



*Affinity Insurance Services, Inc.*  
*Aon Association Services Division*

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

10/20/2009

Re: The American Society of Association Executives Sponsored Directors' and Officers' Insurance Program  
Directors' and Officers' Liability Insurance  
Renewal of Policy Number: NOA1305448  
Effective: 01/09/2010 to 01/09/2011

Dear Rick :

**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 may contain an increase in premium. The premium is set forth on the renewal policy declarations page. This will serve as your only notice of the potential change in premium.

**PREMIUM PAYMENT:** Renewal of the enclosed policy is subject to payment of the premium and a \$10.00 policy fee in full. If payment is not received on or before the inception date, the policy will be void as of the renewal inception date 01/09/2010. [If applicable: The premium amount includes the State Surcharge.] 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 #200062299**.

Sincerely,

Josh Srnka  
Underwriter  
Phone: 202-429-8566  
Direct Fax: 847-953-2657  
Email: josh\_srnka@aon.com  
(on behalf of Jason Tharpe)



10/20/2009

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

Re: Renewal of Non-Profit Directors and Officers (D&O) Liability Insurance  
Replacement of old non-profit policy, form #: NP 00 H035 00 0803 (the "Old Policy")  
Policy NOA1305448, expiration date: 01/09/2010

Dear Hartford Policyholder:

We will be replacing the Old Policy form referenced above with a significantly updated policy form called THE HARTFORD NON-PROFIT CHOICE<sup>SM</sup> (the "New Policy"). This year, you will have the opportunity to renew your coverage on the New Policy. The New Policy is a modular policy, meaning it breaks down your coverage into various coverage parts that present your package of coverage in a modern format.

However, because the New Policy was drafted to be used for the entire universe of non-profit organizations, it does include language which is not found in your Old Policy. It is important to note that while some of the language expands coverage or merely employs consistent wording to convey consistent coverage treatment, some of the language is limiting in comparison to the Old Policy. You should contact your insurance agent or broker to determine where the New Policy limits coverage applicable to the operations of your organization. Among such new provisions are the following:

1. We will not cover claims your organization brings against an insured individual.
2. There is an explicit exclusion of claims related to violations of securities laws.
3. Claims arising from professional services provided by the insured, including those to a customer or client, are excluded.
4. Claims arising from the sale or administration of an insurance product are excluded, please note that this exclusion does not apply to an endorsement or recommendation which does not include actual sale or administration by the Insured.
5. While we will defend claims involving alleged breaches of an employment contract, the policy will no longer pay any sums which are found to be payable under an employment contract.
6. The exclusion of Pollution-related claims under the policy is strengthened by a revised definition of Pollutant.

The New Policy and the associated Trade and Professional Association Endorsement will provide coverage for directors and officers liability claims and employment practices liability claims, as well as defense costs coverage for specified ERISA claims. Additionally, the following terms of coverage are part of the New Policy:

1. The coverage is now worldwide.
2. Punitive damages are no longer to be excluded, where permissible by law.
3. There is now \$25,000 of coverage for costs associated with a third party's illegal use of your organization's identity to solicit funds.
4. Defense costs may be covered for claims alleging violations of the Americans with Disabilities Act.
5. The bodily injury / property damage exclusion is no longer an absolute exclusion.
6. Coverage for spouses has been extended to "domestic partners."
7. The dishonesty and illegal personal profit exclusions contain desirable "final adjudication language" and these exclusions do not apply to innocent insureds.

8. The coverage is non-rescindable to innocent insured individuals.

In addition to the foregoing, THE HARTFORD NON-PROFIT CHOICE policy also can be used to provide your organization with expanded fiduciary (i.e. ERISA) and crime (i.e. employee theft) coverage. These options were not available under the Old Policy.

Please note, any description herein is a summary only. This letter is intended to assist you in making an informed decision regarding your continued insurance coverage. It does not include all terms, conditions and exclusions of either of the policies described. Coverage depends on the actual facts of a claim and the terms, conditions and exclusions of each individual policy. Please refer to the actual policies for complete details of coverage and coverage limitations. Moreover, coverage may not be available in all states. Please discuss these and all issues of coverage with your agent or broker.

We look forward to continuing our relationship and fulfilling your insurance needs. Thank you for your business.

Sincerely,  
Your Aon Hartford Non-profit D&O Underwriting Team

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

## **COMPENSATION AND OTHER DISCLOSURE INFORMATION**

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

As compensation for the services described above, Affinity receives 30.5% of your paid premium. In addition, Affinity may charge a fee 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.

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](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](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 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 \$205.2 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.

# NEW benefit with your D&O policy: This **FREE** online program helps you better manage risks and prevent losses

**IMPORTANT:**

Your Passcode is:

**HFPAON-07**

Do not lose this code.

## HartfordHelp.com

**Register today for instant access!**

Your NonProfit Services Organization Directors' & Officers' (D&O) Liability Insurance entitles you to access an exclusive online program. It's **HartfordHelp.com** – your one-stop, comprehensive resource for information and training on Employment Practices Liability (EPL) loss prevention – yours to use at no extra cost. This site is an integrated part of your coverage, designed to save your organization time and money with:

- **Convenient web-based EPL training** – With the click of a mouse, your employees can learn ways to prevent discrimination, harassment and wrongful termination, as well as promote workplace ethics. Training is easy to track and record for HR records.
- **Easily downloadable HR forms and sample workplace policies** – Forms can be printed out by your HR department for use in a variety of employment-related situations. Sample workplace policy documents are also available and can be tailored to your needs.
- **Recent news articles and resources written by risk management experts** – Online articles covering wrongdoing in the workplace and promoting workplace leadership, wellness, health, safety and more are updated daily.



*HartfordHelp.com is a FREE one-stop employment practices resource for our policyholders.*

### Additional features include:

- **An optional subscription to weekly e-newsletters to keep you inform on the latest trends.**
- **Checklists on a variety of risk topics to assist you in evaluating internal procedures.**
- **Space to upload your employee handbook to the site, for easy employee access.**
- **Links to useful government and legal websites.**

**IT'S EASY TO  
REGISTER  
NOW:**

- 1) Go to **HartfordHelp.com's** home page.
- 2) Click on the red **REGISTER** button at the top of the page.
- 3) On the next screen, enter this Passcode: **HFPAON-07**. Then continue with the prompts.



**Aon Association Services**  
1120 20th Street, NW Suite 600  
Washington, DC 20036



Aon Association Services  
a division of Affinity Insurance Services Inc.  
1120 21st Street, NW Suite 600  
Washington, DC 20036

Phone: 800-432-7465

Directors and Officers - DC

## Invoice

Invoice No: 200029598  
Invoice Date: 10/20/2009  
Due Date: 01/09/2010  
Control #: 1

Send To: Western Pension & Benefits Conferen  
Rick Blain  
24881 Alicia Parkway, Ste,E343  
Laguna, CA 92653

Insured Name: Western Pension & Benefits Conference, Orange County Ch

Type of Policy: Directors and Officers Insurance

Policy Number: NOA1305448

Policy Period: 01/09/2010 To 01/09/2011

Transactions: Policy

Comments:

Gross Premium	\$765.00
Surcharges	\$0.00
Taxes	\$0.00
Fees	\$10.00
Total	\$775.00
Invoice Due	\$775.00

For questions regarding your policy, please call us at 800-432-7465. We appreciate your business.  
For billing inquiries, please contact Customer Service at 800-432-7465.

*Please be advised that counter and starter checks without a coded check number are not an acceptable form of payment.  
These checks should be replaced with an Official Bank Check, Cashier's Check or Money Order.*

Please remit this portion with your payment.

### REMITTANCE

☐ Change of Address—Please mark box. Write new address on reverse side.

Invoice # 200029598

Insured: Western Pension & Benefits Conferen

Amount Paid: \_\_\_\_\_

Policy No: NOA1305448

Amount Due: \$775.00 USD

Due Date: 01/09/2010

Western Pension & Benefits Conferen  
Rick Blain  
24881 Alicia Parkway, Ste,E343  
Laguna, CA 92653

Send payment to:

Aon Association Services  
P.O. Box 19584A  
Newark, NJ 07195-0584

Do not write below this line.



**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.



Named Insured and Address: Western Pension & Benefits Conference, Orange County Chap  
24881 Alicia Parkway, Ste,E343  
Laguna, CA 92653

Policy #: NOA1305448

Effective Date of this Notice: January 09,2010

Insurer: The Hartford's Twin City Fire Insurance Company

**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.

The terrorism coverage as defined by the Act does not apply to Crime, Kidnap and Ransom/Extortion, or Miscellaneous Professional Liability coverage parts, if any or all of those coverage parts are elected under this policy

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 2006, 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.

Twin City Fire Insurance Company,  
a stock insurance company, herein  
Called the Insurer



## THE HARTFORD NON-PROFIT CHOICE<sup>SM</sup> POLICY POLICY DECLARATIONS

**Policy Number:** NOA1305448

**NOTICE: THE LIABILITY COVERAGE PARTS SCHEDULED IN ITEM 5 OF THE DECLARATIONS PROVIDE CLAIMS MADE COVERAGE. EXCEPT AS OTHERWISE SPECIFIED HEREIN, COVERAGE APPLIES ONLY TO A CLAIM FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND PAYMENT OF DEFENSE COSTS REDUCE THE LIMIT OF LIABILITY. NOTICE OF A CLAIM MUST BE GIVEN TO THE INSURER AS SOON AS PRACTICABLE AFTER A NOTICE MANAGER BECOMES AWARE OF SUCH CLAIM, BUT IN NO EVENT LATER THAN SIXTY (60) CALENDAR DAYS AFTER THE TERMINATION OF THE POLICY PERIOD, OR ANY EXTENDED REPORTING PERIOD. PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.**

**ITEM 1: Named Entity and Address:** Western Pension & Benefits Conference, Orange County Chap  
24881 Alicia Parkway, Ste,E343  
Laguna, CA 92653

**ITEM 2: Program Administrator:** Aon Association Services  
a division of Affinity Insurance Services Inc.  
1120 20<sup>th</sup> Street, NW Suite 600  
Washington, DC 20036

Aon Association Services, a Division of Affinity Insurance Services, Inc. in CA (Insurance License #0795465), MN & OK a Division of AIS Affinity Insurance Agency, Inc. in NY a Division of AIS Affinity Insurance Agency.

**Program** American Society of Association Executives Sponsored

**Affiliation:** Directors' and Officers' Liability Insurance Program

**ITEM 3: Policy Period:**

(A) Inception Date: 01/09/2010  
(B) Expiration Date: 01/09/2011  
12:01 a.m. local time at the address shown in ITEM 1

**ITEM 4: Premium: \$765.00**

**ITEM 5: Liability Coverage Part Elections:**

Only those **Liability Coverage Parts** and Coverage Features that are designated with an "X" are included under this Policy

☒ "Combined Aggregate Limit of Liability For All **Liability Coverage Parts**" \$1,000,000

☒ "Defense Outside the Limit of Liability "

Uncapped – Subject to Section IV. Limit of Liability of the Common Terms and Conditions.

☐ "Defense Outside the Limit of Liability (50%)"

Capped at 50% of each purchased Coverage Part Aggregate Limit of Liability - Subject to Section IV. Limit of Liability of the Common Terms and Conditions. Also, if both the "Combined Aggregate Limit of Liability For All **Liability Coverage Parts**" and the "Defense Outside the Limit of Liability (50%)" options are selected, the maximum aggregate defense outside the limits paid by the Insurer shall be equal to 50% of the "Combined Aggregate Limit of Liability For All **Liability Coverage Parts**."

