

Aon Assn Services, a Division
of Affinity Ins. Services, Inc
1120 20th St NW
Washington, DC 20036
Phone : 800-432-7465 Fax : 202-857-0143

Western Pension & Benefits
Conference, Orange County Chap
24881 Alicia Parkway, Ste,E343
Laguna, CA 92653

INVOICE # 161336		Page 1
ACCOUNT NO. WPBCOC1	OP MN	DATE 10/16/07
PRODUCER Marquita Anatsui		
BALANCE DUE ON 01/09/08		
AMOUNT PAID		AMOUNT DUE \$ 760.00

***** PLEASE RETURN TOP PORTION WITH REMITTANCE *****

Itm #	Trm Date	Trm	Type	Policy #	Description	Amount
INVOICE # 161336						
384957	10/16/07	REN	ASDO	NOA1305448	Policy renewal	\$ 760.00
Invoice Balance:						\$ 760.00

Payment must be received by the policy's inception date or coverage will be cancelled.

PLS REMIT PMT TO: Aon Association Services, P.O. Box 19584A,
Newark, NJ 07195-0584.



*Aon Association Services
a Division of Affinity Insurance Services,*

Mr. Rick Blain
Western Pension & Benefits
Conference, Orange County Chap
24881 Alicia Parkway, Ste.E343
Laguna, CA 92653

11/01/2007

Re:

The American Society of Association Executives Sponsored D&O Program
Directors' and Officers' Liability Insurance
Renewal of Policy Number: NOA1305448
Effective: 1/09/2008 to 1/09/2009

Dear Mr. Blain:

AUTOMATIC RENEWAL: The enclosed policy is an automatic renewal of a policy scheduled to expire in approximately 60 days. The expiring policy is eligible for our automatic renewal program. The policy qualifies for an automatic renewal, because (1) there have been no losses during the expiring policy period, and (2) there have been no material changes to this risk. This automatic renewal is void, if there have been any material changes to the risk during the past year. In the event of any material changes, you **MUST** contact our office for renewal terms.

PREMIUM INCREASE: To comply with state regulations on renewal procedures, we are notifying you that the renewal policy transmitted with this letter contains an increase in premium. The increased premium is set forth on the renewal policy declarations page. This will serve as the only notice of this change.

PREMIUM PAYMENT: Renewal of the enclosed policy is subject to payment of the premium in full. If payment is not received on or before the inception date, the policy will be void as of the renewal inception date 1/09/2008. The renewal policy and invoice are enclosed.

If you do not want this renewal please return the policy with instructions to non renew. If you have any questions, feel free to contact me. Please reference Insured # WPBCOC1.

Sincerely,

Marquita Anatsui
Account Manager
(202) 429-8559

1120 20th Street NW Washington, DC 20036-3406

Tel: (800) 432-7465 Fax: (202) 857-0143

Aon Association Services, a Division of Affinity Insurance Services, Inc. in CA, MN & OK a Division of
AIS Affinity Insurance Agency, Inc. and in NY & NH a Division of AIS Affinity Insurance Agency.

C.A.I. license #0795465

NOTE: THIS IS A CLAIMS MADE POLICY, PLEASE READ IT CAREFULLY



NON-PROFIT SERVICE ORGANIZATION
CERTIFICATE OF INSURANCE



COVERAGE DECLARATIONS FOR NONPROFIT DIRECTORS' AND OFFICERS' LIABILITY

Association NonProfit D&O
Liability Insurance

Policy Number: NOA1305448
Annual Premium: 760.00 1st POLICY YEAR
.00 2nd POLICY YEAR
.00 3rd POLICY YEAR

Item A. Name of insured ENTITY: Western Pension & Benefits
C/O Conference, Orange County Chap
Street Address 24881 Alicia Parkway, Ste. E343
City, State, Zip Code: Laguna CA 92653

Item B. POLICY PERIOD:
(12:01 a.m. local time at the ENTITY's principal address) From 1/09/2008 To 1/09/2009
(month, day, year) (month day, year)

Item C. Limits of Liability:

(i) Aggregate each POLICY YEAR: \$1,000,000

Item D. Deductible (also known as retention):

(i) EMPLOYMENT PRACTICES CLAIM: \$5,000 Each and every CLAIM
(ii) Other than EMPLOYMENT PRACTICES CLAIM: \$5,000 Each and every CLAIM

Item E. Prior or Pending Litigation Date: 1/09/2003
(The Prior or Pending Litigation Date excludes coverage for all past and present litigation or known potential claims)

Item F. Retroactive Date: None
(If retroactive date is none full prior acts coverage will be provided subject to the Prior or Pending Litigation Date and the Terms and Conditions of the policy)

Form Numbers of Coverage Parts, Forms and Endorsements that are a part of this policy and that are not listed in the Coverage Parts:

NP00H022010306 NP00H03300 NP00H043001203 NP00H083000504 NP00H087000504 NP00H088000504
NP00H091000306 NP04H037000803

Program Administrator: Aon Association Services Mailing Address: Aon Association Services
Aon Association Services Division Aon Association Services Division
700 N. Brand Blvd Ste 840 1120 20th Street, N.W.
Glendale, CA 91203 (CA License #0795465) Washington, D.C 20036
1-800-432-7465

Special Program: The American Society of Association Executives Sponsored D&O

Insurance Provided by:
Twin City Fire Insurance Co
Hartford Plaza
Hartford, Connecticut 06115

A Member of THE HARTFORD

COMPENSATION AND OTHER DISCLOSURE INFORMATION

Aon Association Services, a division of Affinity Insurance Services, Inc., exclusively offers the American Society of Association Executives (ASAE) sponsored Directors' and Officers' Liability Insurance Program as an agent of The Hartford and provides administrative services that may include the following: program marketing, underwriting, policy management, billing, risk management and client services on its behalf.

As compensation for the services described above, Affinity receives 27% of your paid premium as commission for marketing the program and for administrative services. For mid-term premium bearing coverage endorsements and renewal policies, Affinity is compensated at the same levels as the initial policy commission, unless we notify you otherwise. Your signature on your application, check, and/or other authorization for payment of your premium, will be deemed to signify your consent to and acceptance of the terms and conditions including the compensation, as disclosed above, that is to be received by Aon.

Other than the commissions described in the preceding paragraph, Affinity will receive no other compensation from the insurer and there will be no other fees or charges to you.

