



**STEEL  
CITY  
RE**

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## Declarations

Generated: 12/31/2017

Reputational Value Insurance Policy Number [NNNN-18]

Policy Period Begin: **1/1/2018 (12:01 am)**

Policy Period End: **12/31/2018 (11:59 pm)**

Premium Due Date: **2/1/2018**

Named Insured: **[Company]**

Principal Address:

Avenue

Anywhere, USA 00000

Premium: **[Premium]**

Taxes Payable by the Named Insured: N/A

**Policy Limit:** [Policy Limit Value]

**Policy Aggregate Limit** [Policy Limit Value]

### Technicals

Binding CRR: [Binding\_CRR] GU%

Binding RVM: [Binding\_RVM] GU

Loss Gate Values: Per Policy

Range Historic RVM%: [1 Year RVM Vol]

Range Multipliers: Per Policy

Proximity to Risk: [Proximity\_Value]

Particulars: Application Specific

Actuarial: RelRsk-Sim-[NNNNN-NNNN]

Triggers: Sim-[NNNNN-NNNN] Interpolated

### Designated Media of Record

*a) [Example: PR News, Adweek, Advertising Age, Wall Street Journal, Financial Times, Bloomberg, New York Times, Washington Post, Barron's, Forbes, Fortune, NPR, CNN, FOX News, and The Atlantic.*

*b) Twitter, Facebook, Instagram]*

Broker: **N/A**

Surplus Lines Broker: **N/A/**

Manager: **N/A**

Governing Law and Jurisdiction: New York (subject to Arbitration clause)

Arbitration Venue: New York

In consideration of the Named Insured paying the Premium to Insurer (the “Insurer”) and in reliance on the information including the application provided by the Named Insured to the Insurer:

the Insurer agrees subject to the terms, conditions and exclusions of this Policy, and the application (which is also part of this Policy) to indemnify the Named Insured for **Reputational Value Loss** in accordance with the terms and conditions set forth herein.

Signed \_\_\_\_\_

Dated \_\_\_\_\_

For and on behalf of

**Tokio Marine Kiln**

#### **Important notice to the Named Insured**

Please read this Policy carefully to ensure that it is in accordance with your requirements and that you understand its terms, conditions and exclusions. The Insurer should be contacted immediately if any correction is necessary.

**Tokio Marine Kiln  
20 Fenchurch Street  
London, EC3M 3BY  
United Kingdom**



**POLICY SECTION I – INSURING AGREEMENT**

**INSURING CLAUSE**

The Insurer will indemnify the Named Insured, for **Covered Loss** arising from a **Reputational Value Loss**. Payment of **Covered Loss** is subject to **Actual Loss**, and the **Policy Aggregate Limit** specified in the Declarations.

**POLICY SECTION II – POLICY TERMS****POLICY DEFINITIONS**

The terms printed in **bold** in this Policy shall have the meanings given in the Declarations or as set out below:

- a. **Actual Loss** shall mean the losses and costs incurred by the Insured as follows:
  - i. The decrease in the Insured's gross revenue as measured by subtracting the Insured's gross revenue from operations during the **Loss Determination Period** from the Insured's gross revenue during the **Reference Period**.
  - ii. The increase in the Insured's credit costs as measured by subtracting the Insured's credit costs for operations during the **Reference Period** from the Insured's credit costs for operations during the **Loss Determination Period**.
  - iii. The increase in the Insured's risk transfer costs as measured by subtracting the Insured's risk transfer costs for operations during the **Reference Period** from the Insured's risk transfer costs for operations during the **Loss Determination Period**.
  - iv. The increase in the Insured's regulatory compliance costs as measured by subtracting the Insured's regulatory compliance costs during the **Reference Period** from the Insured's regulatory compliance costs during the **Loss Determination Period**.
  - v. The increase in the Insured's safety management costs as measured by subtracting the safety management costs during the **Reference Period** from the Insured's safety management costs during the **Loss Determination Period**.
  - vi. The increase in the Insured's security management costs as measured by subtracting the security management costs during the **Reference Period** from the Insured's security management costs during the **Loss Determination Period**.
  - vii. The increase in the Insured's quality assurance costs including any product recall, as measured by subtracting the quality assurance costs during the **Reference Period** from the Insured's quality assurance costs during the **Loss Determination Period**.
  - viii. The additional costs of managing one or more **Scheduled Business Processes** including but not limited to software products, supporting hardware and advisory services as measured by subtracting the Insured's costs incurred during the **Reference Period** from the Insured's costs incurred during the **Loss Determination Period**.
  - ix. The additional costs of enhanced stakeholder engagement including but not limited to expenses for communications in person and through various media channels to customers, vendors, employees, creditors, investors, capital market intermediaries and regulators as measured by subtracting the Insured's costs incurred during the **Reference Period** from the Insured's costs incurred during the **Loss Determination Period**.
- b. **Affirmation of Conformance** means the affirmation by a senior manager (a corporate director or officer designated by the Named Insured and approved in advance by the Insurer) of the Named Insured affirming the Named Insured's conformance with **Scheduled Business Processes** using a Conformance Monitoring System.
- c. **Average Historic Range (AHR)** is the average historic range of the Named Insured's **Corporate Reputation Ranking** as measured by Steel City Re over a one year period prior to the Policy Period Begin date
- d. **Change in Control** means a Person has entered into an agreement or understanding to purchase, sell or otherwise obtain (whether by stock or asset purchase, merger, consolidation or otherwise, in one or a