COVERAGE PART	AGGREGATE LIMIT OF LIABILITY	RETENTION	PRIOR OR PENDING DATE	COVERAGE FEATURES
<input checked="" type="checkbox"/> Directors, Officers and Entity Liability	\$1,000,000	Insured Person Liability \$0  Corporate Reimbursement \$5,000	01/09/2003	<input checked="" type="checkbox"/> Entity Liability Coverage  Retention: \$5,000  Prior or Pending Date: 01/09/2003
<input checked="" type="checkbox"/> Employment Practices Liability	\$1,000,000	\$5,000	01/09/2003	<input checked="" type="checkbox"/> Third Party Liability Coverage
<input checked="" type="checkbox"/> Fiduciary Liability	\$100,000 Defense Costs	\$0	01/09/2003	<input type="checkbox"/> Settlement Program Coverage  Retention: Not Covered  Prior or Pending Date: Not Covered  <input type="checkbox"/> HIPAA Sub-limit of Liability: Not Covered

**ITEM 6: Non-Liability Coverage Part Elections:**

Only those **Non-Liability Coverage Parts** that are designated with an "X" are included under this Policy

COVERAGE PART	LIMIT(S) OF INSURANCE	RETENTION
[ ] Crime	Not Covered	Not Covered

**ITEM 7: Extended Reporting Period:**

(A) Duration: 1 year

(B) Premium\*: 50%

\* Premium for the Extended Reporting Period elected shall be the indicated percentage of the sum of the annual premium specified for all **Liability Coverage Parts** plus the annualized amounts of any additional premiums charged during the Policy Period.

The Extended Reporting Period is not available for the **Non-Liability Coverage Parts**.

**ITEM 8: Endorsements:**

This Policy includes the following endorsements at issuance:

NP 00 H203 00 0608  
NP 00 H208 00 0608  
NP 00 H211 00 0608  
NP 00 H210 00 0608  
NP 00 H400 00 0608  
NP 00 H230 00 0608  
NP 00 H247 00 0608  
NP 00 H386 00 0608

NP00H413000608  
EL 04 R111 01  
HR 04 H003 00  
HR 04 H026 00  
NP 00 H416 00 0309

**ITEM 9: Address for Notices to Insurer:****For Claims**

The Hartford  
Claims Department  
Hartford Financial Products  
2 Park Ave., 5<sup>th</sup> Floor  
New York, New York 10016  
**HFPClaims@thehartford.com**  
Fax: (212) 277-0945

**For all notices other than Claims:**

Aon Association Services  
1120 20<sup>th</sup> Street, NW, Suite 600  
Washington, D.C. 20036  
Fax: 800-701-1982

Date of Issue: 10/20/2009

## THE HARTFORD NON-PROFIT CHOICE<sup>SM</sup>

**NOTICE: THE LIABILITY COVERAGE PARTS SCHEDULED IN ITEM 5 OF THE DECLARATIONS PROVIDE CLAIMS MADE COVERAGE. EXCEPT AS OTHERWISE SPECIFIED HEREIN, COVERAGE APPLIES ONLY TO A CLAIM FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND PAYMENT OF DEFENSE COSTS REDUCE THE LIMIT OF LIABILITY. NOTICE OF A CLAIM MUST BE GIVEN TO THE INSURER AS SOON AS PRACTICABLE AFTER A NOTICE MANAGER BECOMES AWARE OF SUCH CLAIM, BUT IN NO EVENT LATER THAN SIXTY (60) CALENDAR DAYS AFTER THE TERMINATION OF THE POLICY PERIOD, OR ANY EXTENDED REPORTING PERIOD. PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.**

In consideration of the payment of the premium, the Insurer and the **Insureds** agree as follows:

### **COMMON TERMS AND CONDITIONS**

#### **I. TERMS AND CONDITIONS**

- (A) All Coverage Parts included in this Policy are subject to the following Common Terms and Conditions. If any provision in these Common Terms and Conditions is inconsistent or in conflict with the terms and conditions of any Coverage Part, the terms and conditions of such Coverage Part shall control for purposes of that Coverage Part.
- (B) Except as otherwise provided by specific reference to other Coverage Parts, the terms and conditions of each Coverage Part shall apply only to such Coverage Part.

#### **II. COMMON DEFINITIONS**

The following terms, whether used in the singular or plural, shall have the meanings specified below:

- (A) **"Affiliate"** means any insurance company controlling, controlled by or under common control with the Insurer.
- (B) **"Application"** means: the application for this Policy, including any materials or information submitted therewith or made available to the Insurer during the underwriting process, which application shall be on file with the Insurer; or the application for any policy in an uninterrupted series of policies issued by the Insurer or any insurance company controlling, controlled by or under common control with the Insurer of which this Policy is a renewal or replacement. Such **Application** shall be deemed a part of this Policy and attached hereto.
- (C) **"Claim"** shall have the meaning specified for such term in each Coverage Part.
- (D) **"Debtor in Possession"** means a "debtor in possession" as such term is defined in Chapter 11 of the United States Bankruptcy Code as well as any equivalent status under any similar law.
- (E) **"Defense Costs"** means reasonable and necessary legal fees and expenses incurred in the defense or appeal of a **Claim**. **Defense Costs** shall include the costs of appeal, attachment or similar bonds, provided that the Insurer shall have no obligation to furnish such bonds. **Defense Costs** shall not include salaries, wages, remuneration, overhead or benefit expenses associated with any **Insureds**.

(F) **"Domestic Partner"** means any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law.

(G) **"Employee"** means any natural person while such person was or is a(n):

(1) employee of an **Insured Entity** including any part time, seasonal, temporary, leased, or loaned employee; or

(2) volunteer with an **Insured Entity** who is not a **Manager**.

However, this definition of **Employee** shall hereby expressly not apply for purposes of the **Non-Liability Coverage Parts**.

(H) **"ERISA"** means the Employee Retirement Income Security Act of 1974 or any similar law which is applicable to non profit organizations.

(I) **"Financial Insolvency"** means the status of an **Insured Entity** as a result of:

(1) the appointment of any conservator, liquidator, receiver, rehabilitator, trustee, or similar official to control, supervise, manage or liquidate such **Insured Entity**; or

(2) such **Insured Entity** becoming a **Debtor in Possession**.

(J) **"Insured Entity"** means:

(1) the **Named Entity**; or

(2) any **Subsidiary**.

**Insured Entity** shall include any such entity as a **Debtor in Possession**.

(K) **"Insured Person"** shall have the meaning specified for such term in each Coverage Part.

(L) **"Insureds"** shall have the meaning specified for such term in each Coverage Part.

(M) **"Interrelated Wrongful Acts"** means **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, goal, motive, methodology, or cause or series of causally connected facts, circumstances, situations, events, transactions, goals, motives, methodologies or causes.

(N) **"Liability Coverage Part"** means the Directors, Officers and Entity Liability, Employment Practices Liability, and Fiduciary Liability Coverage Parts, if included in ITEM 5 of the Declarations.

(O) **"Loss"** shall have the meaning specified for such term in each Coverage Part.

(P) **"Manager"** means any natural person while such person was or is a(n):

(1) duly elected or appointed director, trustee, officer, member of the board of managers or management committee member of an **Insured Entity**;

(2) **Employee** in his/her capacity as legal counsel to an **Insured Entity**; or

- (3) executive of an **Insured Entity** created outside the United States of America to the extent that such executive holds a position equivalent to those described in (1) or (2).

However, this definition of **Manager** shall hereby expressly not apply for the purposes of the Kidnap and Ransom/Extortion Coverage Part.

- (Q) **"Named Entity"** means the entity named in ITEM 1 of the Declarations.
- (R) **"Non-Liability Coverage Part"** means the Crime and Kidnap and Ransom/Extortion Coverage Parts in ITEM 6 of the Declarations.
- (S) **"Notice Managers"** means the natural persons in the offices or function of the chief executive officer, executive director, chairman of the board, chief financial officer, treasurer, general counsel, general manager or risk manager of an **Insured Entity**.
- (T) **"Policy Period"** means the period from the Inception Date to the Expiration Date set forth in ITEM 3 of the Declarations or any earlier cancellation date.
- (U) **"Pollutants"** means any solid, liquid, gaseous or thermal irritant, nuisance or contaminant, including, without limitation, smoke, vapor, soot, fumes, acids, alkalies, chemicals, odors, noise, lead, oil or oil product, radiation, asbestos or asbestos-containing product, waste and any electric, magnetic or electromagnetic field of any frequency. Waste includes, without limitation, material to be recycled, reconditioned or reclaimed. **Pollutants** also means any substance located anywhere in the world identified on a list of hazardous substances issued by any federal agency (including, nonexclusively, the Environmental Protection Agency) or any state, county, municipality or locality or counterpart thereof, or any foreign equivalent thereof.
- (V) **"Subsidiary"** means any organization identified by endorsement to this Policy in a Schedule of Subsidiaries. However, **Subsidiary** may also include any organization that is created or acquired during the **Policy Period** if coverage is afforded pursuant to Section XIV. (A) of this Policy.
- (W) **"Wrongful Act"** shall have the meaning specified for such term in each Coverage Part.

### III. COVERAGE EXTENSIONS

(A) **Spousal/Domestic Partner Liability Coverage**

Coverage shall apply to the lawful spouse or **Domestic Partner** of an **Insured Person** for a **Claim** made against such spouse or **Domestic Partner**, provided that:

- (1) such **Claim** arises solely out of:
- (a) such person's status as the spouse or **Domestic Partner** of an **Insured Person**; or
  - (b) such spouse or **Domestic Partner's** ownership of property sought as recovery for a **Wrongful Act**;
- (2) the **Insured Person** is named in such **Claim** together with the spouse or **Domestic Partner**; and

- (3) coverage of the spouse or **Domestic Partner** shall be on the same terms and conditions, including any applicable Retention, as apply to coverage of the **Insured Person** for such **Claim**.

No coverage shall apply to any **Claim** for a **Wrongful Act** of such spouse or **Domestic Partner**.

**(B) Estates and Legal Representatives**

In the event of the death, incapacity or bankruptcy of an **Insured Person**, any **Claim** made against the estate, heirs, legal representatives or assigns of such **Insured Person** for a **Wrongful Act** of such **Insured Person** shall be deemed to be a **Claim** made against such **Insured Person**. No coverage shall apply to any **Claim** for a **Wrongful Act** of such estate, heirs, legal representatives or assigns.

**IV. LIMIT OF LIABILITY**

Solely with respect to all **Liability Coverage Parts**:

- (A) The Limit of Liability for each Coverage Part in ITEM 5 of the Declarations shall be the maximum aggregate amount that the Insurer shall pay under such Coverage Part for all **Loss** from all **Claims** covered under such Coverage Part.
- (B) Notwithstanding the above, if a Combined Aggregate Limit of Liability For All Coverage Parts is included in ITEM 5 of the Declarations, then:
  - (1) such single Limit of Liability shall be the maximum aggregate amount that the Insurer shall pay for all **Loss** from all **Claims** covered under all included Coverage Parts combined; and
  - (2) any amount specified as a Limit of Liability for any individual Coverage Part in ITEM 5 of the Declarations shall be subject to, part of, and not in addition to, the amount stated as the Combined Aggregate Limit of Liability For All Coverage Parts.

If any Limit of Liability is exhausted, the premium for this Policy shall be deemed fully earned.

**V. DEFENSE COSTS**

Solely with respect to all **Liability Coverage Parts**:

- (A) **Defense Costs** shall be part of, and not in addition to, each applicable Limit of Liability. Payment of **Defense Costs** by the Insurer shall reduce each Limit of Liability.
- (B) Notwithstanding the above, if Defense Outside the Limit of Liability is included in ITEM 5 of the Declarations, then payment of **Defense Costs** shall be in addition to any applicable Limit of Liability, provided that:
  - (1) if a Limit of Liability is specified for any individual Coverage Part in ITEM 5 of the Declarations, then the maximum aggregate amount that the Insurer shall pay for all **Defense Costs** from all **Claims** covered under such Coverage Part shall be 50% of such Limit of Liability; provided, however, that if the Additional Fiduciary Liability Coverage Part Defense Outside the Limit of Liability option is selected, the amount the Insurer shall pay for all **Defense Costs** from all **Claims** covered under the Fiduciary Liability Coverage Part shall be 100% of such Limit of Liability;



- (2) if a Combined Aggregate Limit of Liability For All Coverage Parts is included in ITEM 5 of the Declarations, then:
  - (a) the single maximum aggregate amount that the Insurer shall pay for all **Defense Costs** from all **Claims** covered under all included Coverage Parts combined shall be 50% of such Limit of Liability; and
  - (b) any amount of **Defense Costs** available for any individual Coverage Part shall be subject to, part of, and not in addition to, the single maximum amount of **Defense Costs** available for all included Coverage Parts combined specified in (a) above; and
- (3) if the amount available for **Defense Costs** in (1) or (2) above is exhausted by the payment of **Defense Costs**, then **Defense Costs** shall be paid by the Insurer out of any remaining applicable Limit of Liability until the exhaustion of the applicable Limit of Liability.

