



# 兆豐產物保險股份有限公司

## Chung Kuo Insurance Company, Limited

本商品經本公司合格簽署人員檢視其內容業已符合保險本公司財務及業務等公開資訊，歡迎至本公司網  
精算原則及保險法令，惟為確保權益，基於保險業與消費站(<http://www.cki.com.tw>)查閱，或親蒞本公司  
者衡平對等原則，消費者仍應詳加閱讀保險單條款與相關(10044 台北市中正區武昌街一段五十八號)及各  
文件，審慎選擇保險商品。本商品如有虛偽不實或違法情分支機構洽詢。  
事，應由本公司及負責人依法負責。  
本商品受保險安定基金之保障，並依該基金動用範圍及限 客戶申訴及 24 小時服務專線：0800-053-588  
額規定辦理

104.07.31 兆產備 10510405119 號函備查

### CHUNG KUO Preferred Directors' and Officers' Liability Insurance Policy

#### (CLAIMS MADE POLICY)

In consideration of the payment of the premium shown at Item 8 of the **Schedule** and in reliance upon the **Proposal** and subject to all terms, conditions and limitations of this policy, the **Insurer** agrees with the **Insured** and with the **Company** as follows:

#### 1. Insuring Agreement

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- A. The **Insurer** will pay on behalf of the **Insured** all **Loss** resulting from a **Claim** first made during the **Policy Period** or **Discovery Period** (if applicable) against an **Insured** for a **Wrongful Act**, except for and to the extent that the **Company** has indemnified the **Insured** and is legally required or permitted to indemnify the **Insured** under applicable laws.
- B. The **Insurer** will pay on behalf of the **Company** all **Loss** resulting from a **Claim** first made during the **Policy Period** or **Discovery Period** (if applicable) against an **Insured** for a **Wrongful Act**, to the extent that the **Company** has indemnified such **Insured** and is legally required or permitted to pay the **Insured** as advancement or indemnity under applicable laws.
- C. The **Insurer** will pay on behalf of the **Insured** all **Legal Representation Expenses** in respect of an **Investigation**, except for and to the extent that the **Company** has indemnified the **Insured** and is legally required or permitted to indemnify the **Insured** under applicable laws.
- D. The **Insurer** will pay on behalf of the **Company** all **Legal Representation Expenses** in respect of an **Investigation** to the extent that the **Company** has indemnified such **Insured** and is legally required or permitted to pay the **Insured** as advancement or indemnity under applicable laws.

## 2. Definitions

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- 2.1 **Bail Bond Costs** means the reasonable premium (not including any collateral) for a bond or other financial instrument to guarantee an **Insured's** contingent obligation for bail required by a court in respect of any **Claim**.
- 2.2 **Claim** means:
- (i) any written demand made against an **Insured** seeking damages or such other relief as could be sought in legal proceedings; or
  - (ii) any civil or arbitral proceeding against an **Insured**; or
  - (iii) any criminal proceeding against an **Insured**; or
  - (iv) any formal administrative or regulatory proceeding commenced against an **Insured**; or
  - (v) any **Extradition Proceeding** against an **Insured**;
- first made during the **Policy Period** or **Discovery Period** (if applicable).
- 2.3 **Crisis Costs** means any reasonable professional fees or costs and expenses of any accredited:
- (i) counsellor; or
  - (ii) tax advisor,
- retained by an **Insured**, during the **Policy Period**, with the **Insurer's** prior written consent (which shall not be unreasonably delayed or withheld), in respect of any **Claim**. The sub-limit of liability for all **Crisis Costs** is the sub-limit specified in Item 12 of the **Schedule**.
- 2.4 **Company** means the company shown in Item 1 of the **Schedule** and any **Subsidiary**.
- 2.5 **Defence Costs** means reasonable legal fees, costs and expenses incurred by an **Insured** (including the costs for retaining other professional person to testify or provide supportive opinion for an **Insured**, and the cost of an appeal bond or a security bond posted by defendant(s) with court in order to apply for provisional attachment or injunction or similar bond, but without the obligation to apply for and furnish any such bond) with the prior written consent of the **Insurer**, not to be unreasonably withheld, that are necessary to defend or appeal a **Claim**. **Defence Costs** does not include wages, salaries, time costs and expenses or other remuneration of any **Insured**.
- 2.6 **Director or Officer** means any natural person who was, now is, or shall become:
- (i) a chairman, director, supervisor or manager appointed, designated or elected by shareholders' meeting or board meeting or a single juristic person shareholder in accordance with the laws and the regulations of the Republic of China as well as the articles of incorporation of the **Company** or equivalent position(s) as defined under the laws of any other jurisdiction; or
  - (ii) actual responsible person who is authorized to handle matters on behalf of the **Company** under the laws and regulations of the Republic of China or equivalent position(s) as defined under the laws of any other jurisdiction; or
  - (iii) a de facto director appointed, designated or elected to the position of a director, regardless of the name that is given to the position or a natural person who performs the duties of a director but is not validly appointed, designated or elected as a director by shareholders' meeting or a single juristic person shareholder under the laws and

regulations of the Republic of China or any other jurisdiction, as well as the articles of incorporation of the **Company**.

**Director or Officer** also means any Juristic Person elected as a director or supervisor of the **Company** and/or the **Outside Entity** (if applicable), and any natural person designated as the proxy of such Juristic Person to exercise the duty of director or supervisor in the **Company** and/or the **Outside Entity** (if applicable), according to Article 27 of Taiwan, Company Law (as amended).

2.7 **Discovery Period** means a period of time immediately after expiry of the **Policy Period** during which (subject to the provisions of Clause 5) the **Company** or the **Insured** may notify **Claims** in writing in respect of **Wrongful Acts** occurring prior to expiry of the **Policy Period**.