In addition, premiums paid by Clients to Affinity for remittance to insurers, Client refunds and claim payments paid to Affinity by insurance companies for remittance to Clients are deposited into fiduciary accounts in accordance with applicable insurance laws until they are due to be paid to the insurance company or Client. Subject to such laws and the applicable insurance company's consent, where required, Affinity will retain the interest or investment income earned while such funds are on deposit in such accounts.

Aon Corporation, our ultimate parent company, and its affiliates have from time to time sponsored and invested in insurance and reinsurance companies. While we generally undertake such activities with a view to creating an orderly flow of capacity for our clients, we also seek an appropriate return on our investment. These investments, for which Aon is generally at-risk for potential price loss, typically are small and range from fixed-income to common stock transactions. In such case, the gains or losses we make through our investments could potentially be linked, in part, to the results of treaties or policies transacted with you. Please visit the Aon website at http://www.aon.com/market_relationships for a current listing of insurance and reinsurance carriers in which Aon Corporation and its affiliates hold any ownership interests.

Contracts and Agreements

Aon Corporation's operating affiliates are parties to numerous agreements with many insurance and reinsurance companies, including companies from which our clients have purchased insurance or reinsurance. Please visit http://www.aon.com/market_relationships for more detail on these agreements.

Annual Recap Disclosure

As compensation for providing insurance services on your behalf under the American Society of Association Executives' (ASAE) sponsored Directors' and Officers' Liability Insurance Program as an agent of The Hartford, AON Association Services, a division of Affinity Insurance Services, Inc., received a total of \$203.04 in commission for the most recently completed policy year. Services provided may have included program marketing, underwriting, policy management, billing, risk management and other client services.

Important Notice to Policyholders

NON-PROFIT SERVICE ORGANIZATION

Companies writing property and casualty insurance business in California are required to participate in the California Insurance Guarantee Association. If a company becomes insolvent, the California Insurance Guarantee Association settles unpaid claims and assesses each insurance company for its fair share.

California law requires all companies to surcharge policies to recover these assessments. If your policy is surcharged, "CA Surcharge" with an amount will be displayed on your premium notice.

Mr. Rick Blain
Western Pension & Benefits
Conference, Orange County Chap
24881 Alicia Parkway, Ste,E343
Laguna CA 92653

Policy Number: NOA1305448
Effective Date: 01/09/2008
Insurer: The Hartford's Twin City Fire Insurance Co

IMPORTANT NOTICE TO POLICYHOLDERS TERRORISM RISK INSURANCE ACT

You are hereby notified that under the Terrorism Risk Insurance Act (the Act), we must make terrorism coverage as defined by the Act available in your policy. However, the actual coverage provided by your policy for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, limits, other provisions of your policy, any endorsements to the policy and generally applicable rules of law.

Any terrorism coverage as defined by the Act made available in our policies is partially reinsured by the United States of America under a formula established by the Act. Under this formula, for losses occurring in 2008, the United States will pay 90% of covered terrorism losses exceeding a statutorily established deductible paid by insurers until such time as insured losses under the program reach \$100 billion. For losses occurring in 2007, the United States will pay 85% of covered terrorism losses exceeding a statutorily established deductible paid by insurers until such time as insured losses under the program reach \$100 billion. If losses under the program reach \$100 billion, Congress will determine the procedures for, and the source of, any payments for losses in excess of \$100 billion.

You will not be required to pay a premium for terrorism coverage at this time. If, upon renewal of your policy, a premium is going to be charged for terrorism coverage, we will provide you with notification of what that premium will be.

Losses that are not eligible for federal reinsurance under the Act include, but are not limited to, losses due to acts of terrorism to property located outside the United States (as defined in the Act) and losses due to acts of domestic terrorism.



(CLAIMS MADE)

NONPROFIT DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

THIS POLICY APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE COMPANY DURING THE POLICY YEAR OR THE EXTENDED CLAIMS REPORTING PERIOD, IF PURCHASED. AMOUNTS PAID AS CLAIM EXPENSES SHALL REDUCE AND MAY EXHAUST THE LIMITS OF LIABILITY.

- KEY WORDS AND PHRASES APPEARING BOLDED AND IN LARGE CASE SCRIPT THROUGHOUT THIS TEXT HAVE SPECIAL MEANINGS. PLEASE REFER TO SECTION II, DEFINITIONS -

In consideration of the payment of the premium and in reliance upon statements in the application, the Insurance Company shown on the **CERTIFICATE OF INSURANCE** (hereinafter called the **COMPANY**) agrees with the **INSURED**, subject to all of the terms, exclusions and conditions of this policy as follows.

I. Insuring Agreements

A. Coverage

The **COMPANY** shall pay on behalf of an **INSURED** all **CLAIMS EXPENSES** and **DAMAGES** that the **INSURED** becomes legally obligated to pay for any **CLAIM(s)** first made against the **INSURED** for a **WRONGFUL ACT(s)** which arise solely out of the discharge of an **INDIVIDUAL INSURED'S** duties on behalf of the **ENTITY**.

B. Claims Made Provision

In order for this coverage to apply:

1. The **CLAIM** must first be made against the **INSURED** for a **WRONGFUL ACT** during the **POLICY YEAR** or if applicable during the Extended Claims Reporting Period.
2. The **CLAIM** must first be reported, in writing, to the **COMPANY** as soon as practicable but in no event later than 90 days after the end of the **POLICY YEAR** in which the **CLAIM** was made against the **INSURED** or, if applicable, during the Extended Claims Reporting Period.

C. Defense Provision

When a **CLAIM** is made against an **INSURED** and reported to the **COMPANY** in accordance with the Claims Made Provision, the **COMPANY** has the right and duty to defend any covered **CLAIM** against the **INSURED**, even if such **CLAIM** is groundless, false or fraudulent.

CLAIMS EXPENSES will be paid by the **COMPANY** and such payments will reduce the limit of liability. The **COMPANY** is not obligated to defend after the limit of liability has been exhausted. The **COMPANY** has the right to immediately withdraw from the defense of any **CLAIM** once the limit of liability has been exhausted.

Unless otherwise endorsed this policy is written on a "DEFENSE WITHIN THE LIMITS" basis. The limits of liability, as set forth in Item C of the **CERTIFICATE OF INSURANCE**, available to pay judgments or settlements will be reduced by amounts incurred for **CLAIM EXPENSES**.

D. Settlement Provision

No **CLAIMS EXPENSES** shall be incurred without the **COMPANY'S** consent.