## VI. RETENTION

Solely with respect to all **Liability Coverage Parts**:

- (A) The Insurer shall pay **Loss** in excess of the Retention applicable to each **Claim** as specified in ITEM 5 of the Declarations.
- (B) All Retentions shall be borne by the **Insureds** at their own risk; they shall not be insured.
- (C) If a **Claim** is covered under more than one Coverage Part, the applicable Retention for each Coverage Part shall be applied separately to such **Claim**, provided that the maximum Retention applied to such **Claim** shall not exceed the highest of such applicable Retentions.
- (D) No Retention shall apply to **Loss** incurred by any **Insured Person** that an **Insured Entity** is not permitted by common or statutory law to indemnify, or is permitted or required to indemnify, but is not able to do so by reason of **Financial Insolvency**.
- (E) If an **Insured Entity** is permitted or required by common or statutory law to indemnify an **Insured Person** for any **Loss**, or to advance **Defense Costs** on their behalf, and does not do so other than because of **Financial Insolvency**, then such **Insured Entity** and the **Named Entity** shall reimburse and hold harmless the Insurer for the Insurer's payment or advancement of such **Loss** up to the amount of the Retention that would have applied if such indemnification had been made.
- (F) If a **Subsidiary** is unable to indemnify an **Insured Person** for any **Loss**, or to advance **Defense Costs** on their behalf, because of **Financial Insolvency**, then the **Named Entity** shall reimburse and hold harmless the Insurer for the Insurer's payment or advancement of such **Loss** up to the amount of the applicable Retention that would have applied if such indemnification had been made.

## VII. DEFENSE AND SETTLEMENT

Solely with respect to all **Liability Coverage Parts**:

- (A) The Insurer shall have the right and duty to defend any **Claim** for which the **Insureds** give notice to the Insurer, even if such **Claim** is groundless, false or fraudulent. Accordingly, the Insurer may assign counsel of its choice and make any investigation it deems appropriate.

- (B) The Insurer's duty to defend any **Claim** shall cease upon exhaustion of any applicable Limit of Liability.

Notwithstanding the above, if Defense Outside the Limit of Liability is included in ITEM 5 of the Declarations, then the Insurer's duty to defend any **Claim** shall cease upon exhaustion of the maximum aggregate amount of **Defense Costs** available under Section V. DEFENSE COSTS, and any applicable Limit of Liability.

- (C) The **Insureds** shall not admit nor assume any liability, offer settlement or enter into any settlement agreement, stipulate to any judgment, or incur any **Defense Costs** regarding any **Claim** without the prior written consent of the Insurer, such consent not to be unreasonably withheld. The Insurer shall not be liable for any admission, assumption, settlement, stipulation, or **Defense Costs** to which it has not consented.
- (D) The Insurer may, with the written consent of the **Insureds**, settle any **Claim** for a monetary amount that the Insurer deems reasonable.
- (E) Notwithstanding the above, if Defense Outside the Limit of Liability is included in ITEM 5 of the Declarations, then the Insurer may settle any **Claim** for a monetary amount that the Insurer deems reasonable and the consent of the **Insureds** shall not be required to settle a **Claim**.
- (F) The **Insureds** shall give to the Insurer all information and cooperation as the Insurer may reasonably request.

#### **VIII. NOTICE OF CLAIM**

Solely with respect to all **Liability Coverage Parts**:

- (A) As a condition precedent to coverage under this Policy, the **Insureds** shall give the Insurer written notice of any **Claim** as soon as practicable after a **Notice Manager** becomes aware of such **Claim**, but in no event later than ninety (90) calendar days after the termination of the **Policy Period**, or any Extended Reporting Period as described in Section IX. Such notice shall specify the Coverage Part under which notice is being given.
- (B) If, during the **Policy Period**, the **Insureds** become aware of a **Wrongful Act** that may reasonably be expected to give rise to a **Claim**, and, if written notice of such **Wrongful Act** is given to the Insurer during the **Policy Period**, including the reasons for anticipating such a **Claim**, the nature and date of the **Wrongful Act**, the identity of the **Insureds** allegedly involved, the alleged injuries or damages sustained, the names of potential claimants, and the manner in which the **Insureds** first became aware of the **Wrongful Act**, then the terms and conditions of coverage under this Policy, and the remaining available Limits of Liability of the **Policy Period**, shall apply to any **Claim** subsequently arising from such **Wrongful Act**, notwithstanding that the **Claim** was not first made during the **Policy Period**. As a condition precedent to coverage under this Policy, the **Insureds** shall give the Insurer written notice of any **Claim** arising from such **Wrongful Act** as soon as practicable after a **Notice Manager** becomes aware of such **Claim**.

#### **IX. EXTENDED REPORTING PERIOD**

Solely with respect to all **Liability Coverage Parts**:

- (A) If any **Liability Coverage Part** is cancelled or non-renewed for any reason other than non-payment of premium, the **Insureds** shall have 90 additional days after the effective date of cancellation or non-renewal to report **Claims** under such **Liability Coverage Part** (the "Automatic Extended Reporting Period"). In addition, the **Insureds** shall have the right to elect an extension of time to report **Claims** under such **Liability Coverage Part** (the "Extended Reporting Period").
- (B) To elect the Extended Reporting Period, the **Insureds** shall send a written notice of election of the Extended Reporting Period to the Insurer together with the premium therefor. The right to elect the Extended Reporting Period shall end unless the Insurer receives such notice and premium within sixty (60) days of cancellation or non-renewal. There shall be no right to elect the Extended Reporting Period after such time.
- (C) The premium for the Extended Reporting Period shall be that percentage specified in ITEM 7 of the Declarations of the sum of the original annual premium plus the annualized amount of any additional premium charged by the Insurer during the **Policy Period**. Such premium shall be deemed fully earned at the inception of the Extended Reporting Period.
- (D) The Extended Reporting Period shall be for the duration specified in ITEM 7 of the Declarations following the end of the **Policy Period**.
- (E) Coverage during the Automatic Extended Reporting Period or any Extended Reporting Period shall apply to **Claims** made for **Wrongful Acts** occurring prior to the earlier of the end of the **Policy Period** or the time of any transaction described in Section XIV. CHANGES IN EXPOSURE, (B) Takeover of Named Entity. No coverage shall apply for any **Wrongful Act** occurring after such time.
- (F) There is no separate or additional Limit of Liability for the Automatic Extended Reporting Period or any Extended Reporting Period.

#### **X. INTERRELATIONSHIP OF CLAIMS**

Solely with respect to all **Liability Coverage Parts**:

All **Claims** based upon, arising from or in any way related to the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed to be a single **Claim** for all purposes under this Policy first made on the earliest date that:

- (A) any of such **Claims** was first made, regardless of whether such date is before or during the **Policy Period**;
- (B) notice of any **Wrongful Act** described above was given to the Insurer under this Policy pursuant to Section VIII. NOTICE OF CLAIM (B); or
- (C) notice of any **Wrongful Act** described above was given under any prior insurance policy.

#### **XI. ALLOCATION**

Solely with respect to the **Liability Coverage Parts**:

Where **Insureds** who are afforded coverage for a **Claim** incur an amount consisting of both **Loss** that is covered by this Policy and also loss that is not covered by this Policy because such **Claim** includes both covered and uncovered matters or covered and uncovered parties, then coverage shall apply as follows:

- (A) 100% of **Defense Costs** shall be allocated to covered **Loss**; and

- (B) **Loss** other than **Defense Costs** shall be allocated between covered **Loss** and non-covered loss based upon the relative legal exposure of all parties to such matters.

## **XII. OTHER INSURANCE**

If **Loss** arising from any **Claim** is insured under any other valid and collectible policy or policies, then this Policy shall apply only in excess of the amount of any deductibles, retentions and limits of liability under such other policy or policies, whether such other policy or policies are stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written specifically excess of this Policy by reference in such other policy or policies to this Policy's Policy Number.

## **XIII. CANCELLATION**

- (A) The Insurer may cancel this Policy for non-payment of premium by sending not less than 10 days notice to the **Named Entity**. This Policy may not otherwise be cancelled by the Insurer.
- (B) Except as provided in Section XIV. **CHANGES IN EXPOSURE**, (B) Takeover of Named Entity, the **Insureds** may cancel this Policy by sending written notice of cancellation to the Insurer. Such notice shall be effective upon receipt by the Insurer unless a later cancellation time is specified therein.
- (C) If the Insurer cancels this Policy, unearned premium shall be calculated on a pro rata basis. If the **Insureds** cancel this Policy, unearned premium shall be calculated at the Insurer's customary short rates. Payment of any unearned premium shall not be a condition precedent to the effectiveness of a cancellation. The Insurer shall make payment of any unearned premium as soon as practicable.

## **XIV. CHANGES IN EXPOSURE**

Solely with respect to all **Liability Coverage Parts**:

### **(A) Mergers and New Subsidiaries**

If, before or during the **Policy Period**, any **Insured Entity**:

- (1) merges with another entity such that the **Insured Entity** is the surviving entity; or
- (2) acquires or creates a **Subsidiary**,

then such merged, acquired or created entity and its subsidiaries, managers, directors, officers, and employees shall be **Insureds** to the extent such entities and persons would otherwise qualify as **Insureds** under the **Liability Coverage Parts**, but only for a **Wrongful Act** occurring after such merger, acquisition or creation.

For those **Subsidiaries** merged, acquired or created during the **Policy Period**, the **Named Entity** shall, prior to such merger, acquisition or creation, give the Insurer full details of the transaction in writing as soon as practicable and the Insurer shall be entitled to impose such additional terms, conditions, and premium as the Insurer, in its absolute discretion, chooses. There shall be no coverage under the **Liability Coverage Parts** for any newly merged, acquired or created entity or any of its subsidiaries, managers, directors, officers, or employees unless the **Insureds** comply with the terms of this provision and such **Subsidiary** is listed by endorsement to this Policy.

No coverage shall be available for any **Wrongful Act** of such **Insureds** occurring before such merger, acquisition or creation, or for any **Interrelated Wrongful Acts** thereto.

**(B) Takeover of Named Entity**

If, during the **Policy Period**:

- (1)** the **Named Entity** merges into or consolidates with another entity such that the **Named Entity** is not the surviving entity; or
- (2)** more than 50% of the securities representing the right to vote for the **Named Entity's** board of directors or managers is acquired by another person or entity, group of persons or entities, or persons and entities acting in concert,

then coverage shall continue under the **Liability Coverage Parts**, but only for a **Wrongful Act** occurring before any such transaction. No coverage shall be available for any **Wrongful Act** occurring after such transaction. Upon such transaction, this Policy shall not be cancelled and the entire premium for this Policy shall be deemed fully earned.

The **Insureds** shall give the Insurer written notice of such transaction as soon as practicable, but not later than ninety (90) days after the effective date of such transaction.

**(C) Loss of Subsidiary Status**

If, before or during the **Policy Period**, any entity ceases to be a **Subsidiary**, then coverage shall be available under the **Liability Coverage Parts** for such **Subsidiary** and its **Insured Persons**, but only for a **Wrongful Act** of such **Insureds** occurring before such transaction. No coverage shall be available for any **Wrongful Act** of such **Insureds** occurring after such transaction.

**XV. SUBROGATION**

The Insurer shall be subrogated to all of the **Insureds'** rights of recovery regarding any payment of **Loss** by the Insurer under this Policy. The **Insureds** shall execute all papers required and do everything necessary to secure and preserve such rights, including the execution of any documents necessary to enable the Insurer to effectively bring suit in the name of the **Insureds**. The **Insureds** shall do nothing to prejudice the Insurer's position or any potential or actual rights of recovery.

**XVI. APPLICATION**

**(A)** The **Insureds** represent that the declarations and statements contained in the **Application** are true, accurate and complete. This Policy is issued in reliance upon the **Application**.

