.

3.38 **Investigation**

any formal hearing, investigation or inquiry by a *regulator* concerning the affairs of an *insured entity* or possible misconduct by any *insured person* in the performance of or failure to perform *investment advisory services*, once the *insured person*: (i) becomes legally compelled to attend or (ii) is identified in writing by an investigating authority as a target of the hearing, investigation or inquiry. An *investigation* shall be deemed to be first made when the *insured person* first becomes so compelled or so identified. *Investigation* shall not mean routine regulatory supervision, inspection or compliance reviews, or any investigation which focuses on an industry rather than an *insured*.

3.39 **Investigation costs**

reasonable fees, costs and expenses (except remuneration of any *insured*, cost of their time or costs or overheads of any *insured entity* or *fund*) incurred with the *insurer's* prior written consent by or on behalf of an *insured person* directly in connection with preparing for and attending an *investigation*.

3.40 **Investment advisory services**

the investment advisory services and investment management services declared in the *submission* performed by or on behalf of an *insured company* pursuant to an agreement with a third party: (i) for compensation; or (ii) in conjunction with services for compensation.

3.41 **Investment vehicle**

any entity whose revenue primarily consists of the return on investments.

3.42 **Kidnap costs**

the reasonable fees and expenses of incurred in response to any *kidnapping*, *hijacking* or *wrongful detention* incident anywhere in the World (excluding Colombia, Iraq, Nigeria, and the Philippines). Such fees and expenses shall include related costs for travel; accommodation; qualified interpretation; communication and payments to informants.

3.43 **Kidnapping**

any event or connected series of events of seizing, detaining or carrying away by force or fraud an *insured person*, while acting outside his country of residence in the course of employment by an *insured entity*, for the purpose of demanding ransom monies.

3.44 **Limit of liability**

the amount specified in item 3 of the schedule.

3.45 **Loan**

- (i) any loan or transaction in the nature of, or amounting to, a loan or extension of credit, including a lease, made by or obtained by or from an *insured entity* or *fund*;

- (ii) any note, account, invoice, agreement or other evidence of debt, assigned or sold by or to, or discounted or otherwise acquired by an *insured entity* or *fund*; or
- (iii) any payments made or withdrawals from the account of a customer of an *insured entity* or *fund* involving items which are not finally paid for any reason.

- (ii) any *document*;
- (iii) any *security*;
- (iv) all other negotiable and non-negotiable instruments or contracts representing money or other property (real or personal) or interests therein, and other valuable papers, including books of account and other records used by an *insured entity* or *fund* in the conduct of their business, in which an *insured entity* or *fund* has an interest, or which are held by an *insured entity* or *fund* for any purpose or in any capacity; or
- (v) physical media upon which electronic data are stored or recorded.

3.46 Loss:

investigation costs and *defence costs*, *regulator costs*, awards of damages, costs or settlements agreed with the *insurer* for which an *insured* is legally liable resulting from a *claim*. For extension 2.3, the *kidnap costs* of up to Rs.500,000 incurred through. Except as expressly provided above, *loss* shall not include fines or penalties, aggravated, punitive or exemplary damages, the multiplied portion of multiple damages, taxes, remuneration or any employment-related benefits of any *insured*, any sum payable pursuant to a financial support direction or contribution notice issued in relation to retiral benefits of the employees; principal, interest or other monies accrued or due (either now or in the future) but not yet paid to an *insured entity* or *fund* as a result of any loan, lease or extension of credit; or amounts which are uninsurable.

3.47 Non-indemnifiable loss

loss of an *insured person* that an *insured entity* is unable to indemnify due to legislative prohibition or publicly declared or established insolvency.

3.48 Not-for-profit entity

an entity (other than a *plan*) having charitable status or non-profit making purpose.

3.49 Outside entity

any *not-for-profit entity*, or any other corporation, partnership, joint venture or other organisation listed by endorsement to this policy.

3.50 Outside entity director

a natural person who was, is or, during the *policy period* begins to serve, at the specific request of an *insured entity* or *fund*, as a director, officer, trustee, governor or equivalent of an *outside entity*.

3.51 Plan

any pension, employee benefit, welfare benefit, share saver or share option plan or charitable fund maintained by an *insured entity* for the benefit of the past, present and/or future *employees* of that *insured entity* or their respective beneficiaries existing on or before the inception date of this policy.

3.52 Policyholder

the organisation specified in item 1 of the schedule.

3.53 Policy period

the period from the inception date to the expiry date specified in item 2 of the schedule, unless:

- (i) the policy is cancelled before the expiry date;
- (ii) the policy is extended by endorsement; or
- (iii) extended under extension 2.2

3.54 Pollutant

any solid, liquid, gaseous, biological, radiological or thermal irritant, toxic or hazardous substance, or contaminant, including, but not limited to, asbestos, lead, smoke, vapour, dust, fibres, mould, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste. Such waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.

3.55 Property

- (i) cash (including currency, coins and banknotes), bullion, precious metals and articles made therefrom, jewellery, gems (including uncut gem stones), precious and semi-precious stones, stamps, postal orders and insurance policies;

3.56 Regulator

any government, government body, governmental or administrative agency, official trade body, self-regulatory organisation or any other regulator.

3.57 Regulator costs

an award of costs against an *insured person* which directly results from disciplinary or enforcement proceedings brought against an *insured person* by a *regulator* with jurisdiction over him (other than a *regulator* within the jurisdiction of the United States of America), insofar as those costs are not caused by the vexatious, frivolous or unreasonable conduct of the *insured person*, and represent costs incurred by that *regulator* in those proceedings.

3.58 Regulatory crisis response costs

reasonable fees, costs and expenses of the *regulatory response team* incurred in responding to a *critical regulatory event*.

3.59 Regulatory response team

the organisation specified as such at item 8 (a) of the schedule.

3.60 Responsible person

any person appointed by an *insured entity* or *fund* with responsibility for monitoring or reporting *claims* or *direct financial losses*, or a *director*, partner, *officer*, departmental director, senior manager, *approved person*, general counsel, risk manager, trustee or equivalent of an *insured entity*, *fund* or *plan*.

3.61 Retention

the amount specified in item 4 of the schedule.

3.62 Retired insured person

for the purposes of extension 2.6 any *insured person* who retired ~~from all *insured person* capacities~~ before the expiry of the *policy period* and has not subsequently served in any *insured person* capacity.

