

ERRORS AND OMISSIONS
(PRODUCER'S LIABILITY)

NOTICE TO THE INSURED

The terms and conditions of the policy provide that:

1. a claim (as defined) must be made against the Insured during the Period of Insurance for the Policy to apply; and
2. the Insured must immediately notify the Insurer in writing of such Claim(s). Such notification must be given to the Insurer during the Period of Insurance for the policy to apply.

If any circumstances or facts come to the attention of the Insured during the Period of Insurance which are likely to cause a Claim(s) to be made against the Insured or which the Insured should reasonably expect to cause a Claim(s) to be made against the Insured, the terms and conditions of this Clause provide the Insured with an option as to whether or not to notify the Insurer. However, failure to notify may affect Policy indemnity, that is, all or part of any subsequent Claim may not be covered. Assuming the option to notify the Insurer is chosen, such notification must be given in writing during the Period of Insurance for the Policy to apply.

The time of the happening of the negligent act, error or omission which gives rise to a Claim(s) or a possible Claim(s), is not of relevance provided they occur after the Retroactive Date specified below.

Upon expiry of the Period of Insurance, no further Claims can be made under the Policy and, therefore, the maintenance of insurance provided by this Clause is essential.

I. INSURING AGREEMENTS

In consideration of the premium to be paid and conditional upon the payment thereof as herein specified, in reliance on the statements made in the application(s) attached hereto and made a part hereof, and subject to the limits of liability, conditions, exclusions and other terms set forth in this Policy and the Declarations attached hereto, the Insurer agree as follows:

- A.** To indemnify the Insured against liability for any sums which the Insured shall become legally obligated to pay as damages resulting from claims arising out of:
- (1) Invasion or infringement of or interference with the right of privacy or publicity, whether under common law or statutory law;
 - (2) Infringement of copyright or trademark whether under statutory or common law;
 - (3) Libel, slander or other forms of defamation;
 - (4) Plagiarism, piracy, or unfair competition resulting from the alleged unauthorised use of titles, formats, ideas, characters, plots, performances or artists or performers or other material;
 - (5) Breach of contract, implied in fact or in law, resulting from the alleged submission, acquisition or use of program, musical or literary material used by the Insured in the Insured Production;

committed or alleged to have been committed in the business of the Insured in connection with the production, distribution, advertising, publicising, theatrical exhibition, television exhibition or radio broadcasting of the Insured Production; provided always that such claims are first made against the Insured during the term of this Policy and written notice of such claims are first given to the Insurer by the Insured during the term of this Policy;

Provided further, however, if during the term of this Policy, the Insured shall become aware of any circumstances which may subsequently give rise to a claim against the Insured for which insurance would be afforded hereunder, and if the Insured shall during the policy period herein give written notice to the Insurer of such circumstances, and if the Insured has not obtained any subsequent insurance on a claims made basis, any claim which may be made within 12 months after the expiration of the term of this Policy against the Insured arising out of such circumstances shall be deemed for the purpose of claim reporting only (and not for the purpose of extending the term hereof) to have been made during the policy period.