**(B)** If the **Application** contains intentional misrepresentations or misrepresentations that materially affect the acceptance of the risk by the Insurer:

- (1)** For the purpose of determining coverage under all Coverage Parts other than the Directors, Officers and Entity Liability Coverage Part, no coverage shall be afforded under this Policy for any **Insureds** who knew on the Inception Date of this Policy of the facts that were so misrepresented, provided that:

- (a)** knowledge possessed by any **Insured Person** shall not be imputed to any other **Insured Person**; and

- (b) knowledge possessed by any **Notice Manager** of the **Named Entity**, or anyone signing the **Application**, shall be imputed to all **Insured Entities**. No other person's knowledge shall be imputed to an **Insured Entity**.
- (2) For the purpose of determining coverage under the Directors, Officers and Entity Liability Coverage Part, no coverage shall be afforded under this Policy for:
  - (a) any **Insured Persons**, under Insuring Agreement (A), who knew as of the Inception Date of this Policy the facts that were so misrepresented in the **Application**, provided, however, that knowledge possessed by any **Insured Person** shall not be imputed to any other **Insured Person**. This shall be the Insurer's sole remedy under this Insuring Agreement (A). Under no circumstances shall the Insurer be entitled to rescind this Insuring Agreement (A).
  - (b) an **Insured Entity**, under Insuring Agreement (B), to the extent it indemnifies any **Insured Person** referenced in subparagraph (2)(a), above, and
  - (c) an **Insured Entity**, under Insuring Agreements (C) and (D), if any chief executive officer, general counsel, or chief financial officer of the **Named Entity**, or anyone signing the **Application**, knew as of the Inception Date of this Policy the facts that were so misrepresented in the **Application**.

## **XVII. ACTION AGAINST THE INSURER**

Solely with respect to all **Liability Coverage Parts**:

- (A) No action shall be taken against the Insurer unless there shall have been full compliance with all the terms and conditions of this Policy.
- (B) No person or organization shall have any right under this Policy to join the Insurer as a party to any **Claim** against the **Insureds** nor shall the Insurer be impleaded by the **Insureds** in any such **Claim**.

Solely with respect to the **Crime Coverage Part**:

- (A) No legal action shall be taken against the Insurer involving loss unless the **Insured** has complied with all the terms of this Policy; and
- (B) No legal action shall be taken against the Insurer involving loss until ninety (90) days after the **Insured** has filed proof of loss with us; and
- (C) No legal action shall be taken against the Insurer involving loss unless such action is brought within two (2) years from the date that the **Insured** discovers such loss.

Solely with respect to the **Kidnap And Ransom/Extortion Coverage Part**:

No suit, action or proceeding for recovery of any claim under this Policy shall be sustainable in any court of law, equity or other tribunal unless all the requirements of this Policy shall have been complied with and the same be commenced within twenty-four (24) months after a claim for actual loss or expenses has been reported to the Insurer by the **Insured**.

## **XVIII. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurer without its consent as specified in a written endorsement issued by the Insurer to form a part of this Policy.

**XIX. BANKRUPTCY OR INSOLVENCY**

Bankruptcy or insolvency of any **Insureds** shall not relieve the Insurer of any of its obligations under this Policy.

**XX. AUTHORIZATION OF NAMED ENTITY**

The **Named Entity** shall act on behalf of all **Insureds** with respect to all matters under this Policy, including, without limitation, giving and receiving of notices regarding **Claims**, payment of any applicable retentions, cancellation, election of the Extended Reporting Period, payment of premiums, receipt of any return premiums, and acceptance of any endorsements to this Policy.

**XXI. CHANGES**

This Policy shall not be changed or modified except in a written endorsement issued by the Insurer to form a part of this Policy.

**XXII. ENTIRE AGREEMENT**

This Policy, including the Declarations, Common Terms and Conditions, included Coverage Part(s), **Application** and any written endorsements attached hereto, constitute the entire agreement between the **Insureds** and the Insurer relating to this insurance.

**XXIII. NOTICES**

- (A) All notices to the **Insureds** shall be sent to the **Named Entity** at the address specified in ITEM 1 of the Declarations.
- (B) All notices to the Insurer shall be sent to the address specified in ITEM 9 of the Declarations. Any such notice shall be effective upon receipt by the Insurer at such address.

**XXIV. HEADINGS**

The headings of the various sections of this Policy are intended for reference only and shall not be part of the terms and conditions of coverage.

**XXV. REFERENCES TO LAWS**

- (A) Wherever this Policy mentions any law, including, without limitation, any statute, Act or Code of the United States of America, such mention shall be deemed to include all amendments of, and all rules or regulations promulgated under, such law.
- (B) Wherever this Policy mentions any law or laws, including, without limitation, any statute, Act or Code of the United States of America, and such mention is followed by the phrase "or any similar law", such phrase shall be deemed to include all similar laws of all jurisdictions throughout the world, including, without limitation, statutes and any rules or regulations promulgated under such statutes as well as common law.

**XXVI. COVERAGE TERRITORY**

Coverage under this Policy applies worldwide.

**XXVII. US DOLLAR PAYMENTS**

All payments made under this Policy shall be made in United States Dollars.



## DIRECTORS, OFFICERS AND ENTITY LIABILITY COVERAGE PART

### I. INSURING AGREEMENTS

#### (A) Insured Person Liability

The Insurer shall pay **Loss** on behalf of the **Insured Persons** resulting from an **Insured Person Claim** first made against the **Insured Persons** during the **Policy Period** or Extended Reporting Period, if applicable, for a **Wrongful Act** by the **Insured Persons**, except for **Loss** that an **Insured Entity** pays to or on behalf of the **Insured Persons** as indemnification.

#### (B) Corporate Reimbursement

The Insurer shall pay **Loss** on behalf of an **Insured Entity** that such **Insured Entity** has, to the extent permitted or required by law, indemnified the **Insured Persons** resulting from an **Insured Person Claim** first made against the **Insured Persons** during the **Policy Period** or Extended Reporting Period, if applicable, for a **Wrongful Act** by the **Insured Persons**.

#### (C) Entity Liability (Elective)

If Entity Liability Coverage is included in Item 5 of the Declarations, the Insurer shall pay **Loss** on behalf of an **Insured Entity** resulting from an **Entity Claim** first made against such **Insured Entity** during the **Policy Period** or Extended Reporting Period, if applicable, for a **Wrongful Act** by an **Insured Entity**.

This Insuring Agreement shall be subject to the Entity Liability Coverage Retention and Prior or Pending Date in Item 5 of the Declarations.

### II. DEFINITIONS

The following terms, whether used in the singular or plural, shall have the meanings specified below:

#### (A) "Claim" means any:

- (1) **Insured Person Claim**; or
- (2) **Entity Claim**.

#### (B) "Entity Claim" means any:

- (1) written demand for civil damages or other civil relief commenced by the receipt of such demand, including a demand to toll the running of a statute of limitations; or
- (2) civil proceeding, including a civil administrative or regulatory proceeding, or an arbitration or other alternative dispute proceeding, commenced by the service of a complaint, filing of a demand for arbitration, or similar pleading;

against an **Insured Entity**.

After, and only to the extent that, an investigation qualifies as an **Insured Person Claim** in accordance with section II.(D)(3) herein, **Entity Claim** also means any civil administrative or regulatory investigation of the **Insured Entity** upon such **Insured Entity's** receipt of a formal

order of investigation. **Entity Claim** shall not include any other investigation.

(C) **"Insured Person"** means any:

- (1) **Manager**; or
- (2) **Employee**.

(D) **"Insured Person Claim"** means any:

- (1) written demand for civil damages or other civil relief commenced by the receipt of such demand, including a demand to toll the running of a statute of limitations; or
- (2) civil proceeding, including a civil administrative or regulatory proceeding, or an arbitration or other alternative dispute proceeding, commenced by the service of a complaint, filing of a demand for arbitration, or similar pleading;

against an **Insured Person**; or

- (3) civil administrative or regulatory investigation of an **Insured Person** in which such **Insured Person** has been identified by name in a target letter (within the meaning of Title 9, §11.151 of the United States Attorney's Manual), or formal order of investigation, as someone against whom a proceeding as set forth in (2) through (4) above may be brought.

However, **Insured Person Claim** shall not include any investigation other than those qualifying as such under section II.(D) (3) herein.

(E) **"Insured(s)"** means any:

- (1) **Insured Entity**; or
- (2) **Insured Person**.

(F) **"Loss"** means the amount that the **Insureds** are legally liable to pay solely as a result of a **Claim** covered by this **Liability Coverage Part**, including **Defense Costs**, compensatory damages, settlement amounts, pre- and post-judgment interest, and costs awarded pursuant to judgments.

**Loss** also includes punitive and exemplary damages and the multiple portion of any multiplied damage award and the 10% excise tax imposed upon an **Insured Person** pursuant to 26 U.S.C. 4958(a)(2) as the result of such **Insured Person's** alleged participation in an excess benefit transaction. Notwithstanding subparagraph (3) below, with respect to punitive, exemplary, and the multiple portion of any multiplied damage award, the insurability of such damages shall be governed by the internal laws of any applicable jurisdiction that most favors coverage of such damages.

However, **Loss** shall not include:

- (1) taxes, fines or penalties imposed by law (other than the 10% excise tax imposed upon an **Insured Person** pursuant to 26 U.S.C. 4958(a)(2));
- (2) non-monetary relief;

- (3) any other matters uninsurable pursuant to any applicable law, including, but not limited to, disgorgement, restitution or the return of any ill-gotten gains;
  - (4) the return of funds, including those that the **Insured** received under any type of grant, program, contract or similar agreement or arrangement; or
  - (5) any actual or alleged excess compensation which was paid to or received by any **Insured Person**.
- (G) **“Outside Capacity”** means service by an **Insured Person** as a director, officer, trustee, regent, governor or equivalent executive of an **Outside Entity** at the written request of an **Insured Entity**.
- (H) **“Outside Entity”** means any:
- i. not-for-profit corporation, community chest, fund or foundation that is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986,
  - ii. entity listed as an **Outside Entity** in a written endorsement issued by the Insurer to form a part of this Policy,
- that is not an **Insured Entity**.
- (I) **“Publishers and Advertisers Injury”** means any actual or alleged libel, slander, defamation, plagiarism, misappropriation of ideas, infringement of copyright or trademark and unauthorized use of title.
- (J) **“Personal Injury”** means any actual or alleged false arrest, wrongful detention or imprisonment, malicious prosecution, wrongful entry or wrongful eviction.
- (K) **“Wrongful Act”** means any actual or alleged:
- (1) error, misstatement, misleading statement, act, omission, neglect, breach of duty, **Personal Injury**, or **Publishers and Advertisers Injury** committed by an **Insured Person** in their capacity as such, or in their **Outside Capacity**, or, with regard to Insuring Agreement (C), an **Insured Entity**; or
  - (2) matter claimed against an **Insured Person**, solely by reason of their serving in such capacity, including service in an **Outside Capacity**.

### III. COVERAGE EXTENSION FOR OUTSIDE DIRECTORSHIP LIABILITY

Subject to the terms and conditions of this Policy and **Liability Coverage Part**, coverage is afforded for **Loss** resulting from any **Insured Person Claim** against an **Insured Person** for a **Wrongful Act** in an **Outside Capacity**. Such coverage shall be specifically excess of any indemnity and insurance available from or provided by the **Outside Entity**. Payment by the Insurer or any **Affiliate** under any other insurance policy as a result of such **Claim** shall reduce, by the amount of such payment, the Insurer's Limit of Liability available under this Policy for such **Claim**.