2.8 **Employment Related Wrongful Act** means any actual or alleged:

- (i) wrongful or unfair or constructive dismissal; or
- (ii) discharge or termination of employment; or
- (iii) breach of oral or written or implied contract; or
- (iv) employment-related misrepresentation; or
- (v) discrimination; or
- (vi) harassment; or
- (vii) wrongful failure to employ or promote; or
- (viii) wrongful deprivation of career opportunities; or
- (ix) wrongful discipline; or
- (x) failure to grant tenure or negligent evaluation; or
- (xi) failure to provide accurate references; or
- (xii) invasion of privacy; or
- (xiii) **Retaliation**; or
- (xiv) breach of duty whether arising under statutory law or common law or otherwise committed by or on behalf of the **Insured** in connection with the employment by the **Company** of any current, former or prospective employee; or
- (xv) defamation.

2.9 **Extradition Proceeding** means:

- (i) a written request for extradition of an **Insured**, a warrant for the arrest of an **Insured** or the other proceedings commenced against an **Insured** under the Extradition Law of the Republic of China and/or any associated regulations; or
- (ii) any associated appeals, including but not limited to the pursuit of judicial review proceedings or executive or administrative review, order or other action, against the decision of the court to issue a surrender warrant under the Extradition Law of the Republic of China; or
- (iii) the equivalent of the above in any other jurisdiction.

A **Wrongful Act** is not required for cover for an **Extradition Proceeding**.

2.10 **Independent Director** means any natural person who serves as an independent or non-executive director or an independent supervisor of the **Company**.

2.11 **Insured** means a natural person who was, now is or shall become:

- (i) a **Director or Officer**; or
- (ii) a **Shadow Director**; or
- (iii) an employee of the **Company**; or
- (iv) the legal representative of a **Director or Officer** in the event of the incapacity, insolvency or bankruptcy of such **Director or Officer**; or
- (v) any lawful spouse or domestic partner of a **Director or Officer**, but only where the **Claim** results from the **Wrongful Act** of such **Director or Officer**; or
- (vi) the estate, heir or legal representative of a deceased person who was a **Director or Officer** of the **Company** at the time of the **Wrongful Act** upon which the **Claim** is based; or
- (vii) a trustee of a pension, retirement or provident benefit fund established for the benefit of the employees of the **Company**; or
- (viii) a prospective director in any listing particulars or prospectus issued by the **Company**; or
- (ix) a lawyer employed by the **Company** who in his or her capacity as such must comply with Sarbanes-Oxley Act of 2002,

provided that **Insured** does not include:

- (a) any external auditor; or
- (b) any liquidator, receiver or administrative receiver, inspector, reorganizer, reorganization supervisor or similar person under the law of any other jurisdiction appointed due to insolvency or reorganization; or
- (c) any creditor.

2.12 **Insurer** means CHUNG KUO INSURANCE COMPANY, LIMITED.

2.13 **Investigation** means a formal or official investigation, examination or inquiry into the **Company** or an **Insured** in his or her capacity as such **Insured** at which the attendance of the **Insured** is first required or requested in writing during the **Policy Period** or **Discovery Period**.

2.14 **Legal Representation Expenses** means reasonable legal costs and fees incurred by or on behalf of an **Insured** (including the costs for retaining other professional person to testify or provide supportive opinion for an **Insured** but not including any wages, salaries, time costs and expenses or other remuneration of any **Insured**) with the prior written consent of the **Insurer**, not to be unreasonably withheld or delayed, directly in connection with an **Insured** co-operating (including the provision of information or documents) with an **Investigation** up to the limit shown in Item 10 of the **Schedule**.

2.15 **Loss** means all amounts which an **Insured** is legally and personally obligated to pay including but not limited to:

- (i) any damages awarded, judgments entered, settlements reached including plaintiff's legal costs; and
- (ii) **Defence Costs**; and
- (iii) **Legal Representation Expenses**; and
- (iv) **Bail Bond Costs**; and
- (v) **Crisis Costs**; and

- (vi) aggravated, punitive and exemplary damages where insurable by the applicable law; and
- (vii) **Prosecution Costs**; and
- (viii) **Public Relations Expenses**; and
- (ix) **Reputation Protection Expenses**;

**Loss** does not include:

- (a) fines or penalties or any matter deemed uninsurable under the applicable law; or
- (b) taxes or sums payable in relation to taxes; or
- (c) employee benefits of any description, including but not limited to the provision of long service payments (including pension), severance payments, bonus payments, stock or share options, company cars, travel allowances, education and training allowances, housing allowances, medical or dental expenses cover and mobile or other telephones.

2.16 **Negligent Homicide in Performance of Duties** means any type(s) of Negligent Homicide in Performance of Duties as prescribed by the applicable laws or regulations of the Republic of China, or equivalent in any jurisdiction and/or means the prosecution of a **Director or Officer** or employee for involuntary murder including causing the death by a rash or negligent act or liable for the death in violation of applicable law, in relation to the business of the **Company**.

2.17 **Non-Indemnifiable Loss** means **Loss** where a **Company** is unable to indemnify an **Insured** due to:

- (i) prohibition by applicable laws; or
- (ii) prohibition in the Articles of Association, charter, by-laws, contract or similar documents of such **Company**; or
- (iii) insolvency under the laws of the Republic of China or the law of any other jurisdiction.

2.18 **Not-for-Profit Entity** means:

- (i) any organization established by each level of the government of the Republic of China for the purpose of achieving certain objectives of a specific enterprise without computation of profit or loss or distribution of profit, but not including public juristic person organized in accordance with the laws and regulations of the Republic of China; or
- (ii) organizations or institutions that are organized in accordance with the provisions of the General Provisions of the Civil Code of the Republic of China as well as any educational, cultural, public welfare charities or institutions or organizations or institutions that are organized in accordance with the provisions of other relevant acts and ordinances and are duly registered with the authority-in-charge; or
- (iii) business office established by foreign juristic person in accordance with the laws and regulations of the Republic of China and registered with the competent authority, to which the General Provisions of the Civil Code of the Republic of China with respect to public welfare association and foundation shall apply; or
- (iv) the equivalent entities or organizations in any other jurisdictions.