3.63 Security

- (i) stock, shares, scrip, transfers, certificates, bonds, coupons and all other types of securities (including securities held in book entry form or as a *statement of uncertificated security*), bills of exchange, promissory notes, *certificates of deposit*, letters of credit, warrants, title deeds, deeds of trust, bearer instruments or other *documents* and any other negotiable documents;
- (ii) original (including original counterparts) agreements in writing, (other than corporate, partnership or personal guarantees), having value which is, in the ordinary course of business, transferable by delivery of such agreements with any necessary endorsement or assignment.

3.64 Service bureau

a natural person, partnership or corporation authorised by written agreement with an *insured entity* or *fund* to perform data processing services using *computer systems*.

3.65 Statement of uncertificated security

a written statement of the issuer of an *uncertificated security* containing:

- (i) a description of the issue of which the *uncertificated security* is a part; and
- (ii) the number of shares or units:
 - (a) transferred to the registered owner,
 - (b) pledged by the registered owner to the registered pledgee,
 - (c) released from the pledge by the registered pledgee,
 - (d) registered in the name of the registered owner on the date of the statement, or
 - (e) subject to pledge on the date of the statement; and
- (iii) the name and address of the registered owner and registered pledgee; and
- (iv) a notation of any liens and restrictions of the issuer and any adverse claims to which the *uncertificated security* is or may be subject or a statement that there are no such liens, restriction or adverse claims; and
- (v) the date:
 - (a) the transfer of the shares or units to the new registered owner of the share or units is registered,
 - (b) the pledge of the registered pledgee was registered, or
 - (c) of the statement, if it is a periodic or annual statement.

3.66 Submission

each and every signed proposal form, the statements, warranties, and representations therein, its attachments, the financial statements of and other documents of any *insured entity, fund* or *plan* filed with a *regulator* and all other information submitted to the *insurer*.

3.67 Subsidiary

any entity, other than an *investment vehicle*, in which the *policyholder*, either directly or indirectly through one or more other entities:

- (i) controls the composition of the board of directors;
- (ii) controls more than half of the shareholder voting power; or
- (iii) holds more than half of the issued share capital;

on or before the inception date of this policy.

3.68 Terrorism

the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group of persons, whether or not acting on behalf of or in connection with any organisation, government, power, authority or military force, when the effect is to intimidate or coerce or harm a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

Terrorism shall also include any act which is verified or recognised by the Government of India as an act of terrorism.

3.69 Tested

a method of authenticating the contents of a communication between an *insured entity* or *fund* and a customer or a *financial organisation*, or between offices of an *insured entity* or *fund*, for the purpose of protecting the integrity of the communication.

3.70 Third party crime:

- (i) any *fraudulent transaction*,
- (ii) any *computer fraud* or *computer virus damage*, or
- (iii) the physical loss of, damage to or destruction of *property* anywhere by any means;

by any natural person who is not an *employee* and which does not fall within the definition of *act of infidelity*.

3.71 Trading

trading or other dealings in *securities*, commodities, futures, options, foreign or Federal funds, currencies, foreign exchange and the like.

3.72 Transaction

- (i) the consolidation or merger of the *policyholder* with or the acquisition of more than 50 per cent of the issued share capital or shareholder voting rights of the *policyholder* by:
 - (a) one person or one organisation, or
 - (d) persons or organisations acting in concert; other than another *insured entity* or insured entities;
- (ii) the appointment to an *insured entity* or *fund* of a receiver, liquidator or administrator, but only in relation to such *insured entity* or *fund*;
- (iii) the merger, consolidation or other combination of any *fund* with any other unrelated fund not currently covered under this policy; but only in relation to such *fund*; or
- (iv) the investment advisor and/or principal underwriter/general distributor of any *fund* ceasing to act as such, but only in relation to such *fund*.

3.73 Ultimate net loss

the actual net loss to the *insured* after making proper deduction for all recoveries, including payments against principal, interest and commissions and salvages, but excluding all expenses for salaried *employees* incurred in the investigation or adjustment of claims, actions or proceedings, unless specifically agreed by the *insurer*.

3.74 Uncertificated security

a share, participation or other interest in property, or an enterprise of the issuer or an obligation of the issuer which:

- (i) is a type commonly dealt in upon securities exchanges or markets;
- (ii) is either one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations; and
 - (a) is not represented by any instrument,
 - (b) is part of a master or global certificate, or
 - (c) represents a paper certificate that has been surrendered by a *financial organisation* and which paper certificate has been combined into a master depository note and the paper certificates are immobilised,

and such *security* is shown as an electronic entry on the account of the transferor, pledgor or pledgee at a *central depository*.

3.75 Voice initiated instruction

any telephone instruction requesting the transfer of funds or *property* which is *tested* or subject to a call back to an authorised person other than the individual initiating the transfer.

3.76 War

war, any invasion, act of foreign enemy, hostile operations (whether war has been declared or not), civil war, rebellion, revolution, insurrection, riot or civil commotion assuming the

proportion of or amounting to a popular uprising, military or usurped power or martial law.

3.77 Wrongful detention

the arbitrary or capricious confinement of an *insured person*, while acting in the course of his employment by an *insured entity*, 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, organisation or group. A connected series of *wrongful detentions* will be considered one *wrongful detention*.

3.78 Wrongful managerial act

any matter claimed against an *insured person* solely because of his capacity as an *outside entity director* or a *director or officer* or any actual or alleged act, error or omission by an *outside entity director* or a *director or officer* in his capacity as such.

3.79 Wrongful professional act

any actual or alleged act, error, omission in the performance of or failure to perform *investment advisory services* by: (a) any *insured*; or (b) any other person for whom an *insured entity* is legally liable.

4. Exclusions

EXCLUSIONS APPLYING TO ALL INSURANCE COVERS AND EXTENSIONS

The *insurer* shall not be liable to make any payment under any insurance cover or extension:

4.1 Prior Knowledge and Prior Discovery

- (i) for loss arising out of, based upon or attributable to or in any way connected with any (a) *claim*, or circumstance likely to give rise to a *claim*, for a *wrongful managerial act* of which a *responsible person* had knowledge at or prior to the *continuity date*; (b) *claim*, or circumstance likely to give rise to a *claim*, for a *wrongful professional act* of which a *responsible person* had knowledge at or prior to inception of the policy; (c) *claim* or circumstance of which notice has been given under any policy which this policy succeeds; or (d) fact alleged in or a *wrongful professional act* or *wrongful managerial act* which is pertinent to any *claim* or circumstance referenced in (a), (b) or (c) above;
- (ii) for *direct financial loss discovered*:
 - (a) prior to the inception date of the *policy period*; or
 - (b) subsequent to the expiry of the *policy period*;

EXCLUSIONS APPLYING ONLY TO INSURANCE COVERS 1.1, 1.2 & 1.3:

The *insurer* shall not be liable to make any payment under Insurance Cover 1.1, 1.2 or 1.3 for loss arising out of, based upon or attributable to:

4.2 Bodily Injury/Property Damage

bodily injury, sickness, disease, death or emotional distress, or damage to, destruction, impairment or loss of use of any property. This exclusion does not apply to any *claim* as a result of an *employment practice violation*; defamation; injurious falsehood; or loss of, damage to, destruction of or reconstruction of *documents* or *securities*.

