

Inigo Biotech Protect



DECLARATIONS

Inigo Biotech Protect

THIS IS A CLAIMS MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY CLAIM FIRST MADE, ANY INVESTIGATION FIRST COMMENCED AND ANY INQUIRY FIRST REPORTED DURING THE POLICY PERIOD PROVIDED:

- (1) SUCH CLAIM OR INVESTIGATION IS REPORTED TO UNDERWRITERS IN ACCORDANCE WITH THE TERMS OF CLAUSE VI.A.; AND
- (2) SUCH INQUIRY IS FIRST RECEIVED BY THE INSURED PERSONS ON OR AFTER THE DATE SET FORTH IN ITEM J. OF THE DECLARATIONS.

AMOUNTS INCURRED AS COSTS, CHARGES AND EXPENSES AND INQUIRY COSTS SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY OR THE SUBLIMIT OF LIABILITY, IF APPLICABLE, AND ARE SUBJECT TO THE RETENTIONS. THIS POLICY DOES NOT PROVIDE FOR ANY DUTY BY UNDERWRITERS TO DEFEND ANY OF THE INSURED.

These Declarations along with the completed and signed **Application** and the Policy with endorsements shall constitute the contract between the **Insureds** and Underwriters.

Policy No: <insert policy no.>

Item A. **Parent Company:**
 <insert insured name>
 Principal Address:
 <insert principal address>
 State of Incorporation:
 <insert state of incorporation>

Item B. **Policy Period:**
 <insert inception date> to <insert expiry date>
 Both days at 12.01 a.m. at the principle address
 stated above

Item C.	Limit of Liability: 1. USD <Insert limit> 2. USD <Insert DDI sub-limit> 3. USD <Insert Biotech Incident Cost sub-limit>	In the aggregate for the Policy Period, but sub-limited to: in the aggregate for the Policy Period for all Security Holder Demand Investigatory Costs under Insuring Clause I.D In the aggregate for the Policy Period for all Biotech Incident Costs under Insuring Clause I.E.
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Such sub-limits of liability shall be part of and not in addition to the overall Limit of Liability stated above

Item D.**Retentions:**

USD Nil	each of the Insured Persons each Claim, Investigation or Inquiry but in no event exceeding
USD Nil	in the aggregate each Claim, Investigation or Inquiry all Insured Persons under Insuring Clause I.A.
USD <Insert Other Claims SIR>	each Claim, Investigation or Inquiry under Insuring Clause I.B, other than a Securities Claim
USD <Insert SCA SIR>	each Securities Claim under Insuring Clause I.B.
USD <Insert SCA SIR>	each Securities Claim under Insuring Clause I.C.
USD Nil	each Security Holder Demand or Books and Records Demand under Insuring Clause I.D.
USD Nil	each Biotech Incident Event under Insuring Clause I.E.

Item E.**Insured Percentage:**

100% of Loss in respect of all Insuring Clauses I.A., I.B. and I.C.
 100% of Security Holder Demand Investigatory Costs under Insuring Clause I.D.
 100% of Biotech Incident Costs under Insuring Clause I.E.

Item F.**Premium:**

USD <insert premium> 100% for the Policy Period

Item G.

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|----|---|--|
| 1. | Premium for Optional Extension Period: | % of the total premium as provided in Clause IX. |
| 2. | Length of Optional Extension Period: | Twelve (12) months |

Item H.	1. Premium for Predetermined Run-Off Period:	<ul style="list-style-type: none"> a) % of the total premium as provided in Clause IX., or, b) % of the total premium as provided in Clause IX., or, c) % of the total premium as provided in Clause IX.
	2. Length of Predetermined Run-Off Period:	<ul style="list-style-type: none"> a) Twelve (12) months, or, b) Thirty Six (36) months, or, c) Seventy Two (72) months
Item I.	Notification pursuant to Clause VI. shall be given to:	Head of D&O Claims, Inigo Limited, 7th Floor, One Creechurch Place, London EC3A 5AY
	E-mail Address	dandoclaims@inigoinsurance.com
Item J.	Inquiry Coverage Date: <insert inquiry coverage date>	
Item K.	Prior and Pending Litigation Date: <insert prior and pending litigation date>	
Item L.	Outside Entities: None	
Item M.	Service of process in any suit shall be made upon: Lloyd's America, Inc, Attention: Legal Department, 280 Park Avenue East Tower, 25th Floor, New York, NY 10017, United States of America.	
Item N.	Choice of Law: New York	

INIGO BIOTECH PROTECT

In consideration of the payment of the premium, in reliance on the **Application** and subject to all of the provisions of this Policy, Underwriters and the **Insureds** agree as follows:

I. INSURING CLAUSES

- A. Underwriters shall pay on behalf of the **Insured Persons**:
1. **Loss** resulting from any **Claim** first made against the **Insured Persons** during the **Policy Period** for a **Wrongful Act**; or
 2. **Loss** resulting from any **Investigation** of the **Insured Persons** first commenced during the **Policy Period**; or
 3. **Inquiry Costs** resulting from any **Inquiry** first reported to Underwriters during the **Policy Period** provided such **Inquiry** is first received by the **Insured Persons** on or after the date set forth in Item J. of the Declarations.
- B. Underwriters shall pay on behalf of the **Company**:
1. **Loss** which the **Company** is required or permitted or has agreed to pay as indemnification to any of the **Insured Persons** resulting from any **Claim** first made against the **Insured Persons** during the **Policy Period** for a **Wrongful Act**; or
 2. **Loss** which the **Company** is required or permitted or has agreed to pay as indemnification to any of the **Insured Persons** resulting from any **Investigation** of the **Insured Persons** first commenced during the **Policy Period**; or
 3. **Inquiry Costs** which the **Company** is required or permitted or has agreed to pay as indemnification to any of the **Insured Persons** resulting from any **Inquiry** first reported to Underwriters during the **Policy Period** provided such **Inquiry** is first received by the **Insured Persons** on or after the date set forth in Item J. of the Declarations.
- C. Underwriters shall pay on behalf of the **Company** **Loss** resulting from any **Securities Claim** first made against the **Company** during the **Policy Period** for a **Wrongful Act**.
- D. Underwriters shall pay on behalf of the **Company** all **Security Holder Demand Investigatory Costs** resulting from any **Security Holder Demand** first made during the **Policy Period** for a **Wrongful Act**.
- E. Underwriters shall pay on behalf of the **Company** any **Biotech Incident Costs** resulting from any **Biotech Incident Event** first occurring and reported to Underwriters during the **Policy Period**.

II. DEFINITIONS

The following terms whenever used in this Policy in boldface type shall have the meanings indicated.

- A. **"Application"** means:
1. the application for this Policy including any materials submitted therewith, and
 2. any public documents filed by the **Company** with the Securities and Exchange Commission or any similar foreign authority during the twelve (12) month period prior to the inception date of this Policy, all of which shall be deemed part of this Policy, as if physically attached.

B. **“Biotech Incident Costs”** means the reasonable and necessary fees and expenses (other than salaries, wages, overhead or benefit expenses associated with directors, officers or employees of the **Company**) incurred by the **Company** for any professionally qualified:

1. crisis management firm;
2. law firm; or
3. public relations firm or consultant;

to mitigate or minimize reputational damage, business disruption or adverse publicity to the **Company** resulting from a **Biotech Incident Event**; provided, however, that this definition shall only encompass those fees and expenses incurred within six (6) months following the reporting of the **Biotech Incident Event** under this Policy or until the **Biotech Incident Event** has concluded, whichever date occurs first.