- B.** To defend on behalf of and in the name of the Insured any suit brought or claim made to recover damages or injunctive relief, or both, by reason of any of the matters as to which the Insurer is obligated to indemnify the Insured hereunder, even if such suit or claim is groundless, false or fraudulent.
- C.** To pay:
 - (a) All costs and expenses incurred by the Insurer, in investigating, defending, settling or otherwise handling any suit or claim hereunder, costs taxed against the Insured in any suit and all interest on that part of any judgment entered which does not exceed the limit of the Insurer's liability thereon which accrues after entry of judgment and before the Insurer has paid or deposited or tendered in court that part of the judgment.
 - (b) Premiums on appeal bonds required in any such suit and premiums on bonds to release attachments or injunctions, provided the bond amount is not in excess of the remaining balance of the applicable limits of liability of this Policy, but without any obligation on the part of the Insurer to apply for or furnish any such bond.
- D.** To indemnify the Insured against liability for any sums which the Insured shall become legally obligated to pay as damages on behalf of any distributor, exhibitor, radio or television broadcasting station or network, advertiser or advertising agency, sponsor or other licensee of the Insured, hereinafter for convenience together called "Exhibitor", liability for which is imposed upon the Insured by any written, oral or implied agreement with any such Exhibitor in which the Insured agrees to indemnify and hold harmless any such Exhibitor against liability from any third parties for damages incurred by such third party as the result of the distribution, advertising, publicising, exhibition or radio or television broadcasting of any Insured Production by reason of any other matters specifically stated in Insuring Agreement A. above. This Policy shall not cover any liability assumed by the Insured for claims arising, or alleged to arise, out of the breach of contract, wilful act or failure to act of any such other party.
- E.** In the event an injunction or court order is issued as a result of any of the matters as to which the Insurer is obligated to indemnify the Insured hereunder by a court of law of competent jurisdiction in any country in the territory of this Policy requiring that any Insured Production be withdrawn from distribution or exhibition and if as a result thereof such Insured Production is so withdrawn, then within the Policy limits the Insurer, in addition to their other obligations hereunder, will reimburse the Insured for its loss sustained by reason thereof. The term "loss" as used in this

paragraph shall be deemed to mean advertising, promotion and exploitation costs and expenses incurred in connection with promotional and advertising material relating to the Insured Production to the extent that the value thereof is destroyed or lessened as a result of any such injunction or court order. Excluded from the "loss" category are any items not specifically set forth above, including, but not limited to the Insured's or any Exhibitor's production costs, loss of revenues, profits, network license fees or time sales revenues.

- F.** Anything to the contrary herein notwithstanding, the Insurer shall not be obligated to make further payment on any claim, judgment or other item hereunder or to defend further any claim or suit after the applicable limit of the Insurer's liability under Insuring Agreements I.A. through I.E. inclusive has been exhausted by payments of judgments, settlements, defence costs and/or expenses.

II. DEFINITIONS

- A.** The unqualified word "Insured" wherever used in this Policy means the Named Insured and any subsidiaries of the Named Insured, and any employee, officer, stockholder or director thereof while acting within the scope of his duties as such. If the Named Insured is a partnership or joint venture, the unqualified word "Insured" also includes any partner or joint venturer therein but only with respect to his liability as such.
- B.** The term "Subsidiary" shall be deemed to mean a corporation at least 51% of the issued and outstanding capital stock of which having the right to vote for the election of directors is owned and controlled by the Named Insured.
- C.** The term "Insured Production" shall mean the specific production referred to in the application or declaration attached to this Policy. No other productions are covered hereunder unless and until a separate application therefore has been signed by the Insured, approved by the Insurer, and the production is endorsed onto this Policy.
- D.** The term "Claim" wherever used in this Policy shall be deemed to mean all claims or suits against the Insured for damages by any one person, firm or corporation as a consequence of the same injurious act, error or omission, or the use or dissemination of the same injurious material, regardless of frequency of repetition thereof or the number or kind of media used.

If more than one person, firm or corporation join in making a claim or filing a suit as a consequence of the same injurious act, error or omission, they shall be considered as one person, firm or corporation for the purposes hereof.

- E.** The terms "Advertising and Publicising" of the Insured Production wherever used in this Policy shall be deemed to mean advertising, publicising and promotion for the Insured Production made by or under the control of the Insured.