4.3 Established Misdeeds

- (i) a *wrongful professional act* or *wrongful managerial act* intended to secure or which does secure the gaining of profit or advantage to which an *insured* or *fund* was not legally entitled;
- (ii) the intentional committing of, aiding, abetting or condoning of or conniving at:
 - (a) dishonesty or fraud; or
 - (b) a criminal breach of law or regulation;

in the event that any of the above is established by final adjudication of a judicial or arbitral tribunal, admission by an *insured* or *fund* or written finding of a *regulator*.

4.4 Pollutants

or in any way involving, directly or indirectly *pollutants*; however, this exclusion, with respect to *wrongful managerial acts*, shall not apply to:

- (i) *defence costs* which fall within *non-indemnifiable loss*; or
- (ii) any *claim* against any *director* or *officer* by a shareholder of an *insured entity* whether made directly or derivatively, alleging damage to that *company* or its shareholders due to a breach of duty owed by the *director* or *officer*.

4.5 Trustees

any *wrongful managerial act* or *wrongful professional act* by an *insured person* as a trustee, fiduciary or administrator of an *insured entity's* or *fund's* pension, profit-sharing or employee benefits programme.

EXCLUSIONS APPLYING ONLY TO INSURANCE COVER 1.1

The *insurer* shall not be liable to make any payment under Insurance Cover 1.1 for loss arising out of, based upon or attributable to:

4.6 Insured v insured/parent company

a *claim* brought by or on behalf of any *insured* or *fund*, or successors or assigns of any *insured* or *fund*, unless such *claim* is brought by or on behalf of:

- (i) an *employee* as a customer or client of an *insured entity* or *fund* and is not solicited by or brought with the voluntary (rather than legally required) intervention, assistance or participation of any *insured* or *fund* against whom it is brought; or
- (ii) a *fund*, on advice from independent legal counsel selected by and at the expense of the *fund* (selection of such counsel being subject to the prior written approval of the *insurer*) that, on the balance of probabilities, the failure to make such *claim* would be a breach of duty owed by the *directors* and *officers* of such *fund*.

4.7 Infrastructure

with regard to electrical, software or mechanical failures, defects or disturbances, including any electrical power, communication or other utility interruption, surge, brownout or blackout, wear and tear or electromagnetic radiation. This exclusion shall not apply to any *claim* to the extent that it results from a *wrongful professional act* committed by an *insured person* in using the systems of an *insured entity*.

4.8 Insolvency

the insolvency, receivership, bankruptcy or liquidation of an *insured entity* or *fund*.

4.9 Patent/Trade Secret

for breach of any intellectual property licence, patent, trade or service mark; any other form of registered intellectual property right or any breach of a right to privacy or misappropriation of a trade secret.

4.10 Proprietary Risk

a proprietary trading loss, financial loss or a business loss where an *insured entity* or *fund* is acting on its own behalf or as principal.

4.11 Regulatory

a *claim* brought by, in the right of, on behalf of or instigated by any *regulator* whether directly or indirectly, except:

- (i) with respect to *investigation costs*;
- (ii) when acting solely in such *regulator's* capacity as a customer or client of an *insured entity* or *fund*; or

- (iii) when acting on behalf of any client or customer of an *insured entity* or *fund* pursuant to any statutory provision.

by final adjudication of a judicial or arbitral tribunal, written finding of a *regulator* or admission by an *insured* or *fund*.

4.12 Shareholder

any *claim* brought by, in the right of or on behalf of any shareholder of an *insured entity* or *fund* unless brought as a customer or client of an *insured entity* or investor in a *fund*.

EXCLUSIONS APPLYING ONLY TO INSURANCE COVERS 1.1 & 1.2

The *insurer* shall not be liable to make any payment under Insurance Cover 1.1 or 1.2 for *loss* arising out of, based upon or attributable to any *wrongful professional act* which gives rise to a liability to a third party:

4.13 Contractual Liability

assumed or accepted by an *insured* or *fund* under:

- (i) any contract or agreement except to the extent such liability would have attached to the *insured* or *fund* in the absence of such contract or agreement;
- (ii) a guarantee or warranty.

This exclusion shall not apply to an *insured person's* contract of employment with an *insured entity* or *fund*.

4.14 Fees, Commissions, or other Compensation

for or as a result of fees, commissions, or other compensation for any *investment management services* rendered or required to be rendered by an *insured* or *fund* or that portion of any settlement or award in an amount equal to such fees, commissions, or other compensation.

EXCLUSIONS APPLYING ONLY TO INSURANCE COVERS 1.2 AND 1.3

The *insurer* shall not be liable to make any payment under Insurance Covers 1.2 or 1.3 for *loss* arising out of, based upon or attributable to:

4.15 Consensual claims

- (i) any *consensual claim*; or
- (ii) a *claim* brought within the United States of America, its states, localities, territories or possessions or under any laws thereof by or on behalf of any:
 - (a) *insured entity*;
 - (b) *fund*
 - (c) *outside entity* in which any *insured person* serves or served as an *outside entity director*; or
 - (d) *insured person* of such *insured entity*, *fund* or *outside entity*;

except for any *claim* against an *outside entity director* or a *director* or *officer*.

