



Serving the needs of Belmont Country Club Estates

Board of Directors Meeting Agenda

April 9, 2019, 5:30PM

8253 E. Belmont Ave., Fresno, CA 93737

1. Call to Order
2. Roll Call
3. Approval of Minutes of January 8, 2019
4. Financial Report
5. Engagement of Auditor
6. Discussion of POE Pilot Program
7. BWC/BCC Trust Agreement
8. D&O Insurance
9. Other Matters
10. Next Meeting
11. Executive Session
12. Adjournment



Serving the needs of Belmont Country Club Estates

Board of Directors  
Meeting Minutes  
January 8, 2019

The meeting was called to order at 5:30 PM by President Nic Pope at 8253 E. Belmont Ave., Fresno, California 93737.

Present:

Trevor Barbeau  
Belina Breckenridge, Vice President  
Mike Emigh, Secretary/Treasurer  
Nic Pope, President

Members Present:

Dustin Marzoff

Others Present:

Henry Liang, MKN & Associates  
Stefonos Word, MKN & Associates

The minutes of the September 26, 2018 meeting was approved as mailed.

Mr. Liang was introduced by President Pope and began a discussion of the findings of the study prepared by his company, MKN & Associates. The discussion included:

1. POE vs. Centralized Treatment systems.
2. Pilot testing required by DDW. POE treatment has not been established by the DDW as a consistently "proven" means of treatment. Pilot testing should be based on volumetric requirement, 35 days required, approximately 7,200 gallons per day to dispose at a 5 gpm flowrate.
3. Need to address property issues with homeowners regarding construction, maintenance, and operation. Customer education crucial to the success of POE-based treatment systems.
4. Additional sampling required by DDW (POE not yet consistently "proven" as effective treatment).
5. The need to apply for funding from the state is a key to determine if POE is a more cost-effective treatment method than centralized.

It was agreed that next steps are to meet with SWRCB to discuss an application for funding and a request approval of a pilot program. Discuss centralized versus POE systems at the March annual membership meeting. Approval and consent of the membership is key to pursuing a POE system.

Mr. Liang and Mr. Word left the meeting.

President Pope and Secretary/Treasurer Emigh gave an update on the settlement discussions. The settlement funds are still in the possession of Robins Borghei. A draft proposal of a trust agreement was to be signed on January 2, but they needed another legal review.

Secretary/Treasurer Emigh reported on a meeting held at the SWRCB regarding POE, which included much of the same information as the reported by Mr. Liang. Consolidation of the BWC/BCC water systems was also discussed. SWRCB wants to see more consolidation.

Secretary/Treasurer Emigh presented the year to date financial reports. All expenses are in line with the budget except for attorney fees related to the mediation and trust agreements for BWC/BCC and, the now, ongoing operator expenses.

Secretary/Treasurer Emigh discussed the need to comply with AB240 open meeting law. The law requires notification of upcoming board meetings to all members and requires an annual financial audit.

Mrs. Breckenridge reported on her attendance at a public meeting sponsored by the North Kings GSA. She was disappointed that the drafting of a plan was nearly complete without input from small water systems.

Mr. Barbeau reported that he has found another insurance carrier willing to quote on directors and officers insurance coverage. An application was signed by President Pope this afternoon.

It was agreed that the annual membership meeting will be held at Belmont Country Club beginning at 6:00PM on March 12, 2019.

After discussion of additional costs of operations and the requirement of an annual audit, the attached FY 2019-20 Annual Operating Budget was approved. Upon motion duly made and seconded, the annual assessment rate for Fiscal 2019-20 will be as follows:

<b>Member Category</b>	<b>2017-18 Annual Member Assessment Rate</b>	<b>2019-20 Annual Member Assessment Rate</b>
<b>Regular Lots</b>	\$600.00	\$725.00
<b>Large Lots</b>	\$850.00	\$975.00

The meeting was adjourned by President Pope at 6:30 PM.

Mike Emigh  
Secretary/Treasurer

**Budget Fy2019-20**

<b>Category</b>	<b>12/31/2018 Actual</b>	<b>2/28/2019 Projected</b>	<b>Total Projected</b>	<b>- Budget</b>	<b>Difference</b>	<b>% Change</b>
INCOME	\$26,761	\$1	\$26,762	\$30,262	\$3,500	13%
Annual Carrying Costs - Special Assmts.	255	0	255	250	(5)	-2%
Interest Inc	6	1	7	12	5	71%
Member Assessments	26,500	0	26,500	30,000	3,500	13%
EXPENSES	\$27,044	\$3,846	\$30,890	\$25,900	(\$4,990)	-16%
Annual Operating Fee	25	250	275	250	(25)	-9%
Bank Charge	41	0	41	50	9	22%
Depreciation	1,827	366	2,193	2,220	27	1%
Dues	0	198	198	200	2	1%
Education, Training and Certifications	464	0	464	0	(464)	-100%
Electricity	7,356	508	7,864	8,282	418	5%
Insurance	1,305	0	1,305	1,400	95	7%
Interest Expense	359	72	431	360	(71)	-16%
Maintenance and Repairs	224	400	624	2,400	1,776	285%
Meeting Expenses	734	50	784	1,000	216	28%
Operator Charges	1,662	762	2,424	4,724	2,300	95%
Prof and Legal Fees:1,2,3-TCP	9,940	0	9,940	1,380	(8,560)	-86%
Other Prof and Legal Fees	380	500	880	1,200	320	36%
Property Taxes	196	0	196	200	4	2%
Supplies	20	20	40	240	200	500%
Water Test Charges And Fees:1,2,3,-TCP	1,350	250	1,600	1,394	(206)	-13%
Other Water Test Charges And Fees	1,161	470	1,631	600	(1,031)	-63%
Net Difference:	(\$283)	(\$3,845)	(\$4,128)	\$4,362	\$8,490	-206%



# Balance Sheet - As of 3/31/2019

(Accrual Basis)

3/31/2019

Page 1

Account	2/28/2019 Balance	3/31/2019 Balance
<b>ASSETS</b>		
<b>Cash and Bank Accounts</b>		
Bank of America - Checking	54,662.25	54,460.17
Bank of America Savings	0.00	0.00
PayPal Account	936.83	1,305.83
<b>TOTAL Cash and Bank Accounts</b>	<b>55,599.08</b>	<b>55,766.00</b>
<b>Other Assets</b>		
Accounts Receivable	2,077.30	2,077.30
Allowance For Bad Debts	0.00	0.00
Assessments Receivable	1,362.50	30,662.50
Storage Tank and Connections	39,276.18	39,093.50
<b>TOTAL Other Assets</b>	<b>42,715.98</b>	<b>71,833.30</b>
<b>TOTAL ASSETS</b>	<b>98,315.06</b>	<b>127,599.30</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>LIABILITIES</b>		
<b>Other Liabilities</b>		
Accounts Payable	25.00	25.00
Accrued Interest	27.72	55.44
Michael N or Patricia J Emigh	5,461.80	5,461.80
<b>TOTAL Other Liabilities</b>	<b>5,514.52</b>	<b>5,542.24</b>
<b>TOTAL LIABILITIES</b>	<b>5,514.52</b>	<b>5,542.24</b>
<b>EQUITY</b>	<b>92,800.54</b>	<b>122,057.06</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>98,315.06</b>	<b>127,599.30</b>

**Budget 2018-19 - Mar 2019**  
 3/1/2019 through 3/31/2019 Using Fy 2019-20

3/31/2019

Page 1

Category	3/1/2019 Actual	- Budget	3/31/2019 Difference
<b>INCOME</b>	<b>29,999.96</b>	<b>30,001.00</b>	<b>-1.04</b>
Finance Charges	0.00	0.00	0.00
Annual Carrying Costs - Special Assmts.	0.00	0.00	0.00
Handling Fee	0.00	0.00	0.00
Interest Inc	-0.04	1.00	-1.04
Member Assessments	30,000.00	30,000.00	0.00
Special Assessments	0.00	0.00	0.00
<b>EXPENSES</b>	<b>743.44</b>	<b>1,865.00</b>	<b>1,121.56</b>
Not Sure, Biz	0.00	0.00	0.00
Annual Operating Fee	0.00	0.00	0.00
Bank Charge	0.00	25.00	25.00
Depreciation	182.68	185.00	2.32
Dues	0.00	0.00	0.00
Education, Training and Certifications	0.00	0.00	0.00
Electricity	127.04	294.00	166.96
Insurance	0.00	0.00	0.00
Interest Expense	27.72	30.00	2.28
Maintenance and Repairs	0.00	200.00	200.00
Meeting Expenses	0.00	0.00	0.00
Operator Charges	381.00	381.00	0.00
Postage and Delivery	0.00	0.00	0.00
Prof and Legal Fees	<b>0.00</b>	<b>295.00</b>	<b>295.00</b>
1,2,3-TCP	0.00	100.00	100.00
Other Prof and Legal Fees	0.00	195.00	195.00
Property Taxes	0.00	0.00	0.00
Supplies	0.00	20.00	20.00
Water Test Charges And Fees	<b>25.00</b>	<b>435.00</b>	<b>410.00</b>
1,2,3,-TCP	0.00	150.00	150.00
Other Water Test Charges And Fees	25.00	285.00	260.00
<b>Net Difference:</b>	<b>29,256.52</b>	<b>28,136.00</b>	<b>1,120.52</b>

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 3/1/2019 through 3/31/2019 Using Fy 2019-20

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Operator Charges	381.00	381.00	0.00
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**From:** [Belmont Water Corporation](#)  
**To:** [Nic Pope](#)  
**Subject:** Fwd: Financial Reveiw  
**Date:** Tuesday, December 11, 2018 8:14:30 PM

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Nic,

Something we need to do.

Mike Emigh  
BWC  
Sec/Treas  
Sent from my Apple device  
C: 559.289.1544

Begin forwarded message:

**From:** Kelly Blocker <[kblocker@kkcpafirm.com](mailto:kblocker@kkcpafirm.com)>  
**Date:** December 11, 2018 at 9:40:10 AM PST  
**To:** Belmont Water Corporation <[belmontwatercorp@gmail.com](mailto:belmontwatercorp@gmail.com)>  
**Subject: RE: Financial Reveiw**

Hi Mike,

For the financial statement, I would estimate the fee to be between \$800-\$1,100. I would only charge my time spent, but being a first year, it's hard to know how long it will take.

Thank you,

Kelly Blocker, CPA

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**From:** Belmont Water Corporation [<mailto:belmontwatercorp@gmail.com>]  
**Sent:** Monday, December 10, 2018 7:40 AM  
**To:** Kelly Blocker <[kblocker@kkcpafirm.com](mailto:kblocker@kkcpafirm.com)>  
**Subject:** RE: Financial Reveiw

Hi Kelly,

The text of the law says review. What is compiled?

By the way, do you know anyone looking to change jobs? The CFO position is open at my previous company and I'm going to be filling in for a period of time. I would like to see the position filled soon. I mostly like retirement.

February 8, 2019

Mike Emigh  
Secretary/Treasurer  
Belmont Water Corporation  
8309 E. Sanders Ct.  
Fresno, CA 93737

**RE: Belmont Water Corporation (BWC) – TCP Removal POE Pilot Study**

Dear Mike,

MKN & Associates, Inc. (MKN) has prepared this letter proposal for performing a pilot study (Study) of Point of Entry (POE) treatment devices for removing 1,2,3-trichloropropane (TCP) from water supplied by Belmont Water Corporation (BWC) to its customers. The Study is intended to meet the requirements of the California Regional Water Quality Control Board Division of Drinking Water (DDW) for use of POE systems for water treatment.

The Study will test the two POE systems identified in the “POE Treatment Evaluation” (Evaluation):

- HomePlus Products, Model CP-CS-5810XTR2-10-54.
- Aquasana, Model EQ-1000.

Other devices could be tested as well at additional cost. However, testing two devices should adequately demonstrate the ability of GAC to remove TCP from BWC’s water.

There are two options for installing the pilot systems:

- **In-home installation.** In-home installation would be nearly identical to the equipment that would be installed for the permanent system-wide installation. Two homeowners would have to agree to the installation and allow monthly access for sampling and system inspection. The pilot test would require a full year of operation to verify that the treatment units are capable of serving for a year without media replacement.
- **Well head installation.** A well head installation provides an accelerated completion of the pilot test in a few months. The POE systems are intended to provide a full year of operation without changing the carbon, and testing at the well head would allow us to load the carbon at an accelerated rate by testing at flows much greater than single-home demands. At an estimated household indoor water use of 20,000 gallons per month, it will be necessary to treat 240,000 gallons per unit to verify that the units can reach the goal of annual changeout.

This scope of services assumes the well head installation approach, which likely can be completed within a few months.

When considering operation of GAC, it is important to note that water use in the home is intermittent. The POE system will need to treat a significant flow of water for a relatively short time, then be idle for extended periods. This can impact the adsorption pattern within the media. The pilot test will be designed to mimic this behavior by treating water for five minutes at 6 gpm then shutting off for ten minutes, treating a total of 120 gallons per hour. At this rate, it will take 83 days (about 12 weeks) to treat the 240,000 gallons used in the Evaluation as the probable annual household consumption.

One of the most significant concerns for well head installation is disposal of the treated water during the pilot testing. With two systems each treating (at an assumed rate of 6 gpm) 2,880 gallons per day, it will be necessary to dispose of 5,760 gallons of water per day, for a period of over 80 days. Since there is no sewer available near the well to receive this water, it will be necessary to find a suitable disposal location.

Prior to commencement of the Study, it will be necessary to prepare a Pilot Test Protocol to define the study activities, equipment, procedures, and anticipated work product. This Protocol must be submitted to the DDW and approved before the Study can be implemented. At completion, a report must be prepared describing the methodology, operation, and results of the Study. This report will be the basis for DDW approval of BWC's plan for implementing POE treatment in lieu of centralized treatment for TCP removal.

### Scope of Services

MKN proposes to complete the following work tasks to complete the Study.

- **Prepare Study Protocol.** The Protocol will describe:
  - Objectives of the Study
  - Equipment to be used in the Study
  - Location and details of equipment installation
  - Operations and staffing plan
  - Sampling and analysis plan
  - Residuals disposal methods
  - Schedule
  - Report outline

The draft Protocol will be delivered to DDW for review and comment. DDW comments will be incorporated into the final Protocol.

- **Equipment Procurement.** MKN will obtain firm quotations for treatment equipment to be delivered to BWC. BWC will purchase equipment directly.

- **Design equipment installation.** MKN will visit the proposed installation site and determine, in conjunction with BWC, the proposed method of installing the equipment. This evaluation will include developing a method of disposal for the water treated by the pilot system. Appropriate sketches or drawings will be prepared to allow installation of the treatment equipment by a licensed plumber. Well head treatment is assumed.
- **Pilot Operations.** MKN will visit the pilot systems on a weekly basis for 16 weeks to observe pilot operation and verify that the system is working properly. Samples for analysis will be obtained during these visits and delivered to the testing lab. Analytical work will be delivered directly to BWC. Visits will be discontinued if TCP breakthrough occurs prior to 16 weeks. At the conclusion of the Study, the pilot equipment will be removed by a licensed plumber and retained for use by BWC.
- **Report Preparation.** MKN will prepare a draft Pilot Study Report describing the Study and its results. The draft report will be presented to BWC for review and comment. After incorporation of comments the report will be presented to DDW for review.

**Deliverables:**

- *Draft and final Pilot Protocol*
- *Installation schematics*
- *Draft and final Pilot Study Reports*
- 

**Assumptions:**

- *The two treatment packages presented in the Evaluation are acceptable for use.*
- *A suitable method of disposal for the treated water is readily available.*
- *All equipment installation and removal will be performed by a licensed plumber hired by BWC, and is not included in this scope of services.*
- *The pilot systems will be installed at the well head to minimize pilot duration to approximately 16 weeks. Additional work may be required if the pilot testing is performed at single homes.*

**Schedule**

MKN shall perform the work contained in this Scope of Services according to the following schedule:

- Draft Pilot Protocol within 45 days of Notice to Proceed
- Develop installation schematics within 14 days of site visit
- Pilot operation will commence within 30 days of receipt of DDW approval of the Pilot Protocol.
- Pilot operation will be 16 weeks or until breakthrough of both systems, whichever comes first.
- Draft Pilot Study Report will be prepared within 30 days of receipt of final laboratory reports.

## Compensation

MKN will be compensated for services provided on a time-and-materials basis in accordance with MKN's Hourly Rate Schedule (Exhibit B). Our initial fee estimate to perform these services is \$12,800.

Thank you for the opportunity to provide this proposal for your consideration. Please contact me at (559) 500-4750 ext 1102 or by email at [hliang@mknassociates.us](mailto:hliang@mknassociates.us) if you have any questions.

Sincerely,



Henry W. Liang PE  
Principal

Attachment: Fee Schedule 2019





MKN & Associates, Inc.  
PO Box 1604  
Arroyo Grande, CA 93421  
805 904 6530

## FEE SCHEDULE FOR PROFESSIONAL SERVICES

### ENGINEERS AND TECHNICAL SUPPORT STAFF

Project Director/ Operations Manager	\$200/HR
Principal Engineer	\$185/HR
Senior Project Engineer	\$175/HR
Project Engineer/ Senior Scientist	\$152/HR
Water Resources Planner	\$142/HR
GIS Specialist	\$135/HR
Assistant Engineer II	\$130/HR
Assistant Engineer I	\$110/HR
GIS Technician	\$112/HR
Supervising Drafter	\$110/HR
Drafting/Design Technician II	\$97/HR
Drafting/Design Technician I	\$90/HR
Administrative Assistant	\$60/HR

*Routine office expenses such as computer usage, software licenses and fees, telephone charges, office equipment and supplies, incidental postage, copying, and faxes are included as a 3% fee on labor cost.*

### DIRECT PROJECT EXPENSES

Outside Reproduction	Cost + 10%
Subcontracted or Subconsultant Services	Cost + 10%
Travel & Subsistence (other than mileage)	Cost
Auto Mileage	Current IRS Rate - \$.58/mi.



**Lawson Mechanical Contractors**  
A California Corporation

4626 E. Weathermaker Avenue (559) 291-6600  
Fresno, CA 93703 (559) 291-6700 Fax

(Branch Office)

P.O. Box 15224 (916) 381-5000  
Sacramento, CA 95851-0224 (916) 381-5073 Fax

(Main Office)  
www.lawsonmechanical.com



License # 178385  
Since 1947

March 6, 2019

LMC DIR# 1000002024  
CONTRACTORS LICENSE #178385

**To: Belmont Water Corporation**  
**Attn: Mike Emigh**

**Project: Belmont Water Corporation TCP Removal Pilot Filter Installation**

**Subject: Mechanical Piping Proposal**

Lawson Mechanical Contractors is submitting for your evaluation the following scope letter and price proposal for performing the ***BWC TCP Removal Treatment Pilot Filter Installation***. Subject to the following narrative, clarifications, and exclusions, our proposal is in accordance with the project documents provided by MKN Associates. The following criteria are acknowledged by LMC.

**A. Scope of Work**

Provide system shutdown and draining. Provide and install a thread o let connection to the existing domestic water system as directed by the Engineer/Owner. Provide and install Aquasana Rhino EQ-1000 3/4" Pro water filter and associated piping. Provide and install strut piping support stand for filter. Clean and flush the new system.

**B. Assumptions/Clarifications**

**1. General**

- a. This proposal assumes that the Owner is providing a safe, secure site for equipment and material storage.
- b. This proposal assumes that a safe area to drain water and flush the system per the filter manufacturer's requirements will be provided by the Owner.
- b. ICRA, dust barriers, and temporary partitions are by others.
- c. All work will be during normal business hours (Monday thru Friday, 7:00 am to 3:30 pm).
- e. This proposal shall become part of any contract we may enter.

**C. Exclusions:**

1. Permits, fees, bonds, plan review expenses, inspection services, etc.
2. All saw cutting, breaking, removal and patching of concrete and asphalt.
3. All concrete work such as housekeeping pads, equipment platforms, inertia bases, encasements, grouting, etc.
4. All below grade utility tie-ins, connections to site-work.
5. Third party testing.