III. CONDITIONS

THIS AGREEMENT IS SUBJECT TO THE FOLLOWING CONDITIONS:

A. Limitations as to Liability

- (1) The limit of liability stated in the Declarations as applicable to "each and every claim" is the limitation of the Insurer's liability with respect to any claim as defined in II.D. above. The limit of liability stated in the Declarations as "aggregate" is the total limit of the Insurer's liability for any and all claims as defined in II.D. above during the entire term of this Policy.
- (2) The addition of more than one insured shall not increase such limits of liability.
- (3) The limits of liability hereunder shall include all amounts payable on behalf of the Insured hereunder, including all sums paid as damages or otherwise in settlement of claims and for all legal and defence costs incurred by the Insurer under Insuring Agreements A. through E., inclusive.
- (4) The amount stated as "deductible" in the Declarations shall be borne by the Insured as its own risk and uninsured and shall be deducted from the total amount of all sums which the Insurer is obligated to pay or incur or paid in settlement of each claim on behalf of the Insured under this Policy. The Insured's deductible shall include all amounts payable on behalf of the Insured as damages or paid in settlement of a claim and legal and defence costs incurred by the Insurer under Insuring Agreements A. through E. inclusive, including attorney's fees, court costs, appeal costs and other expenses incurred in the conduct of litigation and fees and expenses of attorneys and investigators incurred in the investigation or defence of any claim by reason of any matters covered by this Policy.
- (5) If more than one Production is insured hereunder, the limits of liability and deductibles shall apply separately to each production as shown in the Declaration.

B. Exclusions

This Policy does not cover liability for, and there shall be no obligation to investigate or defend any claim or suit for:

- (1) Any obligation assumed by the Insured under any contract or based upon or resulting from any failure or alleged failure by the Insured to perform any contract, except as provided in Insuring Agreements A.(5) and D. hereof;
- (2) Any act or failure to act of the Insured where the Insured knows or reasonably should have known that such act or failure to act is or would be a violation of the rights of others;
- (3) Any claim by any past or present employee, partner, joint venturer, officer or director of the Insured or any independent contractor of the Insured supplying matter, material or services to the Insured with respect to any property rights in or the use of any literary, musical or other material owned or alleged to be owned by any such party;
- (4) Any infringement of patent or breach of fiduciary relationship;
- (5) Any dishonest, fraudulent or malicious act or failure to act or punitive or exemplary damages; any violation of any criminal law, statute or ordinance or any criminal penalties;
- (6) The title of any Insured Production until a satisfactory title report is submitted to and approved by the Insurer and endorsed hereon.

C. Term of Policy

The term of this Policy shall be as stated in the Declarations and the Policy shall expire on the date and at the time set forth in said Declarations, or as endorsed hereon. In the event that any additional Insured Production is added to this Policy by endorsement or Declaration, the term of coverage of this Policy for purposes of such Insured Production (but not for any other production insured hereunder) shall be the period set forth in such endorsement or Declaration.

D. Cancellation

The Policy may be cancelled by the Insured by mailing to the Insurer written notice stating when thereafter such cancellation shall be effective. The Policy may be cancelled by the Insurer by mailing to the Insured, at the address shown in this Policy as a last known address, written notice stating when no less than thirty (30) days thereafter such cancellation shall be effective, except that five (5) days written notice will be given by the Insurer when cancellation is for non-payment of premium. The mailing of such notice shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the Policy period. Delivery of such written notice either by the Insured or by the Insurer shall be equivalent to mailing.

In the event this Policy is cancelled by the Insured, subject to the provisions of Article IV.F. herein contained, the Insurer shall retain the customary short rate earned premium hereunder for the period that this Policy has been in force or the full policy minimum premium whichever is greater. If this Policy is cancelled by the Insurer, they shall retain the pro-rata earned premium hereunder for the period during which this Policy has been in force or the pro-rata minimum premium whichever is greater. Premium adjustment shall be made as soon as practicable after cancellation, but the failure of the Insurer to tender premium refunds at the time notice of cancellation is given shall not affect the validity of such notice.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction hereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

E. Discovery Clause

If the Insurer shall cancel or refuse to renew this Policy, (except for non-payment of premium) the Insured shall have the right, within thirty (30) days of such cancellation or refusal to renew and upon payment of an additional premium of 10% of the Policy premium prior to the date of such termination, to an extension of the coverage granted by this Policy in respect of any claim first made against the Insured during the period of ninety (90) days after the date of such termination but only in respect of any act, error or omission of the Insured committed before the date of cancellation or non-renewal.