- (a) pursued as a shareholder derivative action on behalf of an *insured entity*, *fund* or *outside entity*;
- (b) for an *employment practice violation* brought by any *insured person*;
- (c) pursued by an *insured person* for contribution or indemnity, if the *claim* directly results from another *claim* otherwise covered under this policy;
- (d) pursued by any past *director*, *officer* or *employee* of an *insured entity*, *fund* or *outside entity*; or
- (e) pursued by an insolvency administrator, receiver, trustee or liquidator of any *insured entity* either directly or derivatively on behalf of an *insured entity*, *fund* or *outside entity*;

This exclusion shall not apply to *defence costs* of any *insured person* unless the *claim* is determined to be a *consensual claim*

EXCLUSIONS APPLYING ONLY TO INSURANCE COVER 1.4

The *insurer* shall not be liable to make payment under Insurance Cover 1.4 for:

4.16 Authorised Access

direct financial loss resulting from the input of electronic data at an authorised electronic terminal by a customer, or another person who had authorised access to the customer's authentication mechanism, unless:

- (i) such customer was accessing an *insured entity's* or *fund's computer system* for a purpose not pre-agreed by the *insured entity* or *fund* and such act was committed with the intent to cause the *insured entity* or *fund* to sustain a *direct financial loss*; or
- (ii) such *direct financial loss* is covered under Insurance Cover (i);

4.17 Credit Risks

direct financial loss resulting from the complete or partial non-payment of or default upon any loan, unless such *direct financial loss* results directly from an act of *infidelity*; a *fraudulent transaction* or a *computer fraud*;

4.18 Directors Infidelity

direct financial loss resulting from any act of *infidelity* of any *director*, or *officer* or partner of an *insured entity* or *fund*, except to the extent that the *director* or *officer* is deemed to be an *employee* under 3.24(iii);

4.19 Employee Infidelity

direct financial loss resulting from any act of *infidelity* unless such *direct financial loss* is covered under insurance cover 1.4(i);

4.20 Extortion/Kidnap

direct financial loss due to or payment for extortion, *kidnapping*, *hijacking* or *wrongful detention* except to the extent such sums are covered under extension 2.3;

4.21 Legal Fees Costs and Expenses

costs, fees or other expenses incurred in establishing the existence or amount of *direct financial loss*, or in prosecuting any proceeding.

4.22 Fraudulent Features in Computer programs

direct financial loss resulting from fraudulent features contained in computer programs developed for sale to, or that were sold to, multiple customers at the time of their acquisition from a vendor or consultant unless:

- (i) no other purchaser of the computer programs has sustained an insurable loss resulting from such fraudulent features during the period of 60 days from the date of *discovery* of the *direct financial loss* by an *insured entity* or *fund*;
- (ii) at the time of *direct financial loss* such fraudulent features were contained solely on the computer programs of an *insured entity* or *fund* and not on those sold to any other customer; or
- (iii) such fraudulent features were inserted subsequent to the date of their acquisition;

4.23 Indirect Loss

- (i) indirect or consequential loss of any nature;
- (ii) any sum representing loss or deprivation of income or profits (including but not limited to interest and dividends), except to the extent such sums fall within the definition *direct financial loss*;
- (iii) any sum arising out of, based upon or attributable to:

- (a) business interruption (including loss of computer time or use),
- (b) mechanical, electronic or software failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, electronic data corruption, failure or breakdown or any malfunction or error in programming or errors or omissions in processing, or
- (c) loss of or damage to any property whatsoever by reason of wear, tear, gradual deterioration, moth or vermin.

- (i) fraudulent, dishonest or criminal acts of an *insured, fund* or any person authorised by an *insured, or fund* to have custody of ransom monies; or
- (ii) *kidnapping, hijacking, or wrongful detention* of an *insured person*:
 - (a) who has had other kidnap insurance cancelled or declined;
 - (b) who has been *kidnapped* previously; or
 - (c) within his country of residence; or
- (iii) *wrongful detention* in connection with or as a result of:
 - (a) any actual or alleged violation by the detained *insured person* of the laws of the country in which he is detained, or failure to maintain and possess duly authorised and issued required documents and visas, unless the *insurer* determines such allegations to be intentionally false, fraudulent or malicious and made solely to achieve a political, propaganda, or coercive effect upon or at the expense of an *insured entity, fund* or *insured person*;
 - (b) failure of the detained *insured person* to evacuate from the country in which he is detained within ten (10) days after issuance of advice by the government of the *insured person's* domicile or residence or travel to that country contrary to advice from that government; or
 - (c) active membership by the detained *insured person* of any governmental organisation, official law enforcement, or military force.

4.24 Property Damage

any sum attributable to loss, damage or destruction:

- (i) of or to any office, premises or real estate, however caused;
- (ii) of or to any property as a result of fire, explosion, implosion or collapse, other than loss of *property* due to a malicious act of an *employee*;
- (iii) as a result of looting, or any act of God or nature, including hurricane, typhoon, earthquake, or subterranean fire; or
- (iv) arising out of, based upon or attributable to ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, or the radioactive, toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

4.25 Property in the Mail

any sum attributable to loss of *property* while in the custody of any postal service, other than *property* sent via registered mail, recorded delivery or courier;

4.26 Proprietary Information, Trade Secrets and Intellectual Property

direct financial loss or the actual or alleged plagiarism of, or arising directly or indirectly from the accessing of, any confidential information (including but not limited to trade secrets, computer programs, customer information, patents, trademarks, trade names or copyrights), except to the extent that any such confidential information is used to support or facilitate the commission of an *act of infidelity* or *third party crime* covered by this policy;

4.27 Travellers Cheques, Bills of Lading and Similar Documents

direct financial loss resulting directly or indirectly from any items which are or purport to be travellers' cheques, travellers' letters of credit, bills of lading, shipping documents, warehouse receipts, trust receipts, accounts receivable, or any other bill, document or receipt similar in nature or effect or serving a similar purpose, unless such *direct financial loss* is covered under insurance cover 1.4

4.28 War and terrorism applicable to insurance cover 1.4 (ii) only

Direct financial loss or damage under insurance cover 1.4 (ii) in respect of physical loss of, damage to or destruction of *property* arising out of or relating to *war* or *terrorism*. This exclusion shall not apply to *direct financial loss* under insurance cover 1.4(ii) which results from any act of actual or attempted burglary, robbery, hold-up, theft or larceny by any natural person arising out of or relating to such natural person's actual or alleged involvement in terrorism or connection to or association with others who are involved in or connected to terrorism.

EXCLUSIONS APPLYING ONLY TO EXTENSION 2.3, KIDNAP RESPONSE

- 4.29 The *insurer* shall not be liable to make any payment under extension 2.3, **Kidnap response**, resulting directly or indirectly from:

5. General Provisions

5.1 Discovery period

The *policyholder* must make any request for a *discovery period* in writing no later than 15 days after expiry of the *policy period*. A *discovery period* is not cancellable.