C. **“Biotech Incident Event”** means:

1. the sudden or unexpected death from any cause of an **Insured Person** who is a natural person director and/or officer of the **Company**, or the sudden unexpected serious impairment of such an **Insured Person**;
2. the loss of the **Company’s** intellectual property rights previously acquired under law by the **Company** for a patent, trademark or copyright, other than by expiration;
3. a regulator’s denial of an Investigational New Drug (IND) application (or foreign equivalent) filed by the **Company**;
4. the **Company’s** receipt of a clinical hold issued by the U.S. Food and Drug Administration to delay fully or partly a proposed clinical study or to suspend an ongoing clinical study;
5. a regulator’s denial of a New Drug Application (NDA) (or foreign equivalent) filed by the **Company**;
6. a regulator’s denial of a Biologics License Application (BLA) (or foreign equivalent) filed by the **Company**;
7. the **Company’s** receipt of a Complete Response Letter (CRL) from the U.S. Food and Drug Administration, or the **Company’s** receipt of an adverse recommendation issued after an Advisory Committee Meeting before the U.S. Food and Drug Administration;
8. a regulator’s adverse decision with respect to a Premarket Notification or Premarket Approval Application filed by the **Company**, or an adverse recommendation issued after an Advisory Committee Meeting before the U.S. Food and Drug Administration regarding a request for approval by the **Company** to market a medical device;
9. the recall of a product of the **Company** due to its potential to cause damage or injury to others, and which potential results from the production, preparation, manufacture or packaging of such product by the **Company**;

provided that the Chief Financial Officer, Chief Executive Officer, or General Counsel of the **Company** has made a good-faith, reasonable determination that one or more **Biotech Incident Event(s)** identified in this definition is reasonably likely to lead to a covered **Claim** being made under the policy.

Provided, however, that **Biotech Incident Event** shall not include any event which affects the industry in which the **Company** conducts its business activities generally, as opposed to an event which primarily affects the **Company** itself. **Biotech Incident Event** also does not include any cyber or cyber/data breach related events.

D. **“Claim”** means:

1. any written demand for monetary damages, non monetary relief, injunctive relief or other relief against any of the **Insureds**, or any civil, criminal, administrative, regulatory, arbitration or mediation proceeding or other alternative dispute resolution process initiated against any of the **Insureds**, including:
 - (a) any appeal from any such proceeding;
 - (b) any proceeding before the Equal Employment Opportunity Commission or any similar federal, state, local or foreign governmental body;
 - (c) any **Manslaughter Claim**;
 - (d) in respect of Insuring Clause I.A. only, any formal demand or proceeding arising out of any statutory liability of the **Insured Persons** due to the failure of the **Company** to deduct, withhold or remit taxes (including nonresident withholding taxes, goods and services taxes, salary or withholding taxes and employee source deductions), unemployment insurance contributions, or pension plan contributions; or
 - (e) in respect of Insuring Clause I.A. only, any formal demand or proceeding arising out of any statutory liability of the **Insured Persons** due to the failure of the **Company** to pay debts for services performed by an employee of the **Company** for salary, wages or related amounts such as vacation pay or holiday pay; or
2. any extradition proceeding initiated against any of the **Insured Persons**, or the arrest and detainment or incarceration for more than twenty-four (24) hours of any of the **Insured Persons** solely with respect to their status as **Insured Persons** of The **Company**, by any law enforcement authority in a foreign jurisdiction in conjunction with any proceeding described in 1. above or an **Investigation** or **Inquiry**; or
3. in respect of Insuring Clause I.D., any **Security Holder Demand**,

but shall not include any **Investigation**, **Inquiry** or **Biotech Incident Event**.

E. **“Company”** means:

1. the **Parent Company**;
2. any **Subsidiary**;
3. the **Parent Company** or any **Subsidiary** as a debtor in possession under the United States bankruptcy law or similar legal status under foreign law; and
4. any foundation, patient assistance program, charitable trust or political action committee totally funded or controlled by the **Parent Company** or any **Subsidiary**.

F. **“Corporate Takeover”** means:

1. the acquisition by any person or entity of more than fifty percent (50%) of the outstanding securities of the **Parent Company** representing the present right to vote for the election of directors; or
2. the merger of the **Parent Company** into another entity such that the **Parent Company** is not the surviving entity.

G. **“Costs, Charges and Expenses”** means:

1. reasonable and necessary legal fees and expenses including reasonable and necessary expert fees incurred by the **Insureds** in defense and appeal

- of any **Claim** or **Investigation** and cost of attachment or similar bonds, and
2. in respect of coverages afforded under Clause II.B.2., reasonable costs (other than collateral) for a bond or other financial instrument to guarantee the contingent obligation of the **Insured Persons** for bail or its equivalent required by a court in any foreign jurisdiction, but shall not include salaries, wages, overhead or benefit expenses associated with directors, officers or employees of the **Company**.

H. **“Derivative Suit”** means any lawsuit brought derivatively on behalf of the **Company** by a security holder of the **Company** against any of the **Insured Persons**.

I. **“Employment Practice Violation”** means any actual or alleged:

1. wrongful dismissal, discharge or termination of employment whether actual or constructive;
2. employment related misrepresentation;
3. violation of any federal, state, local or foreign law prohibiting discrimination in employment, including the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Law of 1964, the Pregnancy Discrimination Act of 1978, the Civil Rights Act of 1866, the Equal Pay Act of 1963, the Genetic Information Nondiscrimination Act of 2008, the Family and Medical Leave Act of 1993, the Older Workers Benefit Protection Act of 1990, or any rule or regulation promulgated thereunder;
4. sexual or other harassment in the workplace;
5. abusive or hostile work environment;
6. wrongful deprivation of career opportunity, failure to hire, promote, or grant tenure, or wrongful demotion;
7. wrongful discipline or evaluation;
8. breach of an implied employment contract or promissory estoppels;
9. failure to adopt adequate employment or workplace policies and procedures;
10. retaliation against any of the **Insured Persons** including retaliation for filing claims under the Federal False Claims Act, retaliation in connection with whistleblowing, retaliation for exercising civil rights, retaliation for union activities or in connection with strikes or lockouts; or
11. negligent hiring or negligent supervision of others, including wrongful failure to provide adequate training, in connection with 1. through 10. above.

J. **“Facilitation Costs”** means reasonable and necessary fees, costs and expenses (including the premium or origination fee for a loan or bond) incurred by:

1. the chief executive officer or chief financial officer of the **Parent Company** solely to facilitate the return of amounts required to be repaid pursuant to Section 304(a) of the Sarbanes-Oxley Act of 2002, or
2. the **Insured Persons** solely to facilitate the return of amounts required to be repaid pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any internal policy of the **Company** promulgated in accordance therewith, or
3. the **Insured Persons** solely to facilitate the return of amounts required to be repaid pursuant to the U.S. Federal Food, Drug, and Cosmetic Act, 21 U.S.C. Section 301, et seq., or any internal policy of the **Company** promulgated in accordance therewith,

provided that such fees, costs or expenses do not include the payment, return, reimbursement, disgorgement or restitution of any such amounts requested or required to be repaid pursuant to Section 304(a) of the Sarbanes-Oxley Act of 2002, Section 954 of the Dodd-Frank Wall Street

Reform and Consumer Protection Act, or the U.S. Federal Food, Drug, and Cosmetic Act, 21 U.S.C. Section 301, et seq., or any internal policy of the **Company** promulgated in accordance therewith.

K. **“Inquiry”** means:

1. a request by the **Company** or a **Regulatory Authority** for any of the **Insured Persons** to appear for an interview or meeting or to produce documents in connection with:
 - (a) an inquiry or investigation of any of the **Insureds** by a **Regulatory Authority**, or
 - (b) a **Security Holder Demand**, or
2. a request by the **Company** or a **Regulatory Authority** for any of the **Insured Persons** to appear as a witness in a trial or a court hearing of any criminal proceeding solely against the **Company** under the UK Corporate Manslaughter & Homicide Act 2007 or its equivalent in any jurisdiction, regarding such **Insured Persons** capacity as such or the business of the **Company**, but shall not include any routine or regularly scheduled regulatory or internal supervision, inspection, compliance, review, examination, production or audit, including any request for mandatory information from a regulatory entity.

L. **“Inquiry Costs”** means reasonable and necessary fees and expenses incurred by the **Insured Persons** solely in connection with such **Insured Persons** preparation for and response to an **Inquiry**, but shall not include:

1. salaries, wages, overhead or benefit expenses associated with directors, officers or employees of the **Company**;
2. costs of complying with any discovery or other request seeking documents (including electronic information) in the possession or control of the **Company** or for which the **Company** has the direct financial responsibility to produce; or
3. any amounts incurred prior to the time that the **Inquiry** is reported to Underwriters in accordance with Clause VI.B.