No offer to settle any **CLAIM** shall be made or accepted by the **INSURED** without prior written agreement from the **COMPANY**.

If the **INSURED** and the **COMPANY** disagree as to the disposition of any **CLAIM**, the following provisions shall apply:

1. If the **INSURED** is willing to accept a settlement which is offered by a claimant or is unwilling to appeal a judgment, the **COMPANY** has the right to litigate in lieu of said settlement or appeal, provided that the **COMPANY** bears all **CLAIMS EXPENSES** which are subsequently incurred. Any increase in such judgment or settlement will be paid by the **COMPANY**.
2. If the **COMPANY** is willing to accept the judgment of a court or any settlement offer, and the **INSURED** is not willing to accept such judgment or settlement, the **COMPANY** may pay to the **INSURED** the amount of the judgment or settlement (less any remaining deductible amounts). The **COMPANY** shall then be relieved from any further liability for any **DAMAGES, CLAIMS EXPENSES** or any duty to defend.

E. Territory

The coverage afforded by this policy applies to **WRONGFUL ACT(s)** which occur anywhere in the world, provided that the **CLAIM** is made against the **INSURED** within the United States, its territories or possessions, or Canada.

F. Spousal Extension

If a **CLAIM** against an **INDIVIDUAL INSURED** includes a **CLAIM** against an **INDIVIDUAL INSURED'S** lawful spouse solely by reason of (1) such spouse's status as a spouse of the **INDIVIDUAL INSURED** or (2) such spouse's ownership interest in property which the claimant seeks as recovery for alleged **WRONGFUL ACTS** of the **INDIVIDUAL INSURED** then all **CLAIMS EXPENSES** or **DAMAGES** which such spouse becomes legally obligated to pay by reason of said **CLAIM** shall be treated as **CLAIMS EXPENSES** or **DAMAGES** which the **INDIVIDUAL INSURED** is obligated to pay.

The coverage which is provided by this extension does not apply to any **CLAIM** which alleges that the **INDIVIDUAL INSURED'S** spouse committed any **WRONGFUL ACTS**.

G. Outside Directorship Extension

The insurance which is provided by this policy shall extend to any **CLAIM** against an **INDIVIDUAL INSURED** for **WRONGFUL ACTS** arising from such **INDIVIDUAL INSURED'S** service in an **OUTSIDE DIRECTORSHIP** capacity. Coverage provided to any **INDIVIDUAL INSURED** while serving in an **OUTSIDE DIRECTORSHIP** capacity does not extend to the organization in which such **OUTSIDE DIRECTORSHIP** is held or to any of the other directors, officers, employees or trustees of the organization. The coverage provided by this **OUTSIDE DIRECTORSHIP** extension shall be specifically excess of any other indemnity or insurance available to such **INDIVIDUAL INSURED** from the Organization.

H. Excess Benefits Transaction Extension

Subject to Exclusion A (Section III) it is hereby agreed that the insurance which is provided by this policy shall extend to include the 10% penalty excise tax imposed on any **INDIVIDUAL INSURED** pursuant to 26 U.S.C. Section 4958 (a) (2) for alleged participation in an excess benefit transaction.

I. Breach of Contract Extension

It is hereby agreed that the insurance provided by this policy shall extend to include **CLAIMS EXPENSES** and **DAMAGES** for **CLAIMS** arising from an actual or alleged breach of employment contract or agreement. However, the coverage for any **CLAIM** which alleges a breach of a nonemployment-related contract or agreement will be limited to **CLAIMS EXPENSES** only.

J. Employment Retirement Income Security Act of 1974 \$100,000 Sublimit Extension

It is hereby agreed that the insurance provided by this policy shall be extended to include a \$100,000 sublimit for **CLAIMS EXPENSES** which arise out of any **CLAIM** or **CLAIMS** alleging that an **INSURED** committed an **EMPLOYEE BENEFIT PLAN- RELATED WRONGFUL ACT**. This sublimit is a part of and not an addition to the **LIMIT OF LIABILITY** which is set forth on the Declarations Page. The amount of this sublimit is not increased by the number of **CLAIMS**. This Extension does not include any coverage for **DAMAGES**.

II. Definitions

The following terms whenever used in this policy in boldface type shall have the meaning indicated.

- A. CLAIM** shall mean a demand for the institution of proceedings or a demand for money, including but not limited to, a service of suit, an institution of mediation or arbitration proceedings, or the institution of a charge against the **INSURED** with the United States Equal Employment Opportunity Commission (hereafter referred to as the EEOC) or a similar state or local agency which is responsible for the administration of state fair employment practices laws.
- B. CLAIMS EXPENSES** shall mean the following but only when authorized by the **COMPANY**:
1. Fees, costs, and expenses charged by an attorney who is designated by the **COMPANY** to represent the **INSURED** in the defense of a **CLAIM**;
 2. All other fees, costs and expenses resulting from the investigation, defense and settlement of any **CLAIM**, including the administrative and investigative expenses or fees arising from EEOC proceedings (or similar state or local agencies).
 3. The interest on any part of a judgment that accrues before or after the entry of the judgment and before the **COMPANY** has paid or tendered or deposited the applicable judgment amount in court as well as any premiums for a bond amount, not exceeding the limit of liability, which is required as the result of a covered **CLAIM**, and premiums on bonds to release attachments. However, the **COMPANY** has no obligation to apply for or to furnish any such bonds.
- C. DAMAGES** shall mean any amount that the **INSURED** becomes legally obligated to pay for any covered **CLAIM**, including judgments or settlements and the back pay and future lost earnings of **INDIVIDUAL INSURED(s)** if associated with **EMPLOYMENT PRACTICES CLAIM**. **DAMAGES** shall not include the following:
1. Sanctions, fines or penalties (except as provided in Section I. H);
 2. Any punitive or exemplary damages unless such coverage is specifically required by state law or regulation.
- D. ENTITY** shall mean the nonprofit corporation which is named in Item A on the **CERTIFICATE OF INSURANCE** and any organization which is added by endorsement to the policy.
- E. INSURED** shall mean the **ENTITY** or an **INDIVIDUAL INSURED**.