While this policy affords to the *policyholder* no right to a *discovery period* if a *transaction* takes place; upon written request of the *policyholder*, the *insurer* may quote a run-off *discovery period*. In considering such request, the *insurer* shall be entitled to fully underwrite the exposure and to extend such offer on whatever terms, conditions and limitations that the *insurer* deems appropriate

5.2 Representations and Severability of cover and exclusions

In granting cover to any one *insured* or *fund*, the *insurer* has relied upon the *submission* which is the basis of cover and deemed incorporated into and constituting part of this policy.

With respect to cover for loss which arises out of a *claim* for a *wrongful managerial act*, no statement or knowledge of any *insured person* shall be imputed to any other *insured person* to determine whether cover is available for any *claim* made against such other *insured person*.

5.3 Changes in risk during policy period

- (i) If during the *policy period* a *transaction* takes place with respect to any *insured entity, plan* or *fund* then the cover provided under this policy with respect to such *fund, plan* or *insured entity* and any of their respective *subsidiaries* is amended to apply only to *wrongful professional acts, wrongful managerial acts, acts of infidelity* or *third party crimes* committed prior to the date of the *transaction*.

The *policyholder* shall give the *insurer* written notice of the *transaction* as soon as practicable, but not later than 30 days after the effective date of the *transaction*.

- (ii) Cover for any *claim* against any *insured entity* or any *insured person* of an *insured entity* shall apply only for *wrongful professional acts* or *wrongful managerial acts*

committed while such entity is an *insured entity* and while such *insured person* serves in an *insured person* capacity.

- (iii) Cover under this policy shall cease with respect to any *employee* of an *insured entity* or *fund*, as soon as any *director* or *officer* of an *insured entity* not in collusion with such *employee* shall first learn of any *act of infidelity* by the *employee* whenever committed, but without prejudice to the loss of *property* in transit in the custody of such person at the time the *director* or *officer* of an *insured entity* or *fund* shall so learn of such *act of infidelity*.
- (iv) If during the *policy period*, an *insured entity* decides to make an offering of its own *securities* within the jurisdiction of the United States of America, or any *fund* decides to make an offering of its own *securities* in any jurisdiction, whether its *securities* are already traded or not, by any means, public or private, then as soon as the information is publicly available, the *insured entity* or *fund* shall provide the *insurer* with any prospectus or offering statement for the *insurer's* evaluation and assessment of the increased exposure of the *insured* and the *insurer* shall be entitled to amend the terms and conditions of this policy and/or charge a reasonable additional premium reflecting the increase in exposure.
- (v) The cover as is granted under insurance cover 1.4 shall cease in respect of any *service bureau*:
 - (a) as soon as any *insured entity* or *fund*, or any of its *directors* or *officers* not in collusion with such person, shall learn of any dishonest, fraudulent or malicious act committed by any partner, director, officer or employee of such *service bureau* at any time against the *insured entity* or any other person or entity, without prejudice to the loss of *property* then in transit in the custody of such person;
 - (b) 15 days after receipt by the *policyholder* of a written notice from the *insurer* of their desire to cancel this policy with respect to such *service bureau*.

5.4 Limit of liability

The *limit of liability* is the aggregate limit of the *insurer's* liability in respect of all insurance covers and extensions. The *insurer* shall have no liability in excess of such limit irrespective of the number of *insureds*, *claims* made or *direct financial losses discovered* during the *policy period* or *discovery period* and *claims*, related *claims* and *direct financial losses* which are deemed made or *discovered* during the *policy period* or *discovery period*.

The *insurer* shall have no liability for *investigation costs* in excess of the *investigation costs* sublimit specified in item 3 of the schedule, which shall be part of the *limit of liability*.

Any sum paid by Tata AIG General Insurance Company Ltd. under this policy shall erode the *insurer's* total aggregate liability for *loss* and *direct financial loss*. In no circumstances shall the liability of Tata AIG General Insurance Company Ltd. exceed the *limit of liability*. The *insurer* shall have no liability for *investigation costs* in excess of the *investigation costs* sublimit specified in item 3 of the schedule, which shall be part of the *limit of liability*.

5.5 Retention

The *insurer* shall only be liable for the amount of each *loss* or *direct financial loss* that is in excess of the *retention*. For *loss* in respect of any *insured entity*, *fund* or *plan*, or that any *insured entity*, *fund* or *plan* has indemnified or has agreed to indemnify, the *insurer* shall be liable only for the amount of that *loss* which exceeds the *retention*.

The *retention* is not applicable to *non-indemnifiable loss*. For *loss* that any *insured entity* or *fund* has indemnified or has agreed to indemnify, the *insurer* shall be liable only for the amount of that *loss* which exceeds the *retention*. The *retention* applies to *defence costs*. It is to be borne by the *insured* and shall remain uninsured. The *retention* is not part of the *limit of liability*.

The *retention* shall not apply in respect of any *plan* where such *plan* is required by law to comply with the Employee Retirement Income Security Act 1974 (ERISA) in the United States of America.

5.6 Kidnap, hijacking or wrongful detention notification

As a condition precedent to the *insurer's* liability under extension 2.3, Kidnap response, the *policyholder* will make every reasonable effort to determine that the *kidnapping*, *hijacking*, or *wrongful detention* has actually occurred, give immediate oral and written notice to the *insurer* and maintain confidentiality of the existence of the *kidnap*, *hijacking* or *wrongful detention* cover.

5.7 Claim and direct financial loss notification

- (i) This policy affords no cover with respect to *claims* which are not first made during the *policy period* or an applicable *discovery period*. It is a condition precedent to the *insurer's* liability in respect of any *claim* that the *policyholder* has given written notice to the *insurer* of that *claim* no later than 30 days after the end of the *policy period* or, if the *claim* is made during a *discovery period* no later than 30 days after the end of the *discovery period*.
- (ii) This policy affords no cover with respect to *direct financial losses* which are not first *discovered* during the *policy period* or an applicable *discovery period*. After *discovery* of a *direct financial loss*, the *policyholder* must:
 - (a) give written notice thereof to the *insurer* no later than 30 days after the end of the *policy period* or, if the *direct financial loss* is *discovered* during a *discovery period* no later than 6 months after the *direct financial loss* is *discovered* or within 30 days after the end of the *discovery period* whichever is shorter; and
 - (b) file detailed proof thereof (which includes but is not limited to a completed proof of loss form in the format agreed by the *insurer*) with the *insurer* within 6 months after giving written notice to the *insurer*; and
 - (c) provide all requested information and documents and co-operate with the *insurer* in all matters pertaining to the *direct financial loss*.