M. **“Insured Persons”** means:

1. all persons who were, now are, or shall be directors, officers or risk managers of the **Company** and all persons serving in a functionally equivalent role for the **Parent Company** or any **Subsidiary** operating or incorporated outside the United States;
2. all persons who were, now are, or shall be managers or functionally equivalent roles of any limited liability company as defined in Clause II.AA.;
3. all persons who were, now are, or shall be members of the board of managers of the **Company**;
4. all persons who were, now are, or shall be members of the scientific advisory board, or functionally equivalent roles, of the **Company**;
5. all persons who were, now are, or shall be employees of the **Company**, but only to the extent:
 - (a) any **Claim** or **Investigation** is for an **Employment Practice Violation** or is a **Securities Claim**, or
 - (b) such employee is named as a co-defendant in any **Claim** or **Investigation** with any of the persons set forth in the above provisions of this definition;
6. all natural persons who were, now are, or shall be shadow directors, as defined under Section 251 of the United Kingdom Companies Act 2006, of the **Parent Company** or any **Subsidiary** operating or incorporated in the United Kingdom or the Republic of Ireland;
7. any de facto or alleged de facto director of the **Company**; and
8. the lawful spouse or domestic partner of any of the persons set forth in the above provisions of this definition, but only to the extent the spouse or domestic partner is a party to any **Claim** or **Investigation** solely because of his or her status as the spouse

or domestic partner of any such persons and only for the purposes of any **Claim** or **Investigation** seeking damages recoverable from marital community property, property jointly held by any such person and the spouse or domestic partner, or property transferred from any such person to the spouse or domestic partner, including their estates, heirs, legal representatives, trusts, estate planning vehicles or assigns in the event of their death, incapacity or bankruptcy.

N. **“Insureds”** means the **Company** and the **Insured Persons**.

O. **“Interrelated Wrongful Acts”** means **Wrongful Acts** which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.

P. **“Investigation”** means:

1. any formal investigation of any of the **Insured Persons** by a **Regulatory Authority**:
 - (a) once any such **Insured Persons** are identified in writing by such **Regulatory Authority** as a person against whom a **Claim** may be brought, including without limitation receipt of a target letter, or
 - (b) after the service of a subpoena or other similar written request compelling witness testimony or document production upon any such **Insured Persons**, or
 - (c) after any such **Insured Persons** have been identified in a Wells Notice, target letter or other written notice describing actual or alleged violations of securities laws or other laws by any such **Insured Persons**; or
2. in respect of Insuring Clause I.A. only, any informal investigation of any of the **Insured Persons** by the Securities and Exchange Commission or any similar federal, state, local or foreign governmental body with jurisdiction over violations of securities laws after such **Insured Person** becomes aware that they are the subject of such investigation and, as a consequence of such investigation, retains legal counsel.

Q. **“Loss”** means:

1.
 - (a) damages, judgments, including pre and post-judgment interest, and settlements,
 - (b) **Inquiry Costs** and **Costs, Charges and Expenses**, and
 - (c) punitive, exemplary or multiplied damages where the applicable law allows coverage for punitive, exemplary or multiplied damages, incurred by any of the **Insureds**, and
 2. **Facilitation Costs**,
 3. with respect to Insuring Clause I.D., **Security Holder Demand Investigatory Costs** incurred by the **Company**, and
 4. with respect to Insuring Clause I.E., **Biotech Incident Costs** incurred by the **Company**,
- but shall not include (other than **Inquiry Costs** and **Costs, Charges and Expenses**):
- (i) taxes or the loss of tax benefits except:
 - a. with respect to that portion of any tax assessment imposed on any of the **Insured Persons** by a foreign jurisdiction based on Underwriters’ payment of such damages, judgments, settlements, **Inquiry Costs** or **Costs, Charges and Expenses** as a foreign or non-admitted carrier; or
 - b. with respect to any statutory liability for such taxes owed by any of the **Insured Persons** as described in Clause II.B.1.(d);
 - (ii) criminal or civil fines or penalties imposed by law, except:

- a. fines or civil penalties assessed against any of the **Insureds** pursuant to Section 78dd 2(g)(2)(B) or Section 78ff (c)2(B) of the Foreign Corrupt Practices Act, 15 U.S.C. or Section 11(1)(a) of the United Kingdom Bribery Act of 2010, Chapter 23 or any statute or law similar to the foregoing in any jurisdiction,
- b. civil penalties assessed against any of the **Insureds** for the benefit of shareholders pursuant to Section 308 of the Sarbanes Oxley Act of 2002, or
- c. under Insuring Clause I.A. only, any other fine or civil penalty imposed against any of the **Insured Persons** where the applicable law allows coverage for such fine or civil penalty, subject to a maximum sublimit of USD 10,000 each of the **Insured Persons** but in no event exceeding USD 100,000 in the aggregate for the **Policy Period** all **Insured Persons**, such sublimit shall be part of, and not in addition to, the Limit of Liability stated in Item C.1. of the Declarations;
- (iii) matters deemed uninsurable under the law pursuant to which this Policy shall be construed;
- (iv) any wages, salary or benefits owed pursuant to the terms of any employment contract except with respect to any statutory liability for such wages, salary or benefits owed by any **Insured Persons** as described in Clause II.B.1.(e).

Notwithstanding the foregoing Underwriters shall not assert that the portion of any judgment, settlement or **Costs, Charges and Expenses** incurred in connection with any **Securities Claim** alleging violations of Section 11 or 12 of the Securities Act of 1933 as amended, including without limitation such **Loss** of any **Insured Persons** deemed to be a controlling person within the meaning of Section 15 of the Securities Act of 1933, or any similar securities laws or common laws or regulations of any foreign jurisdiction, as amended, are uninsurable.

With respect to the coverage for punitive, exemplary or multiplied damages, and the insurability of fines or penalties under exception (ii) above or matters under exception (iii) above, any applicable law most favourable to the insurability of such damages, fines or penalties or matters shall apply, and where the **Insureds** are able to demonstrate in good faith that such damages, fines, penalties or matters are insurable under any applicable law, Underwriters shall not challenge that interpretation of insurability. For purposes of this provision, “any applicable law” shall include but not be limited to the law:

- a) where the **Claim** seeking such damages was brought,
- b) where the **Wrongful Acts** giving rise to the **Claim** seeking such damages took place,
- c) where the **Insureds** are incorporated, have their principal place of business or reside, and
- d) where Underwriters are incorporated or have their principal place of business.

If any of the **Insureds** present a written legal opinion stating that such damages, fines, penalties or matters are insurable under any applicable law, Underwriters shall not challenge that determination.

The determination of whether any of the **Insured Persons** have incurred any **Loss** shall be made without regard to:

- (1) any insurance (with the exception of insurance purchased by the **Company**), and
- (2) any indemnification that any of the **Insured Persons** may have from any source (other than from the **Company**), including without limitation from or as a result of any equity holder of the **Company**.

R. **“Management Control”** means:

- 1. owning interest representing more than fifty percent (50%) of the voting, appointment or designation power for the selection of a majority of the board of directors of a