### IV. EXCLUSIONS APPLICABLE TO ALL INSURING AGREEMENTS

The Insurer shall not pay **Loss**:

- (A) for bodily injury, sickness, disease, emotional distress, mental anguish, or death of any person, or damage to or destruction of any tangible property, including loss of use or diminution of value thereof;
- (B) in connection with any **Claim** based upon, arising from, or in any way related to any prior or pending demand, suit or proceeding against any **Insureds** as of the applicable Prior or Pending Date in Item 5 of the Declarations or the same or any substantially similar fact, circumstance or situation underlying or alleged in such demand, suit or proceeding;
- (C) in connection with any **Claim** based upon, arising from, or in any way related to any fact, circumstance, situation or **Wrongful Act** that, before the Inception Date in Item 3 of the Declarations, was the subject of any notice given under any other directors and officers, management liability, or similar insurance policy;
- (D) in connection with any **Claim** based upon, arising from, or in any way related to any:
  - (1) actual or alleged discharge, dispersal, release, or escape of **Pollutants**, or any threat of such discharge, dispersal, release or escape; or
  - (2) direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**;
- (E) in connection with any **Claim** based upon, arising from, or in any way related to any employment-related **Wrongful Act**, including but not limited to any:
  - (1) claims for unpaid wages (including overtime pay), workers' compensation benefits, unemployment compensation, disability benefits, improper payroll deductions, improper employee classification, failure to maintain accurate time records, failure to grant meal and rest periods, or social security benefits; or
  - (2) actual or alleged violation of the Fair Labor Standards Act, Equal Pay Act, Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, or any similar law;
- (F) in connection with any **Claim** based upon, arising from, or in any way related to the rendering of, or failure to render, any professional services for others, including, without limitation, services performed by the **Insureds** for or on behalf of a customer or client;
- (G) in connection with any **Claim** based upon, arising from, or in any way related to any actual or alleged violation of **ERISA** or any similar law;
- (H) in connection with any **Claim** brought or maintained by, on behalf of, or for the benefit of an **Insured Entity**; or
- (I) of an **Insured Person** based upon, arising from, or in any way related to such **Insured Person's** service, at any time, as a director, officer, trustee, regent, governor or equivalent executive or as an employee of any entity other than an **Insured Entity** even if such service is at the direction or request of such **Insured Entity**, provided that this exclusion shall not apply to coverage afforded under Section III. of this **Liability Coverage Part** for a **Claim** for a **Wrongful Act** by an **Insured Person** while serving in an **Outside Capacity**;
- (J) in connection with any **Claim** by or on behalf of any **Outside Entity** upon which an **Insured Person** is serving or has served in an **Outside Capacity**, or any past or present director, officer, trustee, regent, governor or equivalent executive of such **Outside Entity**.

- (K) in connection with any **Claim** based upon, arising from, or in any way related to any listing or offering of securities of an **Insured Entity** or the purchase or sale of such securities subsequent to such listing or offering, or the violation of any securities laws or regulations anywhere in the world;
- (L) of an **Insured**, based upon, arising from, or in any way related to the gaining of any personal profit, remuneration or advantage to which such **Insured** is not legally entitled if a judgment or other final adjudication establishes that such a gain did occur; or
- (M) of an **Insured**, based upon, arising from, or in any way related to any criminal or deliberately fraudulent act or omission or any willful violation of law by such **Insured** if a judgment or other final adjudication establishes such an act, omission or violation; provided, however, that this exclusion shall only apply to **Insured Entities** under Insuring Agreement (C), if elected, if a past or present **Notice Manager** of the **Named Entity** committed such an act, omission or willful violation.

Regarding exclusions (L) and (M) above: The **Wrongful Act** of an **Insured Person** shall not be imputed to any other **Insured Person**.

#### V. EXCLUSIONS APPLICABLE TO INSURING AGREEMENT (C)

- (A) The Insurer shall not pay **Loss** under Insuring Agreement (C) in connection with any **Claim** based upon, arising from, or in any way related to any actual or alleged:
  - (1) liability under any contract or agreement, provided that this exclusion shall not apply to the extent that liability would have been incurred in the absence of such contract or agreement; or
  - (2) discrimination or sexual harassment.
- (B) The Insurer shall not pay **Loss** under Insuring Agreement (C) for any **Claim** based upon, arising from, or in any way related to the actual or alleged payment by an **Insured Entity** of inadequate consideration in connection with an **Insured Entity's** purchase of securities issued by any **Insured Entity**.

#### VI. ADDITIONAL LIMIT OF LIABILITY FOR CLAIMS AGAINST MANAGERS

Subject to the terms and conditions of this Policy and **Liability Coverage Part**, an additional Limit of Liability of \$500,000 shall be available for **Loss** resulting from **Insured Person Claims** against **Managers**, provided that:

- (A) such **Claims** are covered under Insuring Agreement (A);
- (B) such additional Limit of Liability shall be excess of all other insurance available to pay **Loss** for such **Claims**, including, without limitation, this Policy and insurance written specifically as excess over this Policy, which such insurance must be exhausted prior to this additional Limit of Liability becoming available to pay **Loss**; and
- (C) such additional Limit of Liability shall be available for the second covered **Claim** made during the **Policy Period** and all subsequent **Claims**. This Limit of Liability shall not be provided for the first **Claim** made for which coverage is provided under this Policy. The first **Claim** made for which coverage is provided under this Policy shall be determined by the chronological time such **Claim** was made regardless of when coverage is acknowledged by the Insurer for such **Claim**.

The additional Limit of Liability described above shall be the maximum aggregate amount that the Insurer shall pay for all **Loss** from all **Claims** covered under this provision.

#### **VII. ORDER OF LOSS PAYMENTS**

- (A) If **Loss** is incurred that is acknowledged by the Insurer to be covered under this **Liability Coverage Part** except that such **Loss** exceeds the remaining available Limit of Liability for this **Liability Coverage Part**, the Insurer shall first pay **Loss** covered under Insuring Agreement (A) prior to paying **Loss** under any other Insuring Agreements.
- (B) If **Loss** is incurred that is acknowledged by the Insurer to be covered under any Insuring Agreement other than (A), the **Named Entity** shall have the right to direct the Insurer to delay payment of such **Loss** until such time as the **Named Entity** specifies. Any such direction by the **Named Entity** to delay or make payment of **Loss** shall be by written notice to the Insurer. Any such delayed payment of **Loss** shall be available to the Insurer to pay **Loss** covered under Insuring Agreement (A). Any payment of **Loss** under Insuring Agreement (A) out of funds withheld by the Insurer pursuant to this provision shall terminate the Insurer's liability to make a delayed payment of **Loss** under any Insuring Agreement other than (A) by the amount of the payment under Insuring Agreement (A). No interest shall be due regarding any delayed payment of **Loss**. Nothing in this provision shall increase the Insurer's Limit of Liability applicable to this **Liability Coverage Part**.

#### **VIII. RETENTION WAIVER**

No Retention shall apply to **Defense Costs** incurred in connection with a **Claim**, and the Insurer shall reimburse the **Insureds** for any covered **Defense Costs** paid by the **Insureds** within the Retention otherwise applicable to such **Claim**, if a:

- (A) final adjudication with prejudice pursuant to a trial, motion to dismiss or motion for summary judgment; or
- (B) complete and final settlement with prejudice;

establishes that none of the **Insureds** in such **Claim** are liable for any **Loss**.

## EMPLOYMENT PRACTICES LIABILITY COVERAGE PART

### I. INSURING AGREEMENTS

#### (A) Employment Practices Liability

The Insurer shall pay **Loss** on behalf of the **Insureds** resulting from an **Employment Practices Claim** first made against the **Insureds** during the **Policy Period** or Extended Reporting Period, if applicable, for an **Employment Practices Wrongful Act** by the **Insureds**.

#### (B) Third Party Liability (Elective)

If Third Party Liability Coverage is included in Item 5 of the Declarations, the Insurer shall pay **Loss** on behalf of the **Insureds** resulting from a **Third Party Claim** first made against the **Insureds** during the **Policy Period** or the Extended Reporting Period, if applicable, for a **Third Party Wrongful Act** by the **Insureds**.

This Insuring Agreement shall be subject to the Third Party Liability Coverage Sublimit of Liability, Retention, and Prior or Pending Date in Item 5 of the Declarations. Such Sublimit of Liability shall be the maximum aggregate amount that the Insurer shall pay under this Insuring Agreement for all **Loss** from all **Claims** covered under this Insuring Agreement. Such Sublimit of Liability shall be subject to, part of, and not in addition to, the Limit of Liability applicable to this **Liability Coverage Part**.

### II. DEFINITIONS

The following terms, whether used in the singular or plural, shall have the meanings specified below:

(A) **"Benefits"** means perquisites, fringe benefits, deferred compensation and any other form of compensation, including severance payments (other than salaries, wages, or bonuses as a component of a front or back pay award).

(B) **"Claim"** means any:

(1) **Employment Practices Claim**; or

(2) **Third Party Claim**.

(C) **"Employment Practices Claim"** means any:

(1) written demand for monetary damages or other civil relief commenced by the receipt of such demand, including, without limitation, a written demand for employment reinstatement;

(2) civil proceeding, including an arbitration or other alternative dispute resolution proceeding, commenced by the service of a complaint, filing of a demand for arbitration, or similar pleading; or

(3) proceeding before the Equal Employment Opportunity Commission or similar governmental agency, commenced by the filing of a notice of charges, formal investigative order or similar document;

by or on behalf of an **Employee**, an applicant for employment with an **Insured Entity**, or an **Independent Contractor**.

**"Employment Practices Claim"** also means an audit conducted by the United States of America Office of Federal Contract Compliance Programs commenced by the receipt of a notice of violation, order to show cause, or a written demand for monetary or injunctive relief.

**"Employment Practices Claim"** also means a written request to the **Insureds** to toll or waive a statute of limitations regarding a potential **Employment Practices Claim** as described above. Such **Claim** shall be commenced by the receipt of such request.

However, **"Employment Practices Claim"** shall not include any labor or grievance proceeding or arbitration that is subject to a collective bargaining agreement.

(D) **"Employment Practices Wrongful Act"** means a **Wrongful Act** involving any:

- (1) wrongful dismissal, discharge, or termination of employment (including constructive dismissal, discharge, or termination), wrongful failure or refusal to employ or promote, wrongful discipline or demotion, failure to grant tenure, negligent employment evaluation, or wrongful deprivation of career opportunity;
- (2) sexual or other workplace harassment, including quid pro quo and hostile work environment;
- (3) employment discrimination, including discrimination based upon age, gender, race, color, national origin, religion, creed, marital status, sexual orientation or preference, gender identity or expression, genetic makeup, or refusal to submit to genetic makeup testing, pregnancy, disability, HIV or other health status, Vietnam Era Veteran or other military status, or other protected status established under federal, state, or local law;
- (4) **Retaliation**;
- (5) breach of any oral, written, or implied employment contract, including, without limitation, any obligation arising from a personnel manual, employee handbook, or policy statement; or
- (6) violation of the Family and Medical Leave Act.

**Employment Practices Wrongful Act** shall also mean the following, but only when alleged in addition to or as part of any **Employment Practices Wrongful Act** described above:

- (i) employment-related wrongful infliction of emotional distress;
- (ii) failure to create, provide for or enforce adequate or consistent employment-related policies and procedures;
- (iii) negligent retention, supervision, hiring or training; or
- (iv) employment-related: invasion of privacy, defamation, or misrepresentation.

(E) **"Independent Contractor"** means any natural person working in the capacity of an independent contractor pursuant to an **Independent Contractor Agreement**.

(F) **"Independent Contractor Agreement"** means any express contract or agreement between



an **Independent Contractor** and an **Insured Entity** specifying the terms of the **Insured Entity's** engagement of such **Independent Contractor**.

(G) **"Insured Person"** means any:

- (1) **Employee**;
- (2) **Manager**; or
- (3) regarding Insuring Agreement (A), an **Independent Contractor** provided that within 30 days of an **Employment Practices Claim** having been made against such **Independent Contractor** that the **Insured Entity** agrees in writing to indemnify such **Independent Contractor** for any **Loss** arising out of such **Claim**.

(H) **"Insureds"** means any:

- (1) **Insured Entity**; or
- (2) **Insured Person**.

(I) **"Loss"** means the amount that the **Insureds** are legally liable to pay solely as a result of a **Claim** covered by this **Liability Coverage Part**, including **Defense Costs**, compensatory damages, including front pay and back pay, settlement amounts, pre- and post-judgment interest, and costs awarded pursuant to judgments.

**Loss** also includes punitive and exemplary damages, the multiple portion of any multiplied damage award, and liquidated damages under the Age Discrimination in Employment Act.

However, **Loss** shall not include:

- (1) taxes, fines or penalties imposed by law;
- (2) non-monetary relief;
- (3) **Benefits**;
- (4) future compensation for any person hired, promoted, or reinstated pursuant to a judgment, settlement, order or other resolution of a **Claim**;
- (5) **Stock Benefits**;
- (6) costs associated with providing any accommodations required by the Americans with Disabilities Act or any similar law;
- (7) any other matters uninsurable pursuant to any applicable law; provided, however, that with respect to punitive, exemplary, multiple or liquidated damages, the insurability of such damages shall be governed by the internal laws of any applicable jurisdiction that most favors coverage of such damages.