F. INDIVIDUAL INSURED shall mean:

1. Any past, present or future director, officer, trustee, employee, volunteer or member of any duly constituted committee of the **ENTITY** but only with regard to **WRONGFUL ACTS** which arise solely out of the discharge of the **INDIVIDUAL INSURED'S** duties on behalf of the **ENTITY**;
2. The heirs, executors, administrators, and legal representatives of an **INDIVIDUAL INSURED**, in the event of an **INDIVIDUAL INSURED'S** death, insolvency, incapacity or bankruptcy. This coverage extends only to the liability which arises out of **WRONGFUL ACTS** related to the **INDIVIDUAL INSURED'S** duties solely in their capacity with the **ENTITY**.

G. POLICY PERIOD shall mean the period of time which is specified on the CERTIFICATE OF INSURANCE or its earlier cancellation date, if any.

H. POLICY YEAR shall mean the period of one year following the effective date and hour of this Policy or any anniversary thereof, or of the time between the effective date or any anniversary and the end of the POLICY PERIOD is less than one year, such lesser period. If the Extended Claims Reporting Period is exercised, such period shall be deemed part of the POLICY YEAR during which it was exercised.

In the event that the **POLICY PERIOD** is twelve months or less, then the term **POLICY YEAR** shall mean the same as the term **POLICY PERIOD**.

I. POLLUTANTS shall mean any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals, radioactive substances, and waste (including medical wastes). Waste includes materials to be recycled, reconditioned or reclaimed.

J. WRONGFUL ACTS shall mean the following:

1. Any actual or alleged act, error, misstatement, misleading statement, omission, neglect or breach of duty by an **INSURED**;
2. Any actual or alleged mismanagement including, but not limited to the mismanagement of the **ENTITY'S** funds, except those funds covered by Exclusion E;
3. Any actual or alleged wrongful Employment Practices, including but not limited to any actual or alleged violations of the following statutes:
 - a) Title VII of the Civil Rights Act of 1964
 - b) The Americans with Disabilities Act 1990
 - c) The Age Discrimination in Employment Act of 1967
 - d) The Equal Pay Act of 1963
 - e) Sections 503 and 504 of the Rehabilitation Act of 1973

or any discrimination, wrongful termination or dismissal, workplace harassment (including sexual harassment), breach of any verbal or written employment contract or quasi-employment contract, employment-related misrepresentation, wrongful failure to employ or promote, wrongful discipline, wrongful deprivation of a career opportunity, failure to grant tenure, negligent evaluation, employment-related mental anguish or employment-related emotional distress, retaliation (including lockouts);

4. Any actual or alleged Personal Injury or Publishers Liability, including but not limited to: libel, slander, false arrest, invasion of privacy, wrongful detention or imprisonment, malicious prosecution, defamation of character, wrongful entry, wrongful eviction, plagiarism, misappropriation of ideas, infringement of a copyright or trademark, unauthorized use of a title;
5. Any actual or alleged violation of the Sherman Antitrust Act, the Clayton Act or similar federal, state or local statutes or rules.

K. OUTSIDE DIRECTORSHIP shall:

1. Mean any official position held by an **INDIVIDUAL INSURED** in any Outside Nonprofit Organization at the specific written request of the **ENTITY**;
2. Not extend to the Outside Nonprofit Organization in which the **OUTSIDE DIRECTORSHIP** is held or to any of the other directors, officers, trustees or employees of such Organization.

L. EMPLOYEE BENEFIT PLAN-RELATED WRONGFUL ACT(s) shall mean:

1. Any breach of the responsibilities, obligations or duties imposed upon fiduciaries of an **EMPLOYEE BENEFIT PLAN** by the Employee Retirement Income Security Act of 1974, as amended, or by the common or statutory law of the United States, or any state or other jurisdiction;
2. Any error, omission or negligent act made in the **ADMINISTRATION** of an **EMPLOYEE BENEFIT PLAN**.

M. ADMINISTRATION shall mean giving advice to employees or effecting enrollment, termination or cancellation of employees under an EMPLOYEE BENEFIT PLAN.

N. EMPLOYEE BENEFIT PLAN shall mean those benefit plans which provide benefits solely to the employees of the ENTITY and which meet the definition of Employee Benefit Plan in the Employee Retirement Income Security Act of 1974.

O. EMPLOYMENT PRACTICES CLAIM shall mean a CLAIM which is brought and maintained by any past, present or prospective employee of the ENTITY against any INSURED for any WRONGFUL ACT in connection with any actual or alleged violation of the following statutes:

1. Title VII of the Civil Rights Act of 1964
2. The Americans with Disabilities Act 1990
3. The Age Discrimination in Employment Act of 1967
4. The Equal Pay Act of 1963
5. Sections 503 and 504 of the Rehabilitation Act of 1973

or any discrimination, wrongful termination, workplace harassment (including sexual harassment), breach of any verbal or written employment contract or quasi-employment contract, employment-related misrepresentation, wrongful failure to employ or promote, wrongful discipline, wrongful deprivation of a career opportunity, failure to grant tenure, negligent evaluation, employment-related mental anguish or employment-related emotional distress, retaliation (including lockouts);

P. APPLICATION shall mean all signed applications for this Policy and for any policy in an uninterrupted series of policies issued by the COMPANY of which this Policy is a renewal or replacement.

Q. INTERRELATED WRONGFUL ACTS shall mean WRONGFUL ACTS which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.

R. CERTIFICATE OF INSURANCE means what is commonly considered to be the declarations page of the policy, containing information, such as insured ENTITY, policy period, limits of liability, premium, and policy number, which is commonly included on a declarations page.

III. Exclusions

The **COMPANY** is not obligated to pay **DAMAGES** or **CLAIMS EXPENSES** for:

- A. Any **CLAIM** arising from any dishonest (including any **INSURED** gaining any profit or advantage to which the **INSURED** was not legally entitled), fraudulent, criminal, or malicious **WRONGFUL ACT** or any **WRONGFUL ACT** committed deliberately by any **INSURED** or at the direction of any **INSURED**.
- B. Any **CLAIM** arising out of or attributable to obligations under any employer's liability law, unemployment compensation law, worker's compensation law, disability benefits law or similar law.
- C. Any **CLAIM** which arises out of or is in any way attributable to any actual or alleged:
 - 1. Bodily injury, sickness, disease or death of any person; or
 - 2. Mental Anguish or emotional distress (except that which arises out of an **EMPLOYMENT PRACTICES CLAIM**); or
 - 3. Physical damage to or destruction of tangible property, including the loss of use thereof, or the loss of use of tangible property which has not been physically damaged or destroyed.
- D. Any **CLAIM** arising out of or attributable to any actual or alleged:
 - 1. Injury or damage which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **POLLUTANTS** at any time; or
 - 2. Request, demand or order that any **INSURED** or any other party test for monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to, or assess the effects of **POLLUTANTS**, or
 - 3. Lawsuit, action, or proceeding by or on behalf of a governmental authority for **DAMAGES** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, or in any way responding to, or assessing the effects of **POLLUTANTS**.
- E. Except to the extent that coverage is provided by Extension J, any **CLAIM** arising out of any actual or alleged violation of the Employment Retirement Income Security Act of 1974 and its amendments or any regulations or order pursuant thereto, as well as any similar state law or regulation or from the **INSURED'S ADMINISTRATION** of an **EMPLOYEE BENEFIT PLAN**.
- F. Any **CLAIM** arising from any litigation, claims, demands, causes of action, legal or quasi-legal proceedings, decrees or judgments against any **INSURED**, occurring Prior to, or Pending the date stated in Item E. of the **CERTIFICATE OF INSURANCE**, of which any **INSURED** had received notice or otherwise had knowledge as of such date; or 1.) Arising from any subsequent litigation, claims, demands, causes of action, legal or quasi-legal proceedings, decrees or judgments against any **INSURED** arising from or based substantially on the same or related matters as alleged in the pleadings of such prior or pending litigation, claims, demands, causes of action, legal or quasi-legal proceedings, decrees or judgments against any **INSURED**; or 2.) Arising from any act of any **INSURED** which gave rise to such prior or pending litigation, claims, demands, causes of action, legal or quasi-legal proceedings, decrees or judgments against any **INSURED**.
- G. Any **CLAIM** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any fact, circumstance, or situation committed, or alleged to have been committed prior to the Retroactive Date stated in Item F. of the **CERTIFICATE OF INSURANCE**, including any related facts or circumstances that are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event, or decision.

IV. Deductible and Limit of Liability

A. Deductible (also known as retention)

The Deductible stated on the **CERTIFICATE OF INSURANCE** applies to each **CLAIM** and shall be paid by the **ENTITY**. The deductible shall apply to the payment of **CLAIMS EXPENSE** and **DAMAGES**.

B. Limit of Liability

The Limit of Liability shall apply in excess of the deductible shown on the **CERTIFICATE OF INSURANCE**. The Limit of Liability set forth in the **CERTIFICATE OF INSURANCE** shall be the maximum amount of **DAMAGES** or **CLAIMS EXPENSE** or both combined that the **COMPANY** will pay for all **CLAIMS** made in a given **POLICY YEAR**.

One or more **CLAIMS** arising out of the same **WRONGFUL ACT** or **INTERRELATED WRONGFUL ACTS** shall be deemed to constitute a single **CLAIM** and shall be deemed to have been made within the **POLICY YEAR** in which the earliest **CLAIM** involving the same **WRONGFUL ACT** or **INTERRELATED WRONGFUL ACT** was first made against the **INSURED**.

V. Extended Claims Reporting Period

If this policy is canceled or nonrenewed, the **INSURED** is entitled to an Extended Claims Reporting Period. This extension extends the period of time during which the **INSURED** may report **CLAIMS** to the **COMPANY**. This extension applies only to **CLAIMS** which are first made against the **INSURED** during the Extended Claims Reporting Period and arising out of a **WRONGFUL ACT** which occurred prior to the end of the **POLICY PERIOD**. The terms of the automatic Extended Claims Reporting Period shall be 90 days from the date of cancellation or nonrenewal of the policy. There is no additional premium charge for this automatic extension.

The Extended Claims Reporting Period does not do the following:

- (1) Extend the length of the **POLICY PERIOD**;
- (2) Increase the policy's limits of liability;
- (3) Reinstate any exhausted limits of liability of this policy;
- (4) Otherwise change any of the policy's terms and conditions.

In addition to the Automatic Extended Claims Reporting Period, at the option of the **INSURED**, the **INSURED** may purchase an optional Extended Claims Reporting Period as set forth below:

<u>Terms of the Optional Extended Reporting Period</u>	<u>Percentage of the Policy's Annual Premium</u>
One Year	50%
Two Years	100%
Three Years	150%

To exercise this option, the **INSURED** must, within 90 days of the date of cancellation or nonrenewal of the policy, forward to the **COMPANY** a written request to purchase the optional Extended Claims Reporting Period. Said written request must be accompanied by full payment of the additional premium due. Note that the policy's annual premium is set forth on the **CERTIFICATE OF INSURANCE**. The entire premium for the Extended Claims Reporting Period is deemed to be fully earned upon election and payment of that premium. If this policy is canceled for any reason, the **COMPANY** shall not be obligated to return any portion of the Extended Claims Reporting Period premium to the **INSURED**.

This extension is not available if the policy is canceled or nonrenewed for any of the following reasons:

- (1) The failure of the **INSURED** to comply with policy provisions.
- (2) The failure of the **INSURED** to cooperate with the **COMPANY**.

- (3) Any material misrepresentation of facts by the **INSURED**.
- (4) The failure of the **INSURED** to pay the policy premium.

VI. Conditions

A. The **INSURED'S** duties in the event of a **CLAIM**:

- (1) When a **CLAIM** is made against the **INSURED**, the **INSURED** must give prompt written notice to the **COMPANY**. Said notice shall include all demands, notices, summons or any other information which was received by the **INSURED**.
- (2) The **INSURED** must provide the **COMPANY** with all information, materials and cooperation which the **COMPANY** requests.
- (3) The **INSURED** must not make payment, admit liability, agree to any settlement or agree to an arbitration without the prior consent of the **COMPANY**.
- (4) The **INSURED** must do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment which the **INSURED** may have.

B. The Reporting of Possible Claims

If during a **POLICY YEAR** or during an Extended Claims Reporting Period, the **INSURED** first becomes aware of a possible **CLAIM** arising from a **WRONGFUL ACT** for which coverage may be provided hereunder, and if the **INSURED**, during that **POLICY YEAR** or no later than 90 days after that **POLICY YEAR** or during the Extended Claims Reporting Period, gives written notice to the **COMPANY** then any **CLAIM** which may subsequently be made against the **INSURED** shall be deemed to have been made during the **POLICY YEAR** or the Extended Claims Reporting Period in which the notice was given.