2.19 **Outside Entity** means any entity, with **Directors or Officers** covered under Extension 7.5, which is not a **Subsidiary** and has no **Securities** traded in any exchange in the United States of America unless included by endorsement to this policy.

2.20 **Policy Period** means the period of time shown in Item 2 of the **Schedule** of this policy.

- 2.21 **Pollutant** means any contaminant, irritant or other matter or substance including but not limited to oil, smoke, vapour, soot, asbestos, asbestos-containing materials, fumes, acids, alkalis, nuclear or radioactive material, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 2.22 **Pollution** means the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of any **Pollutant** whether in a solid, liquid, gas, odour, noise, vibration, electromagnetic radiation, ionising radiation, thermal or other form at any time.
- 2.23 **Proposal** means the proposal form submitted by the **Company** and/or any **Insured** in applying for this policy and all information and documentation accompanying it and also such proposal forms and accompanying information and documentation concerning any previous policy issued by the **Insurer** of which the policy is a replacement, renewal or continuation.
- 2.24 **Prosecution Costs** means the legal fees, costs and expenses, incurred by an **Insured** with the prior written consent of the **Insurer** (which shall not be unreasonably delayed or withheld) to bring legal proceedings to obtain the discharge or revocation of:
- (i) an order disqualifying an **Insured** from holding office as a company director; or
  - (ii) an interim or interlocutory order:
    - (a) confiscating, controlling, suspending or freezing rights of ownership of real property or personal assets of such **Insured**; or
    - (b) a charge over real property or personal assets of the **Insured**; or
  - (iii) an order of a court imposing a restriction of the **Insured's** liberty; or
  - (iv) the deportation of an **Insured** following revocation of otherwise proper, current and valid immigration status for any reason other than the **Insured's** conviction for a crime.
- 2.25 **Public Relations Expenses** means the reasonable fees and related expenses of a public relations firm or consultant, crisis management firm or law firm, which an **Insured** may, in the reasonable exercise of its discretion, engage with the prior written consent of the **Insurer**, not to be unreasonably withheld or delayed, in order to prevent or limit adverse effects or negative publicity which it is anticipated may arise from any **Claim** or **Investigation**. The sub-limit of liability for all **Public Relations Expenses** is the sub-limit specified in Item 15 of the **Schedule**.
- 2.26 **Retaliation** means a **Wrongful Act** by an **Insured** relating to or alleged to be in response to any of the following activities:
- (i) the disclosure or threat of disclosure by an employee to a superior or to any governmental agency or authority of any act by an **Insured** which act is alleged to be a violation of the law, common or statutory, of any state, territory, jurisdiction or political subdivision thereof; or
  - (ii) the actual or attempted exercise by an employee of any right that such employee has under law, including rights under any law relating to employee rights; or
  - (iii) any employee strike, work to rule or other similar action.
- 2.27 **Reputation Protection Expenses** means the reasonable fees and related expenses of a public relations firm or consultant which an **Insured** may engage in order to disseminate the findings of a final adjudication in favour of the **Insured**, arising from a **Claim**. Such fees and expenses shall only be incurred with the prior written consent of the **Insurer**, not to be unreasonably withheld or delayed. The sub-limit of liability for all **Reputation Protection Expenses** is the sub-limit specified in Item 14 of the **Schedule**.

- 2.28 **Retired Director or Officer** means a **Director or Officer** who has ceased to hold such office prior to expiry of the **Policy Period** for any reason other than disqualification from holding office as a company director.
- 2.29 **Schedule** means the schedule to this policy.
- 2.30 **Securities** means:
- (i) shares and stock in the share capital of the **Company**; or
  - (ii) any instrument creating or acknowledging indebtedness issued by the **Company** including debentures, debenture stock, loan stock and bonds; or
  - (iii) securities issued by the **Company** possessing right of control, including new stock warrants, new stock entitlement certificates, receipt certificates for payment of securities, and depository receipts; or
  - (iv) other securities issued by the **Company** and approved by the competent authorities, including beneficiary certificates, put/call warrants, interests from separate trading of corporate bonds.
- 2.31 **Shadow Director** means a natural person whose directions or instructions a **Director or Officer** of the **Company** is accustomed to act or such person as defined under the laws of any other jurisdiction..
- 2.32 **Subsidiary** means a company that the company shown in Item 1 of the **Schedule** directly or indirectly:
- (i) controls through holding a majority (greater than 50%) of the voting rights; or
  - (ii) controls through the right to appoint or remove a majority (greater than 50%) of its board of directors; or
  - (iii) controls alone, pursuant to a written agreement with other shareholders, a majority (greater than 50%) of the voting rights therein; or
  - (iv) holds more than half of the issued share capital.
- Subsidiary** also means any joint venture or entity over which the company shown in Item 1 of the **Schedule** directly or indirectly exercises effective management control.
- 2.33 **Transaction** means any one of the following events:
- (i) the company shown in Item 1 of the **Schedule** merges with or consolidates into any other entity; or
  - (ii) the company shown in Item 1 of the **Schedule** sells all or more than 90% of its assets to any person or entity or persons or entities acting in concert; or
  - (iii) any person or entity or persons or entities acting in concert acquire more than 50% of the issued share capital of the company shown in Item 1 of the **Schedule**; or
  - (iv) any person or entity or persons or entities acting in concert acquire control of the appointment of the majority of directors of the company shown in Item 1 of the **Schedule**.
- 2.34 **Wrongful Act** means any:
- (i) actual or alleged, breach of trust, error, omission, misstatement, misleading statement, or defamation, neglect or breach of duty by an **Insured** whilst acting in the capacity of **Director, Officer** or employee of the **Company** or of an **Outside Entity** or of a **Not-for-Profit Entity**; or

- (ii) actual or alleged **Employment Related Wrongful Act** claimed against an **Insured** in his or her capacity as such; or
- (iii) matter claimed against a **Director or Officer** solely by reason of his or her status as a **Director or Officer** of the **Company** or of an **Outside Entity** or of a **Not-for-Profit Entity**.