F. Notice of Claim

In the event the Insured becomes aware of any claim or threatened claim that might be covered by this Policy, it must give written notice thereof as soon as practicable to the Insurer with the fullest information available to the Insured at the time. The Insured must immediately send to the Insurer, with duplicate thereof to its designated attorney, a copy of any claim made or of any summons, complaint, pleadings or other documents served upon it in any suit or suits commenced in connection with any claim covered or alleged to be covered by this Policy.

G. Defence and Settlement

- (1) The Insurer shall have the right to take over and defend in the name of the Insured, through counsel of the Insurer's choice, any claim which in the judgment of the Insurer may ultimately involve it in any liability hereunder. Upon the Insurer's request, the Insured, at its own expense, shall co-operate with the Insurer in the defence of any claim covered or alleged to be covered by this Policy, which co-operation shall include, but not be limited to, aiding in securing, compiling, summarising and analysing evidence and information and in obtaining the attendance of witnesses, attending hearings and trials and assisting in effectuating settlement and executing any and all documents which the Insurer may reasonably require in connection with the defence or disposition of any such claim and in the prosecution of appeals.
- (2) The Insurer shall have the right to dispose of any claim by settlement or otherwise in its sole discretion. The Insured shall not incur any expense, make any payment, settle or otherwise dispose of any claim that may involve the Insurer in liability hereunder without first having obtained the written consent of the Insurer. The Insured shall not make any admission of liability either before or after an occurrence, which pertains to any claim or which may result in a claim for which the Insurer may be liable. The Insured shall not interfere in any negotiations of the Insurer for settlement of or the handling of any claim with respect to which the Insurer is or may be liable under this Policy. After first notice of claim, the Insured shall not communicate with claimant or its representatives except with the consent of the Insurer. If the Insured shall refuse the settlement of any claim as authorised by the Insurer, the liability of the Insurer to the Insured as to such claim shall be limited to the amount for which settlement could have been made plus the Insurer's defence costs incurred prior to the date of such refusal, the Insurer being relieved of any further liability under any of the provisions of Article I. hereof.
- (3) If, prior to the first or any subsequent exhibition, including broadcast, of any Insured Production (including the first or subsequent broadcast of any new material), the Insured receives a Notice of Claim or notice that a claim will be made against them, the Insured, after notifying the Insurer, shall send a written report to the Insurer or their counsel stating that it has thoroughly investigated such claim or possible claim and satisfied themselves that such claim is baseless and the reasons therefore or, in the event of doubt as to the merit of such claim, so stating, and thereafter consulting with the Insurer and their attorneys before proceeding with any exhibition, broadcast or rebroadcast.
- (4) The Insured is obligated to and shall take such steps, at its own expense, to protect their and the Insurer's interests and to eliminate, mitigate or minimise the damages which may arise from any claim as would reasonably be taken in the absence of this or similar insurance, making such retractions and corrections to or in connection with any Insured Production as the Insurer may request; provided, however, that in the case of corrections, the cost of making the same shall be borne by the Insured and the Insurer in accordance with their respective deductible and liability limits elsewhere herein set forth. The requirements of this paragraph shall include the withdrawal from distribution, exhibition or broadcast of the claimed or alleged infringing Insured Production subject to the following qualifications:
 - (a) As to claims that have been reported to the Insurer, upon demand of the Insurer to the Named Insured for withdrawal from distribution, exhibition or broadcast, the liability of the Insurer for damages and all costs and expense of defence or other costs or expenses under Article I. arising from or connected with the claim underlying the said demand for withdrawal shall be limited to one-half (1/2) of all

such damages, costs and expenses as shall occur after date of such demand in the event the Insured refuses, in its discretion, to make such withdrawal.