6. All temporary construction utilities, services and facilities. All temporary water, sewer, heating, cooling, toilets, hand wash stations, lights, electrical power, job-site security, traffic control, safety barriers, fencing, street cleaning and dust control are to be provided by others.
7. Landscape repair or replacement.
8. Temporary protection of our work.

**D. Provide and Install Aquasana Rhino EQ-1000 Pro Water Filter.....\$ 4,900.00**

THIS PROPOSAL IS VALID FOR SIXTY [40] DAYS.

Should you have any questions regarding this quotation, do not hesitate to give us a call.

Very Truly Yours,  
Lawson Mechanical Contractors



Jeff Short  
Branch Manager

**AGREEMENT RE DISBURSEMENT  
OF SETTLEMENT FUNDS**

This Agreement is made and entered into on the 8 day of May, 2018 by and between BELMONT COUNTRY CLUB, a California corporation and BELMONT WATER CORP., a California corporation.

**RECITALS**

A. The parties hereto are Plaintiffs in San Bernardino County Superior Court Case No. CGC-16-554925 in which SHELL OIL COMPANY and DOW CHEMICAL, among others, are Defendants (hereinafter "the Case").

B. The parties hereto have reached a settlement with the Defendants in the Case whereby the sum of Two Million Two Hundred Sixty-Eight Thousand Five Hundred Fifteen Dollars and Eighty Cents (\$2,268,515.80) (hereinafter "Settlement Funds") will be payable from the Defendants to BELMONT WATER CORP. and BELMONT COUNTRY CLUB.

C. The parties have a disagreement with regard to use and allocation of the Settlement Funds between BELMONT COUNTRY CLUB and BELMONT WATER CORP.

D. The parties desire to continue to work toward an agreement regarding use and allocation of the Settlement Funds and in the meantime desire to provide for deposit of the Settlement Funds into a joint account from which withdrawals will be authorized only upon signature of an officer from each of the parties hereto.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

///

1. The Settlement Funds in the sum of Two Million Two Hundred Sixty-Eight Thousand Five Hundred Fifteen Dollars and Eighty Cents (\$2,268,515.80) shall be deposited in an account at BANK OF SIERRA in the name of BELMONT WATER CORP. and BELMONT COUNTRY CLUB with withdrawals from said account to be authorized only upon a signature of an officer of both BELMONT WATER CORP. and BELMONT COUNTRY CLUB.

2. If the parties are unable to agree upon disbursement of said funds and/or are unable to agree upon the appropriate allocation of such funds between the parties hereto, then the parties hereto shall participate in mediation with a mutually acceptable mediator to resolve such issues. The mediation shall be conducted in Fresno, California pursuant to the rules of the American Arbitration Association pertaining to mediation. The cost of mediation shall be born by the parties equally. If the mediation is unsuccessful, then the dispute may be submitted, by either party, to arbitration in Fresno, California, under the commercial arbitration rules of the American Arbitration Association. Any award or decision obtained from any such arbitration proceeding shall be final and binding on the parties, and judgment upon any award thus obtained may be entered in any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court by any party hereto except (a) an action to compel arbitration pursuant to this Section or (b) an action to enforce an award obtained in an arbitration proceeding in accordance with this Section.

3. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.


4. Each party and counsel for each party has reviewed and has revised or had an opportunity to revise this Agreement; accordingly, the normal rule of construction to the effect

that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. In entering into this Agreement the parties represent that they have relied upon the legal advice of their attorneys who are their attorneys of choice. The parties further represent that this Agreement has been read in full by them and explained to them by their attorneys, and that its terms are fully understood and voluntarily accepted by them.

5. This Agreement may be executed in any number of identical counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument when each party has signed one such counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.


BELMONT WATER CORP., a  
California corporation

By:   
Its: President

By:   
Its: Secretary

BELMONT COUNTRY CLUB, a  
California corporation

By:   
Its: President

By:   
Its: Secretary  
Treasurer

## BELMONT WATER TRUST AGREEMENT

THIS TRUST AGREEMENT, executed \_\_\_\_\_, 2018, is entered into by and between the following parties: BELMONT COUNTRY CLUB, a California corporation, and BELMONT WATER CORP., a California corporation as Trustors; and CURTIS R. WONG, CPA, as Trustee. The Trustors hereby transfer the property listed in Schedule A to the Trustee, which hereby agrees to hold that property and any other property of the trust estate, in trust, on the terms set forth in this Agreement.

1. Purpose of Trust. Trustors are Plaintiffs in San Bernardino County Superior Court Case No. CGC-16-554925 in which SHELL OIL COMPANY and DOW CHEMICAL, among others, are Defendants (hereinafter "the Case"). Trustors have reached a settlement with the Defendants in the Case whereby the sum of Two Million Two Hundred Sixty-Eight Thousand Five Hundred Fifteen Dollars and Eighty Cents (\$2,268,515.80) (hereinafter "Settlement Funds") will be payable to Trustors. Trustors desire to establish this Trust to facilitate banking transactions with respect to the Settlement Funds.

2. Name of Trust. This trust shall be known as the BELMONT WATER TRUST (hereinafter "the Trust").



3. The Trust Estate. The "trust estate" consists of the property, plus any proceeds and undistributed income of the property, listed in Schedule A and any property hereafter transferred to the trust by the Trustors, or from any other person or source.

4. Powers to Revoke or Amend. The Trustors reserve the right to amend or revoke this trust, in whole or in part, or to withdraw property from it, at any time or times by a writing signed by an officer of both Trustors and delivered to the Trustee and, in the case of an amendment, accepted by the Trustee. Upon revocation or withdrawal the Trustee may withhold sufficient property to satisfy amounts due to the Trustee and may require reasonable indemnification against liabilities properly incurred in administering the trust and shall disburse remaining Trust Funds as directed in a writing signed by an officer of both Trustors.

5. Investments and Payments By the Trustee. The Trustee shall invest trust funds and pay or disburse trust funds only in accordance with written instructions signed by an officer of each of the Trustors.

6. Distribution Upon Termination of Trust.

a. The Trust shall terminate upon the earlier of the date which is twenty (20) years from the date of this Trust or the date upon which the Trustee receives written instructions to terminate the Trust signed by an officer of both Trustors.



b. On termination of the Trust, after payment of any remaining Trust expenses and after the Trustee withholds a reserve to satisfy any amounts due to the Trustee, the Trustee shall disburse remaining Trust Funds equally to the two Trustors unless both of the Trustors have provided written instructions to the Trustee for a different distribution.

7. The Trustee and the Trustee's Powers. The Trustee (which term includes any successor Trustee under this Agreement) is entitled to reasonable compensation and:

a. May be removed by the Trustors acting jointly, and may resign without need of court approval (effective upon acceptance of the trust by a successor Trustee) by giving written notice to the Trustors. If CURTIS R. WONG becomes unable or unwilling to act as Trustee, then a successor Trustee shall be designated in writing signed by an officer on behalf of both of the Trustors. No bond shall be required of any Trustee.

b. Shall, except as otherwise expressly limited, have all powers now or hereafter granted by California law (including all powers contained in Probate Code sections 16220 through 16249, inclusive) and all those appropriate to orderly and effective administration of the trust. In addition, the Trustee shall have the power:

(1) To sell (for cash or on credit), exchange, purchase

and retain assets; to improve, alter, lease (even beyond the period of the trust), partition and otherwise deal with and manage trust property; and to invest and reinvest in preferred or common stocks, bonds, mortgages, investment company shares, money market and mutual (including index) funds, common trust funds maintained by the Trustee, and any other property, real or personal; and the Trustee is not limited by legal restrictions on investment by fiduciaries.

(2) To borrow money; to exercise all rights with respect to securities and other property; and to hold title in the name of a nominee or in a manner that will pass title by delivery or otherwise facilitate proper administration.

(3) To employ and compensate (from the trust) accountants, lawyers, investment and tax advisors, agents and others, all as reasonable and appropriate (including by delegation) to aid in the management, administration and protection of the trust estate.

(4) To make distributions or allocations in cash or in kind, including in undivided interests, by prorata or non-prorata division, or any combination of these ways in the Trustee's discretion.

(5) Notwithstanding the foregoing powers, the Trustee shall invest trust funds in accounts only as directed by both Trustors.

c. No Trustee named in this Trust shall be liable to any beneficiary or to any heir of Trustor for the Trustee's acts or failure to act, except for willful misconduct or gross negligence.

8. Mediation. If both Trustors are unable to agree upon instructions to the Trustee regarding investment or disposition of the funds held by the Trustee or upon termination of the Trust or any other matter related to the Trust, then the Trustors shall participate in mediation with a mutually acceptable mediator to resolve such issues. The mediation shall be conducted in Fresno, California pursuant to the rules of the American Arbitration Association pertaining to mediation. The cost of mediation shall be born by the Tustors equally. If the mediation is unsuccessful, then the dispute may be submitted, by either Trustor, to arbitration in Fresno, California, under the commercial arbitration rules of the American Arbitration Association. Any award or decision obtained from any such arbitration proceeding shall be final and binding on the parties, and judgment upon any award thus obtained may be entered in any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to this Trust shall be instituted in any court by any party hereto except (a) an action to compel arbitration pursuant to this paragraph or (b) an action to enforce an award obtained in an arbitration proceeding in accordance with this paragraph..

9 Applicable Law. The validity of this trust and the construction of

its beneficial provisions shall be governed by the laws of the state of California in force from time to time. This paragraph shall apply regardless of any change of residence of any Trustee or any beneficiary or the appointment or substitution of a Trustee residing or doing business in another state.

10 Enforceability. If any provisions of this trust instrument are unenforceable, the remaining provisions shall nevertheless be carried into effect.

Executed at Fresno, California, on \_\_\_\_\_, 2018.

**TRUSTORS:**

**TRUSTEE:**

BELMONT COUNTRY CLUB,  
a California corporation

\_\_\_\_\_  
CURTIS R. WONG, CPA

By: \_\_\_\_\_

Its: \_\_\_\_\_

BELMONT WATER CORP.,  
a California corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**SCHEDULE A**

Settlement funds due to Trustors in San Bernardino County Superior Court Case  
No. CGC-16-554925

M:\Linda\Belmont Water\Trust-2018.fim

**AGREEMENT RE DISBURSEMENT  
OF SETTLEMENT FUNDS**

This Agreement is made and entered into on the \_\_\_ day of \_\_\_\_\_, 2019 by and between BELMONT COUNTRY CLUB, a California corporation and BELMONT WATER CORP., a California corporation.

**RECITALS**

A. The parties hereto are Plaintiffs in San Bernardino County Superior Court Case No. CGC-16-554925 in which SHELL OIL COMPANY and DOW CHEMICAL, among others, are Defendants (hereinafter "the Case").

B. The parties hereto have reached a settlement with the Defendants in the Case whereby the sum of Two Million Two Hundred Sixty-Eight Thousand Five Hundred Fifteen Dollars and Eighty Cents (\$2,268,515.80) (hereinafter "Settlement Funds") will be payable from the Defendants to BELMONT WATER CORP. and BELMONT COUNTRY CLUB.

C. The parties hereto have a disagreement with regard to allocation of the Settlement Funds between BELMONT COUNTRY CLUB and BELMONT WATER CORP.

D. The parties desire to continue to work toward an agreement regarding allocation of the Settlement Funds and in the meantime desire to provide for deposit of the Settlement Funds into trust account from which withdrawals will be authorized only upon signature of an officer from each of the parties hereto.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. The Settlement Funds in the sum of Two Million Two Hundred Sixty-Eight Thousand Five Hundred Fifteen Dollars and Eighty Cents (\$2,268,515.80) shall be deposited in an interest bearing trust account at accounting firm of Ratzlaff, Tamberi & Wong, 7650 N. Palm, Suite 105, Fresno, CA 93711 in the name of BELMONT WATER CORP. and BELMONT COUNTRY CLUB with withdrawals from said account to be authorized only upon a signature of an officer of both BELMONT WATER CORP. and BELMONT COUNTRY CLUB.

2. If the parties are unable to agree upon disbursement of said funds and/or are unable to agree upon the appropriate allocation of such funds between the parties hereto, then either party may demand mediation with a mutually acceptable mediator to resolve such issues. The mediation shall be conducted in Fresno, California pursuant to the rules of the American Arbitration Association pertaining to mediation. The cost of mediation shall be borne by the parties equally.

3. If the mediation is unsuccessful, then the dispute may be submitted, by either party, to arbitration in Fresno, California, under the commercial arbitration rules of the American Arbitration Association. Any award or decision obtained from any such arbitration proceeding shall be final and binding on the parties, and judgment upon any award thus obtained may be entered in any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court by any party hereto except (a) an action to compel arbitration pursuant to this Section or (b) an action to enforce an award obtained in an arbitration proceeding in accordance with this Section.

4. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

5. Each party and counsel for each party has reviewed and has revised or had an opportunity to revise this Agreement; accordingly, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. In entering into this Agreement the parties represent that they have relied upon the legal advice of their attorneys who are their attorneys of choice. The parties further represent that this Agreement has been read in full by them and explained to them by their attorneys, and that its terms are fully understood and voluntarily accepted by them.

6. This Agreement may be executed in any number of identical counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument when each party has signed one such counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BELMONT WATER CORP., a  
California corporation

By: \_\_\_\_\_  
Its: President

By: \_\_\_\_\_  
Its: Secretary

BELMONT COUNTRY CLUB, a  
California corporation

By: \_\_\_\_\_  
Its: President

By: \_\_\_\_\_  
Its: Secretary



**From:** [Stephen Lee](mailto:Stephen.Lee@sequoiafresno.org)  
**To:** [memigh@comcast.net](mailto:memigh@comcast.net); [nic@sequoiafresno.org](mailto:nic@sequoiafresno.org)  
**Subject:** Fwd: Here is Curtis" Response  
**Date:** Friday, April 5, 2019 10:16:42 AM

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Finally here is the information you requested

Sent from my iPad

Begin forwarded message:

**From:** Amber Herman <[amber@bccemail.net](mailto:amber@bccemail.net)>  
**Date:** April 4, 2019 at 2:16:39 PM PDT  
**To:** Ryan Lancaster <[ryan@bccemail.net](mailto:ryan@bccemail.net)>, "[pom9155@gmail.com](mailto:pom9155@gmail.com)" <[pom9155@gmail.com](mailto:pom9155@gmail.com)>  
**Subject:** Here is Curtis' Response

1. What is the agreement to engage Curtis Wong? (A simple agreement to place funds in RTW trust account to be set-up at Wells Fargo Advisors.)
2. What is the name of the account with his firm? (Ratzlaff Tamberi & Wong Trust acct for the benefit of Belmont CC & Belmont Water Corp.)
3. Will Curtis Wong be creating an entity for BWC and BCC with its own Tax Identification Number? (No, just a trust account at Wells Fargo Advisors.)
4. Do we have all the necessary insurance in place to ensure our funds are safeguarded while in trust with Mr. Wong's firm? (We have E & O insurance along with general liability insurance.)
5. What are the fees to be charged by his firm? (Only fee will be the taxes on the interest income incurred by RTW charged to handle this account and no tax return to be required.)
6. What documents are needed to instruct his firm to invest the funds as we agree? (Written instructions for specific request otherwise they will be invested in staggered certificates of deposits with Wells Fargo Advisors.)
7. What documents are needed to instruct Mr. Wong to pay invoices presented for accountant fees, investment costs, and cost of mitigation as we agree? (N/A)
8. What happens if we decide that Mr. Wong is not adequately servicing our needs? (You can terminate the relationship in writing and the funds will be transferred to another trust holder.)

**Amber Herman**  
Belmont Country Club  
Office Manager  
559-251-5078 xt 12  
Fax 559-251-2713

## Disclosures

**This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.**

**Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.**

**This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.**

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

## Disclosures - Continued

### NY REGULATION 194 DISCLOSURE

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

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### Other Disclosures / Disclaimers

#### FATCA:

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

#### Claims Reporting:

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

#### Claims Made Policy:

*(Applicable to any coverage that is identified as claims made)*

This claims-made policy contains a requirement stating that this policy applies only to any claim first made against the Insured and reported to the insurer during the policy period or applicable extended reporting period. Claims must be submitted to the insurer during the policy period, or applicable extended reporting period, as required pursuant to the Claims/Loss Notification Clause within the policy in order for coverage to apply. Late reporting or failure to report pursuant to the policy's requirements could result in a disclaimer of coverage by the insurer.

## Other Disclosures / Disclaimers - Continued

### Claims Made Policy (D&O/EPL)

*(Applicable to any coverage that is identified as claims made)*

This claims-made policy contains a requirement stating that this policy applies only to any claim first made against the Insured and reported to the insurer during the policy period or applicable extended reporting period. Claims must be submitted to the insurer during the policy period, or applicable extended reporting period, as required pursuant to the Claims/Loss Notification Clause within the policy in order for coverage to apply. Late reporting or failure to report pursuant to the policy's requirements could result in a disclaimer of coverage by the insurer.

Any Employment Practices Liability (EPL) or Directors & Officers (D&O) with EPL coverage must give notice to the insurer of any charges / complaints brought by any state / federal agency (i.e. EEOC and similar proceedings) involving an employee. To preserve your rights under the policy, it is important that timely notice be given to the insurer, whether or not a right to sue letter has been issued.

### NRRA:

*(Applicable if the insurance company is non-admitted)*

The Non-Admitted and Reinsurance Reform Act (NRRA) went into effect on July 21, 2011. Accordingly, surplus lines tax rates and regulations are subject to change which could result in an increase or decrease of the total surplus lines taxes and/or fees owed on this placement. If a change is required, we will promptly notify you. Any additional taxes and/or fees must be promptly remitted to Alliant Insurance Services, Inc.

### Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Changes in any operations such as expansion to another states, new products, or new applications of existing products.
- Travel to any state not previously disclosed.
- Mergers and/or acquisition of new companies and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances which may require an increased liability insurance limit.
- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

## Other Disclosures / Disclaimers - Continued

### Certificates / Evidence of Insurance

- A certificate is issued as a matter of information only and confers no rights upon the certificate holder. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or certificate holder.
- 
- You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a certificate of insurance, you may be required to name your client or customer on your policy as an additional insured. This is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- ) Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- ) Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- ) There may be conflicts in defense when your insurer has to defend both you and the additional insured.

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**Shown above are the disclosures / disclaimers that are attached to all Property & Casualty insurance proposals. Please acknowledge receipt and review.**

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**Signature**

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**Date**

---

**Title**

---

**Printed / Typed Name**

## Optional Coverages

The following represents a list of insurance coverages that are not included in this proposal, but are optional and may be available with further underwriting information.

Note some of these coverages may be included with limitations or insured elsewhere. This is a partial listing as you may have additional risks not contemplated here or are unique to your organization.