### 3. Exclusions

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

3.1 based on, arising from or attributable to:

- (i) any dishonest or fraudulent act or omission of an **Insured** or an intentional breach of the law; or
- (ii) any personal profit or advantage gained by an **Insured** to which such **Insured** was not legally entitled;

provided that:

- (a) this Exclusion shall only apply if it is established through a final judgement or adjudication or any admission by such **Insured** that the relevant conduct occurred; and
- (b) for the purposes of this Exclusion the **Wrongful Act** of an **Insured** shall not be imputed to any other **Insured**; and
- (c) Exclusion 3.1 (i) above shall not apply to **Defence Costs** or **Legal Representation Expenses** covered under Extension 7.6.

3.2 based on, arising from or attributable to any pending or prior litigation or other proceedings (including but not limited to civil, criminal, regulatory and administrative proceedings or official investigations) involving the **Company**, an **Outside Entity**, a **Not-for-Profit Entity** or an **Insured** and issued or otherwise begun before the date shown at Item 5 of the **Schedule** or alleging or derived from the same or substantially the same facts or circumstances alleged in the pending or prior litigation or proceedings.

3.3 based on, arising from or attributable to any fact, circumstance, act, omission, **Claim**, **Wrongful Act** or other matter of which notice has been given under any policy existing or expired before or on the inception date of this policy.

3.4 based on, arising from or attributable to any **Claim** brought or maintained by or on behalf of the **Company** or **Outside Entity** in the United States of America or its territories, except:

- (i) a **Claim** against any **Insured**:
  - (a) for contribution or indemnity if such **Claim** directly results from another **Claim** that would otherwise be covered under this policy; or
  - (b) any shareholder derivative action brought or maintained on behalf of the **Company** or **Outside Entity** without the solicitation or participation of an **Insured**, **Company** or **Outside Entity** unless legally compelled to do so; or
  - (c) brought or maintained by a liquidator, receiver or administrative receiver, or similar person under the law of any other jurisdiction; or
  - (d) alleging an **Employment Related Wrongful Act**; or
- (ii) **Defence Costs**.

- 3.5 based on, arising from or attributable to any actual or alleged breach of an **Insured's** responsibilities or obligations as imposed in the United States of America by the Employee Retirement Income Security Act 1974 as from time to time amended.
- 3.6 based on, arising from or attributable to the actual or intended private placement or public offering of any **Securities** during the **Policy Period**; provided that this Exclusion shall not apply where the total value of such placement or offering is equal to or lower than the amount shown at Item 7 of the **Schedule**.
- 3.7 for:
- (i) bodily injury, mental illness, emotional distress, injury to feelings, sickness, disease or death of any person; or
  - (ii) damage to or destruction of any tangible property including loss of use of such property;
- provided that this Exclusion shall not apply:
- (a) in respect of emotional distress and/or injury to feelings resulting from an **Employment Related Wrongful Act**; and
  - (b) to Extension 7.6; and
  - (c) to defamation.
- 3.8 based on, arising from or attributable to, in consequence of or in any way involving directly or indirectly **Pollution**, provided that this exclusion shall not apply to:
- (i) **Defence Costs** or **Legal Representation Expenses** for a **Claim** or **Investigation** based on or arising from or attributable to **Pollution** up to the sub-limit shown at Item 11 of the **Schedule** which shall apply in the aggregate for the **Policy Period**; or
  - (ii) any **Claim** against an **Insured** instigated by a shareholder or group of shareholders of the **Company** directly or in the name of the **Company** without the solicitation, voluntary assistance or participation of any **Insured**.
- 3.9 based on, arising from or attributable to any actual or alleged plagiarism or infringement of any intellectual property right, including but not limited to plagiarism, copyright, trademark, trade secret, registered design or patent.
- 3.10 based on, arising from or attributable to the failure or effect of any product.

## 4. Conditions

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### 4.1 Limit of Liability

- (i) The amount shown in Item 3 of the **Schedule** is the **Insurer's** maximum aggregate liability for all **Loss** under this policy, except cover under Extension 7.9, irrespective of the number of **Claims** or **Investigations** under this policy or the number of **Insureds** who claim and irrespective of the amounts of any such **Claims** or **Investigations** or when they are made.
- (ii) The **Insurer's** maximum aggregate liability for all **Loss** in respect of which a sub-limit is specified in the **Schedule** or any endorsement shall be that specified sub-limit (such limit shall be part of and not in addition to the Limit of Liability shown in Item 3 of the **Schedule**), irrespective of the number of **Claims** under this policy for such **Loss** or the

number of **Insureds** who may so claim and irrespective of the amounts of any such **Claims** or when they are made.

- (iii) Two or more **Claims** arising out of a single **Wrongful Act** or a series of related **Wrongful Acts** shall be treated as a single **Claim**. All such **Claims** shall be treated as though first made when the earliest such **Claim** was first made. In the event of an **Investigation** in respect of which **Legal Representation Expenses** have been incurred, such **Investigation** shall be treated as though first made at the time the attendance of an **Insured** at such **Investigation** was first required.

#### 4.2 Retention

- (i) The retention shown in Item 4 of the **Schedule** shall not apply to a **Non-Indemnifiable Loss**. The retention should be paid by the **Company** and the **Insurer** shall have no obligation to pay any **Loss** for a **Claim** within such retention. If more than one retention is applicable to a **Claim** or an **Investigation** arising out of a single act or a series of related acts, only one retention shall be applied, being the highest amount of the retention.
- (ii) In the event and to the extent the **Company** is permitted or legally obligated to pay an **Insured** by way of indemnification as a result of any **Claim**, or is not prevented by law from indemnifying an **Insured** as a result of any **Claim**, the retention shall be paid by the **Company**. If the **Company** fails or refuses to indemnify an **Insured** other than for **Non-Indemnifiable Loss** then subject to all other terms and conditions of this policy the **Insurer** shall pay the amount of the retention and the **Company** shall pay the retention to the **Insurer**.
- (iii) The retention shall not apply to any **Defense Costs** or **Legal Representation Expenses**, if a final judgment of no liability is obtained prior or after a trial in favor of all **Insured(s)** and/or the **Company** or a dismissal of or a stipulation to dismiss the Claim without prejudice and without payment of any consideration by any **Insured(s)** and/or the **Company**.