- corporation, the members of the management board of a limited liability corporation or with respect to entities operating or organized outside the United States, persons serving in a functionally equivalent role; or
2. having the right, pursuant to written contract or the bylaws, charter, operating agreement or similar documents of the **Company** to elect, appoint or designate a majority of the board of directors of a corporation, the management board of a limited liability corporation or with respect to entities operating or organized outside of the United States, persons serving in a functionally equivalent role.
- S. **“Manslaughter Claim”** means the prosecution of any of the **Insured Persons** for involuntary, constructive or gross negligence manslaughter before the Crown Prosecution Service, the Procurator Fiscal or any similar authority with jurisdiction over any corporate manslaughter violation.
- T. **“Optional Extension Period”** means the period described in Clause IX.A.
- U. **“Outside Entity”** means:
1. any not-for-profit organization, community chest, fund or foundation;
 2. any for-profit organization whose securities are not publicly owned or traded where the **Insured Persons** serve with such organization at the specific request of the **Company**; or
 3. any other organization specified in Item L. of the Declarations.
- V. **“Parent Company”** means the entity named in Item A. of the Declarations.
- W. **“Policy Period”** means the period from the effective date and hour of this Policy to the Policy expiration date and hour as set forth in Item B. of the Declarations, or its earlier cancellation date and hour, if any, or the end of the **Optional Extension Period, Predetermined Run-Off Period** or the Retired and Resigned Insured Person Extension, if purchased.
- X. **“Predetermined Run-Off Period”** means the period described in Clause VIII.B.
- Y. **“Regulatory Authority”** means any federal, state, local or foreign law enforcement or governmental authority (including the Department of Justice, the Securities and Exchange Commission, any attorney general, the U.S. Food and Drug Administration, the European Medicines Agency, the Medicines and Healthcare Products Regulatory Agency, the Health Products Regulatory Authority) or the enforcement unit of any such authority or similar self-regulating body.
- Z. **“Securities Claim”** means:
1. (a) any demand or proceeding described in Clause II.B.1. against any of the **Insureds**, other than an administrative or regulatory proceeding, or
 - (b) any administrative or regulatory proceeding initiated:
 - (i) against any of the **Insured Persons**, or
 - (ii) against any of the **Insured Persons** and the **Company** but only during the time the **Insured Persons** and the **Company** are continuously maintained in such proceeding, alleging any violation of the Securities

Act of 1933, the Securities Exchange Act of 1934, rules or regulations of the Securities and Exchange Commission under either or both Acts, similar securities laws or regulations of any federal, state (including any state blue sky laws), local or any foreign jurisdiction, any other laws, rules, regulations or statutes regulating securities or any common law arising out of, involving, or relating to the ownership, purchase or sale of or offer to purchase or sell any securities of the **Company**, including any debt or equity securities, whether on the open market or through a public or private offering, or

2. any demand or proceeding described in Clause II.B.1. against any of the **Insureds** which is brought by a security holder of the **Company** in their capacity as such, including a **Derivative Suit**, but shall not include any **Security Holder Demand**.

AA. **“Security Holder Demand”** means any written demand made by one or more security holders of the **Company** upon the **Company’s** Board of Directors to bring a civil proceeding against any of the **Insured Persons** for a **Wrongful Act**.

BB. **“Security Holder Demand Investigatory Costs”** means reasonable fees and expenses incurred by the **Company** in connection with the investigation, review or evaluation of any **Security Holder Demand**.

CC. **“Subsidiary”** means any entity, including but not limited to any limited liability company, over which the **Parent Company** directly or indirectly had or has **Management Control**, if the **Parent Company**:

1. had **Management Control** of such entity prior to or on the inception date of this Policy;
2. first has **Management Control** of such entity after the inception date of this Policy provided the assets of the entity do not exceed twenty-five percent (25%) of the consolidated assets of the **Company** as set forth in the **Company’s** most recent audited financial statement; or
3. first has **Management Control** of such entity after the inception date of this Policy provided that if the assets of the entity exceed twenty-five percent (25%) of the consolidated assets of the **Company** as set forth in the **Company’s** most recent audited financial statement, the provisions of Clause VIII.B.1. must be fulfilled, provided, that this Policy only provides coverage for any **Wrongful Act** committed or any conduct undertaken while the **Parent Company** had **Management Control** of such entity.

DD. **“Wrongful Act”** means any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty:

1. by any of the **Insured Persons**, while acting in their capacity as such, or any matter claimed against any of the **Insured Persons** solely by reason of their serving in such capacity;
2. by any of the **Insured Persons**, while acting in their capacity as, or any matter claimed against any of the **Insured Persons** solely by reason of their serving as:
 - (a) a controlling person within the meaning of Section 15 of the Securities Act of 1933, as amended or Section 20(a) of the Securities Exchange Act 1934, as amended; or
 - (b) a director, officer, manager, trustee, governor or executive director or in a functionally equivalent position of any **Outside Entity**; and
3. by the **Company** involving a **Securities Claim**.

III. EXCLUSIONS

Underwriters shall not be liable to make any payment in connection with that portion of any **Claim, Investigation or Inquiry**:

- A. for actual or alleged sickness, disease, death, false arrest, false imprisonment, damage to or destruction of tangible property (including loss of use thereof) or, except to the extent the **Claim or Investigation** is for an **Employment Practice Violation**, for bodily injury, assault, battery, invasion of privacy, mental anguish, emotional distress, libel, slander or defamation; provided, however, this exclusion shall not apply to:
 - 1. the coverage afforded under Insuring Clause I.A.,
 - 2. the coverage afforded under Insuring Clause I.B. or I.C. for a **Securities Claim**,
 - 3. a **Manslaughter Claim**, or
 - 4. an **Inquiry** brought by the **Company** or a **Regulatory Authority** for any of the **Insured Persons** to appear as a witness in a trial or a court hearing of any criminal proceeding solely against the **Company** under the UK Corporate Manslaughter & Homicide Act 2007 or its equivalent in any jurisdiction;
- B. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
 - 1. any **Wrongful Act** or any fact, circumstance or situation which has been the subject of any notice given prior to the **Policy Period** and accepted under any other Directors and Officers Liability or Employment Practices Liability Policy of which this Policy is a renewal, replacement or which it succeeds in time,
 - 2. any other **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** which has been the subject of such notice, would constitute **Interrelated Wrongful Acts**, or
 - 3. any written demand, suit, investigation or other proceeding pending, or order, decree or judgment entered, against any **Insured** prior to the date set forth in Item K. of the Declarations, or any **Wrongful Act**, fact, circumstance or situation underlying or alleged therein;
- C. for any actual or alleged seepage, pollution or contamination of any kind; provided, however, this exclusion shall not apply to:
 - 1. the coverage afforded under Insuring Clause I.A., or
 - 2. the coverage afforded under Insuring Clause I.B. or I.C. for a **Securities Claim**;
- D. for violation of the Employee Retirement Income Security Act of 1974 or the Fair Labor Standards Act of 1938 (except the Equal Pay Act), any regulations promulgated thereunder or similar provisions of any federal, state or local law; provided, however:
 - 1. this exclusion shall not apply to the coverage afforded under Insuring Clause I.A.; and
 - 2. this exclusion shall only apply with respect to benefit plans sponsored by the **Company**;
- E. by, on behalf of, or at the direction of the **Company**, except and to the extent that:
 - 1. such **Claim** is a **Derivative Suit**; or
 - 2. such **Claim** is brought in the event of the appointment of a trustee, examiner, receiver, liquidator, conservator, rehabilitator or similar official; or
 - 3. such **Claim** is brought by a creditors committee pursuant to 2. above or by the **Company** as a debtor in possession; or
 - 4. such **Claim** is brought against any former **Insured Persons**; or
 - 5. such **Inquiry** is brought in connection with an inquiry or investigation by a

- Regulatory Authority; or**
6. such **Claim** is brought :
 - (a) against the chief executive officer or chief financial officer of the **Parent Company** pursuant to Section 304(a) of the Sarbanes-Oxley Act of 2002, or
 - (b) against the **Insured Persons** pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any internal policy of the **Company** promulgated in accordance therewith; or
 7. such **Claim** is a **Security Holder Demand**; or
 8. such **Claim** is brought subsequent to a **Corporate Takeover** by the person or entity who acquired more than fifty percent (50%) of the outstanding securities of the **Parent Company** or merged with the **Parent Company** such that the **Parent Company** is not the surviving entity; or
 9. such **Claim** is brought outside the United States of America, Canada, or any other common law jurisdiction;
 Notwithstanding the foregoing, Exclusion E. shall not apply to **Costs, Charges and Expenses** incurred in connection with any **Claim** or **Investigation** under Insuring Clause I.A;
- F. brought about or contributed to by:
1. any deliberately fraudulent or deliberately criminal act or omission by any of the **Insureds**, or
 2. any personal profit or financial advantage gained by any of the **Insured Persons** to which they were not legally entitled, as determined by a final non-appealable adjudication in any action or proceeding (other than an action or proceeding initiated by Underwriters to determine coverage under this Policy);
- G. for the return by any of the **Insured Persons** of any remuneration paid to them without the previous approval of the appropriate governing body of the **Company**, which payment without such previous approval shall be determined by a final non-appealable adjudication in any action or proceeding (other than an action or proceeding initiated by Underwriters to determine coverage under this Policy) to be in violation of the law;
 Notwithstanding the foregoing, Exclusions F.2 and G. shall not apply to:
1. that portion of any **Securities Claim** alleging violations of Section 11 or 12 of the Securities Act of 1933 as amended including without limitation such **Loss** of any **Insured Persons** deemed to be a controlling person within the meaning of Section 15 of the Securities Act of 1933, or any similar securities laws or common laws or regulations of any foreign jurisdiction, as amended; or
 2. **Facilitation Costs** incurred in connection with that portion of any **Claim** alleging violations of Section 304(a) of the Sarbanes-Oxley Act of 2002, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the U.S. Federal Food, Drug, and Cosmetic Act, 21 U.S.C. Section 301, et seq., or any internal policy of the **Company** promulgated in accordance therewith.
 With respect to Exclusion F.1. for acts or omissions which are treated as a criminal violation in a jurisdiction outside the United States of America that are not treated as a criminal violation in the United States of America, the imposition of a criminal fine or other criminal sanction in such jurisdiction will not, by itself, be conclusive proof that a deliberately fraudulent or deliberately criminal act or omission occurred.
- H. based upon, arising out of, directly or indirectly, resulting from or in consequence of, or in any