- |   |   |
|---|---|
| <input type="checkbox"/> Crime / Fidelity Insurance     | <input type="checkbox"/> Media and Publishers Liability                                       |
| <input type="checkbox"/> Directors & Officers Liability | <input type="checkbox"/> Medical Malpractice Liability  |
| <input type="checkbox"/> Earthquake Insurance           | <input type="checkbox"/> Network Security / Privacy Liability and Internet<br>Media Liability |
| <input type="checkbox"/> Employed Lawyers               | <input type="checkbox"/> Pollution Liability  |
| <input type="checkbox"/> Employment Practices Liability | <input type="checkbox"/> Owner/Non-Owned Aircraft   |
| <input type="checkbox"/> Event Cancellation             | <input type="checkbox"/> Owned Watercraft   |
| <input type="checkbox"/> Fiduciary Liability            | <input type="checkbox"/> Special Events Liability   |
| <input type="checkbox"/> Fireworks Liability            | <input type="checkbox"/> Student Accident   |
| <input type="checkbox"/> Flood Insurance                | <input type="checkbox"/> Volunteer Accidental Death & Dismemberment<br>(AD&D)                 |
| <input type="checkbox"/> Foreign Insurance              | <input type="checkbox"/> Workers' Compensation  |
| <input type="checkbox"/> Garage Keepers Liability       | <input type="checkbox"/> Workplace Violence   |
| <input type="checkbox"/> Kidnap & Ransom                |   |
| <input type="checkbox"/> Law Enforcement Liability      |   |

## Glossary of Insurance Terms

Below are a couple of links to assist you in understanding the insurance terms you may find within your insurance coverages:

<http://insurancecommunityuniversity.com/UniversityResources/InsuranceGlossaryFREE.aspx>

<http://www.ambest.com/resource/glossary.html>

<http://www.irmi.com/online/insurance-glossary/default.aspx>

## Binding Requirements Recap

Below is a recap by Line of Coverage. **All coverages require a written request to bind coverage**

### Travelers – Director’s & Officers

- ) Written request to Bind
- ) Alliant Disclosures

### Philadelphia – Director’s & Officers

- ) Written request to Bind – Signed & Dated
- ) Alliant Disclosures – Signed & Dated
- ) Phyl Bind Letter – Signed & Dated
- ) Terrorism Reject Form - Signed & Dated if Rejecting Coverage
- ) Confirm that the dispute/settlement with the Belmont Country Club is concluded
- ) Explain the planned cost of the new treatment plant and how it will be funded
- ) Provide an explanation if the settlement with the Belmont Country Club will affect the funding of the treatment plant
- ) Confirmation that the non-profit status will be verified per IRS Pub 78
- ) Provide details on the change in directors

In order to complete the underwriting process, we require that you send us any additional information requested above. We are not required to bind coverage prior to our receipt and underwriting acceptance of the above information. However, if we do bind coverage prior to such acceptance, the terms and conditions as indicated above may be amended until such receipt and acceptance. Any agreement to bind coverage in connection with this proposal must be in writing from an authorized employee of the Insurer.



## Request to Bind Coverage

### BELMONT WATER CORPORATION

We have reviewed the proposal and agree to the terms and conditions of the coverages presented. We are requesting coverage to be bound as outlined by coverage line below:

Coverage	Bind Coverage	Effective Date
*Director's & Officer's Liability	<input type="checkbox"/>	_____

\*Options (Choose One):

Travelers

- \$1,000,000 Limit (Annual Premium \$3,136) Accept  Reject
- \$2,000,000 Limit (Annual Premium \$4,154) Accept  Reject

Philadelphia

- \$1,000,000 Limit (Annual Premium \$1,391) Accept  Reject

*This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers and disclosures, including exposures used to develop insurance terms, contained within this proposal*

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Printed / Typed Name**

\_\_\_\_\_  
**Date**

**This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval. *The actual terms and conditions of the policy will prevail.***

## Appendix

) Copies of Carrier Quotes



**Wrap<sup>+</sup>**  
for Non-Profit Organizations

**Noel Rodgers**  
401 Lennon Lane  
WALNUT CREEK, CA 94598  
Phone: (925) 945-4034  
Fax: (925) 945-4423  
Email: NRODGER2@travelers.com

January 15, 2019

Clint Haskell  
ALLIANT INS SERV INC  
9 RIVER PARK PL EAST STE 310  
FRESNO, CA 93720

**RE: Insured Name:** BELMONT WATER CORPORATION  
8281 E SANDERS CT  
FRESNO, CA 93737-9755

**Expiring Policy Number:** N/A

**Policy Period:** January 15, 2019 to January 15, 2020

Dear Clint Haskell:

On behalf of **Travelers Casualty and Surety Company of America** we are pleased to provide the attached proposal of insurance for your review.

The quotes contained in this document are valid for 30 days, and are subject to the provision of, and Travelers' review and acceptance of, the required underwriting information noted in the Contingencies section. Travelers reserves the right to change the quotes in this document, or to refuse to bind coverage entirely, based on review of the required underwriting information or based on adverse change in the risk(s) to be insured prior to the quote expiration date noted in this document.

Travelers is pleased to offer Risk Management PLUS+ Online<sup>®</sup>, the industry's most comprehensive program for mitigating your management liability exposures, which is available to you at no additional cost. Please visit [www.rmplusonline.com](http://www.rmplusonline.com) to view the services that are available. If you have additional questions about the site please contact your Underwriter.

Travelers Casualty and Surety Company of America, a subsidiary of The Travelers Companies, Inc., has consistently earned high ratings for financial strength and claims-paying ability from independent rating services, including a current A.M. Best rating of A++\*. Founded in 1853, The Travelers Companies, Inc. is a Fortune 500 company, a component of the Dow Jones Industrial Average, and a leading provider of property casualty insurance for businesses.

Thank you for considering Travelers for your client's insurance coverages. We look forward to discussing this opportunity with you.

Sincerely,

**Noel Rodgers**

Travelers Bond & Specialty Insurance

\*A.M. Best's rating of A++ applies to Travelers Casualty and Surety Company of America as well as to certain insurance subsidiaries of Travelers that are members of the Travelers Insurance Companies pool; other subsidiaries are included in another rating pool or are separately rated. For a listing of companies rated by A.M. Best and other rating services visit [www.travelers.com](http://www.travelers.com). Ratings listed herein are as of May 2014, are used with permission, and are subject to changes by the rating services. For the latest rating, access [www.ambest.com](http://www.ambest.com).

**Travelers Casualty and Surety Company of America**  
**QUOTE OPTION #1**

**LIABILITY COVERAGES:**

Coverage	Limit	Additional Defense Limit	Retention	Continuity Date	Prior & Pending Proceeding Date
Non-Profit D&O	\$1,000,000	N/A	\$0 (A) \$5,000 (B) \$5,000 (C)	Inception	Inception

**TOTAL ANNUAL PREMIUM - \$3,136.00**

(Other term options listed below, if available)

**COVERAGE DETAILS:**

Supplemental Personal Indemnification Coverage: \$1,000,000

for all Non-Profit Organization Directors and Officers Liability **Claims**

**LIMIT DETAIL:**

Shared Additional Defense Limit of Liability: N/A

**EXTENDED REPORTING PERIOD AND RUN-OFF:**

Extended Reporting Period for Liability Coverages:

Additional Premium Percentage: 100%  
 Additional Months: 12

Run-Off Extended Reporting Period for Liability Coverages:

Additional Premium Percentage: N/A  
 Additional Months: N/A

**CLAIM DEFENSE FOR ASSOCIATION MANAGEMENT LIABILITY COVERAGE, LIABILITY COVERAGES AND/OR CYBER COVERAGE:**

Duty to Defend

**ANNUAL REINSTATEMENT:**

Liability Coverage Limit of Liability: N/A

**PREMIUM DETAIL:**

Term	Payment Type	Premium	Taxes	Surcharges	Total Premium	Total Term Premium
1 Year	Prepaid	\$3,136.00	\$0.00	\$0.00	\$3,136.00	\$3,136.00

**POLICY FORMS APPLICABLE TO QUOTE OPTION # 1:**

NDO-2001-0109 Non Profit Organization Directors and Officers Liability Declarations Page  
 NDO-3001-0109 Non Profit Organization Directors and Officers Liability Policy

**ENDORSEMENTS APPLICABLE TO QUOTE OPTION # 1:**

ACF-4031-0211 California Punitive Damages Amendatory Endorsement  
 ACF-7006-0511 Removal of Short-Rate Cancellation Endorsement  
 AFE-19004-0115 Cap on Losses From Certified Acts of Terrorism Endorsement  
 AFE-19008-0115 Federal Terrorism Risk Insurance Act Disclosure  
 LIA-10001-0610 Settlement Condition Endorsement

LIA-19097-0315	Global Coverage Compliance Endorsement
LIA-19137-0517	Automatic Coverage for All Formed Subsidiaries and Acquired Subsidiaries with Assets not Exceeding 35% Endorsement
LIA-3001-0109	Liability Coverage Terms and Conditions
LIA-5004-1107	California Cancellation and Nonrenewal Endorsement
LIA-7097-0109	Amend Number of Days for Electing Extended Reporting Period Endorsement
LIA-7115-0911	Amend Definition of Subsidiary Endorsement
NDO-19001-0512	Amend Definition of Outside Entity Endorsement
NDO-19005-0216	Extradition Coverage Endorsement
NDO-19006-1112	Bankruptcy And Whistleblower Carvebacks Endorsement
NDO-19009-0713	Amend Section III. Exclusions B. 1. Final Non-Appealable in Any Proceeding Other Than A Proceeding Initiated By The Company
NDO-19016-0517	Amend Definition of Insured Person to Include Advisory Board Members Endorsement
NDO-19017-0517	Amend Loss Definition to Include Coverage Carvebacks for Liquidated Damages under the Age Discrimination in Employment, Equal Pay, and Family Medical Leave Acts, and Civil Penalties under the Foreign Corrupt Practices Act Endorsement
NDO-7003-0109	Absolute Bodily Injury Exclusion Endorsement
NDO-7017-0109	Crisis Management Coverage Endorsement
NDO-7018-0109	Delete Coverage for Employment Related Wrongful Acts Endorsement
NDO-7019-0109	Supplemental Personal Indemnification Coverage Endorsement

**CONTINGENCIES APPLICABLE TO QUOTE OPTION # 1:**

*This quote is contingent on the acceptable underwriting review of the following information prior to the quote expiration date.*

None

**COMMISSION:** 15.00%

**Travelers Casualty and Surety Company of America**  
**QUOTE OPTION #2**

**LIABILITY COVERAGES:**

Coverage	Limit	Additional Defense Limit	Retention	Continuity Date	Prior & Pending Proceeding Date
Non-Profit D&O	\$2,000,000	N/A	\$0 (A) \$5,000 (B) \$5,000 (C)	Inception	Inception

**TOTAL ANNUAL PREMIUM - \$4,154.00**

(Other term options listed below, if available)

**COVERAGE DETAILS:**

Supplemental Personal Indemnification Coverage: \$1,000,000

for all Non-Profit Organization Directors and Officers Liability **Claims**

**LIMIT DETAIL:**

Shared Additional Defense Limit of Liability: N/A

**EXTENDED REPORTING PERIOD AND RUN-OFF:**

Extended Reporting Period for Liability Coverages:

Additional Premium Percentage: 100%  
 Additional Months: 12

Run-Off Extended Reporting Period for Liability Coverages:

Additional Premium Percentage: N/A  
 Additional Months: N/A

**CLAIM DEFENSE FOR ASSOCIATION MANAGEMENT LIABILITY COVERAGE, LIABILITY COVERAGES AND/OR CYBER COVERAGE:**

Duty to Defend

**ANNUAL REINSTATEMENT:**

Liability Coverage Limit of Liability: N/A

**PREMIUM DETAIL:**

Term	Payment Type	Premium	Taxes	Surcharges	Total Premium	Total Term Premium
1 Year	Prepaid	\$4,154.00	\$0.00	\$0.00	\$4,154.00	\$4,154.00

**POLICY FORMS APPLICABLE TO QUOTE OPTION # 2:**

NDO-2001-0109 Non Profit Organization Directors and Officers Liability Declarations Page  
 NDO-3001-0109 Non Profit Organization Directors and Officers Liability Policy

**ENDORSEMENTS APPLICABLE TO QUOTE OPTION # 2:**

ACF-4031-0211 California Punitive Damages Amendatory Endorsement  
 ACF-7006-0511 Removal of Short-Rate Cancellation Endorsement  
 AFE-19004-0115 Cap on Losses From Certified Acts of Terrorism Endorsement  
 AFE-19008-0115 Federal Terrorism Risk Insurance Act Disclosure  
 LIA-10001-0610 Settlement Condition Endorsement

LIA-19097-0315	Global Coverage Compliance Endorsement
LIA-19137-0517	Automatic Coverage for All Formed Subsidiaries and Acquired Subsidiaries with Assets not Exceeding 35% Endorsement
LIA-3001-0109	Liability Coverage Terms and Conditions
LIA-5004-1107	California Cancellation and Nonrenewal Endorsement
LIA-7097-0109	Amend Number of Days for Electing Extended Reporting Period Endorsement
LIA-7115-0911	Amend Definition of Subsidiary Endorsement
NDO-19001-0512	Amend Definition of Outside Entity Endorsement
NDO-19005-0216	Extradition Coverage Endorsement
NDO-19006-1112	Bankruptcy And Whistleblower Carvebacks Endorsement
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NDO-7017-0109	Crisis Management Coverage Endorsement
NDO-7018-0109	Delete Coverage for Employment Related Wrongful Acts Endorsement
NDO-7019-0109	Supplemental Personal Indemnification Coverage Endorsement

**CONTINGENCIES APPLICABLE TO QUOTE OPTION # 2:**

*This quote is contingent on the acceptable underwriting review of the following information prior to the quote expiration date.*

None

**COMMISSION:** 15.00%

**QUOTE NOTES:**

**NOTICES:**

It is the agent's or broker's responsibility to comply with any applicable laws regarding disclosure to the policyholder of commission or other compensation we pay, if any, in connection with this policy or program.

**Important Notice Regarding Compensation Disclosure**

For information about how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: [http://www.travelers.com/w3c/legal/Producer\\_Compensation\\_Disclosure.html](http://www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html)

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Agency Compensation, One Tower Square, Hartford, CT 06183.

**FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE**

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA"), establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). Act Of Terrorism is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been 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.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

- 85% with respect to such Insured Losses occurring in calendar year 2015.
- 84% with respect to such Insured Losses occurring in calendar year 2016.
- 83% with respect to such Insured Losses occurring in calendar year 2017.
- 82% with respect to such Insured Losses occurring in calendar year 2018.
- 81% with respect to such Insured Losses occurring in calendar year 2019.
- 80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

For each coverage provided by this policy that applies to such Insured Losses, the charge for such Insured Losses is no more than one percent of your premium, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA. Please note that no separate additional premium charge has been made for the terrorism coverage required by TRIA. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium.

**Coverage Disclaimer:**

**THIS QUOTE DOES NOT AMEND, OR OTHERWISE AFFECT, THE PROVISIONS OR COVERAGE OF ANY RESULTING INSURANCE POLICY ISSUED BY TRAVELERS. IT IS NOT A REPRESENTATION THAT COVERAGE DOES OR DOES NOT EXIST FOR ANY PARTICULAR CLAIM OR LOSS UNDER ANY SUCH POLICY. COVERAGE DEPENDS ON THE APPLICABLE PROVISIONS OF THE ACTUAL POLICY ISSUED, THE FACTS AND CIRCUMSTANCES INVOLVED IN THE CLAIM OR LOSS AND ANY APPLICABLE LAW.**

**THE PRECEDING OUTLINES THE COVERAGE FORMS, LIMITS OF INSURANCE, POLICY ENDORSEMENTS AND OTHER TERMS AND CONDITIONS PROVIDED IN THIS QUOTE. ANY POLICY COVERAGES, LIMITS OF INSURANCE, POLICY ENDORSEMENTS, COVERAGE SPECIFICATIONS, OR OTHER TERMS AND CONDITIONS THAT YOU HAVE REQUESTED THAT ARE NOT INCLUDED IN THIS QUOTE HAVE NOT BEEN AGREED TO BY TRAVELERS. PLEASE REVIEW THIS QUOTE CAREFULLY AND IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR TRAVELERS REPRESENTATIVE.**

**Affiliate (non-Subsidiary) Coverage Disclaimer:**

Regardless of the submission of information or typical availability of coverage for any entity that is not a Subsidiary of the Named Insured, **such entity is not covered by the Policy unless an endorsement is provided that specifically schedules it.** Under the Wrap+® policy, coverage is generally afforded to the following entities (unless otherwise excluded): (1) the Named Insured and (2) its majority-owned Subsidiaries. A Subsidiary is defined in each coverage part of the Wrap+® policy and the definition can vary between coverage parts. An affiliate is not defined but generally has some ownership and/or management in common with the Named Insured or its Subsidiaries (but itself is not a Subsidiary of either one). Affiliate coverage will not be considered on a blanket basis nor will an individual entity be scheduled without proper underwriting information (please contact your underwriter to discuss specific requirements). For an actual description of coverages, terms and conditions, refer to the Policy. Sample policies can be found at <http://www.travelers.com/business-insurance/management-professional-liability/private-non-profit/index.aspx>





January 15, 2019

**BELMONT WATER CORPORATION**  
**8281 E SANDERS CT**  
**FRESNO, CA 93737-9755**

Re: Important Information about **Claims Information Line**

Dear **BELMONT WATER CORPORATION**

Travelers Bond & Specialty Insurance is pleased to announce its **1-800-842-8496** Claims Information Line. This line is designed to provide insureds with an additional resource on how to report claims or those circumstances or events which may become claims.

Policyholders will be able to obtain assistance on the following topics from the Claims Information Line:

- The information that needs to be included with the claim notice
- The address, electronic mail address and/or facsimile number to which the policyholder can send claims related information
- Get questions on the claim process answered

The Declarations Page of your policy sets forth where you should report claims and claims related information. You should also review the policy's reporting requirements to be aware of how much time you have to report a claim to Travelers. The sooner Travelers is notified, the sooner we can become involved in the process and offer assistance to our policyholder. A delay in reporting may result in all or part of a matter to fall outside of the coverage provided.

The Claims Information Line should streamline the claim reporting process and allow policyholders to ask questions on what information is needed as well as other questions which will assist them in working with Travelers. While the Claims Information Line provides policyholders a valuable resource by answering questions and providing information, the line does not replace the reporting requirements contained in the Policy.

We hope this improvement to customer service is something our policyholders will find helps them understand the claim process and provides them a resource for reporting.

Best regards,  
**Noel Rodgers**



One Tower Square  
Hartford, CT 06183

1/15/2019

BELMONT WATER CORPORATION

8281 E SANDERS CT  
FRESNO, CA 93737-9755

RE: Risk Management PLUS+ Online® from Travelers Bond & Specialty Insurance ([www.rmplusonline.com](http://www.rmplusonline.com))

As a Travelers Bond & Specialty Insured you receive risk management services, at no additional cost, to help protect you and your business.

Risk Management PLUS+ Online, is a robust website to assist you in the mitigation of risk relative to employment practices, directors and officers, fiduciary liability, cyber, crime, kidnap & ransom, and identity fraud exposures.

Highlights of Risk Management PLUS+ Online include:

- Thousands of articles on a variety of risk management topics
- Topical webinars and podcasts on current issues
- Checklists to assist in managing risk
- Web based training
- Model Employee Handbook, including policies and forms for downloading or printing that reduce risks in the workplace.

The following Risk Management PLUS+ Online Registration Instructions contain easy, step-by-step instructions to register for this valuable tool. For more information, call 1-888-712-7667 and ask for your Risk Management PLUS+ Online representative. It's that simple.

Thank you for choosing Travelers Bond & Specialty Insurance for your insurance needs. Travelers is a market leader in providing management liability and crime coverages that are specifically customized for your organization.

#### Instructions for Registration & Orientation to Risk Management PLUS+ Online®

##### *Registration for Site Administrators:*

The Site Administrator is the person in your organization who will oversee Risk Management PLUS+ Online for the organization. The Site Administrator is typically a person who leads human resources and/or financial functions or is responsible for legal matters pertaining to personnel. The Site Administrator may add other Site Administrators later to assist with their responsibilities. To register:

1. Go to [www.rmplusonline.com](http://www.rmplusonline.com).
2. In the Sign-In box, click **Register**.
3. Enter the password/passcode: TRVP120000
4. Fill in the Registration Information and click **Submit**.
5. Your organization is registered, and you are registered as Site Administrator.

##### *Learning to Navigate the Site:*

1. Go to [www.rmplusonline.com](http://www.rmplusonline.com). On each page, you will see a box outlined in blue that contains the instructions for use of that page.
2. If you have any questions, just click on **Contact Us** on the front page. Enter your question in the form provided, and the System Administrator will get back to you quickly with the answer.
3. You can also schedule a live walk-through of the site by sending a request for a walk-through via the contact link on the front page.

## IMPORTANT NOTICE REGARDING INDEPENDENT AGENT AND BROKER COMPENSATION

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For information on how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: [www.travelers.com/w3c/legal/Producer\\_Compensation\\_Disclosure.html](http://www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html)

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Agency Compensation, One Tower Square, Hartford, CT 06183.

## CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM ENDORSEMENT

This endorsement modifies any Coverage Part or coverage Form included in this policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended.