series of transactions), or has so purchased, sold or otherwise transferred or obtained, a controlling interest in the Named Insured. Without limiting the foregoing, a Person shall be deemed to have a controlling interest in the Named Insured if such Person owns, controls or holds an ownership interest in the Named Insured of at least 10%. For the purposes of this paragraph, a "Person" means an individual, company, corporation, partnership, association, trust, unincorporated entity or governmental entity.

- e. **Conformance Monitoring System** means an enterprise level system enabling board oversight of conformance with governance, risk, and compliance processes objectives with respect to ethics, innovation, safety, security, sustainability and quality, as those terms are generally understood.
- f. **Corporate Reputation Ranking™ (CRR)** means the Named Insured's reputation ranking amongst all companies that Steel City measures as of the Policy Period Begin date. The metric is measured in units of GU%. The CRR at binding is reported on the Declarations page.
- g. **Covered Loss** means the **Policy Limit** multiplied by the percentage corresponding to the **Loss Gate**.

Loss Gate	Percentage (of <b>Policy Limit</b> as reported on the Declarations page)
1	20%
2	40%
3	60%
4	80%
5	100%

**Covered Loss** shall not exceed the lesser of **Reputational Value Loss**, **Actual Loss** sustained by the Insured, or the **Policy Limit**.

- h. **Discovery Window** means a period of up to 90 days following an **Event** for the **Corporate Reputation Ranking** to initially cross one or more **Loss Gates**.
- i. **Event** means the failure of one or more **Scheduled Business Processes** which results in a **Negative Media Report** during the Policy Period.
- j. **Loss Determination Period** – A period of 140 consecutive days unique for each **Loss Gate** starting when the **Corporate Reputation Ranking** crosses below one or more of the **Loss Gates**. At no time shall the **Loss Determination Period** for any **Loss Gate** extend more than 140 consecutive days beyond the Policy Period End plus days remaining in **the Discovery Window**.
- k. **Loss Gates** indicate the magnitude of damage to reputational value that govern the value of **Covered Loss**. **Loss Gates** are determined by Steel City Re and its actuarial modeling service. The magnitudes of **Corporate Reputation Ranking** loss for the respective Loss Gates are specific to the Named Insured.

**Loss Gates** are determined by multiplying two values: the Range Multipliers at each Loss Gate and the average range of the Named Insured's one-year historic **Corporate Reputation Ranking**; and then subtracting the product from the Named Insured's **Corporate Reputation Ranking** as of the Policy Period Begin date, ie:

*Loss Gate = CRR – (RM x AHR) where **CRR** is the Named Insured's **Corporate Reputation Ranking** on the Policy Period Begin date, **RM** is the Range Multiplier (values of [3], [3.5], [4], [4.5], and [5]); and **AHR** is the Average Historic Range.*

Loss Gate	Corporate Reputation Ranking Trigger Value
1	[LG Value 1]
2	[LG Value 2]
3	[LG Value 3]
4	[LG Value 4]