way involving, any **Wrongful Act** actually or allegedly committed or any conduct actually or allegedly undertaken subsequent to a **Corporate Takeover**.

- I. for damages, judgments or settlements that represent an increase in the actual or proposed consideration in connection with any acquisition, merger or business combination of, by or with the Company, except:
 1. for any **Costs, Charges and Expenses** or **Inquiry Costs**; or
 2. where such damages, judgments or settlements are payable under Insuring Clause I.A.

For the purpose of determining the applicability of any of the Exclusions:

- (a) in respect of Insuring Clause I.A., no facts pertaining to, no knowledge possessed by, and no **Wrongful Act** of any of the **Insureds** shall be imputed to any other natural person,
- (b) in respect of Insuring Clause I.B., the **Wrongful Act** of any of the **Insured Persons** shall be imputed to the **Company** only to the extent that the **Company** indemnifies such **Insured Persons**, and
- (c) in respect of Insuring Clause I.C., only the **Wrongful Acts** of any past, present or future chief executive officer or chief financial officer of the **Parent Company** shall be imputed to the **Company**.

IV. LIMIT OF LIABILITY, RETENTIONS AND ORDER OF PAYMENTS

- A. Underwriters shall be liable to pay the percentage of **Loss** set forth in Item E. of the Declarations in excess of the amount of the applicable Retention up to the Limit of Liability or Sublimit of Liability, if applicable, it being warranted that the remaining percentage of **Loss** shall be uninsured. The Retention applicable to Insuring Clause I.B. shall apply to **Loss** payable under Insuring Clause I.A. if indemnification by the **Company** is required by law or is legally permissible to the fullest extent permitted by law.

No Retention shall apply to any **Loss** under Insuring Clause I.D. or to **Biotech Incident Costs** under Insuring Clause I.E.

If the **Company** fails or refuses to advance or indemnify the **Insured Persons** for any reason within sixty (60) days of **Loss** becoming due and payable and after specific written request is made by or on behalf of any **Insured Persons**, then Underwriters shall pay **Loss** on behalf of any **Insured Persons** within the Retention applicable to Insuring Clause I.B. after Underwriters have received written and itemised documentation of such **Loss** by means of invoices or otherwise, subject to the terms, conditions and limitations of this Policy. Any payments of **Loss** by Underwriters within the Retention applicable to Insuring Clause I.B. shall serve to reduce the Limit of Liability or Sublimit of Liability, if applicable of Underwriters under the Policy. In such event, , Underwriters shall be entitled to obtain reimbursement from the **Company** for all payments made by Underwriters that would not have been made had the indemnity in respect of the Retention been provided by the **Company**, unless the **Company** is unable to indemnify by reason of its insolvency.

Notwithstanding the above, if and to the extent any covered **Loss** which is within any applicable Retention under this Policy is paid on behalf of the **Insured Persons** by any other insurer pursuant to the terms and conditions of any Excess Difference in Conditions Side A policy which is specifically excess of this Policy, then such applicable Retention under this Policy shall be

eroded by the amount of such payment.

- B. The amount shown in Item C.1. of the Declarations shall be the maximum aggregate Limit of Liability of Underwriters under the Policy.

The amount shown in Item C.2. of the Declarations applicable to **Security Holder Demand Investigatory Costs** shall be the maximum aggregate Sublimit of Liability of Underwriters under the Policy for all **Security Holder Demand Investigatory Costs** arising from all **Security Holder Demands** under Insuring Clause I.D. Such Sublimit of Liability shall be part of, and not in addition to, the Limit of Liability stated in Item C.1. of the Declarations.

The amount shown in Item C.3. of the Declarations applicable to **Biotech Incident Costs** shall be the maximum aggregate Sublimit of Liability of Underwriters under the Policy for all **Biotech Incident Costs** arising from all **Biotech Incident Events** under Insuring Clause I.E. Such Sublimit of Liability shall be part of, and not in addition to, the Limit of Liability stated in Item C.1. of the Declarations.

- C. More than one **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed to constitute a single **Claim** and shall be deemed to have been made at the earliest of the following dates:
1. the date on which the earliest **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** is first made; or
 2. the date on which the **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed to have been made pursuant to Clause VI.C.
- D. More than one **Investigation** having as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions shall be deemed to constitute a single **Investigation** and shall be deemed to have been commenced at the earliest of the following dates:
1. the date on which the earliest **Investigation** is first commenced; or
 2. the date on which the **Investigation** shall be deemed to have been commenced pursuant to Clause VI.C.
- E. If an **Inquiry** is first reported to Underwriters during the **Policy Period** in accordance with Clause VI.B. then such **Inquiry** and any subsequent **Inquiry** having as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions shall be deemed a single **Inquiry** first reported on the date the earliest **Inquiry** is first reported.
- F. Any **Claim**, **Investigation** or **Inquiry** having as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions shall be deemed a single **Claim** and shall be deemed to have been made at the earliest of the following dates:
1. the date on which the **Inquiry** is first reported;
 2. the date on which the **Investigation** is first commenced; or
 3. the date on which the **Claim** is first made.

- G. In the event more than one of the Insuring Clauses set forth in Clause I. are applicable to a **Claim**, **Investigation** or **Inquiry**, the Retentions set forth in Item D. of the Declarations shall be applied separately to that part of the **Loss** resulting from such **Claim**, **Investigation** or **Inquiry** covered by each Insuring Clause. The sum of the Retentions so applied shall constitute the Retention

applicable to such **Claim, Investigation or Inquiry**. The total Retention as finally determined shall in no event exceed the largest of the applicable Retentions for such **Claim, Investigation or Inquiry**.

- H. Payments of **Loss** by Underwriters shall reduce the Limit of Liability and any applicable Sublimit of Liability.

Underwriters shall pay **Loss** in the following order:

1. first, under Insuring Clause I.A., provided however that such **Loss** is allocable to any **Wrongful Act** committed or any conduct undertaken prior to the **Company** becoming a debtor in possession under the United States bankruptcy law or similar legal status under foreign law; and
2. second, under Insuring Clause I.A. where such **Loss** is allocable to any **Wrongful Act** committed or any conduct undertaken on or after the **Company** became a debtor in possession under the United States bankruptcy law or similar legal status under foreign law; and
3. third, at the written request of the chief executive officer of the **Parent Company**, Underwriters shall either pay or withhold **Loss** payable under Insuring Clause I.B.; and
4. lastly, at the written request of the chief executive officer of the **Parent Company**, Underwriters shall either pay or withhold **Loss** payable under Insuring Clauses I.C. and I.D.

In the event Underwriters withhold payment pursuant to sub-paragraphs 3. and 4. above, then Underwriters shall, at such time and in such manner as shall be set forth in the instructions of the chief executive officer of the **Parent Company**, remit such payment to the **Company** or directly to or on behalf of the **Insured Persons**.