- (b) All decisions by the Insured or the Insurer respecting any withdrawal must be exercised with good faith and reasonable justification in the respective evaluation of the claim in dispute.
- (5) The Insurer shall not be liable for the costs or expenses of prosecuting or defending any claim unless the same shall have been incurred with the written consent of the Insurer. The cost and expense of prosecuting any claim in which the Insurer shall have an interest by subrogation or otherwise, shall be divided between the Insured and the Insurer proportionately to the amounts which they would be entitled to receive respectively if the claim should be successful.
- (6) The Insurer may pay any part or all of the deductible amount to effect payment or settlement of any claim, and upon notification of the action taken, the Insured shall reimburse the Insurer within twenty (20) days thereafter for such part of the deductible amount as had been paid by the Insurer. The notice of payment of the deductible shall be sent to the Insured by ordinary mail, addressed to the Insured at the address set forth in this Policy and the twenty (20) day period shall begin to run from the mailing of such notice. Failure of the Insured to pay the amount of the deductible within twenty (20) days as herein set forth shall void the Policy with respect to the claim involved.
- (7) In the event the Insured fails to comply with any of the terms and conditions of this Policy, the disposition of any claim or defence of any claim by the Insurer shall not operate as a waiver by the Insurer of any rights it may have by reason of such failure.

H. Clearance Routines

The Insured agrees that it will maintain and use reasonable clearance routines in connection with the acquisition, production, distribution and exhibition of the Insured Production, and advertising and publicising material relating thereto, and will use reasonable efforts to obtain from third parties from whom it obtains materials and services written indemnities against claims arising out of the use of such material and services. If the Insured uses reasonable care to observe its clearance routines, any inadvertent failure on its part to do so shall not relieve the Insurer of their liability hereunder. At the request of the Insurer, the Insured will furnish the Insurer copies of its clearance routines.

Clearance routines shall include, but not be limited to, reasonable steps to assure originality and ownership of literary and musical materials, to obtain appropriate contracts and releases from parties appearing in or contributing material to the Insured Production, and to assure freedom in the Insured Production from libelous material or material constituting a violation of any right of privacy or publicity.

IV. ADDITIONAL PROVISIONS

A. Subrogation

In the event the Insurer makes any payment under this Policy, it shall, to the extent of such payment, become subrogated to all rights and remedies of the Insured in connection therewith against any other party. Upon the Insurer's request, the Insured shall execute all documents reasonably required by the Insurer, shall co-operate fully with the Insurer in the enforcement of such rights and remedies and at

the request and expense of the Insurer institute and prosecute in the name of the Insured all legal proceedings deemed desirable by the Insurer for the enforcement of such rights and remedies.

B. Statutory Provisions

If any term or condition of this Policy is contrary to any specific statutory provision applicable thereto, such term or condition shall be deemed to be severable and such statutory provision shall supercede and govern such term or condition, but the remaining provisions hereof shall remain in full force and effect.

C. Territorial Limits

The territory of this Policy is the entire world.

D. Other Insurance

It is agreed that in the event of there being specific or other insurance, whether prior or subsequent hereto in date and by whomsoever effected, directly or indirectly covering or insuring the risks insured herein, then such other insurance shall first apply and this Policy shall not be considered as contributing with such other insurance, but shall pay only the difference between the amount recoverable under such other insurance and the amount of any loss covered hereunder, not exceeding the limit of liability stated herein. Other insurance in excess of the limits of liability of this Policy is permitted.

E. Assignment

This Policy may not be assigned in whole or in part without the written consent of the Insurer.

F. Premiums

The premium payable hereunder shall be as stated in the declarations and endorsements attached hereto. The absolute minimum non-refundable premium shall be 75% of the total premium if this Policy is cancelled by the Insured before the first exhibition or broadcast of the Insured Production and 100% after first exhibition or broadcast of the Insured Production.

G. Changes

This policy, the declarations and endorsements attached hereto, and the representations made in the Insured's Application for this Policy constitute the entire agreement and understanding of the parties with respect to the subject matter hereof and shall not be modified except by an instrument in writing executed by a duly authorised officer or agent of the Insurer.