**It is agreed that:**

The following is added to this policy. This provision can limit coverage for any loss arising out of a **Certified Act Of Terrorism** if such loss is otherwise covered by this policy. This provision does not apply if and to the extent that coverage for the loss is excluded or limited by an exclusion or other coverage limitation for losses arising out of **Certified Acts Of Terrorism** in another endorsement to this policy.

If aggregate insured losses attributable to **Certified Acts Of Terrorism** exceed \$100 billion in a calendar year and the Company has met its insurer deductible under **TRIA**, the company will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**Certified Act Of Terrorism** means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of **TRIA**, to be an act of terrorism pursuant to **TRIA**. 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 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.

**TRIA** means the federal Terrorism Risk Insurance Act of 2002 as amended.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

## FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE ENDORSEMENT

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This endorsement applies to the insurance provided under any Coverage Part or coverage Form included in this policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended.

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA"), establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). Act Of Terrorism is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been 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.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

- 85% with respect to such Insured Losses occurring in calendar year 2015.
- 84% with respect to such Insured Losses occurring in calendar year 2016.
- 83% with respect to such Insured Losses occurring in calendar year 2017.
- 82% with respect to such Insured Losses occurring in calendar year 2018.
- 81% with respect to such Insured Losses occurring in calendar year 2019.
- 80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

For each coverage provided by this policy that applies to such Insured Losses, the charge for such Insured Losses is no more than one percent of your premium, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA. Please note that no separate additional premium charge has been made for the terrorism coverage required by TRIA. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium.

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

**REMOVAL OF SHORT-RATE CANCELLATION ENDORSEMENT**

This endorsement changes the following:

**Non-Profit Organization Directors and Officers Liability**

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**It is agreed that:**

In any cancellation, termination or non-renewal provision, any reference to computing a premium on a short rate basis is replaced with a reference to computing such premium on a pro-rata basis.

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Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

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Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

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ACF-7006 Ed. 05-11

Page 1 of 1

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**SPECIMEN - QUOTE 2**

**Page 6 of 45**

**THIS IS A CLAIMS-MADE COVERAGE WITH DEFENSE EXPENSES INCLUDED IN THE COVERAGE LIMITS.  
PLEASE READ THE POLICY CAREFULLY.**

**CONSIDERATION CLAUSE**

IN CONSIDERATION of the payment of the premium, in reliance on the statements in the **Application**, subject to the Declarations, and pursuant to all the terms, conditions, exclusions and limitations of this **Policy**, the Company and the Insureds agree as follows:

**I. GENERAL**

These **Liability Coverage** Terms and Conditions apply to all **Liability Coverages**. Unless otherwise stated to the contrary, the terms and conditions of each **Liability Coverage** apply only to that particular **Liability Coverage**. If any provision in these Liability Coverage Terms and Conditions is inconsistent or in conflict with the terms and conditions of any particular **Liability Coverage**, such **Liability Coverage's** terms, conditions, and limitations will control for purposes of that **Liability Coverage**.

**II. DEFINITIONS**

Wherever appearing in this **Liability Policy**, the following words and phrases appearing in bold type will have the meanings set forth in this Section II. DEFINITIONS:

- A. *Additional Defense Limit of Liability*** means the amount set forth in ITEM 5 of the Declarations for each applicable **Liability Coverage**. If “*Not Applicable*” is shown as the amount of any **Liability Coverage's Additional Defense Limit of Liability**, then any reference to the **Additional Defense Limit of Liability** will be deemed to be deleted from such **Liability Coverage**.
- B. *Annual Reinstatement of the Liability Coverage Limit of Liability*** means, if included in ITEM 10 of the Declarations, the reinstatement of each applicable **Liability Coverage Limit of Liability** or, if applicable, the **Liability Coverage Shared Limit of Liability** for each applicable **Liability Coverage** for each **Policy Year** during the **Policy Period**.
- C. *Application*** means the application deemed to be attached to and forming a part of this **Liability Policy**, including any materials submitted and statements made in connection with that application. If the **Application** uses terms or phrases that differ from the terms defined in this **Liability Policy**, no inconsistency between any term or phrase used in the **Application** and any term defined in this **Liability Policy** will waive or change any of the terms, conditions and limitations of this **Liability Policy**.
- D. *Change of Control*** means:
  - 1. the acquisition of the **Named Insured**, or of all or substantially all of its assets, by another entity, or the merger or consolidation of the **Named Insured** into or with another entity such that the **Named Insured** is not the surviving entity; or
  - 2. the obtaining by any person, entity or affiliated group of persons or entities the right to elect, appoint or designate more than fifty percent (50%) of the board of directors, board of trustees, board of managers, or functional equivalent thereof or to exercise a majority control of the board of directors, board of trustees, board of managers, or a functional equivalent thereof of the **Named Insured**.
- E. *Claim*** has the meaning set forth in the applicable **Liability Coverage**.

- F. **Defense Expenses** means reasonable and necessary legal fees and expenses incurred by the Company or the **Insured**, with the Company's consent, in the investigation, defense, settlement and appeal of a **Claim**, including but not limited to, cost of expert consultants and witnesses, premiums for appeal, injunction, attachment or supersedeas bonds (without the obligation to furnish such bonds) regarding such **Claim**; provided, that **Defense Expenses** will not include the salaries, wages, benefits or overhead of, or paid to, any **Insured** or any employee of such **Insured**.
- G. **Executive Officer** has the meaning set forth in the applicable **Liability Coverage**.
- H. **Financial Insolvency** means, with respect to the **Insured Organization** or any **Outside Entity**, the appointment of a receiver, conservator, liquidator, trustee, or similar official; or the inability of the **Insured Organization** or **Outside Entity** financially to indemnify the **Insured Persons**.
- I. **Foreign Parent Corporation** means any entity incorporated outside the United States, which owns more than fifty percent (50%) of the outstanding securities or voting rights representing the right to vote for the election of, or to appoint the **Named Insured's** board of directors, board of trustees or board of managers, or to exercise a majority control of the board of directors, board of trustees or board of managers of the **Named Insured**.
- J. **Insured** has the meaning set forth in the applicable **Liability Coverage**.
- K. **Insured Organization** has the meaning set forth in the applicable **Liability Coverage**.
- L. **Insured Person** has the meaning set forth in the applicable **Liability Coverage**.
- M. **Liability Coverage** means, individually or collectively, the **Liability Coverages** that have been purchased, as indicated in ITEM 4 of the Declarations.
- N. **Liability Coverage Limit of Liability** means the amount set forth in ITEM 5 of the Declarations for each applicable **Liability Coverage**.
- O. **Liability Coverage Shared Limit of Liability** means the amount set forth in ITEM 12 of the Declarations. If "Not Applicable" is shown in ITEM 12 of the Declarations or ITEM 4 of the Declarations indicates that only one **Liability Coverage** is included in this **Liability Policy**, any reference to either the **Liability Coverage Shared Limit of Liability** or ITEM 12 of the Declarations will be deemed to be deleted from this **Liability Policy**.
- P. **Liability Policy** means, collectively, the Declarations, the **Application**, the Liability Coverage Terms and Conditions, each purchased **Liability Coverage**, and any endorsements attached thereto.
- Q. **LLC Manager** means any natural person who was, is or becomes a manager, member of the board of managers, or a functionally equivalent executive of an **Insured Organization** that is a limited liability company.
- R. **Loss** has the meaning set forth in the applicable **Liability Coverage**.
- S. **Named Insured** means any entity named in ITEM 1 of the Declarations.
- T. **Policy Period** means the period from the Inception Date to the Expiration Date set forth in ITEM 2 of the Declarations. In no event will the **Policy Period** continue past the effective date of cancellation or termination of this **Liability Policy**.
- U. **Policy Year** means:
1. the period of one year following the Inception Date set forth in ITEM 2 of the Declarations or any anniversary thereof;
  2. the time between the Inception Date set forth in ITEM 2 of the Declarations or any anniversary thereof and the effective date of cancellation or termination of this **Liability Policy** if such time period is less than one year;



3. with respect to a **Liability Coverage** added to this **Liability Policy** after the Inception Date set forth in ITEM 2, the time between the inception date of such **Liability Coverage** and any anniversary of this **Liability Policy** if the time between the inception date of such **Liability Coverage** and any anniversary of this **Liability Policy** is less than one year; and
  4. with respect to a **Liability Coverage** added to this **Liability Policy** after the Inception Date set forth in ITEM 2, the time between the inception date of such **Liability Coverage** and the effective date or cancellation or termination of this **Liability Policy**, if such time is less than one year.
- V. **Pollutant** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- W. **Potential Claim** means any **Wrongful Act** that may subsequently give rise to a **Claim**.
- X. **Related Wrongful Act** means all **Wrongful Acts** that have as a common nexus, or are causally connected by reason of, any fact, circumstance, situation, event or decision.
- Y. **Subsidiary** has the meaning set forth in the applicable **Liability Coverage**.
- Z. **Wage and Hour Law** means any federal, state, or local law or regulation governing or related to the payment of wages including the payment of overtime, on-call time, minimum wages, meals, rest breaks or the classification of employees for the purpose of determining employees' eligibility for compensation under such law(s).
- AA. **Wrongful Act** has the meaning set forth in the applicable **Liability Coverage**.

### III. **CONDITIONS**

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#### A. **TERRITORY**

This **Liability Policy** applies to **Claims** made or **Wrongful Acts** occurring anywhere in the world.

#### B. **RETENTION**

The **Insured** shall bear uninsured at its own risk the amount of any applicable Retention, which amount must be paid in satisfaction of **Loss**.

If any **Claim** gives rise to coverage under a single **Liability Coverage**, the Company has no obligation to pay **Loss**, including **Defense Expenses**, until the applicable Retention amount set forth in ITEM 5 of the Declarations has been paid by the **Insured**.

If any **Claim** is subject to different Retentions under a single **Liability Coverage**, the applicable Retentions will be applied separately to each part of such **Claim**, but the sum of such Retentions will not exceed the largest applicable Retention under such **Liability Coverage**.

If any **Claim** gives rise to coverage under two or more **Liability Coverages**, the Company shall have no obligation to pay **Loss**, including **Defense Expenses**, until the largest Retention that is applicable to such **Claim** under such **Liability Coverages** has been paid by the **Insured**.

No Retention will apply to an **Insured Person** if indemnification by the **Insured Organization** is not permitted by law or if the **Insured Organization** is unable to make such indemnification solely by reason of its **Financial Insolvency**. The **Insured Organization** will be conclusively deemed to have indemnified all **Insured Persons** to the extent that the **Insured Organization** is permitted or required to indemnify them pursuant to law, common or statutory, or contract, or the charter or by-laws of the **Insured Organization**.

The Company, at its sole discretion, may pay all or part of the Retention amount on behalf of any **Insured**, and in such event, the **Insureds** agree to repay the Company any amounts so paid.

## C. LIMITS OF LIABILITY

### 1. Liability Coverage Limit of Liability

Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established, and further subject to any applicable **Liability Coverage Shared Limit of Liability** or **Annual Reinstatement of the Liability Coverage Limit of Liability**:

- a. the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Claims** under each applicable **Liability Coverage** will not exceed the remaining **Liability Coverage Limit of Liability** stated in ITEM 5 of the **Declarations** for each applicable **Liability Coverage**; and
- b. in the event that a **Claim** triggers more than one **Liability Coverage**, the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for any such **Claim** will not exceed the sum of the remaining **Liability Coverage Limits of Liability** of the applicable **Liability Coverages**.

### 2. Liability Coverage Shared Limit of Liability

Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established; and further subject to any applicable **Annual Reinstatement of the Liability Coverage Limit of Liability**, if ITEM 4 of the **Declarations** indicates that more than one **Liability Coverage** has been purchased and a **Liability Coverage Shared Limit of Liability** is shown in ITEM 12 of the **Declarations**:

- a. the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Claims** under all **Liability Coverages** subject to the **Liability Coverage Shared Limit of Liability**, as set forth in ITEM 12 of the **Declarations**, will not exceed the remaining **Liability Coverage Shared Limit of Liability**; and
- b. if the **Liability Coverage Shared Limit of Liability** is exhausted by the payment of amounts covered under any **Liability Coverage** subject to the **Liability Coverage Shared Limit of Liability**, as set forth in ITEM 12 of the **Declarations**, the premium for all **Liability Coverages** subject to the **Liability Coverage Shared Limit of Liability**, as set forth in ITEM 12 of the **Declarations**, will be fully earned, all obligations of the Company under all **Liability Coverages** subject to the **Liability Coverage Shared Limit of Liability**, as set forth in ITEM 12 of the **Declarations**, will be completely fulfilled and exhausted, including any duty to defend, and the Company will have no further obligations of any kind or nature whatsoever under any **Liability Coverage** subject to the **Liability Coverage Shared Limit of Liability**, as set forth in ITEM 12 of the **Declarations**.

### 3. Annual Reinstatement of the Liability Coverage Limit of Liability

Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established, if ITEM 10 of the **Declarations** includes an **Annual Reinstatement of the Liability Coverage Limit of Liability**:

- a. the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Claims** made during each **Policy Year** will not exceed the remaining **Liability Coverage Limit of Liability** stated in ITEM 5 of the **Declarations** for each applicable **Liability Coverage** or, if applicable, the remaining **Liability Coverage Shared Limit of Liability**; and
- b. with regard to the Extended Reporting Period or the Run-Off Extended Reporting Period, if applicable, the Company's maximum limit of liability for all **Claims** made during the Extended Reporting Period or the Run-Off Extended Reporting Period will not exceed the remaining **Liability Coverage Limit of Liability** or, if applicable, the **Liability Coverage Shared Limit of Liability** for the last **Policy Year** in effect at the time of the termination or cancellation of the **Liability Coverage** or the **Change of Control**.

4. Other Provisions

Payment of **Defense Expenses** will reduce and may exhaust all applicable limits of liability. In the event the amount of **Loss** exceeds the portion of the applicable limit of liability remaining after prior payments of **Loss**, the Company's liability will not exceed the remaining amount of the applicable limit of liability. In no event will the Company be obligated to make any payment for **Loss**, including **Defense Expenses**, with regard to a **Claim** after the applicable limit of liability has been exhausted by payment or tender of payment of **Loss**.

If a **Liability Coverage Limit of Liability** is exhausted by the payment of amounts covered under such **Liability Coverage**, the premium for such **Liability Coverage** will be fully earned, all obligations of the Company under such **Liability Coverage** will be completely fulfilled and exhausted, including any duty to defend, and the Company will have no further obligations of any kind or nature whatsoever under such **Liability Coverage**.

**D. ADDITIONAL DEFENSE COVERAGE**

Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established, if ITEM 5 of the Declarations indicates that any **Liability Coverage** includes Additional Defense Coverage, **Defense Expenses** incurred by the Company or the **Insured**, with the Company's consent, in the defense of any **Claim** made during the **Policy Period** under any such **Liability Coverage** will apply first to and reduce the **Additional Defense Limit of Liability**. The **Additional Defense Limit of Liability** will be in addition to, and not part of, such **Liability Coverage's** applicable **Liability Coverage Limit of Liability** or **Liability Coverage Shared Limit of Liability**, if applicable. The **Additional Defense Limit of Liability** is applicable to **Defense Expenses** only. If the **Annual Reinstatement of the Liability Coverage Limit of Liability** is applicable, the **Additional Defense Limit of Liability** will be reinstated for each **Policy Year**.

Upon exhaustion of the Additional Defense Limit of Liability:

1. **Defense Expenses** incurred by the Company or the **Insured**, with the Company's consent, in the defense of a **Claim** are part of and not in addition to any applicable limit of liability; and
2. payment by the Company or the **Insured**, with the Company's consent, of **Defense Expenses** reduces any applicable limit of liability.

**E. CLAIM DEFENSE**

1. If Duty-to-Defend coverage is provided with respect to this **Liability Policy** as indicated in ITEM 7 of the Declarations, the Company will have the right and duty to defend any **Claim** covered by a **Liability Coverage**, even if the allegations are groundless, false or fraudulent, including the right to select defense counsel with respect to such **Claim**; provided, that the Company will not be obligated to defend or to continue to defend any **Claim** after the applicable limit of liability has been exhausted by payment of **Loss**.
2. If Reimbursement coverage is provided with respect to this **Liability Policy** as indicated in ITEM 7 of the Declarations:
  - a. the Company will have no duty to defend any **Claim** covered by a **Liability Coverage**. It will be the duty of the **Insured** to defend such **Claims**; and the Company will have the right to participate with the **Insured** in the investigation, defense and settlement, including the negotiation of a settlement of any **Claim** that appears reasonably likely to be covered in whole or in part by such **Liability Coverage** and the selection of appropriate defense counsel; and
  - b. upon written request, the Company will advance **Defense Expenses** with respect to such **Claim**. Such advanced payments by the Company will be repaid to the Company by the **Insureds** severally according to their respective interests in the event and to the extent that the **Insureds** are not entitled to payment of such **Defense Expenses** under such **Liability Coverage**. As a condition of any payment of **Defense Expenses** under this subsection, the Company may require a written undertaking on terms and conditions satisfactory to the Company guaranteeing the repayment of any **Defense Expenses** paid to or on behalf of any **Insured** if it is finally determined that any such **Claim** or portion of any **Claim** is not covered under such **Liability Coverage**.

3. The **Insured** agrees to cooperate with the Company and, upon the Company's request, assist in making settlements and in the defense of **Claims** and in enforcing rights of contribution or indemnity against any person or entity which may be liable to the **Insured** because of an act or omission insured under such **Liability Coverage**, will attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

#### F. **INSURED'S DUTIES IN THE EVENT OF A CLAIM**

The **Insured's** duty to report a **Claim** commences on the earliest date a written notice thereof is received by an **Executive Officer**. If an **Executive Officer** becomes aware that a **Claim** has been made against any **Insured**, the **Insured**, as a condition precedent to any rights under this **Liability Policy**, must give to the Company written notice of the particulars of such **Claim**, including all facts related to any alleged **Wrongful Act**, the identity of each person allegedly involved in or affected by such **Wrongful Act**, and the dates of the alleged events, as soon as practicable. The **Insured** agrees to give the Company such information, assistance and cooperation as it may reasonably require.

All notices under this subsection must be sent by mail or prepaid express courier to the address set forth in ITEM 3 of the Declarations and will be effective upon receipt. The **Insured** agrees not to voluntarily settle any **Claim**, make any settlement offer, assume or admit any liability or, except at the **Insured's** own cost, voluntarily make any payment, pay or incur any **Defense Expenses**, or assume any obligation or incur any other expense, without the Company's prior written consent, such consent not to be unreasonably withheld. The Company is not liable for any settlement, **Defense Expenses**, assumed obligation or admission to which it has not consented.

#### G. **NOTICE OF POTENTIAL CLAIMS**

If an **Insured** becomes aware of a **Potential Claim** and gives the Company written notice of the particulars of such **Potential Claim**, including all facts related to the **Wrongful Act**, the identity of each person allegedly involved in or affected by such **Wrongful Act**, the dates of the alleged events, and the reasons for anticipating a **Claim**, as soon as practicable during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period, any **Claim** subsequently made against any **Insured** arising out of such **Wrongful Act** will be deemed to have been made during the **Policy Period**.

All notices under this subsection must be sent by mail or prepaid express courier to the address set forth in ITEM 3 of the Declarations and will be effective upon receipt.

#### H. **RELATED CLAIMS**

All **Claims** or **Potential Claims** for **Related Wrongful Acts** will be considered as a single **Claim** or **Potential Claim**, whichever is applicable, for purposes of this **Liability Policy**. All **Claims** or **Potential Claims** for **Related Wrongful Acts** will be deemed to have been made at the time the first of such **Claims** or **Potential Claims** for **Related Wrongful Acts** was made whether prior to or during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period.

#### I. **SUBROGATION**

In the event of payment under this **Liability Policy**, the Company is subrogated to all of the **Insured's** rights of recovery against any person or organization to the extent of such payment and the **Insured** agrees to execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** will do nothing to prejudice such rights.