Underwriters shall have no obligation to pay **Loss** after exhaustion of the Limit of Liability or Sublimit of Liability, if applicable, regardless of whether the **Parent Company** has withheld payment.

- I. Underwriters shall pay **Costs, Charges and Expenses** or **Inquiry Costs** on a current basis but no less than once every ninety (90) days.

V. SETTLEMENTS AND DEFENSE

- A. No settlement shall be made and no **Costs, Charges and Expenses, Biotech Incident Costs, Facilitation Costs, Inquiry Costs** or **Security Holder Demand Investigatory Costs** shall be incurred without Underwriters' consent, such consent not to be unreasonably withheld. However, Underwriters' consent shall not be required for a settlement where such settlement is for an amount below the applicable Retention (inclusive of **Costs, Charges and Expenses**) provided the **Insureds** shall give Underwriters as soon as practicable details of the settlement amounts and the date the settlement is confirmed by the court.
- B. It shall be the duty of the **Insureds** and not the duty of the Underwriters to defend **Claims, Investigations or Inquiries**, including the investigation, review and evaluation of any **Shareholder Derivative Demand**, or respond to any **Biotech Incident Event**.

VI. NOTIFICATION

- A. The **Insureds** shall, as a condition precedent to their rights to payment under this Policy, give to Underwriters notice in writing of any **Claim or Investigation** as soon as practicable after the risk manager, general counsel, chief executive officer or chief financial officer or equivalent of the **Parent Company** first becomes aware of such **Claim or Investigation**, but in no event later than:

1. sixty (60) days after the end of the **Policy Period**, or
 2. in the event this Policy is renewed with Underwriters, one hundred and eighty (180) days after the end of the **Policy Period**.
- B. If the **Insureds** elect to seek coverage for **Inquiry Costs** in connection with an **Inquiry**, the **Insureds** shall give to Underwriters notice in writing of such **Inquiry**, but in no event later than:
1. the end of the **Policy Period**, or
 2. in the event this Policy is non-renewed with Underwriters, sixty (60) days after the end of the **Policy Period**.
- C. If the **Insureds**:
1. become aware of a specific fact, circumstance or situation which could reasonably give rise to a **Claim** or **Investigation**, or
 2. receive any request to toll a period or statute of limitation which may be applicable to any **Claim** or **Investigation** and if the **Insureds** during the **Policy Period** give written notice to Underwriters of:
 - (a) the specific fact, circumstance, situation or the request to toll a period or statute of limitation;
 - (b) the consequences which have resulted or may result therefrom; and the circumstances by which the **Insureds** first became aware thereof, then any **Claim** or **Investigation** made subsequently arising out of such fact, circumstance, situation or the request to toll a period or statute of limitation shall be deemed for the purposes of this Policy to have been made or commenced at the time such notice was first given.
- D. Notice to Underwriters provided for in Clause VII. shall only be deemed effective if given to the firm shown under Item I. of the Declarations.

VII. OTHER INSURANCE AND INDEMNIFICATION

The **Insureds** and Underwriters agree that all coverage under this Policy is excess over and will not contribute with all other valid and collectible Directors and Officers Liability, Employment Practices Liability or Fiduciary Liability insurance, whenever purchased, whether such other insurance is stated to be primary, contributing, excess, contingent or otherwise. However, the coverage under this Policy shall apply as primary to any personal directorship liability insurance of any of the **Insured Persons** or any Directors and Officers Liability insurance issued to any equity holder of the **Company**.

In the event any **Claim** made against, or any **Investigation** of, the **Insured Persons** while acting in their capacity as, or any matter claimed against any of the **Insured Persons** solely by reason of their serving as a director, officer, manager, trustee, governor or executive director or in a functionally equivalent position of any **Outside Entity**, the coverage under this Policy is excess over and will not contribute with:

- A. any indemnification provided by the **Outside Entity**; and
- B. all other valid and collectible insurance, whenever purchased, whether such other insurance is stated to be primary, contributing, excess, contingent or otherwise.

VIII. GENERAL CONDITIONS

- A. Representations and Severability

The particulars and statements contained in the **Application** are incorporated into and constitute a part of this Policy.

By acceptance of this Policy, the **Insureds** agree:

1. that the statements in the **Application** are their representations and that this Policy is issued in reliance upon the truth of such representations;
2. that in the event that the **Application** contains misrepresentations made with the actual intent to deceive, or contains misrepresentations which materially affect either the acceptance of the risk or the hazard assumed by Underwriters under this Policy, Underwriters may only seek to void coverage, *ab initio*, under the following Insuring Clauses with respect to **Claims, Investigations or Inquiries** arising from such misrepresentations:
 - (a) with respect to Insuring Clause I.B. to the extent the **Company** indemnifies any of the **Insured Persons** who had knowledge as at the Inception Date of this Policy of any such misrepresentations; and
 - (b) with respect to Insuring Clause I.C. to the extent that the chief executive officer or chief financial officer of the **Parent Company** had knowledge as at the Inception Date of this Policy of any such misrepresentations; and
3. that, notwithstanding the above, the **Application** shall be construed as a separate application for coverage by each of the **Insured Persons** and no knowledge possessed by any of the **Insured Persons** shall be imputed to any other natural person.

Notwithstanding the foregoing:

- i) this Policy shall not be voided, in whole or in part, with respect to Insuring Clause I.A.; and
- ii) this Policy shall be non-rescindable with respect to the coverage afforded under Insuring Clauses I.A., I.B., I.C. and I.D.

Underwriters agree to advance payments of **Loss** unless and until an order by a court of competent jurisdiction provides either that such advancement is not required or that coverage is void *ab initio*, subject to the condition that such advance payments by Underwriters shall be repaid to Underwriters by the **Company** or the **Insured Persons** according to their respective interests as soon as reasonably practicable after an order provides that such advancement is not required or that coverage is void *ab initio*.

B. Adjustment Clause

1. This Policy is issued and the premium computed on the basis of the information submitted to Underwriters as part of the **Application**.
In the event the **Company**:
 - (a) acquires any other entity or acquires substantially all of the assets of another entity where such assets acquired exceed twenty-five percent (25%) of the consolidated assets of the **Company** as set forth in the **Company's** most recent audited financial statement, or
 - (b) merges with another entity such that the **Company** is the surviving entity where such assets of the merged entity exceed twenty-five percent (25%) of the consolidated assets of the **Company** as set forth in the **Company's** most recent audited financial statement, or
 - (c) acquires a **Subsidiary** as defined in Clause II.AA.3.
after the inception of this Policy, coverage shall be afforded for a period of ninety (90) days for any **Loss** in any way involving the assets acquired or the assets, liabilities, directors, officers or employees of the entity acquired or merged with, or such **Subsidiary**, but only with respect to any **Wrongful Act** committed or any conduct undertaken on or after the date such entity is acquired, merged with or became a **Subsidiary**. Coverage beyond such ninety (90) day period shall only be available if:

- i) written notice of such transaction or event is given to Underwriters by the **Parent Company**;
 - ii) the **Parent Company** provides Underwriters with such information in connection therewith as Underwriters may deem necessary;
 - iii) the **Insureds** accept any special terms, conditions, exclusions or additional premium charge as may be required by Underwriters; and
 - iv) Underwriters, at their sole discretion, agree to provide such coverage.
- 2. In the event any entity ceased to be a **Subsidiary** as defined herein after the inception date of this Policy, or of any policy of which this Policy is a renewal or replacement, this Policy, subject to its terms, shall continue to apply to any of the **Insured Persons** who were covered under this Policy because of their service with such entity and to such **Subsidiary** but only with respect to any **Wrongful Act** committed or allegedly committed or any conduct undertaken or allegedly undertaken prior to the time such entity ceased to be a **Subsidiary**.
- 3. Except if an **Predetermined Run-Off Period** is purchased in accordance with Clause IX.B., in the event of a **Corporate Takeover** after the inception date of this Policy or of any policy issued by Underwriters of which this Policy is a renewal or replacement, this Policy, subject to its terms, shall continue to apply to the **Insured Persons** and to the **Company** but only with respect to any **Wrongful Act** committed or allegedly committed or any conduct undertaken or allegedly undertaken prior to the **Corporate Takeover**.