All notifications relating to *claims*, circumstances, *loss* and *direct financial losses* must be in writing to:

Tata AIG General Insurance Company Ltd.

Financial Lines Claims
Unit No. 1501-1502, 15th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Off Senapati Bapat Marg, Lower Parel, Mumbai- 400 013.

5.8 Reporting circumstances

Any *insured* may, during the *policy period*, notify the *insurer* at the above address of any circumstance reasonably expected to give rise to a *claim* or *direct financial loss*. The notice must include the reasons for anticipating that *claim* or *direct financial loss* and full particulars as to dates, acts and persons involved.

5.9 Defence and settlement of claims

Each *insured* or *fund* shall defend and contest any *claim* made against it. The *insurer* shall be entitled to participate fully in such defence and in the negotiation of any settlement that involves or appears reasonably likely to involve the *insurer*.

The *insurer* may pay to the *policyholder* the unpaid balance of the *limit of liability*, and upon such payment, all obligations of the *insurer* under this policy shall cease.

Each *insured* and *fund* shall take all reasonable steps to prevent all *claims* and to avoid or diminish any *loss* and any *direct financial loss*.

The *insurer* will accept as reasonable and necessary the retention of separate legal representation to the extent required by a conflict of interest between any *insureds* or *funds*.

5.10 Co-operation and fraudulent behaviour

All *insureds*, *funds* and *plans* must, at their own cost, render all reasonable assistance to and co-operate with the *insurer*. In the

event of any *claim*, each *insured* and each *fund* shall take reasonable steps to mitigate *loss* and *direct financial loss*. If any *insured*, *fund* or *plan* shall give any notice of *loss* or *direct financial loss* under this policy knowing such notice to be false or fraudulent; or if an *insured*, *fund* or *plan*, prior to the inception of the *policy period*, had knowledge of a material misstatement in or omission from the *submission*; then, as to every *insured fund* or *plan* who has actual, constructive, implied or imputed knowledge of that misstatement or omission, this policy shall afford no cover.

5.11 Payment of defence costs

The *insurer* shall pay *defence costs* in excess of the *retention*, if applicable, covered by this policy promptly after sufficiently detailed invoices for those costs are received by the *insurer*. The *policyholder* shall reimburse the *insurer* for any payments which are ultimately determined not to be covered by this policy.

The *insurer* will reimburse an *insured entity* for *defence costs* incurred in respect of any *claim*. The *insurer* will advance *defence costs* to an *insured person* in respect of any *claim* made against them to the extent that the relevant *insured entity* does not do so. In those circumstances, sums so advanced, up to the amount of the *retention*, will be owed by the relevant *insured entity* as a debt to the *insurer*.

Each *insured entity* and each *fund* will provide indemnification and advance *defence costs* to its *insured persons* in respect of each *claim* for a *wrongful managerial act* to the extent not prevented due to legislative prohibition, and, at the *insurer's* request and expense, will make in good faith any application for court approval to provide such indemnification.

In the event that a determination as to the amount of *defence costs* to be advanced to any *insured*, *fund* or *plan* under this policy in respect of a *wrongful managerial act* cannot be agreed to, then any obligation of the *insurer* to advance *defence costs* shall not exceed the amount which the *insurer* determines to be fair and proper until a different amount shall be agreed upon or determined pursuant to the provisions of this policy and applicable law.

5.12 Consent

The *insurer* may settle any *claim* with respect to any *insured* or *fund* that it deems expedient. No *insured* or *fund* shall admit or assume any liability, enter into any settlement agreement, or consent to any judgment without the prior written consent of the *insurer*.

The *insured* may select its own counsel without obtaining the *insurer's* prior consent; however, the consent provisions of this policy apply nonetheless to that firm's rates, activities and terms of engagement.

5.13 Basis of valuation

With respect to insurance cover 1.4, in determining the amount collectable under this policy for any *direct financial loss*, deductions shall be made in respect of any property received from any source whatsoever, including payments and receipt of principal, interest, dividends, commissions and the like, whenever received, in connection with any matter from which a *direct financial loss* has arisen.

In no event shall the *insurer* be liable for more than:

- i. the actual market value, determined by that published in the Economic Times in India or equivalent local daily financial newspaper, of *securities*, foreign funds, currencies or precious metals at the close of business on the day the *direct financial loss* was *discovered*, or the actual cost of replacing the *securities*, if less;
- ii. the cost of blank books, blank pages or other materials plus the cost of labour and computer time for the actual transcription or copying of data furnished by an *insured entity* in order to reproduce books of accounts and records;
- iii. the cost of blank media for the recording of electronic media and the cost of labour for the actual transcription or copying of electronic data furnished by the *insured entity*, in order to reproduce such electronic data, however, if such electronic data

cannot be reproduced and represent securities or other financial instruments of value, then the *direct financial loss* will be valued as indicated in paragraphs (i) and (iv) of this general provision 5.13; or

- iv. the actual cash value of other property at the time of *direct financial loss* or the actual cost of repairing or replacing the property with property or material of like quality or value, whichever is less.

5.14 Recoveries

Recoveries (except from insurance, reinsurance, sureties or indemnity) following a paid *direct financial loss* under this policy, will be allocated in the following order of reimbursement:

- (i) firstly, for any the costs and expenses reasonably and necessarily incurred in relation to the recovery;
- (ii) secondly, the *policyholder* will be reimbursed for any *direct financial loss* in excess of the *limit of liability*;
- (iii) thirdly, the *insurer* will be reimbursed for any settlement made for *direct financial loss*, fees, costs and expenses paid under this policy; and
- (iv) lastly, the *insured* will be reimbursed for the *retention*.

5.15 Allocation

The *insurer* shall have no liability to make any payment or to provide any service in connection with any *claim* except to the extent such payment or service relates to the defence of a *claim* against an *insured* or a *fund* in its capacity as such. Where the handling or defence of a *claim* involves both covered and uncovered matters or parties, the *insurer* shall be liable only for such costs and services which relate exclusively to the defence of the *claim* on behalf of the *insured* or *fund* in their capacity as such.

With respect to any *loss* for which any *insured entity*, *fund* or any *insured person* are jointly liable, those parties agree to use their best efforts to determine a fair and proper allocation of their liability for such *loss*, taking into account their relative legal and financial exposures, and the relative benefits obtained by them.

5.16 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.