Said written notice must:

- (1) Be given to: The Hartford
 2 Park Avenue
 New York, NY 10016-5675

 Toll Free: 800-721-8189
 Toll Free Fax: 212-277-0945
- (2) Include the potential claimant's name and address.
- (3) Include a detailed description of the **WRONGFUL ACT**.
- (4) Include a detailed explanation as to why the **INSURED** believes that a **CLAIM** may be made and the date on which the **INSURED** became aware of the potential **CLAIM**.

C. Subrogation:

In the event of any payment under this policy, the **COMPANY** shall be subrogated to all the **INSURED'S** rights of recovery therefor against any person or organization and the **INSURED** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **INSURED** shall do nothing after loss to prejudice such rights.

D. Other Insurance

Coverage under this policy is excess over any other insurance, including but not limited to a Comprehensive General Liability Policy, which also provides coverage for any **CLAIM**.

E. Merger

In the event of a merger involving the **ENTITY**, written notice must be given to the **COMPANY** at least 90 days prior to the date of the merger. The **ENTITY** shall provide such information as the **COMPANY** may require. The **COMPANY** at its option may elect to continue the coverage beyond the date of the merger. The **INSURED** shall pay any reasonable additional premium required by the **COMPANY**. If the **COMPANY** chooses to cancel the coverage, the **INSURED** is entitled to the Automatic Extended Claims Reporting Period which is set forth in Section V. The **INSURED** at its option may also elect to purchase the optional Extended Claims Reporting Period.

F. Subsidiaries

If the **ENTITY** acquires or creates a Subsidiary, written notice must be given to the **COMPANY** 90 days prior to the activation of its operations. The **ENTITY** shall provide such information as the **COMPANY** may require. The **COMPANY** at its option may elect to continue the coverage beyond the date of the Subsidiary's activation. The **INSURED** shall pay any reasonable additional premium required by the **COMPANY**.

G. Representation and Severability

For purposes of paying premiums, providing applications and all other correspondence between the **INSURED** and the **COMPANY**, it is agreed that the **ENTITY** is the representative of all **INDIVIDUAL INSUREDS**.

In granting coverage to the **INDIVIDUAL INSUREDS**, the **COMPANY** has relied upon the declarations and statements in the written **APPLICATIONS** for this policy. Such declarations and statements are the basis of coverage and shall be considered as incorporated in and constituting a part of this policy. Such written **APPLICATIONS** for coverage shall be construed as separate applications for coverage by each **INDIVIDUAL INSURED**. With respect to the declarations and statements contained in such written **APPLICATIONS** for coverage no statements in the applications or knowledge possessed by any **INDIVIDUAL INSURED** shall be imputed to any other **INDIVIDUAL INSURED** for the purpose of determining if coverage is available. This policy encompasses all agreements existing between the **INSURED** and the **COMPANY** or any of its agents relating to this insurance.

H. Cancellation

This policy may be canceled by the **INSURED** by returning the policy to:

Aon Association Services
A division of Affinity Insurance Services, Inc.
1120 20th Street, NW
Washington, DC 20036

Toll Free: 800-432-7465
Fax: 202- 857-0143

This policy is not cancelable by the **COMPANY** except for the following reasons:

1. The **INSURED S** failure to pay the premium.
2. A material misrepresentation by the **INSURED**.
3. The merger of the **INSURED**.

If the coverage is canceled for nonpayment of premium, the **COMPANY** will provide the **INSURED** with 10 days written notice of said cancellation. A cancellation for any other reason will require 60 days written notice to the **INSURED**. If the **COMPANY** cancels the policy, the earned premium will be computed on a prorata basis.

The mailing of any notice of cancellation will be sufficient proof of notice.

I. Policy Changes

The terms and conditions of this policy cannot be waived or amended except by specific written endorsement issued by the **COMPANY**.

J. Assignment

The interest of the **INSURED** may not be assigned to any other person or organization.

K. Action Against the **COMPANY**

No action shall lie against the **COMPANY** unless, as a condition precedent thereto, the **INSURED** shall have fully complied with all the terms of this policy, nor until the amount of the **INSURED**'s obligation to pay shall have been finally determined either by judgment against the **INSURED** after actual trial or by written agreement of the **INSURED**, the claimant and the **COMPANY**.

L. Conformance to Statute

Any terms of this policy which are in conflict with the terms of any applicable laws construing this policy are hereby amended to conform to such laws.

In Witness Whereof, the **COMPANY** has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a fully authorized representative of the **COMPANY**.



Michael S. Wilder, Secretary



Ramani Ayer, President & CEO



**CANCELLATION AND NON-RENEWAL ENDORSEMENT
STATE OF CALIFORNIA**



It is hereby agreed that Section VI. (H), Cancellation is deleted in its entirety and replaced with the following;

Cancellation and Non-Renewal

1. Cancellation by the INSURED

The INSURED has the right to cancel this Policy at any time by giving notice to the Company stating when thereafter the cancellation shall be effective. If the Policy is so canceled, earned premium shall be computed short rate.

2. Cancellation by the Company

The Company has the right to cancel this Policy at any time and for any reason within the first sixty (60) days. The Company must mail the notice of cancellation at least thirty (30) days prior to the effective date of such cancellation.

After this Policy has been in effect for sixty (60) days or more, it may be canceled for one of the following reasons:

- a. Nonpayment;
- b. Policy obtained through material misrepresentation or fraud;
- c. Any Insured violated the terms and conditions of the policy;
- d. The risk originally accepted has measurably increased;
- e. Certification of the Commission of loss of reinsurance;
- f. Determination by the Commissioner that continuation of the policy could place Insured in violation of law;
- g. Discovery of willful or grossly negligent acts or omissions or violations of state laws.

The Company must mail notice of cancellation at least thirty (30) days prior to the effective date of such cancellation. If the Company cancels for non-payment of premium, the Company must mail notice of cancellation at least ten (10) days prior to the effective date of such cancellation. All notices shall state the reason for cancellation.

3. Non-Renewal by the Company

The Company has the right to non-renew this Policy effective of any policy anniversary date. All notices of non-renewal must be mailed to the INSURED at the last mailing address known to the Company, at least sixty (60) days prior to the effective date of non-renewal and shall provide a specific explanation of the reason(s) for non-renewal.

This endorsement is a part of your policy and takes effect on the effective date of your policy, unless another effective date is shown below. All other provisions of the policy remain unchanged.