C. Cancellation Clause

- 1. By acceptance of this Policy, the **Insureds** hereby confer the exclusive power and authority to cancel this Policy on their behalf to the **Parent Company**. Such entity may cancel this Policy by surrender thereof to Underwriters, or by mailing to Underwriters written notice stating when thereafter such cancellation shall be effective. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice shall be equivalent to mailing.
- 2. Underwriters may cancel this Policy only for nonpayment of premium by mailing to the **Parent Company** written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice by Underwriters shall be equivalent to mailing. If the foregoing notice period is in conflict with any governing law or regulation, then such period shall be amended to afford the minimum notice period permitted thereunder.
- 3. If this Policy is cancelled pursuant to 1. hereinabove, Underwriters shall retain the customary short rate proportion of the premium hereon. If this Policy is cancelled pursuant to 2. hereinabove, Underwriters shall retain the pro rata proportion of the premium hereon. Payment or tender of any unearned premium by Underwriters shall not be a condition precedent to the effectiveness of cancellation.

D. Company Authorization Clause

By acceptance of this Policy the **Insureds** agree that the **Parent Company** will act on their behalf with respect to the giving of all notices to Underwriters, the receiving of notices from Underwriters, the payment of the premium and the receipt of any return premium.

E. Valuation and Currency Clause

All premiums, limits, retentions and **Loss** under this Policy are expressed and payable in the currency of the United States. If judgment is rendered, settlement is denominated or another element of **Loss** under this Policy is stated in a currency other than United States dollars or if **Costs, Charges and Expenses** or **Inquiry Costs** are paid in a currency other than United States dollars, payment under this Policy shall be made in United States dollars at the rate of exchange published in the *Wall Street Journal* on the date the judgment becomes final or payment of the settlement or other element of **Loss** is due or the date such **Costs, Charges and Expenses** or **Inquiry Costs** are paid.

F. Bankruptcy Clause

Bankruptcy or insolvency of the **Company** or any of the **Insured Persons** shall not relieve Underwriters of any of their obligations under this Policy.

The coverage provided under this Policy is intended to protect and benefit the **Insured Persons**. If a liquidation or reorganization proceeding is commenced by the **Company** (whether voluntarily or involuntarily) under Title 11 of the United States Code (as amended), or any similar state, local or foreign law, then, in regard to a covered **Claim, Investigation** or **Inquiry** under this Policy, Underwriters and the **Insureds** hereby agree not to oppose or object to any efforts by Underwriters or any of the **Insureds** to obtain relief from any stay or injunction applicable to the proceeds of this Policy as a result of the commencement of such liquidation or reorganization proceeding.

G. Recovery Clause

In the event the Underwriters recover amounts they have paid under this Policy, the Underwriters will reinstate the Limit of Liability of this Policy to the extent of such recovery, less its costs incurred in administering and obtaining such recovery. The Underwriters assume no duty to seek a recovery of any amounts paid under this Policy.

IX. EXTENSIONS TO THE POLICY PERIOD

A. Optional Extension Period

If this Policy is not renewed by the **Parent Company** or by Underwriters, then the **Parent Company** shall have the right, upon payment of an additional premium calculated at that percentage shown in Item G.1. of the Declarations of the total premium for this Policy, to an extension of the coverage granted by this Policy with respect to:

1. any **Claim** first made or **Investigation** first commenced during the period of time set forth in Item G.2. of the Declarations after the Policy expiration date, but only with respect to any **Wrongful Act** committed or any conduct undertaken before the Policy expiration date; or
2. any **Inquiry** first reported to Underwriters during the period of time set forth in Item G.2. of the Declarations after the Policy expiration date, but only with respect to any **Inquiry** first received on or after the date set forth in Item J. of the Declarations for any conduct undertaken before the Policy expiration date.

B. Predetermined Run-Off Period

In the event of a **Corporate Takeover**, the **Parent Company** shall have the right, upon payment of an additional premium calculated at that applicable percentage shown in Item H.1. of the Declarations of the total premium for this Policy (less any unearned premium calculated at pro rata for the period from the date of such **Corporate Takeover**), to an extension of the coverage granted by this Policy with respect to:

1. any **Claim** first made or **Investigation** first commenced during the applicable period of time set forth in Item H.2. of the Declarations after the date of such **Corporate Takeover**, but only with respect to any **Wrongful Act** committed or any conduct undertaken before the date of such **Corporate Takeover**; or
2. any **Inquiry** first reported to Underwriters during the applicable period of time set forth in Item H.2. of the Declarations after the date of such **Corporate Takeover**, but only with respect to any **Inquiry** first received on or after the date set forth in Item J. of the Declarations for any conduct undertaken before the date of such **Corporate Takeover**.

C. Retired and Resigned Insured Person Extension

If this Policy is not renewed by the **Parent Company** or by Underwriters, then any of the **Insured Persons** who have retired or resigned prior to or during the **Policy Period** shall have an automatic extension of the coverage granted by this Policy with respect to:

3. any **Claim** first made or **Investigation** first commenced during the seventy two (72) month period following the end of the **Policy Period**, but only with respect to any **Wrongful Act** committed or any conduct undertaken before the Policy expiration date; or
4. any **Inquiry** first reported to the Underwriters during the seventy two (72) month period following the end of the **Policy Period**, but only with respect to any **Inquiry** first received on or after the date set forth in Item J. of the Declarations for any conduct undertaken before the Policy expiration date.

The above automatic extension of coverage shall not apply in the event the **Parent Company** has purchased other insurance to replace, in whole or in part, the insurance provided under this Policy.

D. Extension Conditions

1. As a condition precedent to the right to purchase the **Optional Extension Period**, the **Predetermined Run-Off Period** or the coverage afforded under Retired and Resigned Insured Person Extension the total premium for this Policy must have been paid.
The right to purchase the **Optional Extension Period** shall terminate (i) in the event written notice together with full payment of the premium for the **Optional Extension Period** is not given to Underwriters within thirty (30) days after the Policy expiration date or (ii) in the event the **Predetermined Run-Off Period** is purchased.
The right to purchase the **Predetermined Run-Off Period** shall terminate (i) in the event written notice together with full payment of the premium for the **Predetermined Run-Off Period** is not given to Underwriters within thirty (30) days after the date of the **Corporate Takeover** or (ii) in the event the **Optional Extension Period** is purchased.
If such notice and premium payment is not so given to Underwriters, there shall be no right to purchase the **Optional Extension Period** or the **Predetermined Run-Off Period**.
2. In the event of the purchase of the **Optional Extension Period** or the **Predetermined Run-Off Period**, the entire premium therefor shall be deemed earned at its commencement.
3. The exercise of the **Optional Extension Period**, the **Predetermined Run-Off Period** or the Retired and Resigned **Insured Person Extension** shall not in any way increase the Limit of Liability of Underwriters.

X. ASSISTANCE, COOPERATION AND SUBROGATION

The **Insureds** agree to provide Underwriters with such information, assistance and cooperation as Underwriters or their counsel may reasonably request, and they further agree that, after a **Claim** has been made against them, an **Investigation** has been commenced against them or an **Inquiry** has been received by them, or a **Biotech Incident Event** has occurred, they shall not take any action which in any way increases Underwriters' exposure under this Policy. The failure of any of the **Insured Persons** to give Underwriters or their counsel the information, assistance and cooperation that they may reasonably request shall not impair the rights of any other natural person under this Policy.

In the event of any payment under this Policy, Underwriters shall be subrogated to the **Insureds**' rights of recovery therefor against any person or entity. The **Insureds** shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights including the execution of such documents as are necessary to enable Underwriters effectively to bring suit in their name, and shall provide all other assistance and cooperation which Underwriters may reasonably require.

Notwithstanding the foregoing, Underwriters agree to waive their rights of subrogation against any of the **Insured Persons** except where a final non-appealable adjudication in any action or proceeding (other than an action or proceeding initiated by Underwriters to determine coverage under this Policy) adverse to the relevant **Insured Persons** establishes that the relevant **Insured Persons** have committed a deliberately fraudulent or deliberately criminal act or omission.