#### J. **RECOVERIES**

All recoveries from third parties for payments made under this **Liability Policy** will be applied, after first deducting the costs and expenses incurred in obtaining such recovery, in the following order of priority:

1. first, to the Company to reimburse the Company for any Retention amount it has paid on behalf of any **Insured**;
2. second, to the **Insured** to reimburse the **Insured** for the amount it has paid which would have been paid hereunder but for the fact that it is in excess of the applicable limits of liability hereunder;

3. third, to the Company to reimburse the Company for the amount paid hereunder; and
  4. fourth, to the **Insured** in satisfaction of any applicable Retention;
- provided, recoveries do not include any recovery from insurance, suretyship, reinsurance, security or indemnity taken for the Company's benefit.

#### K. CHANGE OF CONTROL

If, during the **Policy Period**, a **Change of Control** occurs, coverage will continue in full force and effect with respect to **Claims** for **Wrongful Acts** committed before such event, but coverage will cease with respect to **Claims** for **Wrongful Acts** committed after such event. No coverage will be available hereunder for **Loss**, including **Defense Expenses**, for any **Claim** based upon, alleging, arising out of, or in any way relating to, directly or indirectly any **Wrongful Act** committed or allegedly committed after such event. After any such event, the **Liability Policy** may not be canceled by the **Named Insured** and the entire premium for the **Liability Policy** will be deemed fully earned.

Upon the occurrence of any **Change of Control**, the **Named Insured** will have the right to give the Company notice that it desires to purchase a Run-Off Extended Reporting Period for any **Liability Coverage** for the period set forth in ITEM 9 of the Declarations following the effective date of such **Change of Control**, regarding **Claims** made during such Run-Off Extended Reporting Period against persons or entities who at the effective date of the **Change of Control** are **Insureds**, but only for **Wrongful Acts** occurring wholly prior to such **Change of Control** and which otherwise would be covered by such **Liability Coverage**, subject to the following provisions:

1. such Run-Off Extended Reporting Period will not provide new, additional or renewed limits of liability; and
2. the Company's total liability for all **Claims** made during such Run-Off Extended Reporting Period will be only the remaining portion of the applicable limit of liability set forth in the Declarations as of the effective date of the **Change of Control**.

The premium due for the Run-Off Extended Reporting Period will equal the percentage set forth in ITEM 9 of the Declarations of the annualized premium of the applicable **Liability Coverage**, including the fully annualized amount of any additional premiums charged by the Company during the **Policy Period** prior to the **Change of Control**. The entire premium for the Run-Off Extended Reporting Period will be deemed fully earned at the commencement of such Run-Off Extended Reporting Period.

The right to elect the Run-Off Extended Reporting Period will terminate unless written notice of such election, together with payment of the additional premium due, is received by the Company within thirty (30) days of the **Change of Control**. In the event the Run-Off Extended Reporting Period is purchased, the option to purchase the Extended Reporting Period in Section III. CONDITIONS O. EXTENDED REPORTING PERIOD of these Liability Coverage Terms and Conditions will terminate. In the event the Run-Off Extended Reporting Period is not purchased, the **Named Insured** will have the right to purchase the Extended Reporting Period under the terms of Section III. CONDITIONS O. EXTENDED REPORTING PERIOD of these Liability Coverage Terms and Conditions.

If, at any time during the **Policy Period**, the **Insured Organization** eliminates or reduces its ownership interest in, or control over a **Subsidiary**, such that it no longer meets the definition of a **Subsidiary**, coverage will continue for such entity but only with regard to **Claims** for **Wrongful Acts** which occurred wholly during the time that the entity was a **Subsidiary**.

#### L. ACQUISITIONS

If, during the **Policy Period**, the **Insured Organization** acquires or forms a **Subsidiary**, this **Liability Policy** will provide coverage for such **Subsidiary** and its respective **Insured Persons**, subject to all other terms and conditions of this **Liability Policy**, provided written notice of such acquisition or formation has been given to the Company, and specific application has been submitted on the Company's form in use at the time, together with such documentation and information as the Company may require, all within ninety (90) days after the effective date of such formation or acquisition. Coverage for such **Subsidiary** will not be afforded following such 90-day period unless the Company has agreed to provide such coverage, subject to any additional terms and conditions as the Company may require, and the **Named Insured** has paid the Company any additional premium as may be required by the Company.



The 90-day notice requirement and the 90-day limitation of coverage will not apply provided that: (1) the assets of the acquired or formed **Subsidiary** do not exceed 30% of the total assets of the **Insured Organization** as reflected in the **Insured Organization's** most recent fiscal year-end financial statement; or (2) the acquisition or formation occurs less than 90 days prior to the end of the **Policy Period**.

#### M. SPOUSAL AND DOMESTIC PARTNER LIABILITY COVERAGE

This **Liability Policy** will, subject to all of its terms, conditions, and limitations, be extended to apply to **Loss** resulting from a **Claim** made against a person who, at the time the **Claim** is made, is a lawful spouse or a person qualifying as a domestic partner under the provisions of any applicable federal, state or local law (a "Domestic Partner") of an **Insured Person**, but only if and so long as:

1. the **Claim** against such spouse or Domestic Partner results from a **Wrongful Act** actually or allegedly committed by the **Insured Person**, to whom the spouse is married, or who is joined with the Domestic Partner; and
2. such **Insured Person** and his or her spouse or Domestic Partner are represented by the same counsel in connection with such **Claim**.

No spouse or Domestic Partner of an **Insured Person** will, by reason of this subsection have any greater right to coverage under this **Liability Policy** than the **Insured Person** to whom such spouse is married, or to whom such Domestic Partner is joined.

The Company has no obligation to make any payment for **Loss** in connection with any **Claim** against a spouse or Domestic Partner of an **Insured Person** for any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by such spouse or Domestic Partner.

#### N. FOREIGN PARENT CORPORATION COVERAGE

This **Liability Policy** will, subject to all of its terms, conditions, and limitations, be extended to apply coverage for **Defense Expenses** resulting from any **Claim** made against a **Foreign Parent Corporation**, but only if and so long as:

1. such **Claim** results from a **Wrongful Act** actually or allegedly committed solely by any **Insured**;
2. such **Insured** and the **Foreign Parent Corporation** are represented by the same counsel in connection with such **Claim**; and
3. such **Insured** is included as a co-defendant.

No **Foreign Parent Corporation** will, by reason of this subsection, have any greater right to coverage under this **Liability Policy** than any **Insured**.

The Company has no obligation to make any payment for **Loss** in connection with any **Claim** against a **Foreign Parent Corporation** for any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by such **Foreign Parent Corporation** or any member of the board of directors, officer, employee, or functional equivalent thereof.

#### O. EXTENDED REPORTING PERIOD

At any time prior to or within 60 days after the effective date of termination or cancellation of any Liability Coverage for any reason other than nonpayment of premium, the **Named Insured** may give the Company written notice that it desires to purchase an Extended Reporting Period for the period set forth in ITEM 8 of the Declarations following the effective date of such termination or cancellation, regarding **Claims** made during such Extended Reporting Period against persons or entities who at or prior to the effective date of termination or cancellation are **Insureds**, but only for **Wrongful Acts** occurring wholly prior to the effective date of the termination or cancellation and which otherwise would be covered by such **Liability Coverage**, subject to the following provisions:

1. such Extended Reporting Period will not provide a new, additional or renewed limit(s) of liability; and
2. the Company's maximum limit of liability for all **Claims** made during such Extended Reporting Period will be only the remaining portion of the applicable limit of liability set forth in the Declarations as of the effective date of the termination or cancellation;

The premium due for the Extended Reporting Period will equal the percentage set forth in ITEM 8 of the Declarations of the annualized premium of the applicable **Liability Coverage**, including the fully annualized amount of any additional premiums charged by the Company during the **Policy Year** prior to such termination or cancellation. The entire premium for the Extended Reporting Period will be deemed to have been fully earned at the commencement of such Extended Reporting Period.

The right to elect the Extended Reporting Period will terminate unless written notice of such election, together with payment of the additional premium due, is received by the Company within 60 days of the effective date of the termination or cancellation.

#### P. ALLOCATION

1. If Duty-to-Defend coverage is indicated in ITEM 7 of the Declarations and there is a **Claim** under any **Liability Coverage** in which the **Insureds** who are afforded coverage for such **Claim** incur an amount consisting of both **Loss** that is covered by such **Liability Coverage** and also loss that is not covered by such **Liability Coverage** because such **Claim** includes both covered and uncovered matters or covered and uncovered parties, then such covered **Loss** and uncovered loss will be allocated as follows:
  - a. one hundred percent (100%) of **Defense Expenses** incurred by the **Insureds** who are afforded coverage for such **Claim** will be allocated to covered **Loss**; and
  - b. all loss other than **Defense Expense** will be allocated between covered **Loss** and uncovered loss based upon the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and settlement of the **Claim** by the **Insured Persons**, the **Insured Organization**, and others not insured under such **Liability Coverage**. In making such a determination, the **Insured Organization**, the **Insured Persons** and the Company agree to use their best efforts to determine a fair and proper allocation of all such amounts. In the event that an allocation cannot be agreed to, then the Company will be obligated to make an interim payment of the amount of **Loss** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of the applicable **Liability Coverage** and applicable law.
2. If Reimbursement coverage is indicated in ITEM 7 of the Declarations and there is a **Claim** under any **Liability Coverage** in which the **Insureds** who are afforded coverage for such **Claim** incur an amount consisting of both **Loss** that is covered by such **Liability Coverage** and also loss that is not covered by such **Liability Coverage** because such **Claim** includes both covered and uncovered matters or covered and uncovered parties, the **Insureds** and the Company agree to use their best efforts to determine a fair and proper allocation of all such amounts. In making such a determination, the parties will take into account the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and settlement of the **Claim** by the **Insured Persons**, the **Insured Organization**, and others not insured under the applicable **Liability Coverage**. In the event that an allocation cannot be agreed to, then the Company will be obligated to make an interim payment of the amount of **Loss** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of the applicable **Liability Coverage** and applicable law.

#### Q. CANCELLATION

The Company may cancel this **Liability Policy** for failure to pay a premium when due, in which case twenty (20) days written notice will be given to the **Named Insured**, unless, payment in full is received within twenty (20) days of the **Named Insured's** receipt of such notice of cancellation. The Company has the right to the premium amount for the portion of the **Policy Period** during which this **Liability Policy** was in effect.

Subject to the provisions set forth in Section III. CONDITIONS K. CHANGE OF CONTROL, the **Named Insured** may cancel any **Liability Coverage** by mailing the Company written notice stating when, thereafter, not later than the Expiration Date set forth in ITEM 2 of the Declarations, such cancellation will be effective. In the event the **Named Insured** cancels, the earned premium will be computed in accordance with the customary short rate table and procedure. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

The Company will not be required to renew this **Liability Policy** upon its expiration. If the Company elects not to renew, it will provide to the **Named Insured** written notice to that effect at least thirty (30) days before the Expiration Date set forth in ITEM 2 of the Declarations.

#### R. ACTION AGAINST THE COMPANY

No action will lie against the Company unless there has been full compliance with all of the terms of this **Liability Policy**.

No person or organization has any right under this **Liability Policy** to join the Company as a party to any action against the **Insured** to determine the **Insured's** liability, nor may the Company be impleaded by an **Insured** or said **Insured's** legal representative. Bankruptcy or insolvency of any **Insured** or an **Insured's** estate does not relieve the Company of any of its obligations hereunder.

#### S. CHANGES

Only the **Named Insured** is authorized to make changes in the terms of this **Liability Policy** and solely with the Company's prior written consent. This **Liability Policy's** terms can be changed, amended or waived only by endorsement issued by the Company and made a part of this **Liability Policy**. Notice to any representative of the **Insured** or knowledge possessed by any agent or by any other person will not effect a waiver or change to any part of this **Liability Policy**, or estop the Company from asserting any right under the terms, conditions and limitations of this **Liability Policy**, nor may the terms, conditions and limitations hereunder be waived or changed, except by a written endorsement to this **Liability Policy** issued by the Company.

#### T. ASSIGNMENT

This **Liability Policy** may not be assigned or transferred, and any such attempted assignment or transfer is void and without effect unless the Company has provided its prior written consent to such assignment or transfer.

#### U. REPRESENTATIONS

By acceptance of the terms set forth in this **Liability Policy**, each **Insured** represents and agrees that the statements contained in the **Application**, which is deemed to be attached hereto, incorporated herein, and forming a part hereof, are said **Insured's** agreements and representations, that such representations are material to the Company's acceptance of this risk, that this **Liability Policy** is issued in reliance upon the truth of such representations, and embodies all agreements existing between said **Insured** and the Company or any of its agents.

If any statement or representation in the **Application** is untrue with respect to any **Liability Coverage**, such **Liability Coverage** is void and of no effect whatsoever, but only with respect to:

1. any **Insured Person** who knew, as of the Inception Date set forth in ITEM 2 of the Declarations, that the statement or representation was untrue;
2. any **Insured Organization**, with respect to its indemnification coverage, to the extent it indemnifies any **Insured Person** referenced in 1. above; and
3. any **Insured Organization**, if the person who signed the **Application** knew that the statement or representation was untrue.

Whether an **Insured Person** had such knowledge will be determined without regard to whether the **Insured Person** actually knew the **Application**, or any other application completed for this **Liability Policy**, contained any such untrue statement or representation.

#### V. LIBERALIZATION

If, during the **Policy Period**, the Company is required, by law or by insurance supervisory authorities of the state in which this **Liability Policy** was issued, to make any changes in the form of this **Liability Policy**, by which the insurance afforded by this **Liability Policy** could be extended or broadened without increased premium charge by endorsement or substitution of form, then such extended or broadened insurance will inure to the benefit of the **Insured** as of the date the revision or change is approved for general use by the applicable department of insurance.



**W. AUTHORIZATION**

By acceptance of the terms herein, the **Named Insured** agrees to act on behalf of all **Insureds** with respect to the payment of premiums, the receiving of any return premiums that may become due hereunder, and the receiving of notices of cancellation, nonrenewal, or change of coverage, and the **Insureds** each agree that they have, individually and collectively, delegated such authority exclusively to the **Named Insured**; provided, that nothing herein will relieve the **Insureds** from giving any notice to the Company that is required under this **Liability Policy**.

**X. ENTIRE AGREEMENT**

The Declarations, the **Application**, the Liability Coverage Terms and Conditions, each **Liability Coverage**, and any endorsements attached thereto, constitute the entire agreement between the Company and the **Insured**.

**Y. HEADINGS**

The titles of the various paragraphs of this **Liability Policy** and its endorsements are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provision to which they relate.

**AMEND NUMBER OF DAYS FOR ELECTING EXTENDED REPORTING PERIOD ENDORSEMENT**

This endorsement modifies the following:

**It is agreed that:**

Solely with respect to the **Liability Coverage(s)** shown above, section **III. CONDITIONS, O. EXTENDED REPORTING PERIOD** of the **Liability Coverage Terms and Conditions** is replaced by the following:

**O. EXTENDED REPORTING PERIOD**

At any time prior to or within days after the effective date of termination or cancellation of any Liability Coverage for any reason other than nonpayment of premium, the **Named Insured** may give the Company written notice that it desires to purchase an Extended Reporting Period for the period set forth in ITEM 8 of the Declarations following the effective date of such termination or cancellation, regarding **Claims** made during such Extended Reporting Period against persons or entities who at or prior to the effective date of termination or cancellation are **Insureds**, but only for **Wrongful Acts** occurring wholly prior to the effective date of the termination or cancellation and which otherwise would be covered by such **Liability Coverage**, subject to the following provisions:

1. such Extended Reporting Period will not provide a new, additional or renewed limit(s) of liability; and
2. the Company's maximum limit of liability for all **Claims** made during such Extended Reporting Period will be only the remaining portion of the applicable limit of liability set forth in the Declarations as of the effective date of the termination or cancellation;

The premium due for the Extended Reporting Period will equal the percentage set forth in ITEM 8 of the Declarations of the annualized premium of the applicable **Liability Coverage**, including the fully annualized amount of any additional premiums charged by the Company during the **Policy Year** prior to such termination or cancellation. The entire premium for the Extended Reporting Period will be deemed to have been fully earned at the commencement of such Extended Reporting Period.

The right to elect the Extended Reporting Period will terminate unless written notice of such election, together with payment of the additional premium due, is received by the Company within days of the effective date of the termination or cancellation.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

## GLOBAL COVERAGE COMPLIANCE ENDORSEMENT

This endorsement changes the following:

### Liability Coverage Terms and Conditions

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It is agreed that:

1. The following is added to section **II. DEFINITIONS**:

**Financial Interest** means the **Named Insured's** insurable interest in an **Insured Organization** that is domiciled in a country or jurisdiction in which the Company is not licensed to provide this insurance, as a result of the **Named Insured's**:

1. ownership of the majority of the outstanding securities or voting rights of such **Insured Organization** representing the present right to elect, appoint, or exercise a majority control over such **Insured Organization's** board of directors, board of trustees, board of managers, natural person general partner, or functional foreign equivalent;
2. indemnification of, or representation that it has an obligation to indemnify, such **Insured Organization** for **Loss** incurred by such **Insured Organization**; or
3. election or obligation to obtain insurance for such **Insured Organization**.

2. The following is added to section **III. CONDITIONS**:

#### SANCTIONS

This **Liability Policy** will provide coverage, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose the Company or any of its affiliated or parent companies to any trade or economic sanction under any law or regulation of the United States of America or any other applicable trade or economic sanction, prohibition, or restriction.

3. The following replaces section **III. CONDITIONS, A. TERRITORY**:

#### A. TERRITORY AND VALUATION

1. This **Liability Policy** applies anywhere in the world; provided, this **Liability Policy** does not apply to **Loss** incurred by an **Insured**, or a **Foreign Parent Corporation**, residing or domiciled in a country or jurisdiction in which the Company is not licensed to provide this insurance, to the extent that providing this insurance would violate the laws or regulations of such country or jurisdiction.
2. In the event an **Insured Organization** incurs **Loss** referenced in 1. above to which this insurance would have applied, the Company will reimburse the **Named Insured** for its **Loss**, on account of its **Financial Interest** in such **Insured Organization**. As a condition precedent to such reimbursement, or any rights under this **Liability Policy**, the **Named Insured** will cause the **Insured Organization** or its **Insured Persons** to comply with the conditions of this **Liability Policy**.
3. All premiums, Limits of Liability, Retention, **Loss**, and other amounts under this **Liability Policy** are expressed and payable in the currency of the United States. If a judgment is rendered, settlement is denominated, or another element of **Loss** under this **Liability Policy** is stated in a currency other than United States dollars, payment under this **Liability Policy** will be made in United States dollars at the rate of exchange published in *The Wall Street Journal* on the date the final judgment is reached, the amount of the settlement is agreed upon, or any other element of **Loss** is due, respectively.

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Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

LIA-19097 Ed. 03-15

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**SPECIMEN - QUOTE 2**

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4. The following is added to section **III. CONDITIONS, E. CLAIM DEFENSE**:

In the event of a **Claim** against an **Insured** or **Foreign Parent Corporation** that resides or is domiciled in a country or jurisdiction in which the Company is not licensed to provide this insurance and if Duty-to-Defend coverage is provided with respect to this **Liability Policy** as indicated in ITEM 7 of the Declarations, the Company will have the right and duty to defend such **Claim** as set forth in this section III. CONDITIONS, E. CLAIM DEFENSE, 1. to the extent that doing so would not violate the laws or regulations of such country or jurisdiction.

If the Company is prohibited from defending such **Claim** or if Reimbursement coverage is provided with respect to this **Liability Policy** as indicated in ITEM 7 of the Declarations, then this section III. CONDITIONS, E. CLAIM DEFENSE, 2. applies to such **Claim**; provided, any such **Claim** is subject to section III. CONDITIONS, P. ALLOCATION, 2.