5 (Limits)	[LG Value 5]
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- l. **Negative Media Report** means a disparaging communication in written, printed, electronic, or radio form which is published in a designated media of record listed on the Declarations page.
- m. **Policy Aggregate Limit** means the most this policy would pay for any combination of **Actual Loss, Covered Loss, or Reputational Value Loss**, and for any number of occurrences of **Actual Loss, Covered Loss, or Reputational Value Loss**, in this **Policy Period**. In the event there is more than one occurrence of **Reputational Value Loss**, each of which is not valued at the **Policy Limit**, the aggregate payment for the multiplicity of occurrences will not be greater than the greatest payment for a single occurrence during this **Policy Period**
- n. **Policy Limit** means the limit of the Insurer's liability under this Policy regardless of the number of **Covered Losses** and regardless of the number of **Events** or the number of Named Insureds.
- o. **Reference Period** shall mean a span of 140 consecutive days prior to the date comprising the start of the **Loss Determination Period** for which there exist seasonally adjusted audited financial records.
- p. **Reputational Value Loss** means both trigger conditions are met:
  - i. An **Event**; and within the 90 day **Discovery Window**,
  - ii. A sustained drop in the **Corporate Reputation Ranking** below one or more of the **Loss Gates** as of the last day of a **Loss Determination Period**
- q. **Reputation Value Metrics™ (RVM)** means the Named Insured's Reputation Value as calculated by Steel City Re. The metric is measured in units of GU. This value underpins the **Corporate Reputation Ranking (CRR)**.
- r. **Scheduled Business Processes** means the Named Insured's set of enterprise level and Board level systems, controls, or standard operating procedures pertaining to governance, risk, and compliance with respect to ethics, innovation, safety, security, sustainability and quality, as those terms are generally understood, and that are listed in the attached **Scheduled Business Processes**.
- s. **Senior Management** means corporate officers of the Named Insured at the Vice President or equivalent level or above.

## EXCLUSIONS

1. This Policy provides coverage for **Reputational Value Loss** as defined herein. It does not provide coverage or indemnification for any other type of cost or expense arising out of or connected with the following:
  - a. death or bodily injury
  - b. property damage or property damage liability
  - c. punitive or exemplary damages, or criminal fines or criminal penalties
  - d. liability to any third party
  - e. infidelity or dishonesty as finally adjudicated on the part of the Named Insured or any of the Named Insured's employees or others to whom the Named Insured's products may be entrusted
  - f. contraband, rogue trading, or illegal trade
  - g. **Reputational Value Loss** arising solely from the failure of a business model or strategy to achieve expected or desired financial results, where there is not a failure of a **Scheduled Business Process**

- h. **Reputational Value Loss** arising solely from the failure of a merger or acquisition to achieve desired financial results, where there is not a failure of a **Scheduled Business Process**
  - i. **Reputational Value Loss** arising solely from a changed regulatory environment which then results in the failure to achieve expected or desired financial results, where there is not a failure of a **Scheduled Business Process**
2. This Policy does not provide coverage or indemnification for any type of loss, cost, liability, or expense arising out of or connected with the following:
- a. fraud, deliberate act or breach of the law or any regulations, including customs or quarantine regulations, whether by omission or commission by **Senior Management**;
  - b. an **Event** which was first discovered, or of which the Named Insured first knew or should reasonably have known, prior to the Policy Period Begin date;
  - c. wilfull or intentional acts by **Senior Management** or members of the Board of Directors of the Named Insured, such as, but not limited to:
    - i. suspension of conformance with **Scheduled Business Processes**; or
    - ii. non-compliance with or disregard of information or feedback from the Conformance Monitoring System
  - d. **Event** occurring after:
    - i. the Named Insured has been deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;
    - ii. the Named Insured commences negotiations with all or any class of its creditors with a view to rescheduling any of its debts, or makes a proposal for or enters into any compromise or arrangement with its creditors other than for the sole purpose of a scheme for a solvent amalgamation with one or more other companies or solvent reconstruction;
    - iii. a petition has been filed, a notice has been given, a resolution has been passed, or an order has been made, for or in connection with the winding up of the Named Insured's business or operations;
    - iv. an application has been made to a court, or an order has been made, for the appointment of an administrator of the Named Insured or if a notice of intention to appoint an administrator is given or if an administrator is appointed over the Named Insured;
    - v. a person becomes entitled to appoint a receiver over the Named Insured's assets or a receiver is appointed over the Named Insured's assets;
    - vi. any event occurs, or proceeding is taken, with respect to the Named Insured in any jurisdiction to which it is subject that has an effect equivalent or similar to any of the above events in this paragraph;
    - vii. the Named Insured suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business; or
    - viii. there is a **Change in Control** of the Named Insured.