XI. ASSIGNMENTS AND ACTION AGAINST UNDERWRITERS

No action shall lie against Underwriters unless, as a condition precedent thereto, the **Insureds** shall have fully complied with all of the terms of this Policy, nor until the amount of the **Insureds**' obligation to pay shall have been fully and finally determined either by judgment against them or by written agreement between them, the claimant and Underwriters. Nothing contained herein shall give any person or organization any right to join Underwriters as a party to any **Claim, Investigation** or **Inquiry** against the **Insureds** to determine their liability, nor shall Underwriters be impleaded by the **Insureds** or their legal representative in any **Claim, Investigation** or **Inquiry**. Assignment of interest under this Policy shall not bind Underwriters unless their consent is endorsed hereon.

XII. ENTIRE AGREEMENT

By acceptance of this Policy, the **Insureds** agree that this Policy embodies all agreements existing between them and Underwriters or any of their agents relating to this Insurance. Notice to any agent or knowledge possessed by any agent or other person acting on behalf of Underwriters shall not effect a waiver or a change in any part of this Policy or estop Underwriters from asserting any right under the terms of this Policy, nor shall the terms be waived or changed except by written endorsement or rider issued by Underwriters to form a part of this Policy.

XIII. ALLOCATION

If both **Loss** covered by this Policy and loss uncovered by this Policy are incurred, either because the **Claim, Investigation** or **Inquiry** includes both covered and uncovered allegations or because it includes both insured and uninsured parties, then the **Insureds** and Underwriters agree to use their best efforts to fairly and reasonably allocate such amount between covered **Loss** and uncovered loss.

In the event that a method of allocation cannot be agreed upon by Underwriters and the **Insureds**, then:

- A. in any arbitration, suit or other proceeding, no presumption shall exist concerning what is a fair and reasonable allocation;

- B. Underwriters shall advance the amount of **Costs, Charges and Expenses** or **Inquiry Costs** which they deem fair and proper until a different amount is negotiated by the parties, determined pursuant to the arbitration process set forth in subparagraph C. below, or determined judicially;
- C. Underwriters, solely if requested by the **Insureds**, shall submit the dispute to binding arbitration. The rules of the American Arbitration Association shall apply except with respect to the selection of the arbitration panel, which shall consist of one arbitrator selected by the Insureds, one arbitrator selected by Underwriters, and a third independent arbitrator selected by the first two arbitrators.

Any negotiated, arbitrated or judicially determined allocation of **Costs, Charges and Expenses** or **Inquiry Costs** on account of a **Claim, Investigation** or **Inquiry** shall be applied retroactively to all **Costs, Charges and Expenses** or **Inquiry Costs** on account of such **Claim, Investigation** or **Inquiry**, notwithstanding any prior advancement to the contrary. Any allocation or advancement of **Costs, Charges and Expenses** or **Inquiry Costs** on account of a **Claim, Investigation** or **Inquiry** shall not apply to or create any presumption with respect to the allocation of other **Loss** on account of such **Claim, Investigation** or **Inquiry**.

XIV. WORLDWIDE

This Policy applies only to **Claims** first made **Investigations** first commenced and **Inquiries** first reported during the **Policy Period** anywhere in the world as permitted by law.

XV. SERVICE OF SUIT

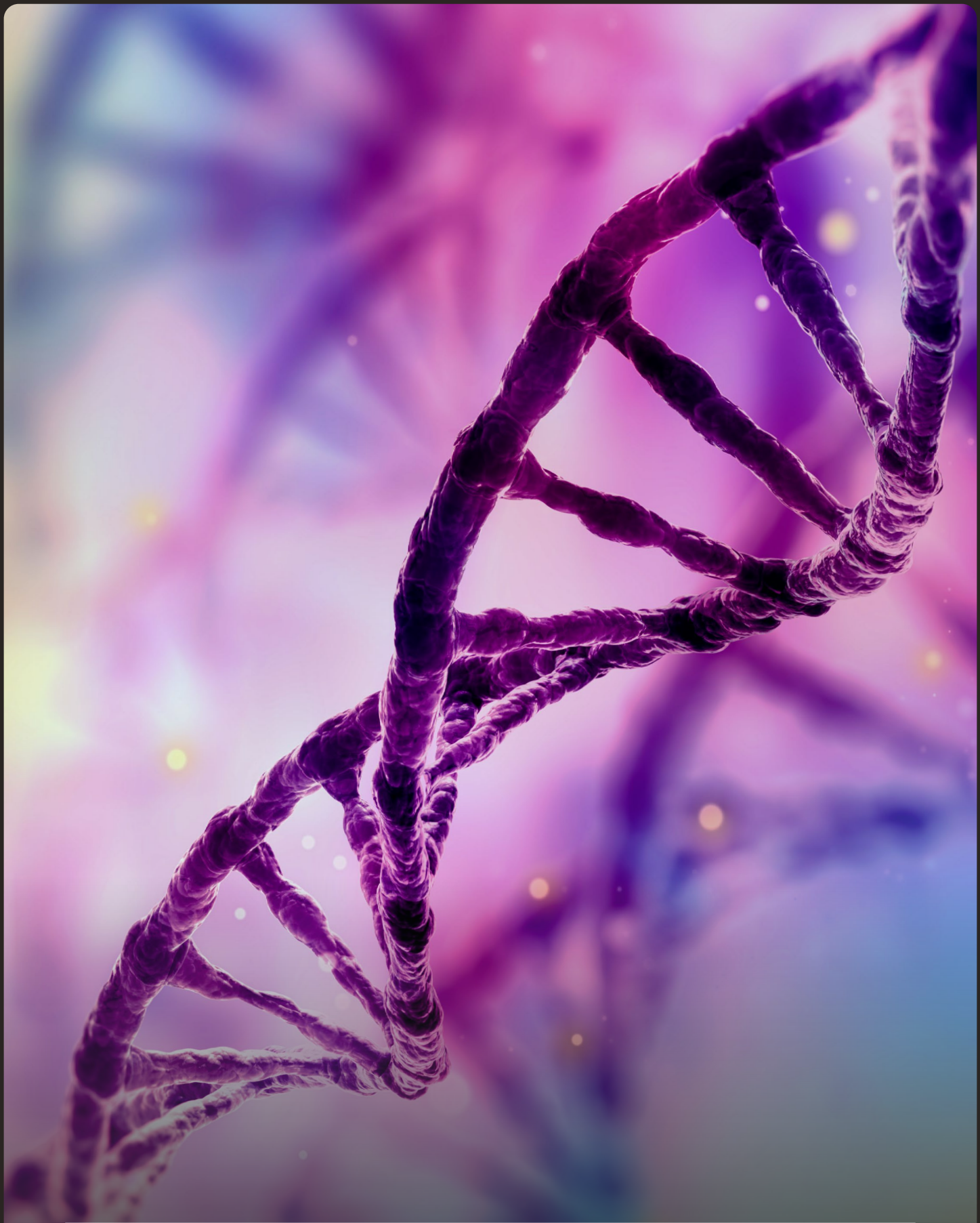
It is agreed that in the event of the failure of Underwriters to pay any amount claimed to be due hereunder, Underwriters at the request of any of the **Insureds** will submit to the jurisdiction of any court of competent jurisdiction within the United States and will comply with all requirements necessary to give such court jurisdiction. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon the firm shown under Item M. of the Declarations, and that in such suit instituted against any one of the Underwriters upon this Policy, Underwriters will abide by the final decision of such court or of any appellate court in the event of an appeal.

The firm shown under Item M. of the Declarations is authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of any of the **Insureds** to give a written undertaking to such **Insured** that it will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to the statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officers specified for that purpose in the statute, or any of their successors in office, as their true and lawful attorney, upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of any of the **Insureds** or any beneficiary hereunder arising out of this Policy, and hereby designate the firm shown in Item M. of the Declaration as the firm to whom the said officer is authorized to mail such process or a true copy thereof.





XVI. CHOICE OF LAW

Except with respect to the insurability of damages under Clause II.Q., any dispute involving this Policy shall be resolved by applying the law of the state designated in Item N. of the Declarations.



ADDRESS

7th Floor, One Creechurch Place,
London, EC3A 5AY

 [inigoinsurance](#)
 [inigo_insurance](#)
 [inigo_insurance](#)
 [Inigoinsurance](#)