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Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, exclusions, or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

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

**AUTOMATIC COVERAGE FOR ALL FORMED SUBSIDIARIES AND ACQUIRED SUBSIDIARIES  
WITH ASSETS NOT EXCEEDING 35% ENDORSEMENT**

This endorsement changes the following:

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**It is agreed that:**

The following amends section **III. CONDITIONS, L. ACQUISITIONS** of the Liability Coverage Terms and Conditions:

1. The **Insureds** need not complete an application for, and need not provide written notice of, the formation of any **Subsidiary** during the **Policy Period** by the **Insured Organization** in order for the Company to provide coverage for a formed **Subsidiary** and **Insured Persons** thereof.
2. The words "forms" and "formation" are deleted from the first paragraph.
3. The second paragraph is replaced by the following:

The 90-day notice requirement and the 90-day limitation of coverage will not apply provided that: (1) the assets of the acquired **Subsidiary** do not exceed 35% of the total assets of the **Insured Organization** as reflected in the **Insured Organization's** most recent fiscal year-end financial statement; or (2) the acquisition occurs less than 90 days prior to the end of the **Policy Period**.

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Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, exclusions, or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

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Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

LIA-19137 Ed. 05-17

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**SPECIMEN - QUOTE 2**

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## NON-PROFIT ORGANIZATION DIRECTORS AND OFFICERS LIABILITY

**THIS IS A CLAIMS-MADE COVERAGE WITH DEFENSE EXPENSES INCLUDED IN THE LIMIT OF LIABILITY.  
PLEASE READ THE POLICY CAREFULLY.**

### I. INSURING AGREEMENTS

The Company will pay on behalf of:

- A. the **Insured Persons, Loss for Wrongful Acts**, except for **Loss** which the **Insured Organization** pays to or on behalf of the **Insured Persons** as indemnification;
- B. the **Insured Organization, Loss for Wrongful Acts** which the **Insured Organization** pays to or on behalf of the **Insured Persons** as indemnification; and
- C. the **Insured Organization, Loss for Wrongful Acts**,

resulting from any **Claim** first made during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period.

### II. DEFINITIONS

Wherever appearing in this **Liability Coverage**, the following words and phrases appearing in bold type will have the meanings set forth in this Section II. DEFINITIONS:

- A. **Claim** means:
  - 1. a written demand for monetary damages or non-monetary relief;
  - 2. a civil proceeding commenced by service of a complaint or similar pleading;
  - 3. a criminal proceeding commenced by filing of charges;
  - 4. a formal administrative or regulatory proceeding, commenced by a filing of charges, formal investigative order, service of summons or similar document;
  - 5. an arbitration, mediation or similar alternative dispute resolution proceeding if the **Insured** is obligated to participate in such proceeding or if the **Insured** agrees to participate in such proceeding, with the Company's written consent, such consent not to be unreasonably withheld; or
  - 6. a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding;

against an **Insured** for a **Wrongful Act**, provided that **Claim** does not include any labor or grievance arbitration or other proceeding pursuant to a collective bargaining agreement.

A **Claim** is deemed to be made on the earliest date that any **Executive Officer** first receives written notice of such **Claim**. However, if any **Insured Person** who is not an **Executive Officer** first receives written notice of a **Claim** during the **Policy Period**, but no **Executive Officer** receives written notice of such **Claim** until after the **Policy Period** has expired, then such **Claim** will be deemed to have been made on the date such **Insured Person** first received written notice of the **Claim**.

- B. **Disqualified Person** means a "disqualified person" as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended.
- C. **Excess Benefit Transaction** means an "excess benefit transaction" as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended.

- D. **Excess Benefit Transaction Tax** means any excise tax imposed by the Internal Revenue Service on an **Insured Person** who is an **Organizational Manager** as a result of such **Insured Person's** participation in an **Excess Benefit Transaction**.
- E. **Executive Officer** means the chairperson, chief executive officer, president, chief financial officer, in-house general counsel, executive director, risk manager, human resources manager, or an individual acting in the capacity of a human resources manager, managing director of the **Insured Organization** or a functional equivalent thereof.
- F. **Insured** means the **Insured Persons** and the **Insured Organization**.
- G. **Insured Organization** means the **Named Insured**, any **Subsidiary**, and any such entity as a debtor in possession, as such term is used in Chapter 11 of the United States of America Bankruptcy Code, as amended, or the equivalent of a debtor in possession under any applicable foreign law.
- H. **Insured Person** means any natural person who was, is or becomes a duly elected or appointed member of the board of directors, officer, member of the board of trustees, member of the board of managers, member of the board of regents, member of the board of governors, or a functional equivalent thereof, **Executive Officer**, employee, volunteer, or member of a duly constituted committee, of the **Insured Organization**.

In the event of the death, incapacity or bankruptcy of an **Insured Person**, any **Claim** against the estate, heirs, legal representatives or assigns of such **Insured Person** for a **Wrongful Act** of such **Insured Person** will be deemed to be a **Claim** against such **Insured Person**.

- I. **Loss** means **Defense Expenses** and money which an **Insured** is legally obligated to pay as a result of a **Claim**, including settlements, judgments, back and front pay, compensatory damages, punitive or exemplary damages or the multiple portion of any multiplied damage award if insurable under the applicable law most favorable to the insurability of punitive, exemplary, or multiplied damages, prejudgment and postjudgment interest, and legal fees and expenses awarded pursuant to a court order or judgment. **Loss** does not include:
1. civil or criminal fines, sanctions, liquidated damages other than liquidated damages awarded under the Age Discrimination in Employment Act or the Equal Pay Act, payroll or other taxes, or damages, penalties or types of relief deemed uninsurable under applicable law; or
  2. any amount allocated to non-covered loss pursuant to Section III. CONDITIONS P. ALLOCATION of the Liability Coverage Terms and Conditions.

Notwithstanding the above, **Loss** includes any **Excess Benefit Transaction Tax**, in an amount not to exceed twenty thousand dollars (\$20,000), that an **Insured Person** is obligated to pay as a result of a **Claim**; provided that **Loss** does not include the twenty-five percent (25%) excise tax assessed against any **Disqualified Person** or the 200% tax assessed for failure to correct an **Excess Benefit Transaction**.

- J. **Organizational Manager** means an "organizational manager" as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended.
- K. **Outside Entity** means a corporation or organization:
1. other than the **Insured Organization**, which is exempt from federal income tax as an entity described in Section 501(c)(3), 501(c)(4), or 501(c)(10) of the Internal Revenue Code of 1986, as amended; or
  2. specifically scheduled as an **Outside Entity** by endorsement to this **Liability Policy**.
- L. **Outside Position** means service by an **Insured Person** as a member of the board of directors, officer, member of the board of trustees, member of the board of managers, member of the board of regents, member of the board of governors or a functional equivalent thereof, with an **Outside Entity**, but only during such time that such service is with the knowledge, consent, and at the specific request of the **Insured Organization**.



- M. *Personal Injury*** means false arrest, wrongful detention or imprisonment, malicious prosecution, defamation including libel and slander, invasion of privacy or wrongful entry or eviction.
- N. *Publishers Liability*** means infringement of copyright or trademark, unauthorized use of title, plagiarism or misappropriation of ideas.
- O. *Subsidiary*** means:
1. any corporation, partnership, limited liability company or other entity organized under the laws of any jurisdiction in which, on or before the Inception Date set forth in ITEM 2 of the Declarations, the **Named Insured** owns, directly or indirectly, more than 50% of the outstanding securities or voting rights representing the present right to elect, appoint or exercise a majority control over such entity's board of directors, board of trustees, board of managers, natural person general partners, or functional equivalent;
  2. any non-profit entity over which, on or before the Inception Date set forth in ITEM 2 of the Declarations, the **Named Insured** has the ability to exercise managerial control;
  3. any entity operated as a joint venture, in which, on or before the Inception Date set forth in ITEM 2 of the Declarations, the **Named Insured** owns, directly or indirectly, exactly 50% of the issued and outstanding voting stock and whose management and operation the **Insured Organization** solely controls, pursuant to a written agreement with the owner(s) of the remaining issued and outstanding voting stock; or
  4. subject to the provisions set forth in Section III. CONDITIONS L. ACQUISITIONS of the Liability Coverage Terms and Conditions, any entity that the **Insured Organization** acquires or forms during the **Policy Period** in which the **Named Insured** owns, directly or indirectly, more than 50% of the outstanding securities or voting rights representing the present right to elect, appoint or exercise a majority control over such entity's board of directors, board of trustees, board of managers, natural person general partners, or functional equivalent, or, in the case of any non-profit entity that does not issue securities, over which the **Named Insured** has the ability to exercise managerial control.
- P. *Wrongful Act*** means:
1. any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty or neglect by, including any **Personal Injury** or **Publishers Liability**, or any matter asserted against, an **Insured Person** in his or her capacity as such;
  2. any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty or neglect by, including any **Personal Injury** or **Publishers Liability**, or any matter asserted against, an **Insured Person** in his or her **Outside Position**;
  3. any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty or neglect by, including any **Personal Injury** or **Publishers Liability**, or any matter asserted against, the **Insured Organization**; or
  4. any matter asserted against an **Insured Person** solely by reason of his or her status as such.

All **Related Wrongful Acts** are a single **Wrongful Act** for purposes of this **Liability Coverage**, and all **Related Wrongful Acts** will be deemed to have occurred at the time the first of such **Related Wrongful Acts** occurred whether prior to or during the **Policy Period**.

### III. EXCLUSIONS

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#### A. EXCLUSIONS APPLICABLE TO ALL LOSS

1. The Company will not be liable for **Loss** for any **Claim** for any damage to, destruction of, loss of, or loss of use of any tangible property, including damage to, destruction of, loss of, or loss of use of tangible property that results from inadequate or insufficient protection from soil or ground water movement, soil subsidence, mold, toxic mold, spores, mildew, fungus, or wet or dry rot.
2. The Company will not be liable for **Loss** for any **Claim** for any bodily injury, sickness, disease, death, loss of consortium, emotional distress, mental anguish, humiliation, or loss of reputation; provided that this exclusion will not apply to allegations of emotional distress or mental anguish, if and only to the extent that such allegations are made as part of a **Claim**:



- a. for **Personal Injury**; or
  - b. for an employment related **Wrongful Act**.
3. The Company will not be liable for **Loss** for any **Claim** based upon or arising out of any nuclear reaction, nuclear radiation, radioactive contamination, or radioactive substance, or the hazardous properties of nuclear material; or infectious waste or medical waste.
  4. The **Company** will not be liable for **Loss** for any **Claim**:
    - a. based upon or arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of any **Pollutant**;
    - b. based upon or arising out of any request, demand, order, or statutory or regulatory requirement that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, any **Pollutant**; or
    - c. brought by or on behalf of any governmental authority because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, any **Pollutant**.
  5. The Company will not be liable for **Loss** for any **Claim** based upon or arising out of any fact, circumstance, situation, event or **Wrongful Act** underlying or alleged in any prior or pending civil, criminal, administrative or regulatory proceeding against any **Insured** as of or prior to the applicable Prior and Pending Proceeding Date set forth in ITEM 5 of the Declarations for this **Liability Coverage**.
  6. The Company will not be liable for **Loss** for any **Claim** for any fact, circumstance, situation, or event that is or reasonably would be regarded as the basis for a claim about which any **Executive Officer** had knowledge prior to the applicable Continuity Date set forth in ITEM 5 of the Declarations for this **Liability Coverage**.
  7. The Company will not be liable for **Loss** for any **Claim** based upon or arising out of any fact, circumstance, situation, event, or **Wrongful Act** which, before the Inception Date set forth in ITEM 2 of the Declarations, was the subject of any notice of claim or potential claim given by or on behalf of any **Insured** under any policy of insurance of which this **Liability Coverage** is a direct renewal or replacement or which it succeeds in time.
  8. The Company will not be liable for **Loss** for any **Claim** for any violation of responsibilities, duties or obligations under the Employee Retirement Income Security Act of 1974 (ERISA), including amendments thereto and regulations promulgated thereunder, or any similar or related federal, state or local law or regulation; or for an **Insured's** failure or refusal to establish, contribute to, pay for, insure, maintain, provide benefits pursuant to, or enroll or maintain the enrollment of an employee or dependent in, any employee benefit plan, fund or program, including contracts or agreements which are not subject to the provisions of ERISA.
  9. The Company will not be liable for **Loss** for any **Claim** by or on behalf of, or in the name or right of, the **Insured Organization**; provided that this exclusion will not apply to any **Claim** that is brought and maintained independently of, and without the assistance, participation or intervention of any **Insured**.
  10. The Company will not be liable for **Loss** for any **Claim** by or on behalf, or in the name or right of, any **Outside Entity** against an **Insured Person** for a **Wrongful Act** in his or her **Outside Position** with respect to such **Outside Entity**.
  11. The Company will not be liable for **Loss** for any **Claim** based upon or arising out of, any **Wrongful Act** by an entity that is, or was a **Subsidiary**, or any **Insured Person** of such entity, occurring at any time during which such entity was not a **Subsidiary**.
  12. The Company will not be liable for **Loss** for any **Claim** for any liability of others assumed by an **Insured** under any contract or agreement, whether oral or written, except to the extent that the **Insured** would have been liable in the absence of such contract or agreement.
  13. The Company will not be liable for **Loss** for any **Claim**, with respect to Insuring Agreement C. only:
    - a. based upon or arising out of any employment related **Wrongful Act**; or
    - b. for any violation of responsibilities, duties or obligations under any law concerning Social Security, unemployment insurance, workers' compensation, disability insurance, or any similar or related federal, state or local law or regulation, or for any violation of the Worker Adjustment and Retraining Notification Act (WARN), Occupational Safety and

Health Act (OSHA), Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the National Labor Relations Act (NLRA), Fair Labor Standards Act (FLSA), or amendments thereto or regulations promulgated thereunder, or any similar or related federal, state or local law or regulation.

**B. EXCLUSIONS APPLICABLE TO LOSS, OTHER THAN DEFENSE EXPENSES**

1. The Company will not be liable for **Loss**, other than **Defense Expenses**, for any **Claim** based upon or arising out of any **Insured**:
  - a. committing any intentionally dishonest or fraudulent act or omission;
  - b. committing any willful violation of any statute, rule or law; or
  - c. gaining any profit, remuneration or advantage to which such **Insured** was not legally entitled;provided that this exclusion will not apply unless a final adjudication establishes that such **Insured** committed such intentionally dishonest or fraudulent act or omission, or willful violation of any statute, rule or law, or gained such profit, remuneration or advantage to which such **Insured** was not legally entitled.
2. The Company will not be liable for **Loss**, other than **Defense Expenses**, for any **Claim** seeking costs and expenses incurred or to be incurred to comply with an order, judgment or award of injunctive or other equitable relief of any kind, or that portion of a settlement encompassing injunctive or other equitable relief, including actual or anticipated costs and expenses associated with or arising from an **Insured's** obligation to provide reasonable accommodation under, or otherwise comply with, the Americans With Disabilities Act or the Rehabilitation Act of 1973, including amendments thereto and regulations promulgated thereunder, or any similar or related federal, state or local law or regulation.
3. The Company will not be liable for **Loss**, other than **Defense Expenses**, for any **Claim** with respect to Insuring Agreement C. only, for any liability of the **Insured Organization** under any express contract or agreement; except to the extent that the **Insured Organization** would have been liable in the absence of such contract or agreement. For the purposes of this exclusion, an express contract or agreement is an actual agreement among the contracting parties, the terms of which are openly stated in distinct or explicit language, either orally or in writing, at the time of its making.

**IV. SEVERABILITY OF EXCLUSIONS**

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No conduct of any **Insured Person** will be imputed to any other **Insured Person** to determine the application of any of the exclusions set forth in Section III. EXCLUSIONS above. Solely with respect to exclusion B.1. set forth above, no conduct of any **Insured** will be imputed to any other **Insured** to determine if coverage is available.

**V. CONDITIONS**

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**A. RETENTION**

This Section V. CONDITIONS A. RETENTION will supplement, and not replace, Section III. CONDITIONS B. RETENTION of the Liability Coverage Terms and Conditions.

No retention will apply to **Defense Expenses** resulting from any **Claim**, other than a **Claim** for an employment related **Wrongful Act**, and the Company will reimburse the **Insured Organization** for any such retention paid by the **Insured Organization** in connection with any such **Claim**, if:

1. with respect to such **Claim**, there is a final adjudication of no liability obtained prior to or during trial, in favor of all **Insureds**, by reason of a motion to dismiss or a motion for summary judgment or any similar motion or process, after exhaustion of all appeals, or a final judgment of no liability obtained after trial, in favor of all **Insureds**, after exhaustion of all appeals; or
2. such **Claim** is dismissed or there is a stipulation to dismiss such **Claim** with or without prejudice and without the payment of any monetary consideration by the **Insureds**.

In no event will a settlement of a **Claim** be considered a final adjudication of no liability for purposes of this subsection.

As a condition of any reimbursement of the retention as set forth above, the Company may require a written undertaking on terms and conditions satisfactory to the Company guaranteeing the repayment of such amounts in the event that such **Claim** is reinstated after payment by the Company.

## B. SETTLEMENT

The Company may, with the written consent of the **Insured**, make such settlement or compromise of any **Claim** as the Company deems expedient. In the event that the Company recommends an offer of settlement (a "Settlement Offer") of any **Claim** which is acceptable to the claimant(s), and if the **Insured** refuses to consent to such Settlement Offer, the **Insured** will be solely responsible for thirty percent (30%) of all **Defense Expenses** incurred or paid by the **Insured** after the date the **Insured** refused to consent to the Settlement Offer, and the **Insured** will also be responsible for thirty percent (30%) of all **Loss**, other than **Defense Expenses**, in excess of the Settlement Offer, provided that the Company's liability under this **Liability Coverage** for such **Claim** does not exceed the remaining applicable limit of liability.

## C. PRESUMPTION OF INDEMNIFICATION

Regardless of whether **Loss** resulting from any **Claim** against **Insured Persons** is actually indemnified, Insuring Agreement B and the Retention set forth in the Declarations will apply to any **Loss** as to which indemnification by the **Insured Organization** or any **Outside Entity** is legally permissible, whether or not actual indemnification is made, unless such indemnification is not made by the **Insured Organization** or such **Outside Entity** solely by reason of its **Financial Insolvency**.

The certificate of incorporation, charter, articles of association or other organizational documents of the **Insured Organization** and each **Outside Entity**, including by-laws and resolutions, will be deemed to have been adopted or amended to provide indemnification to the **Insured Persons** to the fullest extent permitted by law.

## D. OTHER INSURANCE AND INDEMNIFICATION

This **Liability Coverage** will apply only as excess insurance over, and will not contribute with: (1) any other valid and collectible insurance available to any **Insured**, including any insurance under which there is a duty to defend, unless such insurance is written specifically excess of this **Liability Coverage** by reference in such other policy to the Policy Number of this **Liability Policy**; or (2) indemnification to which any **Insured Person** is entitled from any **Outside Entity** other than the **Insured Organization**. This **Liability Coverage** will not be subject to the terms of any other insurance.

## E. OUTSIDE POSITIONS – LIMIT OF LIABILITY

If any **Claim** against the **Insureds** gives rise to an obligation both under this **Liability Coverage** and under any other coverage or policy of insurance issued by the Company or any of its affiliates to any **Outside Entity**, the Company's maximum aggregate limit of liability under all such policies for all **Loss**, including **Defense Expenses**, for such **Claim** will not exceed the largest single available limit of liability under any such coverage.

## F. ORDER OF PAYMENTS

If **Loss**, other than **Defense Expenses**, from any **Claim** exceeds the remaining applicable limit of liability as set forth in ITEM 5 of the Declarations:

1. the Company will first pay **Loss** for such **Claim** to which Insuring Agreement A. applies; then
2. to the extent that any amount of the applicable limit of liability remains available, the Company will pay **Loss** for such **Claim** to which Insuring Agreements B. and C. apply.