**GENERAL CONDITIONS**

- a. Reasonable care

The Named Insured shall use reasonable endeavours at all times during the term of this Policy to protect its reputation and conform with all **Scheduled Business Processes**, and to do all things reasonably practicable to avoid or mitigate any **Event** or loss insured hereunder, or any damage to its reputation, including defending all legal actions brought against it by third parties which might prejudice, extinguish, diminish or impair the Named Insured's reputation.

b. Co-operation

The Named Insured will provide all reasonable co-operation to any auditor/adjuster appointed to conduct conformance audits by the Insurer, including but not restricted to submitting to examination under oath and producing for inspection at such reasonable place as is designated by such auditor/adjuster all documents in the Named Insured's possession or control which relate to the matters in question and shall permit extracts or copies thereof to be made and removed from the Named Insured's premises.

#### **WARRANTIES**

1. It is warranted by the Named Insured that, at the Policy Period Begin date:
  - a. The Named Insured has no knowledge or information of any matter, fact or circumstances which is likely to give rise to a loss hereunder except as disclosed on the application.
  - b. The Named Insured has examined the Policy and fully understands the coverage it provides.
  - c. The Named Insured has been provided with its **Reputation Value Metrics, Corporate Reputation Ranking, and its Loss Gate** values calculated as of the Policy Period Begin date.
2. It is warranted by the Named Insured that, at the Policy Period Begin date and for so long as this Policy remains in force that:
  - a. The Named Insured observes and complies with any laws and regulations of which it should reasonably have been aware applying within any country where the manufacture and/or sale or distribution of the Named Insured's products or services takes place;
  - b. The Named Insured shall advise the Insurer of any material changes to any information supplied by or on behalf of the Named Insured to the Insurer between the date of the application and policy inception.

#### **CONDITIONS PRECEDENT**

1. It is a condition precedent to cover under this Policy that the Named Insured shall:
  - a. Follow and conform with all **Scheduled Business Processes**.
  - b. Deploy and continuously utilize the Conformance Monitoring System identified in the Application attached to this Policy, and, when required, submit an **Affirmation of Conformance**.
  - c. Submit to audits and inspections by the Insurer or a representative of the Insurer at all reasonable times as requested by the Insurer.
  - d. Provide the Insurer with all information and assistance that the Insurer reasonably requests and cooperate with the Insurer or the representative of the Insurer in the investigation or settlement of any loss insured hereunder.



2. If the Named Insured has not paid the Premium by the Premium Due Date, this Policy shall be void from its inception. It is a condition precedent to this Policy coming into force that the Premium is paid by the Premium Due Date.

#### **ADDITIONAL TERMS AND CONDITIONS**

##### 1. Claims Handling

- a. Notify the Insurer of an **Event** in writing as soon as practicable, but no later than 30 days, after the Named Insured discovers any information from which it may be reasonably concluded that an **Event** is occurring, has occurred, or may occur. (Notice of an **Event** shall be treated as having been given to the Insurer on the date on which it is received at the following address: Head of Claims, Steel City Re. The Insurer will provide the Named Insured with the Named Insured's **Corporate Reputation Ranking**™ as of that date.

##### b. Proof of Loss

- i. In accordance with all the terms and conditions of this Policy, the Named Insured shall submit written proof of the **Event**, including the failure of a Scheduled Business Process, together with the **Negative Media Reports** relating to the **Event** as published in the Designated Media of Record indicated in the Declarations.
- ii. The Named Insured and the Insurer will consult on all public communications with respect to any **Reputational Value Loss**.
- iii. The Named Insured shall also submit a statement of **Actual Loss** as defined herein

##### c. Payment of Loss

No express or implied warranties are given by the underwriting of this policy. No payment to a Named Insured shall be greater than **Covered Loss**.