#### 4.3 Claims and Investigations

- (i) It is a condition precedent to the **Insurer's** liability to make any payment in respect of a **Claim** to which Clause 4.3(iv) is applicable, that the **Company** or the **Insured** gives written notice to the **Insurer** of such **Claim** as soon as practicable.

For all other **Claims** under this policy the **Company** or the **Insured** shall give written notice to the **Insurer** as soon as practicable but this shall not be a condition precedent.

In event of expiry of the **Policy Period**, notification must be given in any event no later than 90 days after the expiration of the **Policy Period**, or in relation to a **Claim** first made against the **Insured** or **Investigation** first commenced during the **Discovery Period** (if applicable) no later than 60 days after the expiration of the **Discovery Period**.

- (ii) All notices under this policy shall include, but not be limited to, the following information:
  - (a) a specific description of the **Wrongful Act**; and
  - (b) details of all parties involved; and
  - (c) a copy of any written demand and/or written notice of any **Investigation**.

In addition, the **Company** and the **Insured** shall, on an ongoing basis, give the **Insurer** such information and co-operation as it may reasonably require. Notice and all information shall be sent in writing to the **Insurer** as follows:

CHUNG KUO INSURANCE COMPANY, LIMITED  
No. 58, Sec. 1, Wuchang St., Jhongjheng District,  
Taipei City, 100, Taiwan R.O.C.  
TEL : 886-2-23812727 FAX : 886-2-23713710

- (iii) Neither the **Company** nor the **Insured** shall do anything to prejudice any of the **Insurer's** rights nor shall they admit liability for or settle any **Claim** or incur **Defence Costs** or **Legal Representation Expenses** without the **Insurer's** prior written consent, which consent shall not be unreasonably withheld. The **Insurer** shall at all times have the right, but not the duty, to effectively associate in the defence or settlement of any **Claim** or the incurring of **Legal Representation Expenses** to which this policy may apply and to be given the opportunity to consult with the **Insured** in relation to proposed action that the **Insured** may wish to take in relation to such **Claim** or **Legal Representation Expenses**.
- (iv) Notwithstanding clause 4.3(iii) above, the **Insurer** shall have the right to defend any **Claim** brought against an **Insured** by or on behalf of any:
  - (a) **Company**; or
  - (b) **Outside Entity**;unless such **Claim** is:
  - (a) for contribution or indemnity if such **Claim** directly results from another **Claim** that would otherwise be covered under this policy; or
  - (b) a shareholder derivative action brought or maintained on behalf of the **Company** or **Outside Entity** without the solicitation or participation of an **Insured**, **Company** or **Outside Entity** unless legally compelled to do so; or
  - (c) brought or maintained by a liquidator, receiver or administrative receiver, or similar person under the laws of any other jurisdiction.With respect to such **Claims**, the **Insurer** shall have no duty or obligation to communicate with any other **Insured** or the **Company** in relation to such **Claim**.
- (v) The **Insurer** will accept as reasonable and necessary the retention of separate legal representation to the extent required by a material conflict of interest between any other **Insured** and/or the **Company**.
- (vi) If during the **Policy Period** or **Discovery Period** (if applicable) the **Company** or any **Insured** shall become aware of any circumstances that might give rise to a **Claim** and during such period gives notice of the same to the **Insurer**, then any **Claim** later made against any **Insured** shall for the purposes of this policy be treated as a **Claim** made during the **Policy Period** or **Discovery Period** (if applicable). A notice of such a circumstance must describe as precisely as possible all facts and details including the reasons for anticipating a **Claim** with full particulars as to dates and persons involved and an estimate of quantum.
- (vii) If during the **Policy Period** the **Company** or any **Insured** shall become aware of any circumstances that might give rise to an **Investigation** and during such period gives notice of the same to the **Insurer**, then any **Investigation** later commenced against any **Insured** shall for the purposes of this policy be treated as an **Investigation** during the **Policy Period**. A notice of such a circumstance must describe as precisely as possible all facts and details including the reasons for anticipating an **Investigation**.

#### 4.4 **Advancement of Defence Costs and Allocation of Loss**

- (i) The **Insurer** shall advance **Defence Costs** on an ongoing basis prior to the final payment or settlement of any **Claim** and shall advance **Legal Representation Expenses**, provided that:
  - (a) such **Defence Costs** or **Legal Representation Expenses** are incurred with the prior written consent of the **Insurer**; and
  - (b) such advance payments by the **Insurer** shall be repaid to the **Insurer** in the event that the **Insured** is not entitled to payment of such **Loss** or part of such **Loss** under

the policy (the Limit of Liability shown in Item 3 of the **Schedule** shall be reduced by such amount until repaid to the **Insurer**).

- (ii) The **Insurer** shall also advance **Defence Costs** which the **Company** fails to advance or indemnify where such failure is due solely to the insolvency of the **Company**.
- (iii) In the event of:
  - (a) a **Claim** against an **Insured** which is not wholly covered by this policy; and/or
  - (b) a **Claim** against an **Insured** being also made against the **Company** and/or one or more persons who are not **Insureds**;

the **Insurer** and the **Insured** (and/or the **Company** if applicable) shall then use their best endeavours to determine a reasonable allocation of **Loss** that is covered under this policy and loss comprising damages, settlement, defence costs or other costs that is not covered.