<i>Must Be Completed</i>	<i>Complete Only When This Endorsement Is Not Prepared with the Policy Or Is Not to be Effective with the Policy</i>		
POLICY NO. NOA1305448	<table style="width: 100%;"><tr><td style="width: 60%;">ISSUED TO</td><td style="width: 40%;">EFFECTIVE DATE OF THIS ENDORSEMENT</td></tr></table>	ISSUED TO	EFFECTIVE DATE OF THIS ENDORSEMENT
ISSUED TO	EFFECTIVE DATE OF THIS ENDORSEMENT		



AMENDMENT TO SECTION III (C)

This endorsement modifies insurance provided under:

NONPROFIT DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

It is understood and agreed that Section III, Exclusions, C., is deleted and replaced by the following:

- C. Any **CLAIM** which arises out of or is in any way attributable to any actual or alleged:
1. Bodily injury, sickness, disease or death of any person; or
 2. Mental Anguish or emotional distress (except that which arises out of an **EMPLOYMENT PRACTICES CLAIM**); or
 3. Physical damage to or destruction of tangible property, including the loss of use thereof, or the loss of use of tangible property which has not been physically damaged or destroyed.

This exclusion includes but is not limited to any **CLAIM** which alleges that any of the above occurred as a result of any actual or alleged negligent employment, investigation, supervision, reporting to the proper authorities, or failure to so report, or retention of a person for whom any **INSURED** is or ever was legally responsible.

All other terms and conditions remain unchanged.

This endorsement is a part of your policy and takes effect on the effective date of your policy, unless another effective date is shown below. All other provisions of the policy remain unchanged.

<i>Must Be Completed</i>
POLICY NO. NOA1305448

<i>Complete Only When This Endorsement Is Not Prepared with the Policy Or Is Not to be Effective with the Policy</i>	
ISSUED TO	EFFECTIVE DATE OF THIS ENDORSEMENT



THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

AMENDED DEFINITION OF OUTSIDE DIRECTORSHIP

This endorsement modifies insurance provided under:

NONPROFIT DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

Section II. Definitions, K. **OUTSIDE DIRECTORSHIP**, of this policy is deleted and replaced by the following:

K. OUTSIDE DIRECTORSHIP shall:

1. Mean any official position held by an **INDIVIDUAL INSURED** in any outside 26 U.S.C. 501(c)(3) nonprofit organization at the specific written request of the **ENTITY**;
2. Not extend to the outside 26 U.S.C. 501(c)(3) nonprofit organization in which the **OUTSIDE DIRECTORSHIP** is held or to any of the other directors, officers, trustees or employees of such organization.

All other terms and conditions remain unchanged.

This endorsement is a part of your policy and takes effect on the effective date of your policy, unless another effective date is shown below. All other provisions of the policy remain unchanged.

<i>Must Be Completed</i>
POLICY NO. NOA1305448

<i>Complete Only When This Endorsement Is Not Prepared with the Policy Or Is Not to be Effective with the Policy</i>	
ISSUED TO	EFFECTIVE DATE OF THIS ENDORSEMENT



THIS ENDORSMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

AMENDED DEFINITION OF DAMAGES

This endorsement modifies insurance provided under:

NONPROFIT DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

Section II. Definitions, C. **DAMAGES**, of this policy is amended by the addition of the following:

DAMAGES shall furthermore not include:

3. Any actual or alleged excessive compensation that was paid to any **INSURED INDIVIDUAL**.
4. The return of funds that the **INSURED** received under any type of grant, program, contract or similar agreement.

All other terms and conditions remain unchanged.

This endorsement is a part of your policy and takes effect on the effective date of your policy, unless another effective date is shown below. All other provisions of the policy remain unchanged.

<i>Must Be Completed</i>
POLICY NO. NOA1305448

<i>Complete Only When This Endorsement Is Not Prepared with the Policy Or Is Not to be Effective with the Policy</i>	
ISSUED TO	EFFECTIVE DATE OF THIS ENDORSEMENT



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDED FRAUD EXCLUSION WITH SEVERABILITY

Section III. Exclusions, A., is deleted and replaced with the following:

- A. Any **CLAIM** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way in whole or in part related to any dishonest (including any **INSURED** gaining any profit or advantage to which the **INSURED** was not legally entitled), fraudulent, criminal, or malicious **WRONGFUL ACT** or any **WRONGFUL ACT** committed deliberately by any **INSURED** or at the direction of any **INSURED**; provided, however, that the **WRONGFUL ACT** of any **INDIVIDUAL INSURED** shall not be imputed to any other **INDIVIDUAL INSURED**.

All other terms and conditions remain unchanged. This endorsement is a part of your policy and it takes effect on the effective date of your policy, unless another effective date is shown below.

This endorsement is a part of your policy and takes effect on the effective date of your policy, unless another effective date is shown below. All other provisions of the policy remain unchanged.

Must Be Completed	Complete Only When This Endorsement Is Not Prepared with the Policy Or Is Not to be Effective with the Policy	
POLICY NO. NOA1305448	ISSUED TO	EFFECTIVE DATE OF THIS ENDORSEMENT



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FAIR LABOR STANDARDS ACT EXCLUSION

This endorsement modifies insurance provided under the following:

NONPROFIT DIRECTORS, OFFICERS LIABILITY INSURANCE POLICY

Section III., **EXCLUSIONS**, is amended to include the following:

for, based upon, arising from or in any way related to:

1. **CLAIMS** for unpaid wages, including overtime pay, for hours actually worked or labor actually performed by an employee of the Insured;
2. **CLAIMS** for improper payroll deductions, improper employee classification, or failure to maintain accurate time records; or
3. any actual or alleged violation of the Fair Labor Standards Act (FLSA) or any rule or regulation promulgated thereunder, or any other federal, state, local or common law, rules or regulations pertaining to wages, overtime and other subject matters governed under the FLSA.
4. any actual or alleged violation of the Worker Adjustment and Retraining Notification Act, the National Labor Relations Act, the Occupational Safety and Health Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, or rule or regulation promulgated thereunder, or other federal, state, local, or common law, rules or regulations pertaining to the subject matter governed under the aforementioned laws.

All other terms and conditions remain unchanged.

This endorsement is a part of your policy and takes effect on the effective date of your policy, unless another effective date is shown below. All other provisions of the policy remain unchanged.