##### 2. Role of Steel City Re

- a. Steel City Re will certify the magnitude and duration of a sustained drop in the **Corporate Reputation Ranking** with respect to the **Loss Gates** as of the last day of a **Loss Determination Period**

##### 3. Subrogation, Salvage and Recoveries

- a. The Named Insured shall, at the request and at the expense of the Insurer, do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Insurer for the purpose of enforcing any rights and remedies or of obtaining relief or indemnity from other persons to which the Insurer shall be or would become entitled or subrogated upon its paying for or making good any loss under this Policy, whether such acts and things shall be or become necessary or required before or after payment by the Insurer, and shall do nothing to prejudice those rights. In the case of recovery after payment of any loss by the Insurer, the amount recovered, after deducting the Insurer's costs incurred in obtaining or making such recovery, shall be applied first to reimburse the Insurer for any amount paid under this Policy with any remaining balance of such recovery to the Named Insured.

##### 4. Other Insurance

- a. The insurance provided by this Policy shall be excess of any other valid and collectable reputation insurance available to the Named Insured.

##### 5. Mergers, Acquisitions and Change in Control

- a. During the Policy Period, if the Named Insured or any of the Named Insured's subsidiaries creates or acquires another entity or brand whose revenues are 15% or greater than the Named Insured's total revenues as set out in the most recent audited financial statements, there shall be no coverage under this Policy for any loss related to the acquired entity unless, within 90 days after such creation or acquisition, the Named Insured gives the Insurer additional information and obtains the Insurer's prior written

consent to extend coverage to such additional entities or brands, and agrees to pay any additional Premium required by the Insurer for doing so. Coverage for any acquired entities or brands shall not be available unless specifically set out in an endorsement to this Policy.

- b. During the Policy Period, if the Named Insured or any of the Named Insured's subsidiaries creates or acquires another entity or brand whose revenues are less than 15% of the Named Insured's total revenues as set out in the most recent audited financial statements, coverage under this policy shall automatically apply to the new entity or brand but only for a **Covered Loss** taking place after such acquisition or creation. Coverage for any acquired entities or brands shall not be available unless specifically set out in an endorsement to this Policy.
- c. During the Policy Period, if the Named Insured merges into or consolidates with another organization such that the Named Insured is not the surviving entity, or another organization or person or group of organizations and/or persons acting in concert acquires securities or voting rights which result in a change in ownership or voting control of the Named Insured, then coverage under this Policy shall continue until the earlier of its expiration or cancellation, but only with respect to any **Covered Loss** taking place prior to such merger, consolidation, acquisition or **Change in Control**.
- d. During the Policy Period, if the Named Insured disposes of a brand or subsidiary, coverage under this Policy for Covered Loss relating to such brand or subsidiary shall terminate immediately upon such disposition.

#### 6. Cancellation

- a. This Policy may be cancelled by the Insurer immediately and without notice to the Named Insured upon a **Change in Control** of the Named Insured.
- b. If any event or circumstance arises that makes it impossible to calculate the **Reputational Value Metrics** or the **Corporate Reputation Ranking** for the Named Insured utilizing the then current calculation methods, this Policy shall be cancelled by the Insurer as of the last calculation date.
- c. This Policy will be cancelled by the Insurer if the Named Insured fails to pay the premium with forty five (45) days of inception of this policy period, or if a principal, partner, executive officer, or director intentionally makes a material misrepresentation to the Insurer in regard to any claim notified to the Insurer under this Policy; in which case, the Insurer will provide a notice of cancellation in accordance with the applicable law.
- d. If the Policy is cancelled by either the Insurer or the Named Insured before the Policy Period End date, the Insurer will refund the unearned premium computed at the short rate indicated in the table in Appendix A. The Premium shall be deemed fully earned if any notification of an **Event** or actual or potential loss is made under this Policy on or before the cancellation or expiration of this Policy.

#### 7. Governing law

- a. This Policy is governed by the law of the Governing Law and Jurisdiction stated in the Declarations.

#### 8. Arbitration

- a. Any dispute between the Named Insured and the Insurer relating to or arising under this Policy, including the formation or effectiveness of this Policy, shall be resolved by arbitration according to the rules of the American Arbitration Association Procedures for Large, Complex Commercial Disputes and any judgment on the award rendered by the arbitrators may be entered into in any court having jurisdiction thereon. The seat of the arbitration shall be in the place stated as such in the Declarations.

#### 9. Fraud

- a. If the Named Insured makes a claim under this Policy that is fraudulent, as regards amount or otherwise, that claim and the Policy shall be forfeited and the Named Insured shall have no rights to bring any other claims under this Policy.



**SCHEDULE OF BUSINESS PROCESSES**

All enterprise level and Board oversight systems, controls and standard procedures as defined herein as Scheduled Business Processes