Upon written request of the **Insured Organization** by and through any **Executive Officer**, the Company will either pay or withhold payment of **Loss** from such **Claim** under Insuring Agreements B. and C., as applicable. In the event of a written request to withhold payment, the Company will make any future payment only for **Loss** from any such **Claim** to which Insuring Agreement A. applies, unless otherwise so instructed upon written request by and through an **Executive Officer** of the **Insured Organization**.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## AMEND BODILY INJURY EXCLUSION (BROAD) ENDORSEMENT

This endorsement modifies the following:

### Non-Profit Organization Directors and Officers Liability

---

#### It is agreed that:

The following replaces section III. EXCLUSIONS, A. EXCLUSIONS APPLICABLE TO ALL LOSS, 2. of the **Liability Coverage**:

2. The Company will not be liable for **Loss** for any **Claim** based upon or arising out of any bodily injury, sickness, disease, death, loss of consortium, emotional distress, mental anguish, humiliation, or loss of reputation; provided, that this exclusion will not apply to allegations of emotional distress or mental anguish, if and only to the extent that such allegations are made as part of a **Claim**:
  - a. for **Personal Injury**; or
  - b. for an employment related **Wrongful Act**.

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Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

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Issuing Company: **Travelers Casualty and Surety Company of America**  
Policy Number:

## CRISIS MANAGEMENT COVERAGE ENDORSEMENT

This endorsement modifies the following:

### Non-Profit Organization Directors and Officers Liability Coverage

---

**It is agreed that:**

1. The following is added to section **III. CONDITIONS, B. RETENTION** of the Liability Coverage Terms and Conditions:

The Retention for each **Claim** set forth in ITEM 5 of the Declarations will not apply to any **Crisis Management Event Claim** of the under the **Liability Coverage**, and instead, the Retention for such **Crisis Management Event Claim** will be the **Crisis Management Event Retention** for each **Crisis Management Event Claim** set forth in ITEM 5 of the Declarations.

2. The following is added to section **III. CONDITIONS, C. LIMITS OF LIABILITY, 1.** of the Liability Coverage Terms and Conditions:

However, the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Crisis Management Event Claims** is further limited by the following:

The Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Crisis Management Event Claims** under the **Liability Coverage** will not exceed the **Crisis Management Event Limit of Liability** for all **Claims** set forth in ITEM 5 of the Declarations. The **Crisis Management Event Limit of Liability** for all **Claims** is included within, and not in addition to, the applicable **Liability Coverage Limit of Liability**, and is further subject to any applicable **Liability Coverage Shared Limit of Liability** or **Annual Reinstatement of the Liability Coverage Limit of Liability**.

3. The following is added to section **III. CONDITIONS, D. ADDITIONAL DEFENSE COVERAGE** of the Liability Coverage Terms and Conditions:

However, the **Additional Defense Limit of Liability** will not apply to **Defense Expenses** incurred for any **Crisis Management Event Claim** under the **Liability Coverage**.

4. The following is added to section **III. CONDITIONS, F. INSURED'S DUTIES IN THE EVENT OF A CLAIM** of the Liability Coverage Terms and Conditions:

The Insured's duty to report a **Crisis Management Event** commences as soon as practicable, but in no later than 30 days, after the **Insured Organization** first incurs **Crisis Management Loss** for which coverage will be requested. The **Insured Organization** may incur **Crisis Management Loss** without the Company's prior consent; provided, that the Company has consented to the **Crisis Management Firm** retained by the **Insured Organization**.

5. The following is added section **I. INSURING AGREEMENTS** of the **Liability Coverage**:

The Company shall pay on behalf of the **Insured Organization**, all **Crisis Management Loss** resulting from a **Crisis Management Event** first commencing during the **Policy Period**, up to the amount of the **Crisis Management Limit of Liability**.

6. The following are added to section **II. DEFINITIONS** of the **Liability Coverage**:  
**Crisis Management Event** means any:

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1. death, incapacity or criminal indictment of any **Insured Person** on whom the **Insured Organization** maintains key person life insurance;
  2. public announcement or accusation that an individual under the management control of the **Insured Organization** has intentionally caused bodily injury to, or death of, or sexually abused a member of the **Insured Organization**;
  3. public announcement that the **Insured Organization** has defaulted or intends to default on its debt;
  4. public announcement that the **Insured Organization** intends to file for bankruptcy protection, that a third party is seeking to file for involuntary bankruptcy on behalf of the **Insured Organization**, or the imminence of bankruptcy proceedings, whether voluntary or involuntary against the **Insured Organization** are imminent; or
  5. that the withdrawal or return by the **Insured Organization** of a non-governmental grant, contribution, or bequest in excess of \$ \_\_\_\_\_ ,
- that causes a **Material Effect**.

**Crisis Management Event** does not include any event based on or arising out of any:

1. fact, circumstance, situation, event, or **Wrongful Act** which was the subject of any notice of claim or potential claim given by or on behalf of any **Insured** under any policy of insurance of which this Liability Coverage is a direct renewal or replacement or which it succeeds in time;
2. fact, circumstance, situation, event or **Wrongful Act** underlying or alleged in any prior or pending civil, criminal, administrative, or regulatory proceeding as of \_\_\_\_\_ ;
3. **Pollutant**; or
4. actual or alleged nuclear reaction, nuclear radiation, radioactive contamination, or radioactive substance, or the hazardous properties of nuclear material, or infectious or medical waste.

A **Crisis Management Event** will first commence when the **Insured Organization**, or any of its directors or **Executive Officers**, first becomes aware of the event during the **Policy Period** and will conclude at the earliest point in time when the **Crisis Management Firm** advises the **Insured Organization** that the crisis no longer exists or when the Crisis Management Limit of Liability has been exhausted.

**Crisis Management Firm** means any public relations firm or crisis management firm hired by the **Insured Organization**, or its directors, officers, or employees, to perform **Crisis Management Services** in connection with the **Crisis Management Event**; provided, the Company has given its consent to the retention of such **Crisis Management Firm**, which consent will not be unreasonably withheld.

**Crisis Management Loss** means any reasonable and necessary:

1. fees and expenses incurred by a **Crisis Management Firm** in the performance of **Crisis Management Services** on behalf of the **Insured Organization** arising from a **Crisis Management Event**;
2. expenses incurred by the **Insured Organization** for publication and circulation of materials in connection with a **Crisis Management Event**; or
3. travel expenses incurred by directors, officers, or employees of the **Insured Organization** in connection with a **Crisis Management Event**,

incurred during the pendency of, or within 90 days prior to and in anticipation of, the **Crisis Management Event**, but in not event later than when such **Crisis Management Event** has concluded.

**Crisis Management Services** means those services performed by a **Crisis Management Firm** in advising the **Insured Organization**, or any of its directors, officers, or employees, on minimizing potential harm to the **Insured Organization** arising from the **Crisis Management Event**, including maintaining and restoring public confidence in the **Insured Organization**.

**Material Effect** means the publication of unfavorable information regarding the **Insured Organization** which can reasonably be considered to lessen public confidence in the competence of the **Insured Organization**; provided that such publication must occur in either the daily newspaper of general circulation in the geographic area of the **Insured Organization** or on a radio or television news report about the **Insured Organization** which is received in the geographic area of the **Insured Organization**.



7. The following is added to section **III. EXCLUSIONS, A. EXCLUSIONS APPLICABLE TO ALL LOSS** of the **Liability Coverage**:

The Company will not be liable for **Loss** for any **Claim** for any **Crisis Management Loss**.

8. The following is added to ITEM 5. of the Declarations:

**Crisis Management Event**

**Claims Limit of Liability:** \$ for all **Crisis Management Event Claims**

**Crisis Management Event**

**Limit of Liability:** \$ for each **Crisis Management Event Claim**

**Crisis Management Event Claims Retention:**

\$ for each **Crisis Management Event Claim** under Insuring Agreement A.

\$ for each **Crisis Management Event Claim** under Insuring Agreement B.

\$ for each **Crisis Management Event Claim** under Insuring Agreement C.

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Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

## DELETE COVERAGE FOR EMPLOYMENT RELATED WRONGFUL ACTS ENDORSEMENT

This endorsement modifies the following:

### Non-Profit Organization Directors and Officers Liability

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#### It is agreed that:

1. The following replaces section **II. DEFINITIONS, I. Loss**, 1. of the **Liability Coverage**:

[**Loss** does not include:]

civil or criminal fines; sanctions; liquidated damages, payroll or other taxes; or damages, penalties or types of relief deemed uninsurable under applicable law; or

2. Section **III. EXCLUSIONS, A. EXCLUSIONS APPLICABLE TO ALL LOSS**, 2., b. and 13., a. of the **Liability Coverage** are deleted.

3. The following replaces section **V. CONDITIONS, A. RETENTION** of the **Liability Coverage**:

This section **V. CONDITIONS, A. RETENTION** will supplement, and not replace section **III. CONDITIONS, B. RETENTION** of the Liability Coverage Terms and Conditions.

No retention will apply to **Defense Expenses** resulting from any **Claim** and the Company will reimburse the **Insured Organization** for any such retention paid by the **Insured Organization** in connection with any such **Claim**, if:

1. with respect to such **Claim**, there is a final judgment of no liability obtained prior to or during trial, in favor of all **Insureds**, by reason of a motion to dismiss or a motion for summary judgment or any similar motion or process, after exhaustion of all appeals, or a final judgment of no liability obtained after trial, in favor of all **Insureds**, after exhaustion of all appeals; or
2. such **Claim** is dismissed or there is a stipulation to dismiss such **Claim** with or without prejudice and without the payment of any monetary consideration by the **Insureds**.

In no event will a settlement of a **Claim** be considered a final judgment of no liability for purposes of this subsection.

As a condition of any reimbursement of the retention as set forth above, the Company may require a written undertaking on terms and conditions satisfactory to the Company guaranteeing the repayment of such amounts in the event that such **Claim** is reinstated after payment by the Company.

4. The following is added to section **III. EXCLUSIONS, A. EXCLUSIONS APPLICABLE TO ALL LOSS** of the **Liability Coverage**:

The Company will not be liable for **Loss** for any **Claim** based upon or arising out of any employment related **Wrongful Act**.

---

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

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Issuing Company: **Travelers Casualty and Surety Company of America**  
Policy Number:



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## SUPPLEMENTAL PERSONAL INDEMNIFICATION COVERAGE ENDORSEMENT

This endorsement modifies the following coverage:

### Non-Profit Organization Directors and Officers Liability

---

#### It is agreed that:

The following is added to the **Liability Coverage**:

If the **Liability Coverage Limit of Liability** under this **Liability Coverage** or a **Liability Coverage Shared Limit of Liability**, if applicable, has been exhausted, the Company shall provide the **Insured Persons** with an additional Supplemental Personal Indemnification Limit of Liability under Insuring Agreement A. Such Supplemental Personal Indemnification Limit of Liability will not to exceed **\$1,000,000**, which amount is in addition to and not part of the **Liability Coverage Limit of Liability** or **Liability Coverage Shared Limit of Liability**, if applicable. This Supplemental Personal Indemnification Limit of Liability applies solely to **Loss** resulting from any **Claim** other than a **Claim**, for an employment-related **Wrongful Act**, against an **Insured Person** to which Insuring Agreement A. is applicable.

---

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

---

Issuing Company: **Travelers Casualty and Surety Company of America**  
Policy Number:

**AMEND DEFINITION OF OUTSIDE ENTITY ENDORSEMENT**

This endorsement modifies the following:

**Non-Profit Organization Directors and Officers Liability**

---

**It is agreed that:**

The following replaces section **II. DEFINITIONS, K. Outside Entity** of the **Liability Coverage**:

- K. *Outside Entity*** means a corporation or organization:
1. other than the **Insured Organization**, that is a non-profit entity; or
  2. any Specified Outside Entity as set forth in the Specified Outside Entity schedule below.

**Specified Outside Entity**

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Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

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Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

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## BANKRUPTCY AND WHISTLEBLOWER CARVEBACKS ENDORSEMENT

This endorsement changes the following:

### Non-Profit Organization Directors and Officers Liability

---

#### It is agreed that:

1. The following is added to section **II. DEFINITIONS** of the **Liability Coverage**:

**Whistleblower Activity** means activity protected under:

1. 18 U.S.C. 1514A(a) (whistleblower protection pursuant to section 806 of the Sarbanes-Oxley Act of 2002, as amended), other than the activity of "filing or the causing to be filed" any proceeding as specified under section 1514A(a)(2) and any other activity specified in section 1514A(a)(2) that is engaged in on a voluntary basis; or
  2. any similar whistleblower protection provision of any applicable federal, state, local, or foreign securities law or regulation that affords protection to a natural person, other than the filing, causing to be filed, or any other activity similar to the type specified in section 18 U.S.C. 1514A(a)(2) that is engaged in on a voluntary basis.
2. The following replaces section **III. EXCLUSIONS, A. EXCLUSIONS APPLICABLE TO ALL LOSS, 9.**, of the **Liability Coverage**:
    9. The Company will not be liable for **Loss** for any **Claim** by or on behalf of, or in the name or right of, the **Insured Organization**; provided that this exclusion will not apply to any **Claim**:
      - a. that is brought and maintained independently of, and without the assistance, participation or intervention of any **Insured**, except that any **Whistleblower Activity** by any member of the board of directors, officer, member of the board of managers, or a functional equivalent thereof will not be considered assistance, participation or intervention; or
      - b. in a bankruptcy proceeding brought or maintained by an examiner, trustee, receiver, liquidator, rehabilitator, creditors committee or any similar official of the **Insured Organization**.

---

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

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Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

NDO-19006 Ed. 11-12

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Page 1 of 1

**AMEND SECTION III. EXCLUSIONS, B. 1. - FINAL NON-APPEALABLE ADJUDICATION IN ANY PROCEEDING OTHER THAN A PROCEEDING INITIATED BY THE COMPANY ENDORSEMENT**

This endorsement changes the following:

**Non-Profit Organization Directors and Officers Liability**

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**It is agreed that:**

The following replaces section **III. EXCLUSIONS, B. EXCLUSIONS APPLICABLE TO LOSS, OTHER THAN DEFENSE EXPENSES, 1:**

1. The Company will not be liable for **Loss** , other than **Defense Expenses**, for any **Claim** based upon or arising out of any **Insured**:
  - a. committing any intentionally dishonest or fraudulent act or omission;
  - b. committing any willful violation of any statute, rule, law; or
  - c. gaining any profit, remuneration or financial advantage to which such **Insured** was not legally entitled;

provided that this exclusion will not apply unless a final non-appealable adjudication in any proceeding other than a proceeding initiated by the Company establishes that such **Insured** committed such intentionally dishonest or fraudulent act or omission, willful violation of any statute, rule or law, or gained such profit, remuneration or advantage to which such **Insured** was not legally entitled.

---

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

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Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

NDO-19009 Ed. 07-13

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Page 1 of 1

## EXTRADITION COVERAGE ENDORSEMENT

This endorsement modifies the following:

### Non-Profit Organization Directors and Officers Liability

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#### It is agreed that:

1. The following is added to section **II. DEFINITIONS, A. Claim** of the **Liability Coverage**:

**Claim** also means a request for **Extradition**, including the execution of an arrest warrant where such execution is an element of **Extradition**.

2. The following is added to section **II. DEFINITIONS, F. Defense Expenses** of the **Liability Coverage Terms and Conditions**:

**Defense Expenses** also means **Extradition Expenses**.

3. The following is added to section **II. DEFINITIONS** of the **Liability Coverage**:

**Extradition** means a formal process by which an **Insured Person** located in any country is surrendered to any other country to answer any criminal accusation.

**Extradition Expenses** means the reasonable and necessary legal fees and expenses incurred by an **Insured Person** in lawfully opposing, challenging, resisting, or defending against any request for, or any effort to obtain, the **Extradition** of such **Insured Person**.

---

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

---

Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

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

**AMEND DEFINITION OF INSURED PERSON TO INCLUDE ADVISORY BOARD MEMBERS  
ENDORSEMENT**

This endorsement changes the following:

**Non-Profit Organization Directors and Officers Liability**

---

**It is agreed that:**

1. The following is added to section **II. DEFINITIONS, H. Insured Person:**

**Insured Person** also means any natural person who was, is, or becomes a duly elected or appointed member of an advisory board of the **Insured Organization**.

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Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, exclusions, or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

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Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

NDO-19016 Ed. 05-17

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Page 1 of 1

**SPECIMEN - QUOTE 2**

**Page 38 of 45**

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

**AMEND LOSS DEFINITION TO INCLUDE COVERAGE CARVEBACKS FOR LIQUIDATED DAMAGES UNDER THE FAMILY MEDICAL LEAVE ACT AND CIVIL PENALTIES UNDER THE FOREIGN CORRUPT PRACTICES ACT ENDORSEMENT**

This endorsement changes the following:

**Non-Profit Organization Directors and Officers Liability**

**It is agreed that:**

The following replaces section **II. DEFINITIONS, I. Loss, 1.:**

1. civil or criminal fines, sanctions, liquidated damages, payroll or other taxes, or damages, penalties or types of relief deemed uninsurable under applicable law; provided, **Loss** includes:
  - a. liquidated damages awarded under the Age Discrimination in Employment Act, the Equal Pay Act, or the Family Medical Leave Act;
  - b. civil penalties assessed against any **Insured Person** pursuant to the Foreign Corrupt Practices Act of 1977 §§ 15 U.S.C. 78dd-2(g)(2)(B) and 78ff(c)(2)(B) and the United Kingdom Bribery Act of 2010 (Eng.) § 11(1)(a), to the extent that the violations of such laws are neither intentional nor willful; or

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, exclusions, or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

NDO-19017 Ed. 05-17

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Page 1 of 1

**SPECIMEN - QUOTE 2**

**Page 39 of 45**

SETTLEMENT CONDITION ENDORSEMENT

This endorsement modifies the following when indicated below by :

It is agreed that:

The following replaces **B. SETTLEMENT** of the **CONDITIONS** section of the **Liability Coverage**:

**B. SETTLEMENT**

The Company may, with the written consent of the **Insured**, make such settlement or compromise of any **Claim** as the Company deems expedient. In the event that the Company recommends an offer of settlement (a "Settlement Offer") of any **Claim** which is acceptable to the claimant(s), and if the **Insured** refuses to consent to such Settlement Offer, the **Insured** will be solely responsible for twenty percent (20%) of all **Defense Expenses** incurred or paid by the **Insured** after the date the **Insured** refused to consent to the Settlement Offer, and the **Insured** will also be responsible for twenty percent (20%) of all **Loss**, other than **Defense Expenses**, in excess of the Settlement Offer, provided that the Company's liability under this **Liability Coverage** for such **Claim** does not exceed the remaining applicable limit of liability.

**Financial Institution Professional Liability**

The following replaces **B. SETTLEMENT** of the **CONDITIONS** section of the **Liability Coverage**:

**B. SETTLEMENT**

The Company may, with the written consent of the **Insured**, make such settlement or compromise of any **Claim** as the Company deems expedient. In the event that the Company recommends an offer of settlement (a "Settlement Offer") of any **Claim** which is acceptable to the claimant(s), and if the **Insured** refuses to consent to such Settlement Offer, the **Insured** will be solely responsible for twenty percent (20%) of all **Defense Expenses** incurred or paid by the **Insured** after the date the **Insured** refused to consent to the Settlement Offer, and the **Insured** will also be responsible for twenty percent (20%) of all **Loss**, other than **Defense Expenses**, in excess of the Settlement Offer, provided that the Company's liability under this **Liability Coverage** for such **Claim** does not exceed the remaining applicable limit of liability.

**Employment Practices Liability**

The following replaces section **IV. CONDITIONS, A. SETTLEMENT** of the **Liability Coverage**:

**A. SETTLEMENT**

1. The Company may, with the written consent of the **Insured**, make such settlement or compromise of any **Claim** as the Company deems expedient. In the event that:
  - a. the **Insured** and the party bringing a **Claim** hereunder consent to the first settlement offer recommended by the Company (the "Settlement Offer") within thirty (30) days of being made aware of such offer by the Company; and

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- b. the amount of such Settlement Offer:
  - i. is less than the remaining applicable limit of liability available at the time; and
  - ii. combined with **Defense Expenses** incurred with respect to such **Claim**, exceeds the Retention;

the Retention will be retroactively reduced by ten percent (10%) with respect to such **Claim**.