(J) **"Retaliation"** means adverse treatment of an **Employee** or **Independent Contractor** based upon such person:

- (1) exercising any rights under law, including, without limitation, rights under any workers compensation laws, the Family and Medical Leave Act, **ERISA**, or the Americans with Disabilities Act;

- (2) refusing to violate any law;
  - (3) assisting, testifying, or cooperating with a proceeding or investigation regarding alleged violations of law by any **Insured**;
  - (4) disclosing or threatening to disclose alleged violations of law to a superior or to any governmental agency; or
  - (5) filing any "whistle blower" claim against any **Insured** under the federal False Claims Act, the Sarbanes-Oxley Act of 2002, or any similar law.
- (K) "**Stock Benefits**" means any offering, plan or agreement between an **Insured Entity** and any **Employee** that grants stock, stock options or stock appreciation rights in the **Insured Entity** to such person, including, without limitation, restricted stock or any other stock grant. **Stock Benefits** shall not include employee stock ownership plans or employee stock purchase plans.
- (L) "**Third Party**" means any natural person who is a customer, vendor, service provider or other business invitee of an **Insured Entity**. **Third Party** shall not include **Employees**.
- (M) "**Third Party Claim**" means any:
- (1) written demand for monetary damages or other civil relief commenced by the receipt of such demand; or
  - (2) civil proceeding, including an arbitration or other alternative dispute resolution proceeding, commenced by the service of a complaint, filing of a demand for arbitration, or similar pleading;
- by or on behalf of a **Third Party**.
- "**Third Party Claim**" also means a written request to the **Insureds** to toll or waive a statute of limitations regarding a potential **Third Party Claim** as described above. Such **Claim** shall be commenced by the receipt of such request.
- (N) "**Third Party Wrongful Act**" means a **Wrongful Act** involving any:
- (1) discrimination against a **Third Party** based upon age, gender, race, color, national origin, religion, creed, marital status, sexual orientation or preference, pregnancy, disability, HIV or other health status, Vietnam Era Veteran or other military status, or other protected status established under federal, state or local law; or
  - (2) sexual harassment against a **Third Party**, including unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature.
- (O) "**Wrongful Act**" means any actual or alleged:
- (1) error, misstatement, misleading statement, act, omission, neglect or breach of duty; or
  - (2) matter claimed against an **Insured Person** solely by reason of their serving in such capacity.

### III. EXCLUSIONS APPLICABLE TO ALL INSURING AGREEMENTS

(A) The Insurer shall not pay **Loss**:

- (1) for bodily injury, sickness, disease, death, false arrest or imprisonment, abuse of process, malicious prosecution, trespass, nuisance or wrongful entry or eviction, or for injury to or destruction of any tangible property including loss of use or diminution of value thereof;
- (2) for any actual or alleged **Wrongful Act** by **Insured Persons** of any **Subsidiary** in their capacities as such, or by any **Subsidiary**, if such **Wrongful Act** actually or allegedly occurred when such entity was not a **Subsidiary**;
- (3) in connection with any **Claim** based upon, arising from, or in any way related to any:
  - (a) prior or pending demand, suit, or proceeding against any **Insured** as of, or
  - (b) audit initiated by the Office of Federal Contract Compliance Programs before the applicable Prior or Pending Date in Item 5 of the Declarations, or the same or substantially similar fact, circumstance, or situation underlying or alleged in such demand, suit, proceeding, or audit;
- (4) in connection with any **Claim** based upon, arising from, or in any way related to any fact, circumstance, or situation that, before the inception date in Item 3 of the Declarations, was the subject of any notice given under any other employment practices liability policy, management liability policy or other insurance policy which insures **Wrongful Acts** covered under this Policy;
- (5) in connection with any **Claim** based upon, arising from, or in any way related to the liability of others assumed by an **Insured** under any contract or agreement; provided, however, this exclusion shall not apply to liability that would have been incurred in the absence of such contract or agreement;
- (6) for breach of any **Independent Contractor Agreement**; or
- (7) for a lockout, strike, picket line, hiring of replacement workers or similar action in connection with any labor dispute, labor negotiation or collective bargaining agreement.

(B) The Insurer shall not pay **Loss** in connection with any **Claim** based upon, arising from, or in any way related to:

- (1) any claims for actual or alleged unpaid wages (including overtime pay), workers' compensation benefits, unemployment compensation, disability benefits, improper payroll deductions, improper employee classification, failure to maintain accurate time records, failure to grant meal and rest periods, or social security benefits; or
- (2) any actual or alleged violation of the Fair Labor Standards Act (except for Equal Pay Act), 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, **ERISA**, or any similar law;

Provided that this exclusion (B) shall not apply to that portion of **Loss** that represents a specific amount the **Insureds** become legally obligated to pay solely for a **Wrongful Act** of **Retaliation**.

(C) The Insurer shall not pay **Loss** in connection with any **Claim** based upon, arising from, or in

any way related to liability incurred for breach of any oral, written, or implied employment contract; provided, however, this exclusion shall not apply to liability that would have been incurred in the absence of such contract; provided, however, that this exclusion shall not apply to the portion of **Loss** representing **Defense Costs** incurred to defend against such liability.

#### IV. EXCLUSIONS APPLICABLE TO INSURING AGREEMENT (B)

Solely with respect to Insuring Agreement (B), the Insurer shall not pay **Loss** in connection with any **Third Party Claim** based upon, arising from or in any way related to any price discrimination or violation of any anti-trust law or any similar law designed to protect competition or prevent unfair trade practices.

#### V. OTHER INSURANCE

- (A) The coverage provided under this Policy for any **Employment Practices Claim** shall be primary.
- (B) Notwithstanding the above, the coverage provided under this Policy for any **Employment Practices Claim** made against a temporary, leased or loaned **Employee** or an **Independent Contractor** shall be excess of the amount of any deductible, retention and limits of liability under any other policy or policies applicable to such **Claim**, whether such other policy or policies are stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written specifically excess of this Policy by reference in such other policy or policies to this Policy's Policy Number.

#### VI. CHANGES IN EXPOSURE

- (A) This section shall supplement, and not replace, Common Terms and Conditions Section XIV. Changes in Exposure.
- (B) In addition to the terms specified in Common Terms and Conditions Section XIV. Changes in Exposure (A), if the number of employees of a newly merged or acquired entity exceeds 25% of the number of employees of all **Insured Entities** combined prior to such merger or acquisition, the **Insureds** shall expressly note such fact and give the Insurer full details of the transaction in writing as soon as practicable. In accordance with Common Terms and Conditions Section XIV. Changes in Exposure (A), the Insurer shall be entitled to impose such additional terms, conditions, and premium as the Insurer, in its absolute discretion, chooses. There shall be no coverage for any newly merged or acquired entity or any of its subsidiaries, managers, directors, officers, or employees unless the **Insureds** comply with the terms of this provision.

#### VII. RETENTION WAIVER

Regarding a **Claim** that is a class action civil proceeding, no Retention shall apply to **Defense Costs** incurred in connection with such **Claim**, and the Insurer shall reimburse the **Insureds** for any covered **Defense Costs** paid by the **Insureds** within the Retention otherwise applicable to such **Claim**, if a:

- (A) final adjudication with prejudice pursuant to a trial, motion to dismiss or motion for summary judgment; or
- (B) complete and final settlement with prejudice;

establishes that none of the **Insureds** in such **Claim** are liable for any **Loss**.

#### **VIII. COORDINATION OF COVERAGE**

If this **Liability Coverage Part** and either the Directors, Officers and Entity Liability Coverage Part or Fiduciary Liability Coverage Part are included under this Policy, and a **Claim** is covered under this **Liability Coverage Part** and any such other **Liability Coverage Part**, **Loss** shall be first covered and paid under this **Liability Coverage Part**.

If notice of a **Claim** has been given under either the Directors, Officers and Entity Liability Coverage Part or Fiduciary Liability Coverage Part and a determination is made by the Insurer that such **Claim** would be covered under this **Liability Coverage Part** if notice had been given under this **Liability Coverage Part**, then the **Insureds** shall be deemed to have given notice of such **Claim** under this **Liability Coverage Part** at the same time that notice was given under such other **Liability Coverage Part**.

## FIDUCIARY LIABILITY COVERAGE PART - \$100,000 DEFENSE COSTS ONLY COVERAGE

### I. INSURING AGREEMENT

#### Fiduciary Liability Coverage For Defense Costs

The Insurer shall pay **Defense Costs** on behalf of the **Insureds** resulting from a **Fiduciary Claim** first made against the **Insureds** during the **Policy Period** or Extended Reporting Period, if applicable, for a **Wrongful Act** by the **Insureds** or by any person for whose **Wrongful Acts** the **Insureds** are legally responsible.

### II. DEFINITIONS

The following terms, whether used in the singular or plural, shall have the meanings specified below:

(A) **"Claim"** means any **Fiduciary Claim**.

(B) **"Employee Stock Ownership Plan"** means any **Insured Plan** that invests more than 10% of its assets in securities of **Insured Entities**.

(C) **"Fiduciary Claim"** means any:

- (1) written demand for civil damages or other civil relief commenced by the receipt of such demand, including a demand to toll the running of a statute of limitations; or
- (2) civil proceeding, including a civil administrative or regulatory proceeding, or an arbitration or other alternative dispute proceeding, commenced by the service of a complaint, filing of a demand for arbitration, or similar pleading; or
- (3) civil administrative or regulatory proceeding commenced by the filing or service of a notice of charges or an investigation by the Department of Labor or Pension Benefit Guaranty Corporation.

However, **Fiduciary Claim** shall not include any investigation other than those qualifying as such under section II.(C) (3) herein.

(D) **"Insured Person"** means any:

- (1) **Manager** or
- (2) **Employee**.

(E) **"Insured Plan"** means any past, present, or future:

- (1) employee welfare benefit plan or employee pension benefit plan, as defined in **ERISA**, sponsored solely by an **Insured Entity**, or jointly by an **Insured Entity** and a labor organization, for the benefit of **Employees** only;
- (2) employee benefit plan, including an excess benefit plan, not subject to Title 1 of **ERISA**, sponsored solely by an **Insured Entity** for the benefit of **Employees** only;
- (3) government-mandated insurance program for unemployment, social security or disability benefits for **Employees** other than workers compensation; or

- (4) any other plan, fund, or program specifically included as an **Insured Plan** in a written endorsement issued by the Insurer to form a part of this Policy.

Notwithstanding the above, an **Insured Plan** shall not include any:

- i. **Employee Stock Ownership Plan**; or
- ii. any multi-employer plan.

(F) **"Insured(s)"** means any:

- (1) **Insured Entity**;
- (2) **Insured Person**; or
- (3) **Insured Plan**.

(G) **"Wrongful Act"** means any actual or alleged:

- (1) error, misstatement, misleading statement, act, omission, neglect or breach of duty constituting a violation of any responsibilities, obligations or duties imposed upon fiduciaries of an **Insured Plan** by ERISA or any similar law;
- (2) breach of the responsibilities, obligations or duties imposed upon an **Insured** by HIPAA in connection with an **Insured Plan**;
- (3) error, misstatement, misleading statement, act, omission, neglect or breach of duty in counseling, providing interpretations, handling records, or effecting enrollment, termination or cancellation of **Employees**, participants, or beneficiaries under an **Insured Plan**; or
- (4) matter claimed against an **Insured** solely due to such **Insured** acting in the capacity of a fiduciary of an **Insured Plan**.