5.17 Subrogation and co-operation

The *insurer* shall be subrogated to all *insureds'*, *plans'* and *funds'* rights of recovery, contribution and indemnity before or after any payment under this policy. The *insured* and *funds* shall do nothing to prejudice such rights. It shall be a condition precedent to the obligations of the *insurer* that *insureds* and *funds* will, at their own cost: (i) give the *insurer* full details of a reported circumstance, *claim* or *direct financial loss* as soon as possible together with all relevant documents; (ii) assist and co-operate with the *insurer* in the investigation, defence, settlement or appeal of a reported circumstance, *claim* or *direct financial loss*. The *insurer* shall not exercise its rights of subrogation against an *insured person* in connection with a *claim* unless the *insurer* has established that exclusion 4.3, Established misdeeds, applies to that *claim* and that *insured person*.

5.18 Other Insurance & Indemnification

Insurance provided by this policy applies excess over insurance and indemnification available from any other source. The *insurer* will not pay the *loss* of an *insured person* arising out of a *wrongful managerial act* in an *outside entity* capacity unless: (i) that *outside entity* is unable to indemnify that *loss* due to legislation or insolvency; and (ii) the *loss* is not covered under any other applicable, collectible insurance issued to the *outside entity* or for the benefit of its directors, officers or employees.

5.19 Services disclaimer

Services of a third party that may be offered in connection with this policy are being provided to the *insureds* by the third-party directly, as its client, without the supervision of the *insurer*. Accordingly, the *insurer* cannot and does not make any warranties, guarantees or representations with respect to any such services or any failure to provide same; and the *insurer* shall have no liability for acts, errors or omissions of the third party service provider or otherwise for damages from the use of, or inability to use any such services.

5.20 Notice and authority

The *policyholder* shall act on behalf of all *insureds*, *plans* and *funds* in connection with all matters relevant to this policy.

5.21 Assignment

Neither this policy nor any right under it may be assigned without written consent of the *insurer*.

5.22 Policy interpretation

Any interpretation of this policy relating to its construction, validity or operation shall be determined by the laws of India. No amendment to this policy will be effective unless it is written. Except as otherwise provided herein, the parties will submit to the exclusive jurisdiction of the courts of India.

This policy, its schedule and any endorsements are one contract in which, unless the context otherwise requires:

- (i) headings are descriptive only, not an aid to interpretation;
- (ii) singular includes the plural, and vice versa;
- (iii) the male includes the female and neuter;
- (iv) all references to specific legislation include amendments to and re-enactments of such legislation and similar legislation in any jurisdiction in which a *claim* is made or *direct financial loss* is *discovered*; and
- (iv) references to positions, offices or titles shall include their equivalents in any jurisdiction in which a *claim* is made or a *direct financial loss* is *discovered*;

5.23 Lost Instruments

The *insurer* shall indemnify the *insured* for such sum, not exceeding the *limit of liability*, which the *insured* is required to pay under any indemnity given by the *insured* to an issuer of a Lost Instrument Bond obtained with the *insurer's* prior consent, to secure the issuance of duplicates of *securities*, the loss of which is covered by this policy.

5.24 Cancellation of the policy

- (a) The *insurer* may cancel this policy by giving 30 days written notice of such cancellation to the last known address of the *policyholder* and in such event the *insurer* will return a pro-rata portion of the premium for the unexpired *policy period*.
- (b) This policy may also be cancelled by the *policyholder* by giving 30 days written notice to the *insurer* in which event the *insurer* 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 *insurer* shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.

5.25 Contractual Third Party Rights

Nothing in this policy is intended to confer a directly enforceable benefit on any third party other than each *insured* and *fund*, whether pursuant to any enactment or not.

Grievance Lodgment Stage

The Company is committed to extend the best possible services to its customers. However, if you are not satisfied with our services and wish to lodge a complaint, please feel free to contact us through below channels:

Call us 24X7 toll free helpline 1800 266 7780

Email us at customersupport@tataaig.com

Write to us at : Customer Support, Tata AIG General Insurance Company Limited

A-501 Building No. 4 IT Infinity Park, Dindoshi, Malad (E), Mumbai - 400097

Visit the Servicing Branch mentioned in the policy document

Nodal Officer

Please visit our website at www.tataaig.com to know the contact details of the Nodal Officer for your servicing branch.

After investigating the grievance internally and subsequent closure, we will send our response within a period of 10 days from the date of receipt of the complaint by the Company or its office in Mumbai. In case the resolution is likely to take longer time, we will inform you of the same through an interim reply.

Escalation Level 1

For lack of a response or if the resolution still does not meet your expectations, you can write to manager.customersupport@tataaig.com. After investigating the matter internally and subsequent closure, we will send our response within a period of 8 days from the date of receipt of your complaint.

Escalation Level 2

For lack of a response or if the resolution still does not meet your expectations, you can write to the Head-Customer Services at head.customerservices@tataaig.com. After examining the matter, we will send you our response within a period of 7 days from the date of receipt of your complaint. Within 30 days of lodging a complaint with us, if you do not get a satisfactory response from us and you wish to pursue other avenues for redressal of grievances, you may approach

Insurance Ombudsman appointed by IRDA of India under the Insurance Ombudsman Scheme. Given below are details of the Insurance Ombudsman located at various centers.