- (iv) Arbitration

In the event of a dispute as to allocation under 4.4 (iii) above which cannot be resolved through such friendly consultation between the parties, such a dispute shall be finally settled by arbitration referred to the Arbitration Association of the Republic of China in accordance with the Arbitration Law of the Republic of China and the Arbitration Rules of Chinese Arbitration Association, Taipei. The place of arbitration shall be in Taipei, Republic of China. The award rendered by the Arbitrator(s) shall be final and binding upon the parties.

#### 4.5 **Takeovers and Mergers**

If during the **Policy Period** a **Transaction** takes place then:

- (i) the **Company** shall give written notice of the same to the **Insurer** within 30 days of the effective date of such **Transaction**; and
- (ii) the cover provided under this policy shall apply only to **Wrongful Acts** committed prior to the effective date of such **Transaction**.

#### 4.6 **Other Insurance**

If an **Insured** or the **Company** is or would (but for the existence of this policy) be entitled to cover under any other policy (save for insurance specifically arranged to apply in excess of this policy) in respect of any **Claim**, the **Insurer** shall not be liable for **Loss** other than in excess of any amount that is or would (but for the existence of this policy) have been payable under any other such policy.

#### 4.7 **Subrogation**

In the event the **Insurer** makes any payment under this policy, the **Insurer** shall be subrogated to all of the **Company's** and any **Insured's** rights of recovery, and the **Company** and the **Insured** shall execute all papers required and shall do everything necessary to secure and preserve such rights including the execution of such documents necessary to enable the **Insurer** effectively to bring suit in the name of the **Insured**. Neither the **Company** nor any **Insured** shall do anything to prejudice the **Insurer's** ability to assert such rights.

The **Insurer** will ask neither the **Insured** nor the **Company** to return the payment made by the **Insurer** under this policy unless it is established that such **Insured** has committed a deliberate criminal act or obtained any profit or advantage to which such **Insured** was not legally entitled.

#### 4.8 **Authorisation**

The first named company shown in Item 1 of the **Schedule** hereby agrees to act on behalf of all **Insureds** with respect to the giving and receiving of notice of a **Claim**, the payment of

premiums and the receiving of any return premium that may become due under this policy, the negotiation, agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for in this policy and each **Insured** agrees that the first named company shown in item 1 shall so act on his or her behalf.

#### 4.9 **Non-assignment**

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

#### 4.10 **Policy Interpretation**

This policy shall be governed by and construed in accordance with the laws and regulations of the Republic of China. The **Insurer**, the **Insured** and the **Company** agree to submit to the exclusive jurisdiction of the courts of the Republic of China in relation to all disputes arising out of, relating to or connected with this policy and/or its negotiation, validity or enforceability.

#### 4.11 **Order of Payments**

The **Insurer** shall:

- (i) first pay **Loss** on behalf of the **Insured** except for and to the extent that the **Company** has indemnified the **Insured**; and
- (ii) then pay **Loss** paid by the **Company** on behalf of an **Insured**; and
- (iii) if additional cover is provided to the **Company** by endorsement to this policy, other **Loss** incurred by the **Company**.

The insolvency of any **Company** shall not relieve the **Insurer** of any of its obligations to prioritise payment of **Loss** under this policy.

#### 4.12 **Termination/ Cancellation**

This policy may be terminated or cancelled as follows:

- (i) cancelled immediately by the **Insurer** for non payment of premium;
- (ii) terminated by the company in the Item 1 of the **Schedule** upon receipt by the **Insurer** of written notice. If there are no **Claims, Investigations**, fact or circumstances notified to the **Insurer** under this policy, the **Insurer** will refund any unearned premium calculated in accordance with the Short Rate Table set out in the Item 18 of the **Schedule**;
- (iii) terminated by mutual agreement between the **Insurer** and the company in the Item 1 of the **Schedule**.

If any **Claim, Investigation**, fact or circumstance has been notified under this policy, the premium will be deemed to be fully earned and none will be repayable to the **Insured**.

## 5. **Discovery Period**

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- (i) If the company shown in Item 1 of the **Schedule** refuses to renew this policy, without payment of additional premium the cover under this policy is extended for a period of 90 days from the date on which the **Policy Period** expires, for any **Claim** first made against the **Insured** before or during this 90 days, but only in respect of **Wrongful Acts** committed or alleged to have been committed prior to the expiry of the **Policy Period**. The company shown in Item 1 of the **Schedule** may upon payment of the amount referred to in Item 9(a) of the **Schedule** extend the cover under this policy for a period shown in Item 9(a) from the date on which the **Policy Period** expires, for any **Claim** first made against the **Insured** before or during the **Discovery Period**

(this 90 days is part of the **Discovery Period**), but only in respect of **Wrongful Acts** committed or alleged to have been committed prior to expiry of the **Policy Period**.

- (ii) If the **Insurer** refuses to renew this policy, without payment of additional premium the cover under this policy is extended for a period of 90 days from the date on which the **Policy Period** expires, for any **Claim** first made against the **Insured** before or during this 90 days, but only in respect of **Wrongful Acts** committed or alleged to have been committed prior to the expiry of the **Policy Period**. The company shown in Item 1 of the **Schedule** may upon payment of the amount referred to in Item 9(b) of the **Schedule** extend the cover under this policy for a period shown in Item 9(b) from the date on which the **Policy Period** expires, for any **Claim** first made against the **Insured** before or during the **Discovery Period** (this 90 days is part of the **Discovery Period**), but only in respect of **Wrongful Acts** committed or alleged to have been committed prior to expiry of the **Policy Period**.
- (iii) The company shown in Item 1 of the **Schedule's** right to purchase the **Discovery Period** as set out above must be exercised by notice to the **Insurer** in writing within 30 days of expiration of the **Policy Period**, and is only effective upon payment of the above amount.
- (iv) The **Insurer's** offer of renewal terms, conditions, limits of liability or premium different from those of the expiring policy shall not constitute a refusal to renew.
- (v) The company shown in Item 1 of the **Schedule** shall not have the right to purchase the **Discovery Period** as set out above in the following events:
  - (a) a **Transaction** takes place; or
  - (b) cover under this policy being maintained in accordance with Extensions 7.3 or 7.4.
- (vi) The **Insurer** shall not be liable to make any payment in respect of any **Claim** first made against the **Insured** during the **Discovery Period** if at any time the **Company** obtains any other directors and officers insurance policy covering the whole or any part of the **Discovery Period**.