### III. EXCLUSIONS

The Insurer shall not pay **Defense Costs**:

- (1) for bodily injury, sickness, disease, emotional distress, mental anguish, or death of any person, or damage to or destruction of any tangible property, including loss of use or diminution of value thereof;
- (2) in connection with any **Claim** based upon, arising from, or in any way related to any prior or pending demand, suit or proceeding against any **Insureds** as of the applicable Prior or Pending Date in Item 5 of the Declarations or the same or any substantially similar fact, circumstance or situation underlying or alleged in such demand, suit or proceeding;
- (3) in connection with any **Claim** based upon, arising from, or in any way related to any fact, circumstance or situation that, before the Inception Date in Item 3 of the Declarations, was the subject of any notice given under any other insurance policy;
- (4) in connection with any **Claim** based upon, arising from, or in any way related to any:

- (a) discharge, dispersal, release, or escape of **Pollutants**, or any threat of such discharge, dispersal, release or escape; or
  - (b) direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**;
- (5) in connection with any **Claim** based upon, arising from, or in any way related to the liability of others assumed under any contract or agreement, provided that this exclusion shall not apply to liability:
  - (a) that would have been incurred in the absence of such contract or agreement; or
  - (b) assumed under any agreement or declaration of trust under which any **Insured Plan** was established;
- (6) in connection with any **Claim** based upon, arising from, or in any way related to any employment-related **Wrongful Act**, including but not limited to any:
  - (a) claims for unpaid wages (including overtime pay), workers' compensation benefits, unemployment compensation, disability benefits, or failure to grant meal and rest periods; or
  - (b) actual or alleged violation of the Fair Labor Standards Act, Equal Pay Act, Worker Adjustment and Retraining Notification Act, or any rule or regulation promulgated thereunder, or similar federal, state, local or common laws, rules or regulations;
- (7) of an **Insured** based upon, arising from, or in any way related to the gaining, in fact, of any personal profit, remuneration or advantage to which such **Insured** is not legally entitled; or
- (8) of an **Insured** based upon, arising from, or in any way related to any criminal or deliberately fraudulent act or omission or any willful violation of law by such **Insured** if a judgment or other final adjudication establishes such an act, omission or violation; provided, however, that this exclusion shall only apply to **Insured Entities** if a past or present chief executive officer, chief financial officer or general counsel of the **Named Entity** committed such an act, omission or willful violation.

Regarding exclusions (7) and (8) above: The **Wrongful Act** of an **Insured** shall not be imputed to any other **Insured**.

#### IV. WAIVER OF RECOURSE

The Insurer shall have no right of recourse against any **Insureds** for any payment of **Defense Costs** made by the Insurer under this **Liability Coverage Part** because of a **Wrongful Act** by such **Insureds** if the premium for this Policy was paid for by other than an **Insured Plan**.

#### V. CHANGES IN EXPOSURE

- (A) This Section shall supplement, and not replace, Common Terms and Conditions Section XIV. Changes in Exposure.
- (B) The provisions of Common Terms and Conditions Section XIV. Changes in Exposure (A) Mergers and New Subsidiaries shall also apply to any employee benefit plan of any newly merged or acquired entity and to any trustee of such plan to the extent that such plan and trustee would otherwise qualify as **Insureds** under this Policy. No coverage shall be available



for any **Wrongful Act** of such **Insureds** occurring before the merger or acquisition of the entity or for any **Interrelated Wrongful Acts** thereto.

- (C) The provisions of Common Terms and Conditions Section XIV. Changes in Exposure (C) Loss of Subsidiary Status shall also apply to any **Insured Plan** of a former **Subsidiary** and any trustee of such plan. No coverage shall be available for any **Wrongful Act** of such **Insureds** occurring after an entity ceases to be a **Subsidiary**.

#### **VI. TERMINATED PLAN COVERAGE**

Subject to the terms and conditions of this Policy and **Liability Coverage Part**, coverage shall be afforded for **Defense Costs** resulting from any **Claim** against the **Insureds** for a **Wrongful Act** involving any **Insured Plan** terminated by an **Insured Entity**, including post-termination **Wrongful Acts**.

#### **VII. RETENTION WAIVER**

No Retention shall apply to **Defense Costs** incurred in connection with a **Claim**, and the Insurer shall reimburse the **Insureds** for any covered **Defense Costs** paid by the **Insureds** within the Retention otherwise applicable to such **Claim**, if a:

- (A) final adjudication with prejudice pursuant to a trial, motion to dismiss or motion for summary judgment; or

- (B) complete and final settlement with prejudice,

establishes that none of the **Insureds** in such **Claim** are liable for any loss.

This endorsement, effective 12:01 am January 09,2010 forms a part of

policy number: NOA1305448

issued to: Western Pension & Benefits Conference, Orange County Chap

by: Twin City Fire Insurance Company

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMEND LOSS – COVER FOR SPECIFIED PENALTIES  
(DIRECTORS, OFFICERS AND ENTITY LIABILITY COVERAGE PART)**

This endorsement modifies insurance provided under the following:

**THE HARTFORD NON-PROFIT CHOICE POLICY**

**DIRECTORS, OFFICERS AND ENTITY LIABILITY COVERAGE PART, section II.  
DEFINITIONS, (F) "Loss" deleted and replaced with following:**

- (F) "Loss" means the amount that the **Insureds** are legally liable to pay solely as a result of a **Claim** covered by this **Liability Coverage Part**, including **Defense Costs**, compensatory damages, settlement amounts, pre- and post-judgment interest, and costs awarded pursuant to judgments.

**Loss** also includes punitive and exemplary damages and the multiple portion of any multiplied damage award and the 10% excise tax imposed upon an **Insured Person** pursuant to 26 U.S.C. 4958(a)(2) as the result of such **Insured Person's** alleged participation in an excess benefit transaction. Notwithstanding subparagraph (3) below, with respect to punitive, exemplary, and the multiple portion of any multiplied damage award, the insurability of such damages shall be governed by the internal laws of any applicable jurisdiction that most favors coverage of such damages.

However, **Loss** shall not include:

- (1) taxes, fines or penalties imposed by law other than:

- (a) the 10% excise tax imposed upon an **Insured Person** pursuant to 26 U.S.C. 4958(a)(2)); and

- (b) civil penalties assessed under:

- (i) IRS code section 6652(C)(1)(a) for a failure to file tax returns; provided, however, that coverage for such civil penalties referred to in this sub-paragraph is conditioned upon the following:

- (i) such penalty is the direct result of a self-reported violation;  
(ii) payment of such **Loss** shall be subject to an aggregate sub-limit of liability of \$25,000.00 for all such penalties; and

- (iii) such sub-limit of liability shall be part of, and not in addition to, the Aggregate Limit of Liability for this **Liability Coverage Part** shown on the Declarations.
  - (II) Public Law 108-187 (the CAN-Spam Act of 2003); provided, however, that coverage for such civil penalties referred to in this sub-paragraph is conditioned upon the following:
    - (i) payment of such **Loss** shall be subject to an aggregate sub-limit of liability of \$25,000.00 for all such penalties; and
    - (ii) such sub-limit of liability shall be part of, and not in addition to, the Aggregate Limit of Liability for this **Liability Coverage Part** shown on the Declarations.
  - (III) the 1976 Lobby law or the Lobbying disclosure Act of 1995; provided, however, that coverage for such civil penalties referred to in this sub-paragraph is conditioned upon the following:
    - (i) payment of such **Loss** shall be subject to an aggregate sub-limit of liability of \$25,000.00 for all such penalties; and
    - (ii) such sub-limit of liability shall be part of, and not in addition to, the Aggregate Limit of Liability for this **Liability Coverage Part** shown on the Declarations.
- (2) non-monetary relief;
  - (3) any other matters uninsurable pursuant to any applicable law, including, but not limited to, disgorgement, restitution or the return of any ill-gotten gains;
  - (4) the return of funds, including those that the **Insured** received under any type of grant, program, contract or similar agreement or arrangement; or
  - (5) any actual or alleged excess compensation which was paid to or received by any **Insured Person**.

All other terms and conditions remain unchanged.

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Authorized Representative

**ENDORSEMENT NO: 2**

This endorsement, effective 12:01 am, January 09,2010 forms part  
of policy number: NOA1305448

issued to: Western Pension & Benefits Conference, Orange County Chap

by: Twin City Fire Insurance Company

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**DEFENSE COSTS OUTSIDE OF THE LIMIT ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**THE HARTFORD NON-PROFIT CHOICE POLICY**

**COMMON TERMS AND CONDITIONS** section **V. DEFENSE COSTS** is deleted and replaced with the following:

**V. DEFENSE COSTS**

Solely with respect to all **Liability Coverage Parts**:

**Defense Costs** shall be part of, and not in addition to, each applicable Limit of Liability. Payment of **Defense Costs** by the Insurer shall reduce each Limit of Liability.

Notwithstanding the above, if Defense Outside the Limit of Liability is included in ITEM 5 of the Declarations, then payment of **Defense Costs** shall be in addition to any applicable Limit of Liability.

**Item 5 of the Declarations** is amended by deleting all references to "50%".

All other terms and conditions shall remain unchanged.



Neal S. Wolin, President & COO

**ENDORSEMENT NO: 3**

**This endorsement, effective 12:01 am, January 09,2010**

**forms part**

**of policy number: NOA1305448**

**issued to: Western Pension & Benefits Conference, Orange County Chap**

**by: Twin City Fire Insurance Company**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**NUCLEAR LIABILITY EXCLUSION**

This endorsement modifies insurance provided under the following:

**THE HARTFORD NON-PROFIT CHOICE POLICY**

If purchased:

- I. **DIRECTORS, OFFICERS AND ENTITY LIABILITY COVERAGE PART, section IV. EXCLUSIONS APPLICABLE TO ALL INSURING AGREEMENTS, is amended to add:**
  - in connection with any **Claim** based upon, arising from, or in any way related to any:
    1. discharge, dispersal, release or escape of nuclear material, nuclear waste or radiation or any threat of such discharge, dispersal, release or escape; or
    2. direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify or neutralize nuclear material, nuclear waste or radiation;
- II. **FIDUCIARY LIABILITY COVERAGE PART, section III. EXCLUSIONS APPLICABLE TO ALL INSURING AGREEMENTS, (A), [or section III. EXCLUSIONS if \$100,000 DEFENSE COSTS ONLY COVERAGE] is amended to add:**
  - in connection with any **Claim** based upon, arising from, or in any way related to any:
    1. discharge, dispersal, release or escape of nuclear material, nuclear waste or radiation or any threat of such discharge, dispersal, release or escape; or
    2. direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify or neutralize nuclear material, nuclear waste or radiation;

All other terms and conditions remain unchanged.



Neal S. Wolin, President & COO

ENDORSEMENT NO: 4

This endorsement, effective 12:01 am, January 09,2010  
of policy number: *NOA1305448*

forms part

issued to: Western Pension & Benefits Conference, Orange County Chap  
by: Twin City Fire Insurance Company

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**TRADE AND PROFESSIONAL ASSOCIATION ENDORSEMENT**

This endorsement modifies insurance provided under:

**THE HARTFORD NON-PROFIT CHOICE POLICY**

**DIRECTORS, OFFICERS AND ENTITY LIABILITY COVERAGE PART** is amended as follows:

1. Section II. **DEFINITIONS, (K) "Wrongful Act", (1)** is deleted and replaced with the following:
  - (1) error, misstatement, misleading statement, act, omission, neglect, breach of duty, including those in the sponsorship or endorsement of a member benefit program, or any **Personal Injury Liability, Publishers and Advertisers Liability**, or actual or alleged violation of the Sherman Act, the Clayton Act or any similar federal or state statute, committed by an **Insured Person** in their capacity as such, or in their **Outside Capacity**, or, with regard to Insuring Agreement (C), an **Insured Entity**; or
2. Section IV. **EXCLUSIONS APPLICABLE TO ALL INSURING AGREEMENTS** is amended by the addition of the following:
  - in connection with any **Claim** based upon, arising from, or in any way related to the sale or administration by any **Insured** of any insurance product, policy, trust, or program.
3. Section V. **EXCLUSIONS APPLICABLE TO INSURING AGREEMENT (C), (A)(1)** is deleted and replaced by the following:
  - (1) liability under any contract or agreement, provided that this exclusion shall not apply to the extent that liability would have been incurred in the absence of such contract or agreement. However, this exclusion shall not apply to **Defense Costs**;
4. The following section is added:

**IX. COVERAGE EXTENSION**

In the event that the **Insured Entity** shall first become aware during the **Policy Period** that third parties have been illegally using the identity of the **Insured Entity** to solicit donations in the name of the **Insured Entity**, and shall notice the Insurer of such illegal use as soon as practicable after a **Notice Manager** learns of such illegal use, but no later than 60 days after the expiration of the **Policy Period**, the Insurer shall reimburse the **Insured Entity** for costs:

1. charged by a public relations firm retained to aid in the restoration of the **Insured Entity's** public image; and
2. incurred in notarizing affidavits and similar documents and for the certified mailing of said documents to law enforcement agencies, credit agencies and to financial institutions.