<i>Must Be Completed</i>
POLICY NO. NOA1305448

<i>Complete Only When This Endorsement Is Not Prepared with the Policy Or Is Not to be Effective with the Policy</i>	
ISSUED TO	EFFECTIVE DATE OF THIS ENDORSEMENT



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEFENSE OUTSIDE OF THE LIMIT ENDORSEMENT

Section I. Insuring Agreements, C. Defense Provision, is deleted and replaced with the following:

C. Defense Provision

When a **CLAIM** is made against an **INSURED** and reported to the **COMPANY** in accordance with the Claims Made Provision, the **COMPANY** has the right and duty to defend any covered **CLAIM** against the **INSURED**, even if such **CLAIM** is groundless, false or fraudulent.

CLAIMS EXPENSES will be paid by the **COMPANY** and such payments will not reduce the Limit of Liability. The **COMPANY** is not obligated to defend any **CLAIM**, or pay any **CLAIMS EXPENSES**, after the Limit of Liability has been exhausted. The **COMPANY** has the right to immediately withdraw from the defense of any **CLAIM** once the Limit of Liability has been exhausted.

Section IV. Deductible and Limit of Liability, B. Limit of Liability, is deleted and replaced with the following:

B. Limit of Liability

The Limit of Liability shall apply in excess of the deductible shown on the **CERTIFICATE OF INSURANCE**. The Limit of Liability which is set forth on the **CERTIFICATE OF INSURANCE** is the maximum amount of **DAMAGES** that the **COMPANY** will pay for all **CLAIMS** made in a given **POLICY YEAR**.

All other terms and conditions remain unchanged.

Policy Number: NOA1305448
Effective Date: 1/09/2008
Entity: Western Pension & Benefits

NP 00 H0 22 01 03 06



**WESTERN PENSION & BENEFITS
CONFERENCE, ORANGE COUNTY CHAP
24881 ALICIA PARKWAY, STE,E343
LAGUNA, CA 92653**



IMPORTANT NOTICE TO POLICYHOLDERS REGARDING TERRORISM RISK INSURANCE ACT

On December 26, 2007, legislation was enacted extending the federal Terrorism Risk Insurance Act until December 31, 2014 (as amended, "TRIA" or the "Program"). The extension contained the following important changes which may reduce coverage provided under your policy.

Amendment of the definition of "Certified Acts of Terrorism"

TRIA extended the reinsurance program within the United States Department of the Treasury, under which the federal government and the insurance industry share the risk of loss from future "certified acts of terrorism". Previously, TRIA defined "certified acts of terrorism" to include only acts of terrorism committed by an individual or individuals "acting on behalf of any foreign persons or foreign interest". This was commonly referred to as "foreign terrorism". Coverage for "domestic terrorism", or acts of terrorism perpetrated by persons with no ties to foreign persons or interest, was provided in accordance with the terms and conditions of your policy, unless specifically excluded. On policies effective on or after December 26, 2007, TRIA no longer distinguishes between foreign and domestic terrorism in its definition of "certified acts of terrorism."

For the duration of the Program, "certified acts of terrorism" will be defined in our policies as follows:

Any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act, as amended, (TRIA). The criteria contained in that Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and
2. The act resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and
3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Clarification on the \$100 Billion Cap and Federal Participation

For the duration of the Program, the federal share of losses, after the insurer satisfies its applicable deductible, is 85% of insured losses under the Program. If industry aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a Program Year (January 1 through December 31), and we have met our insurer deductible, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and, in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury. Furthermore, if aggregate insured losses attributable to "certified acts of terrorism" under TRIA exceed \$100 billion in a Program Year (January 1 through December 31) the Treasury will not make any payment for any losses that exceed \$100 billion.

Policy Changes

Pursuant to TRIA, we previously made coverage available to you for "certified acts of terrorism" in certain policies we offered, subject to the terms and conditions of your policy. If you elected to reject such coverage, an exclusion(s) for "certified acts of terrorism" was made a part of your policy at the time of your rejection. In accordance with the extension of TRIA, and due to, among other things, the inclusion of domestic terrorism in the definition of "certified acts of terrorism", we are required to again make coverage available to you. For the duration of this policy term, at no change in premium, current terrorism exclusions are null and void. Attached to this notice are two endorsements to your policy to bring it into compliance with TRIA – Disclosure Pursuant To Terrorism Risk Insurance Act and Cap On Losses From Certified Acts Of Terrorism.

At renewal we will provide you with an offer of coverage for "certified acts of terrorism" and such coverage will be included on your renewal policy unless you reject the offer by signing a rejection notice. If you wish to reject our offer of terrorism coverage, please contact your agent or broker prior to renewal and an exclusion(s) of "certified acts of terrorism" will be made part of your renewal policy.

Please contact your agent, broker or representative if you have questions.

Named Insured: WESTERN PENSION & BENEFITS

Effective Date: 01/09/2008

Insurer: TWIN CITY FIRE INSURANCE CO.

Policy Number: NOA1305448

**DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT
CONFIRMATION OF ACCEPTANCE OF CERTIFIED ACTS OF TERRORISM**

We previously notified you that in accordance with the federal Terrorism Risk Insurance Act, as amended (TRIA), we must make "certified acts of terrorism" coverage available in the policies we offer.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism. The criteria contained in TRIA for "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and
2. The act resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of an United States mission; and
3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Any coverage for terrorist acts certified under TRIA made available in our policies is partially reinsured by the United States Department of the Treasury under a formula established by the Act. Under this formula, the federal share equals 85% of that portion of such insured losses that exceeds the applicable insurer deductible. However, if aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a Program Year (January 1 through December 31) the Treasury will not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

If aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insured deductible, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion and, in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

At that time we advised you that you will not be required to pay a premium for "certified acts of terrorism" coverage at this time. As a result of our notification, you have accepted "certified acts of terrorism" coverage. If, upon renewal of your policy, a premium is going to be charged for "certified acts of terrorism" coverage, we will provide you with notification of what that premium will be.

By accepting coverage for "certified acts of terrorism", we reserve the right to exclude coverage for losses that are not eligible for federal reinsurance under the Act.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under all lines of insurance in this policy subject to the Terrorism Risk Insurance Act.

A. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Department of the Treasury will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of such insured losses that exceed the applicable insurer deductible. However, if aggregate insured losses attributable to "certified acts of terrorism" under the Terrorism Risk Insurance Act, as amended (TRIA), exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of such losses that exceeds \$100 billion.

B. Cap On Certified Terrorism Losses

A "certified act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism. The criteria contained in TRIA, for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and
2. The act resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of an United States mission; and

3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to "certified acts of terrorism" under TRIA, exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under TRIA, we shall not be liable for the payment of any portion of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

C. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion, War Exclusion or the War And Military Action Exclusion.