## **6. Proposal Form Disclosure and Severability**

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The **Insurer** has relied upon the **Proposal** in granting cover under this policy. Such **Proposal** shall form the basis of this contract of insurance.

However, the **Proposal** shall be construed as a separate proposal by each **Insured** and with respect to statements and particulars in the **Proposal** no statements made or information possessed by any **Insured** shall be imputed to any other **Insured** to determine whether cover is available for that other **Insured**.

The **Insurer** will not rescind or avoid this policy on the grounds of innocent or negligent non-disclosure or innocent or negligent misrepresentation; provided that no coverage will be available for (i) any **Insured** who made misrepresented statements to or failed to disclose or knew the true facts or matters which should have disclosed to the **Insurer**, and (ii) any **Company** to the extent that it may indemnify such **Insured**.

## **7. Extensions**

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### **7.1 Subsidiaries**

- (i) Cover under this policy for any **Claim** or **Investigation** in respect of a **Subsidiary** shall apply only in respect of **Wrongful Acts** committed whilst such company was or is a **Subsidiary**.
- (ii) If during the **Policy Period** the **Company** acquires or creates a **Subsidiary** that:
  - (a) increases the **Company's** total assets by no greater than the Acquisition Limit referred to in Item 6 of the **Schedule**; and
  - (b) has no listing of its **Securities** in the United States of America,then cover shall extend to the **Insured** of that **Subsidiary** for **Wrongful Acts** occurring on or after the effective date of such acquisition or creation, without notice to the **Insurer** or additional premium being payable.
- (iii) Cover under this policy will be automatically extended for a period of 60 days from the date of acquisition or creation to the **Insured** of a **Subsidiary** which does not fall within 7.1(ii) above for a **Wrongful Act** occurring after the acquisition or creation of such **Subsidiary**. This automatic cover may be extended beyond 60 days with the written agreement of the **Insurer** and subject to any additional premium, terms and conditions.
- (iv) With the written agreement of the **Insurer** and subject to any additional premium, terms and conditions, cover under this policy may be extended to apply in respect of **Wrongful Acts** committed by the **Insured** of any **Subsidiary** prior to the acquisition of such **Subsidiary** by the **Company**.
- (v) Subject always to 7.1(i) above, if during the **Policy Period** the **Company** effects a sale or dissolution of a **Subsidiary**, cover under this policy shall continue to apply (subject to the other policy terms and conditions) to persons who were the **Insured** of such **Subsidiary** prior to the sale or dissolution for **Wrongful Acts** occurring prior to the effective date of sale or dissolution.

## 7.2 Independent Directors

In the event of the **Insurer** avoiding this policy from inception or from the time of any variation in cover due to fraudulent conduct, non-disclosure, misrepresentation or intent to deceive by the **Company** or one or more **Insureds**, the **Insurer** shall maintain cover for each **Independent Director** who is an **Insured** under this policy until the expiry date of the **Policy Period** unless the **Insurer** is able to establish that such **Independent Director** was involved in or aware of any such fraudulent conduct, non-disclosure, misrepresentation or intent to deceive.

## 7.3 Retired Director or Officer Cover

In the event that this policy is not renewed or replaced with any other policy affording directors and officers liability insurance and a **Discovery Period** is not invoked, the cover provided by this policy shall subject to the Limit of Liability shown in Item 3 of the **Schedule** extend to indemnify any **Retired Director or Officer** in respect of **Claims** made against such persons during the period of 120 months immediately following the date of such non-renewal. This Extension is not available in the event a **Transaction** has taken place.

## 7.4 Takeovers and Mergers Run-off

In the event of a **Transaction** taking place, then the **Insurer** may extend cover to apply in respect of **Claims** first made against an **Insured** within a period of 84 months from the expiry date of the **Policy Period** and that arise from **Wrongful Acts** occurring prior to the date of such **Transaction**, but such extension of cover shall only be available if the **Insurer** so decides in its sole discretion, and subject to such additional terms, conditions, exclusions or premium as it may require. In the event of such cover being so extended, Clauses 5 and Extension 7.1 shall be deemed to be deleted from this policy with effect from the date of such **Transaction**.

## 7.5 Outside Directorship Extension

- (i) Cover under this policy is extended (subject to the Insuring Agreement and the other terms and conditions of this policy and subject to the overall aggregate Limit of Liability) to a **Director or Officer** of the **Company** who at the specific request of the **Company**:
  - (a) at the date of inception of the **Policy Period** was a **Director or Officer** of any **Outside Entity**; or
  - (b) becomes a **Director or Officer** of any **Outside Entity** during the **Policy Period**, but only in respect of **Wrongful Acts** committed whilst the **Director or Officer** of the **Company** held such position in the **Outside Entity**.
- (ii) Cover under this policy is also extended (subject to the Insuring Agreement and the other terms and conditions of this policy and subject to the overall aggregate Limit of Liability) to a **Director or Officer** of the **Company** who at the specific request of the **Company** was or becomes a **Director or Officer**, trustee, governor or equivalent in any **Not-for-Profit Entity**, but only in respect of **Wrongful Acts** committed whilst the **Director or Officer** of the **Company** held such position in the **Not-for-Profit Entity**.
- (iii) Cover under sub-paragraph 7.5(i) or 7.5(ii) above shall be excess of any indemnification provided by the **Outside Entity** or **Not-for-Profit Entity**.
- (iv) Cover under sub-paragraph 7.5(i) or 7.5(ii) above shall be specifically excess of any valid and collectible directors and officers liability insurance in force in respect of the **Outside Entity** or **Not-for-Profit Entity** and its **Directors** and **Officers**. If such insurance is provided by the **Insurer** (or would be provided except for the application of the retention amount or the exhaustion of the Limit of Liability), then the total aggregate Limit of Liability for all **Loss** covered by virtue of this extension shall be reduced by the amount paid for the benefit of the **Outside Entity** or **Not-for-Profit Entity**.
- (v) If during the **Policy Period** a **Director or Officer** of the **Company** covered by this Extension ceases to hold his or her position in an **Outside Entity** or **Not-for-Profit Entity** (or holds such position other than at the specific request of the **Company**), cover under this policy shall continue to apply (subject to the other terms and conditions) to such person for **Wrongful Acts** committed whilst such person held his or her position in such **Outside Entity** or **Not-for-Profit Entity**.