Coverage for such costs referred to in this sub-paragraph is conditioned upon the following: (i) payment of such costs shall be subject to the aggregate sub-limit of insurance of \$25,000.00 for all such costs; and (ii) such sub-limit shall be part of, and not in addition to, the Aggregate Limit of Liability for this **Liability Coverage Part** shown on the Declarations.

**EMPLOYMENT PRACTICES LIABILITY COVERAGE PART section II. DEFINITIONS, (I)**  
"Loss", (6) is deleted and replaced with the following:

- (6) costs associated with providing any accommodations required by the Americans with Disabilities Act or any similar law; provided, however, **Loss** shall include **Defense Costs** incurred in the defense of any **Employment Practices Wrongful Act** which seeks such accommodations.

All other terms and conditions remain unchanged.



Neal S. Wolin, President & COO

**ENDORSEMENT NO:5**

**This endorsement, effective 12:01 am, January 09,2010**

**forms part**

**of policy number NOA1305448**

**issued to: Western Pension & Benefits Conference, Orange County Chap**

**by: Twin City Fire Insurance Company**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**STANDARD SETTING SUB-LIMIT - \$250,000  
(DIRECTORS, OFFICERS AND ENTITY COVERAGE PART)**

This endorsement modifies insurance provided under the following:

**THE HARTFORD NON-PROFIT CHOICE POLICY**

**DIRECTORS, OFFICERS AND ENTITY COVERAGE PART section IV. EXCLUSIONS APPLICABLE TO ALL INSURING AGREEMENTS** is amended to include:

- in connection with any **Claim** based upon, arising from or in any way related to any actual or alleged standard setting or enforcement, peer review, certification, accreditation or product testing or any similar activities; provided, however, that this exclusion shall not apply to any **Claim** until the following sub-limit of liability of \$250,000 is exhausted. This sub-limit of liability shall be an aggregate sub-limit of liability for all such **Loss**, regardless of the number of **Claims** alleging such **Loss**, and shall be part of and not in addition to the applicable Limit of Liability stated in Item 5 of the Declarations.

All other terms and conditions shall remain unchanged.



Neal S. Wolin, President & COO



**This endorsement, effective 12:01 am, January 09,2010 forms part of  
policy number: NOA1305448**

**issued to: Western Pension & Benefits Conference, Orange County Chap  
by: Twin City Fire Insurance Company**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**NO KIDNAP AND RANSOM/EXTORTION COVERAGE**

This endorsement modifies insurance provided under the following:

**THE HARTFORD NON-PROFIT CHOICE POLICY**

No Kidnap and Ransom/Extortion Coverage Part will form a part of this Policy. Any reference to the Kidnap and Ransom/Extortion Coverage Part, including any coverage provided thereunder, is deleted.

All other terms and conditions remain unchanged.

A handwritten signature in black ink, appearing to read "Neal Wolin", with a stylized flourish at the end.

Neal S. Wolin, President & COO

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## **IMPORTANT INFORMATION TO POLICYHOLDERS**

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In the event you need to contact someone about this policy for any reason, please contact your producer. If you have additional questions, you may contact the insurance company issuing this policy at the following address and telephone number:

Aon Association Services  
a division of Affinity Insurance Services Inc.  
1120 20th Street, NW Suite 600  
Washington, DC 20036

Phone: 800-432-7465

If you have a problem with your insurance company, its producer or representative that has not been resolved to your satisfaction, please call or write to the Department of Insurance.

Consumer Services Division  
California Department of Insurance  
300 South Spring Street  
14<sup>th</sup> Floor  
Los Angeles, CA 90013  
1-800-927-4357 or -1-213-897-8921

Written correspondence is preferable so that a record of your inquiry can be maintained. When contacting your producer, company or the Bureau of Insurance have your policy number available.

**Endorsement No.8**

**This endorsement, effective 12:01am, January 09,2010  
of policy numberNOA1305448**

**forms part**

**issued to:Western Pension & Benefits Conference, Orange County Chap**

**by:Twin City Fire Insurance Company**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CALIFORNIA CANCELLATION AND NONRENEWAL ENDORSEMENT**

Wherever used in this endorsement: 1) "Insurer" means the insurance company which issued this policy; and 2) "Insured" means the Name of Insured, Name of Company, Name of Partnership, Parent Company, Name of Insured Plan or Trust, Name of Insured Entity, Named Entity, Named Real Estate Investment Trust(s), Name of Sponsor Company or Insured stated in ITEM A or ITEM 1 of the Declarations Page.

- I. The Cancellation provision of the Policy is deleted and replaced by the following:

**NOTICE OF CANCELLATION**

- A. The **Insured** shown in the Declarations may cancel the Policy by mailing or delivering to the **Insurer** advance written Notice of Cancellation stating when thereafter such cancellation shall be effective.
- B. The **Insurer** may only cancel the Policy for nonpayment of premium.
- C. Notice of Cancellation shall be delivered or mailed to the producer of record and the **Insured** at least ten (10) days prior to the effective date of cancellation. The Notice of Cancellation shall include the effective date of the cancellation and the reasons for the cancellation.
- D. If this Policy is cancelled by the **Insurer**, the **Insurer** will send the **Insured** a refund of any unused premium. If this Policy is cancelled by the **Insured**, the **Insurer** will send the **Insured** any unused premium less a charge for early cancellation. The **Insurer** will send the premium refund to the **Insured's** last known mailing address.

- II. The following provision is added:

**NOTICE OF NONRENEWAL**

- A. If the **Insurer** decides not to renew the Policy, the **Insurer** shall mail or deliver to the producer of record and the **Insured** Notice of Nonrenewal at least sixty (60) days but no more than one hundred twenty (120) days prior to the end of the expiration date or anniversary date of the Policy. The Notice of Nonrenewal shall contain the reason for nonrenewal of the Policy.
- B. The **Insurer** is not required to send Notice of Nonrenewal in the following situations:
  - 1. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between the **Insurer** and a member of the **Insurer's** insurance group.

2. If the Policy has been extended for ninety (90) days or less, provided that notice has been given in accordance with the nonrenewal notice requirements cited in paragraph A above in the Nonrenewal Section.
3. If the **Insured** has obtained replacement coverage, or has agreed, in writing, within sixty (60) days of the termination of the Policy, to obtain that coverage.
4. If the Policy is for a period of no more than sixty (60) days and the **Insured** is notified at the time of issuance that it will not be renewed.
5. If the **Insured** requests a change in the terms or conditions or risks covered by the Policy within sixty (60) days prior to the end of the **Policy Period**.
6. If the **Insurer** has made a written offer to the **Insured**, in accordance with the time frames shown in the non-renewal notice requirements cited in paragraph A above in the Nonrenewal Section, to renew the Policy under changed terms or conditions or at an increased premium rate.

All other terms and conditions remain unchanged.

A handwritten signature in black ink, appearing to read "Neal S. Wolin". The signature is fluid and cursive, with a long vertical stroke at the end.

Neal S. Wolin, President & COO

## **Fee Disclosure Notice -- State of California**

An installment service fee of \$7.00 is charged for each installment when your premium is paid in installments. If you select an electronic fund transfer payment plan to pay your premium, the installment service fee is reduced to \$5.00 per withdrawal. The installment service fee will be added to the premium amount shown on your premium billing statement.



Dear Policyholder,

We are pleased to provide the attached coverage enhancement endorsement for your current Directors & Officers (D&O) Insurance policy. Subject to the expressed terms and conditions, this endorsement extends coverage to include in-house counsel providing guidance to your association's membership. Please attach this endorsement to your current policy.

Feel free to contact us with any questions or concerns. Thank you for allowing us to service your Association Insurance needs.

Sincerely,

Aon Association Services





*Affinity Insurance Services, Inc.*  
*Aon Association Services Division*

01/15/2010

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

RE: Directors' and Officers' Insurance  
Policy Number: NOA1305448  
Customer Code: 200062299

Dear Rick,

We have enclosed an endorsement to the above referenced policy amending the coverage as requested. After your review of the endorsement, you are encouraged to attach it to the back of your current D&O policy for proper record keeping purposes.

Thank you again for allowing us to arrange this important protection for you. Do not hesitate to contact us regarding any questions or concerns that you may have involving the issuance of the endorsement. We look forward to continuing to serve you during the coming year.

Sincerely,

Josh Srnka  
Underwriter  
Phone: 202-429-8543  
Direct Fax: 847-953-2657  
Email: josh\_srnka@aon.com

**ENDORSEMENT NO:**

**This endorsement, effective 12:01 am, January 09,2010**

**forms part**

**of policy number: NOA1305448**

**issued to: Western Pension & Benefits Conference, Orange County Chap**

**by: Twin City Fire Insurance Company**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDMENT TO THE PROFESSIONAL SERVICES EXCLUSION – IN-HOUSE LEGAL  
SERVICES COVERAGE  
(DIRECTORS, OFFICERS AND ENTITY COVERAGE PART)**

**This endorsement modifies insurance provided under:**

**THE HARTFORD NON-PROFIT CHOICE POLICY**

**DIRECTORS, OFFICERS AND ENTITY COVERAGE PART is amended as follows:**

**I. Section II., DEFINITIONS, is amended by the addition of the following:**

- **In-House Legal Guidance** means guidance provided by an **Insured Entity's** employee, who is an attorney, to a member of an **Insured Entity** but only if the following conditions are met:
  - (1)** The guidance is provided solely on behalf of the **Insured Entity** as a normal part of such attorney's expressly described role with the **Insured Entity**; and
  - (2)** The guidance is on an issue solely related to such member's business with the **Insured Entity**; and
  - (3)** At no time is the attorney, or any firm he or she has any formal or informal affiliation with, receiving payment from such member for any such guidance.

**II. Section IV. EXCLUSIONS APPLICABLE TO ALL INSURING AGREEMENTS, (F) is amended by the addition of the following:**

**However, in the event that a member of an Insured Entity who received In-House Legal Guidance brings a Claim alleging that such guidance was the direct cause of Loss, this exclusion shall not apply to that portion of Loss directly resulting from any actual In-House Legal Guidance.**

**All other terms and conditions remain unchanged.**

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**Authorized Representative**



This endorsement, effective on January 09,2010 at 12:01 A.M. standard time, forms a part of

Policy No. NOA1305448 of the Twin City Fire Insurance Company

Issued to Western Pension & Benefits Conference, Orange County Chap



David Zwiener, President

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**POLICY CHANGE**

- |   |  |
|---|--|
| 1. <input type="checkbox"/> Policy Premium Changed To:  | 9. <input type="checkbox"/> Deductible/Retention Changed To:   |
| 2. <input type="checkbox"/> Insured's Name Changed To : (see description or endorsement listed below)   | 10. <input type="checkbox"/> Expiration Date Is Changed To:  |
| 3. <input type="checkbox"/> Insured's Address Changed To: (see description or endorsement listed below) | 11. <input type="checkbox"/> Additional Insured(s) or Subject(s) of coverage deleted                       |
| 4. <input type="checkbox"/> Anniversary Date Is Changed To:   | 12. <input checked="" type="checkbox"/> Policy Provision(s) Added  |
| 5. <input type="checkbox"/> Additional Insured(s) or Subject(s) of coverage added                       | 13. <input type="checkbox"/> Policy Provision(s) Deleted   |
| 6. <input type="checkbox"/> Additional Premium:   | 14. <input type="checkbox"/> Exercise Discovery Period, Extended Reporting Period or Tail Coverage Option. |
| 7. <input type="checkbox"/> Return Premium:   | 15. <input type="checkbox"/> Other (see description or endorsement listed below)                           |
| 8. <input type="checkbox"/> Limit of Liability Changed To:  |  |

**Description of Policy Changes:**

Addition of Amendment to the Professional Services Exclusion - In House Legal Services Coverage.

**Name and number of Endorsement(s) made part of the policy:**

NP 00 H412 00 0608 - Addition of Amendment to the Professional Services Exclusion - In House Legal Services Coverage.