INSURANCE OMBUDSMAN CENTRES

Office of the Ombudsman	Address and Contact Details	Jurisdiction of Office Union Territory, District
AHMEDABAD	Office of the Insurance Ombudsman, Jeevan Prakash Building, 6th Floor, Tilak Marg, Relief Road, Ahmedabad - 380 001. Tel.: 079 - 25501201/ 02/05/06 Email: bimalokpal.ahmedabad@ecoi.co.in	Gujarat, Dadra & Nagar Haveli, Daman and Diu.
BENGALURU	Office of the Insurance Ombudsman, Jeevan Soudha Building, PID No. 57-27-N-19, Ground Floor, 19/19, 24th Main Road, JP Nagar, 1st Phase, Bengaluru – 560 078. Tel.: 080-26652048/ 26652049 Email: bimalokpal.bengaluru@ecoi.co.in	Karnataka
BHOPAL	Office of the Insurance Ombudsman, Janak Vihar Complex, 2nd Floor, 6, Malviya Nagar, Opp. Airtel Office, Near New Market, Bhopal – 462 003. Tel.: 0755 – 2769201/ 2769202 Fax: 0755 - 2769203 Email: bimalokpal.bhopal@ecoi.co.in	Madhya Pradesh, Chattisgarh
BHUBANESHWAR	Office of the Insurance Ombudsman, 62, Forest Park, Bhubneshwar - 751 009. Tel.: 0674 - 2596461/ 2596455 Fax: 0674 - 2596429 Email: bimalokpal.bhubaneswar@ecoi.co.in	Orissa
CHANDIGARH	Office of the Insurance Ombudsman, S.C.O. No. 101,102 & 103, 2nd Floor, Batra Building, Sector 17-D, Chandigarh - 160 017. Tel.: 0172 - 2706196/ 2706468 Fax: 0172 - 2708274 Email: bimalokpal.chandigarh@ecoi.co.in	Punjab, Haryana, Himachal Pradesh, Jammu & Kashmir, Chandigarh
CHENNAI	Office of the Insurance Ombudsman,	Tamil Nadu, Pondicherry
	Fatima Akhtar Court, 4th Floor, 453, Anna Salai, Teynampet CHENNAI - 600 018. Tel.: 044-24333668 /24335284 Fax: 044 - 24333664 Email: bimalokpal.chennai@ecoi.co.in	Town and Karaikal (which, are part of Pondicherry).
DELHI	Office of the Insurance Ombudsman, 2/2 A, Universal Insurance Building, Asaf Ali Road, New Delhi – 110 002. Tel.: 011-23239633/ 23237532 Fax: 011 - 23230858 Email: bimalokpal.delhi@ecoi.co.in	Delhi
GUWAHATI	Office of the Insurance Ombudsman, Jeevan Nivesh, 5th Floor, Nr. Panbazar Over Bridge, S.S. Road, Guwahati – 781001 (ASSAM). Tel.: 0361-2132204/2132205 Fax: 0361 - 2732937 Email: bimalokpal.guwahati@ecoi.co.in	Assam, Meghalaya, Manipur, Mizoram, Arunachal Pradesh, Nagaland and Tripura
HYDERABAD	Office of the Insurance Ombudsman, 6-2-46, 1st floor, “Moin Court” Lane, Opp. Saleem Function Palace, A. C. Guards, Lakdi-Ka-Pool, Hyderabad - 500 004. Tel.: 040-65504123/ 23312122 Fax: 040 - 23376599 Email: bimalokpal.hyderabad@ecoi.co.in	Andhra Pradesh, Telangana, Yanam and part of Territory of Pondicherry.
JAIPUR	Office of the Insurance Ombudsman, Jeevan Nidhi – II Bldg., Gr. Floor, Bhawani Singh Marg, Jaipur-302 005. Tel.: 0141 - 2740363 Email: Bimalokpal. jaipur@ecoi.co.in	Rajasthan
ERNAKULAM	Office of the Insurance Ombudsman, 2nd Floor, Pulinat Bldg., Opp. Cochin Shipyard, M. G. Road, Ernakulam - 682 015. Tel.: 0484-2358759/2359338 Fax: 0484 - 2359336 Email: bimalokpal.ernakulam@ecoi.co.in	Kerala, Lakshadweep, Mahe- a part of Pondicherry
KOLKATA	Office of the Insurance Ombudsman, Hindustan Bldg. Annexe, 4th Floor, 4, C.R. Avenue, KOLKATA-700 072. Tel.: 033-22124339/ 22124340 Fax : 033 - 22124341 Email:	West Bengal, Sikkim, Andaman & Nicobar Islands

	bimalokpal.kolkata@ecoi.co.in			
LUCKNOW	Office of the Insurance Ombudsman, 6th Floor, Jeevan Bhawan, Phase-II, Nawal Kishore Road, Hazratganj, Lucknow - 226 001. Tel.: 0522-2231330/2231331 Fax: 0522 – 2231310 Email: bimalokpal.lucknow@ecoi.co.in	Districts of Uttar Pradesh : Laitpur, Jhansi, Mahoba, Hamirpur, Banda, Chitrakoot, Allahabad, Mirzapur, Sonbhadra, Fatehpur, Pratapgarh, Jaunpur, Varanasi, Gazipur, Jalaun, Kanpur, Lucknow, Unnao, Sitapur, Lakhimpur, Bahraich, Barabanki, Raebareli, Sravasti, Gonda, Faizabad, Amethi, Kaushambi, Balrampur, Basti, Ambedkarnagar, Sultanpur, Maharajgang, Santkabirnagar, Azamgarh, Kushinagar, Gorkhpur, Deoria, Mau, Ghazipur, Chandauli, Ballia, Sidharathnagar		Muzaffarnagar, Oraiya, Pilibhit, Etawah, Farrukhabad, Firozbad, Gautambodhanagar, Ghaziabad, Shahjahanpur, Hapur, Shamli, Rampur, Kashganj, Sambhal, Amroha, Hathras, Kanshiramnagar, Saharanpur
PATNA	Office of the Insurance Ombudsman, 1st Floor, Kalpana Arcade Building, Bazar Samiti Road, Bahadurpur, Patna 800 006. Tel.: 0612-2680952 Email: bimalokpal.patna@ecoi.co.in			Bihar, Jharkhand
PUNE	Office of the Insurance Ombudsman, Jeevan Darshan Bldg., 3rd Flr, C.T.S. Nos. 195 to 198, N.C. Kelkar Road, Narayan Peth, Pune-411 030. Tel.: 020-41312555 Email: bimalokpal.pune@ecoi.co.in			Maharashtra, Area of Navi Mumbai and Thane excluding Mumbai Metropolitan Region
MUMBAI	Office of the Insurance Ombudsman, 3rd Floor, Jeevan Seva Annexe, S. V. Road, Santacruz (W), Mumbai - 400 054. Tel.: 022-26106552/26106960 Fax: 022 - 26106052 Email: bimalokpal.mumbai@ecoi.co.in	Goa, Mumbai Metropolitan Region excluding Navi Mumbai & Thane		
NOIDA	Office of the Insurance Ombudsman, Bhagwan Sahai Palace, 4th Floor, Main Road, Bagpat, Bareilly, Bijnor, Naya Bans, Sector 15, Distt: Gautam Buddh Nagar, U.P - 201301. Tel.: 0120-2514250/2514252/2514253 Email: bimalokpal.noida@ecoi.co.in	State of Uttaranchal and the following Districts of Uttar Pradesh: Agra, Aligarh, Budaun, Bulandshehar, Etah, Kanooj, Mainpuri, Hardoi, Mathura, Meerut, Moradabad,		

Grievance Redressal Procedure:

As per Regulation 17 of IRDA of India (Protection of Policy holders Interests) Regulation. 2017.