## 7.6 Negligent Homicide in Performance of Duties and Occupational Health & Safety Extension

- (i) Subject to item 7.6(ii) below, cover under this policy is extended (subject to the Insuring Agreement and the other terms and conditions of this policy and subject to the overall aggregate Limit of Liability) to **Defence Costs** or **Legal Representation Expenses** arising from any **Claim** or **Investigation** alleging any commitment of **Negligent Homicide in Performance of Duties** or alleging any breach of occupational health and safety legislation in the Republic of China or its equivalent in any jurisdiction.
- (ii) In the event that any element or all elements of cover provided solely by virtue of this Extension 7.6 are covered by any other policy of insurance, then this policy shall apply excess of any valid and collectible insurance.

## 7.7 Management Buy-outs

In the event of a **Subsidiary** ceasing to be owned by the **Company** as a result of a buy-out by existing management the **Insurer** agrees to maintain cover in respect of such **Subsidiary** for a period of 30 days from the date of the buy-out for **Wrongful Acts** committed subsequent to the buy-out. This Extension shall not apply in circumstances where there is other insurance in force which provides cover in respect of such **Wrongful Acts**.

## 7.8 Continuous Cover

This policy extends to cover the **Insured** for any **Claim, Investigation** or any **Wrongful Act** which may give rise to a **Claim**, which could have been notified to the **Insurer** under an earlier directors and officers liability insurance policy issued by the **Insurer** and which is notified during the **Policy Period** or **Discovery Period** (if applicable), provided that:

- (i) there has been no fraudulent non-disclosure or fraudulent misrepresentation in respect of any such **Claim, Investigation** or **Wrongful Act** which may give rise to a **Claim** (each being a "Prior Matter"); and
- (ii) the **Insured** has maintained, without interruption, a directors and officers liability insurance policy with the **Insurer** from no later than the date when the **Insured** first became aware of the Prior Matter until the date this policy commenced; and
- (iii) cover under this Extension will be in accordance with the terms, conditions, exclusions and limitations (including the Insuring Agreement, Schedule, limit of liability and retention) of the policy in force at the time the **Insured** first became aware of the Prior Matter, but only where such earlier policy affords no broader cover in respect of the **Claim** than the provisions of this policy.

#### 7.9 **Additional Excess Limit for Main Board Directors & Supervisors**

The **Insurer** will pay to or on behalf of each director or supervisor of the company shown in Item 1 of the **Schedule Non-Indemnifiable Loss** for any **Claim** provided that:

- (i) the Limit of Liability; and
- (ii) all indemnification for **Loss** available to any director or supervisor,

have been exhausted, and only where:

- (a) any other policy entered into by the director or supervisor of the company shown in Item 1 of the **Schedule**, whether prior or current, which covers any part of that **Loss** is exhausted; or
- (b) any other policy effected on behalf of the director or supervisor of the company shown in Item 1 of the **Schedule** or under which the director or supervisor of the company in Item 1 of the **Schedule** is a beneficiary (but not a policy to which 7.9 (a) applies), whether prior or current, which covers any part of that **Loss** is exhausted.

The sub-limit of liability under Extension 7.9 for each director or supervisor of the company shown in Item 1 of the **Schedule** is the amount specified in Item 13(a) of the **Schedule** and is part of and not in addition to the limit of liability in Item 13(b) of the **Schedule**.

The amount shown in Item 13(b) of the **Schedule** is the **Insurer's** maximum aggregate liability for all **Loss** under Extension 7.9 for all directors and supervisor of the company shown in Item 1 of the **Schedule** irrespective of the number of **Claims** or **Investigations** under this policy or the number of directors or supervisor who claim and irrespective of the amounts of any such **Claims** or **Investigations** or when they are made. The limit of liability under Extension 7.9 is in addition to, and not part of, the Limit of Liability in Item 3 of the **Schedule**.

#### 7.10 **Bail Bond Costs, Crisis Costs, Public Relations Expenses and Reputation Protection Expenses**

The **Insurer** will pay to or on behalf of an **Insured**:

- (i) **Bail Bond Costs**; and/ or
- (ii) **Crisis Costs**; and/ or
- (iii) **Public Relations Expenses**; and/ or
- (iv) **Reputation Protection Expenses**.

7.11 **Emergency Defence Costs, Legal Representation Expenses, Public Relations Expenses, Bail Bond Costs and Crisis Costs**

Notwithstanding any provision in the policy to the contrary, if it is not possible for an **Insured** to obtain consent prior to the incurring of **Defence Costs, Legal Representation Expenses, Public Relations Expenses, Bail Bond Costs** or **Crisis Costs**, the **Insurer** will waive prior consent as long as the **Insurer's** consent is obtained within 30 days of the first of such **Defence Costs, Legal Representation Expenses, Public Relations Expenses, Bail Bond Costs** or **Crisis Costs** being incurred. The sub-limit of liability for all payments under this Extension is 10% of the Limit of Liability or sub-limit of liability as applicable. This sub-limit is part of and not in addition to the Limit of Liability in Item 3 of the **Schedule**.

7.12 **Prosecution Costs Extension**

This policy is extended to include **Prosecution Costs** arising from a **Claim** first made or **Investigation** first commenced during the **Policy Period**.