- 2. If the **Insured** does not consent to the Settlement Offer within thirty (30) days of being made aware of such offer by the Company:
  - a. the Retention will not be reduced as provided in paragraph 1. above even if consent is given to the same or subsequent Settlement Offer; and
  - b. the **Insured** will be solely responsible for twenty percent (20%) of all **Defense Expenses** incurred or paid by the **Insured** after the date the **Insured** refused to consent to the Settlement Offer, and the **Insured** will also be responsible for twenty percent (20%) of all **Loss**, other than **Defense Expenses**, in excess of the Settlement Offer, provided that the Company's liability under this **Liability Coverage** for such **Claim** will not exceed the remaining applicable limit of liability.

**Fiduciary Liability**

The following replaces section **V. CONDITIONS, A. SETTLEMENT** of the **Liability Coverage**:

**A. SETTLEMENT**

The Company may, with the written consent of the **Insured**, make such settlement or compromise of any **Claim** as the Company deems expedient. In the event that the Company recommends an offer of settlement of any **Claim** which is acceptable to the claimant(s) (a "Settlement Offer"), and if the **Insured** refuses to consent to such Settlement Offer, the **Insured** will be solely responsible for twenty percent (20%) of all **Defense Expenses** incurred or paid by the **Insured** after the date the **Insured** refused to consent to the Settlement Offer, and the **Insured** will also be responsible for twenty percent (20%) of all **Loss**, other than **Defense Expenses**, in excess of the Settlement Offer, provided that the Company's liability under this **Liability Coverage** for such **Claim** will not exceed the remaining applicable limit of liability.

**Miscellaneous Professional Liability**

The following replaces section **V. CONDITIONS, B. SETTLEMENT** of the **Liability Coverage**:

**B. SETTLEMENT**

The Company may, with the written consent of the **Insured**, make such settlement or compromise of any **Claim** as the Company deems expedient. In the event that the Company recommends an offer of settlement (a "Settlement Offer") of any **Claim** which is acceptable to the claimant(s), and if the **Insured** refuses to consent to such Settlement Offer, the **Insured** will be solely responsible for twenty percent (20%) of all **Defense Expenses** incurred or paid by the **Insured** after the date the **Insured** refused to consent to the Settlement Offer, and the **Insured** will also be responsible for twenty percent (20%) of all **Loss**, other than **Defense Expenses**, in excess of the Settlement Offer, provided that the Company's liability under this **Liability Coverage** for such **Claim** will not exceed the remaining applicable limit of liability.

---

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

## AMEND THE DEFINITION OF SUBSIDIARY ENDORSEMENT

This endorsement changes the following:

### Non-Profit Organization Directors and Officers Liability

---

**It is agreed that:**

1. The following replaces section **DEFINITIONS** , **Subsidiary** in the **Liability Coverage**:

**Subsidiary** means:

1. any non-profit entity organized under the laws of any jurisdiction in which, on or before the Inception Date set forth in ITEM 2 of the Declarations, the **Named Insured** owns, directly or indirectly, more than 50% of the outstanding securities or voting rights representing the present right to elect, appoint or exercise a majority control over such entity's board of directors, board of trustees, board of managers, or functional equivalent, or, in the case of any non-profit entity that does not issue securities, over which, on or before the Inception Date set forth in ITEM 2 of the Declarations, the **Named Insured** has the ability to exercise managerial control;
  2. any for-profit entity, provided that it has been added specifically by endorsement to this **Liability Coverage's** definition of **Subsidiary**, or
  3. subject to the provisions set forth in section **III. CONDITIONS, L. ACQUISITIONS** of the Liability Coverage Terms and Conditions, any non-profit entity that the **Insured Organization** acquires or forms during the **Policy Period** in which the **Named Insured** owns, directly or indirectly, more than 50% of the outstanding securities or voting rights representing the present right to elect, appoint or exercise a majority control over such entity's board of directors, board of trustees, board of managers, or functional equivalent, or, in the case of any non-profit entity that does not issue securities, on or before the Inception Date set forth in ITEM 2 of the Declarations, over which the **Named Insured** has the ability to exercise managerial control.
2. The following is added to section **EXCLUSIONS** , **A. EXCLUSIONS APPLICABLE TO ALL LOSS** in the **Liability Coverage**:

Notwithstanding the provisions set forth in section **III. CONDITIONS, L. ACQUISITIONS** of the Liability Coverage Terms and Conditions, the Company will not be liable for **Loss** for any **Claim** based upon or arising out of the ownership, control, management or operations of any for-profit entity of the **Insured Organization** until and unless it has been added specifically by endorsement as a **Subsidiary** to this **Liability Coverage**.

---

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

---

Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

THIS ENDORSEMENT CHANGES THE POLICY TO CONFORM WITH SECTIONS 533 AND 533.5 OF THE CALIFORNIA INSURANCE CODE WHICH GENERALLY PROHIBIT INSURANCE COVERAGE FOR DIRECT PUNITIVE OR EXEMPLARY DAMAGES. PLEASE READ IT CAREFULLY.

## CALIFORNIA PUNITIVE DAMAGES AMENDATORY ENDORSEMENT

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**It is agreed that:**

This policy shall afford coverage for punitive or exemplary damages, or the multiple portion of any multiplied damages incurred by any **Insured** except when coverage for such damages is prohibited by Section 533 or 533.5 of the California Insurance Code.

---

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

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Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number:

## CALIFORNIA CANCELLATION AND NONRENEWAL ENDORSEMENT

This endorsement modifies insurance provided under the following if applicable:

**Liability Policy**  
**Kidnap and Ransom Policy**  
**Identity Fraud Expense Reimbursement Policy**

It is agreed that:

The CANCELLATION section of this policy is replaced by the following:

### CANCELLATION

The Company may cancel this policy for failure to pay a premium when due, in which case **(twenty) (20)** days number of days must equal or exceed twenty (20) days) written notice, shall be given to the **Named Insured or Insurance Representative**, with a copy to the agent or broker of record, unless payment in full is received within twenty (20) days of the **Named Insured or Insurance Representative's** receipt of such notice of cancellation. The Company shall have the right to the premium amount for the portion of the **Policy Period** during which this policy was in effect.

Subject to the provisions set forth in Liability Coverage Terms and Conditions Section III. CONDITIONS K. CHANGE OF CONTROL, if applicable, the **Named Insured or Insurance Representative** may cancel any coverage by mailing the Company written notice stating when, thereafter, not later than the Expiration Date set forth in ITEM 2 of the Declarations, such cancellation will be effective. In the event the **Named Insured or Insurance Representative** cancels, the earned premium will be computed in accordance with the customary short rate table and procedure. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

The Company will not be required to renew this policy upon its expiration. If the Company elects not to renew, it will provide to the **Named Insured or Insurance Representative** written notice to that effect **(sixty) (60)** days (number of days must equal or exceed sixty (60) days) but no more than one hundred twenty (120) days before the Expiration Date set forth in ITEM 2 of the Declarations.

Nonrenewal notice is not required if:

- a) transfer or renewal of a policy without changes is between insurers of the same group;
- b) extensions of ninety (90) days or less;
- c) the **Named Insured or Insurance Representative** has obtained or agreed to obtain replacement coverage within sixty (60) days of termination;
- d) for sixty (60) day policies where notice of renewal is given at the time the policy was issued;
  - a) the **Named Insured or Insurance Representative** requests a change in terms, conditions or risk covered by the policy within sixty (60) days prior to the end of the policy period; or
  - b) the **Named Insured or Insurance Representative** has made a written offer sixty (60) days prior to the end of the policy term to renew under different terms.

Any notice of cancellation or nonrenewal will be sent by certified mail to the **Named Insured or Insurance Representative**, with a copy to the agent or broker of record, at the last mailing address known to us.

Issuing Company: **Travelers Casualty and Surety Company of America**  
Policy Number:

Mailing time must be added to the notice period as follows:

- a) add five (5) days when mailing to an addressee in California
- b) add ten (10) days for an addressee outside of California; or
- c) add twenty (20) days for an addressee outside of the United States.

---

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

# Making Things Easier for You!

## PHLY CUSTOMER SERVICE

### Customer-Exclusive Resources



#### Customer Optimization of Renewals and Endorsements (CORE)

PHLY has a dedicated team of customer care professionals so we can deliver quality and efficient service to our customers.



#### Convenient Online Portal

Log into MyPHLY.com to handle all your review billing and payment history, view and print invoices and policy documents, and update your PHLY account profile information.



#### Loss Assistance Hotline

PHLY provides our Management & Professional Liability policyholders with 2 FREE HOURS of legal consultation with knowledgeable attorneys on any matter that could potentially result in a claim under a PHLY policy.



#### Easy Installments Available

We provide payment installments for accounts that generate at least \$2,000 in premium.

### Payment is easy!



#### Mail Your Payment

Philadelphia Insurance Companies  
 P.O. Box 70251  
 Philadelphia, PA 19176-02051

#### Pay By Phone

877.438.7459 (Payment is Option 1)

#### Pay Online

PHLY.com/MyPHLY

### Claims

- First party automobile losses settled in ten days or less
- Newly reported and opened claims acknowledged the same or next business day
- National claims representation with Commercial Liability Claims Examiner niche expertise
- Subrogation and Recovery Examiners are exclusively dedicated to recovering policyholder paid losses
- 24/7 experienced and efficient claims service - consistent staff and industry leading paperless capabilities

### Risk Management Services

- Product specific web-based Risk Management Services solutions through PHLY.com
- Free Learning Management System with over 40 courses
- Build a Customized Risk Management Program through our complimentary portal
- Regular e-flyer communications on current Risk Management Services issues and Large Loss Lessons Learned
- Strategic partnership with best in class vendor for discounted background and motor vehicle record (MVR) checks

### Contact PHLY Customer Service Available Monday – Friday from 8:30 a.m. to 8:00 p.m.



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Bala Cynwyd, Pennsylvania 19004  
610.617.7900 Fax 610.617.7940  
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## PROPOSAL FOR INSURANCE

**Quotation Number:** 12391957

**Proposal Date:** 01/24/2019

**Named Insured and Mailing Address:**

Belmont Water Corporation  
8309 E Sanders Ct  
Fresno, CA 93737-9755

**Producer:** 121144

Alliant Insurance Services, Inc.  
9 East River Park Place E Ste 310  
PO Box 28932  
Fresno, CA 93729

**Contact:** Clint Haskell

**Phone:** (559)374-3560

**Fax:** (999)999-9999

**Insurer:** Philadelphia Indemnity Insurance Company

**Policy Period From:** 03/01/2019

**To:** 03/01/2020

**Proposal Valid Until:** 03/01/2019

at 12:01 A.M. Standard Time at your mailing address shown above.

**Product:** Flexi Plus Five

**Submission Type:** New Business

**PHLY Representative:** Johns, Timothy B.

**PHLY Representative Phone:** (916) 724-2297

**Email:** Timothy.Johns@phly.com

**Underwriter:** Lauesen, Edward J.

**Underwriter Phone:** (303) 200-5363

**Email:** Edward.Lauesen@phly.com

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO EXTEND INSURANCE AS STATED IN THIS PROPOSAL.

THIS PROPOSAL CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	<b>PREMIUM</b>
<b>Flexi Plus Five</b>	\$ 1,391.00

**TOTAL**            \$    1,391.00

**The premium shown is subject to the following terms and conditions:**

Any taxes, fees or surcharges included in the total premium shown on the proposal are not subject to installment billing.

A maximum per installment fee of \$5.00 may be included (some states may vary)

1. Confirmation that the dispute/settlement with the Belmont Country Club is concluded.
2. Explain the planned cost of the new treatment plant and how it will be funded.
3. Provide an explanation if the settlement with the Belmont Country Club will affect the funding of the treatment plant. (ex: will the homeowners have to pay more, or will a loan be needed to fund the treatment plant).



**PHILADELPHIA**  
**INSURANCE COMPANIES**

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100  
Bala Cynwyd, Pennsylvania 19004  
610.617.7900 Fax 610.617.7940  
PHLY.com

**Named Insured:** Belmont Water Corporation

**Proposal Date:** 01/24/2019  
**Quotation Number:** 12391957

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**The premium shown is subject to the following terms and conditions:**

4. Confirmation that the non-profit status will be verified (currently not verified per IRS Pub 78).
5. Please provide details on the change in the directors.



## CALIFORNIA PREMIUM REFUND DISCLOSURE NOTICE

In accordance with CAL. INS. CODE § 481.(c), we are notifying you that in the event that the first Named Insured cancels the insurance policy, we shall retain 10% of the unearned premium. The premium refunded to you will therefore be calculated as 90% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 90% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

If you have an Equipment Breakdown policy or your policy contains an Equipment Breakdown Coverage Part, then the following premium refund calculation applies instead of that provided in the preceding paragraph. For the Equipment Breakdown policy premium or for the premium attributable to the Equipment Breakdown Coverage Part, we shall retain 25% of the unearned premium. The premium refunded to you will therefore be calculated as 75% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 75% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

However, the penalties set forth in the preceding paragraphs will not apply under the following circumstances, even if the first Named Insured cancels the policy:

1. The Insured(s) no longer has a financial or insurable interest in the property or business operation that is the subject of insurance;
2. Cancellation takes place after the first year for a prepaid policy written for a term of more than one year; or
3. The policy is rewritten in the same insuring company or company group.

Policy Number: 12391957Named Insured: Belmont Water Corporation

One Bala Plaza, Suite 100  
 Bala Cynwyd, Pennsylvania 19004  
 610.617.7900 Fax 610.617.7940  
 PHLI.com

## PHILADELPHIA INSURANCE COMPANIES DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE REJECTION OPTION

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. *As defined in Section 102(1) of the Act:* The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been 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.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 and 80% BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS’ LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

**Your attached proposal (or policy) includes a charge for terrorism. We will issue (or have issued) your policy with terrorism coverage unless you decline by placing an “X” in the box below.**

**NOTE 1:** If “included” is shown on your proposal (or policy) for terrorism you WILL NOT have the option to reject the coverage.

**NOTE 2:** You will want to check with entities that have an interest in your organization as they may require that you maintain terrorism coverage (e.g. mortgagees).

**EXCEPTION:** If you have property coverage on your policy, the following Standard Fire Policy states do not permit an Insured to reject fire ensuing from terrorism: CA, CT, GA, HI, IA, IL, MA, ME, MO, NJ, NY, NC, OR, RI, VA, WA, WV, WI. Therefore, if you are domiciled in the above states and reject terrorism coverage, you will still be charged for fire ensuing from terrorism as separately designated on your proposal.

	<b>I decline to purchase terrorism coverage. I understand that I will have no coverage for losses arising from “certified” acts of terrorism, EXCEPT as noted above.</b>
--	--

**You, as the Insured, have 30 days after receipt of this notice to consider the selection/rejection of “terrorism” coverage. After this 30 day period, any request for selection or rejection of terrorism coverage WILL NOT be honored.**

**REQUIRED IN GA – LIMITATION ON PAYMENT OF TERRORISM LOSSES** (applies to policies which cover terrorism losses insured under the federal program, including those which only cover fire losses)  
The provisions of the Terrorism Risk Insurance Act, as amended, can limit our maximum liability for payment of losses from certified acts of terrorism. That determination will be based on a formula set forth in the law involving the national total of federally insured terrorism losses in an annual period and individual insurer participation in payment of such losses. If one or more certified acts of terrorism in an annual period causes the maximum liability for payment of losses from certified acts of terrorism to be reached, and we have satisfied our required level of payments under the law, then we will not pay for the portion of such losses above that maximum. However, that is subject to possible change at that time, as Congress may, under the Act, determine that payments above the cap will be made.

INSURED'S SIGNATURE \_\_\_\_\_  
DATE \_\_\_\_\_



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One Bala Plaza, Suite 100  
Bala Cynwyd, Pennsylvania 19004  
610.617.7900 Fax 610.617.7940  
PHLY.com

**Named Insured:** Belmont Water Corporation

**Proposal Date:** 01/24/2019  
**Quotation Number:** 12391957

The producer placing this policy may receive commission and additional underwriting profit share incentives. These incentives are based on the underwriting performance of this producer's book of business. Any questions about the nature of this compensation should be directed to the producer.

In order to complete the underwriting process, we require that you send us the additional information requested in the "conditions" section of this proposal. We are not required to bind coverage prior to our receipt, review and underwriting approval, of said additional information. However, if we do bind coverage, it shall be for a temporary period of not more than 30 days. Such temporary binding of coverage shall be void ab initio ("from the beginning") if we have not received, reviewed and approved in writing such materials within 15 days from the effective date of the temporary binder. This 30 day temporary conditional binder may be extended only in writing signed by the Insurer. Payment of premium shall not operate to extend the binding period or nullify the automatic voiding as described above.

This quotation is strictly conditioned upon no material change in the risk occurring between the date of this proposal and the inception date of the proposed policy (including any claim or notice of circumstances that which may reasonably expected to give rise to a claim under any policy of which the policy being proposed by this letter is a renewal or replacement). In the event of such change in risk, the Insurer may in its sole discretion, whether or not this quotation has been already accepted by the Insured, modify and/or withdraw this quotation.

Subject to the terms and conditions outlined above and prior to the quote expiration date, this quote may be bound by signing and dating below and by initialing, on the previous page, the option to be bound. This form will then act as the binder of coverage for 30 days from the date signed and may be distinguished by the Quotation number on page 1. This binder is only valid for 30 days.

**No coverage is afforded or implied unless shown in this proposal.**

**This proposal does not constitute a binder of insurance.**

**This proposal is strictly limited to the terms and conditions herein. Any other coverage extensions, deletions or changes requested in the submission are hereby rejected.**

Signature of Authorized Insurance Representative

Date



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Bala Cynwyd, Pennsylvania 19004  
610.617.7900 Fax 610.617.7940  
PHLY.com

**Named Insured:** Belmont Water Corporation

**Proposal Date:** 01/24/2019  
**Quotation Number:** 12391957

**SPECIALTY LINES**

**Total:** \$ 1,391.00

**FLEXI PLUS FIVE**

**PREMIUM**

Coverage Part	Limit	Retention	Retroactive Date	P&P Date	Coinsurance	
Directors and Officers Liability:	\$ 1,000,000	\$ 5,000	03/01/2019	03/01/2019		\$ 1,391.00

Aggregate Limit: \$ 1,000,000

\$ 1,391.00

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

**CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY (OTHER THAN SPECIFIC PROFESSIONAL SERVICES EXCLUDED BY TRIA)  
DIRECTORES AND OFFICERS

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism subject to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. 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.

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 Policy.



**FORM SCHEDULE**

Form	Edition	Description
WHY MyPHLY	0000	WHY MyPHLY?
CSNotice-1	0818	Making Things Easier
BJP-190-1	1298	Commercial Lines Policy Jacket
LAH-Notice	0813	Policyholder Notice (Loss Assistance Hotline)
PI-REINS-NOTICE 1	0318	Notice Reinstatement Fee
IL N 177	0912	California Premium Refund Disclosure Notice
PP2015	0615	Privacy Policy Notice
CPD-PIIC	0614	Common Policy Declarations
PI-CANC-CA 1	1013	California Cancellation Amendment
PI-TER-DN1	0115	Disclosure Notice Of Terrorism Ins Coverage Rejection
PI-NPD-1	0102	FlexiPlus Five Declarations Page
PI-BELL-1	1109	Bell Endorsement
PI-CME-1	1009	Crisis Management Enhancement Endorsement
PI-NPD-2	0102	Flexi Plus Five Coverage Form
PI-NPD-20	0102	Known Circumstances Revealed in Application Exclusion [Application Date: 01/08/2019] [Part(s): 1] [Question: N/A Found On-line]
PI-NPD-24	0102	Prior Acts Exclusion [Part(s): 1] [Wrongful Act Date: 03/01/2019]
PI-NPD-25	0102	Professional Services Exclusion(Supervision Carve-Out)
PI-NPD-52	1203	Amendment of Exclusions
PI-NPD-106	1011	Reliance On Another Ins Carriers Application Endt [Applicant: Nic Pope] [Applicant: Nic Pope] [Carriers Name: Travelers] [Date: 01/08/2019] [Form #: NDO1100SIN]
PI-NPD-113	1011	Tax Exempt Status Exclusion
PI-NPD-133	1014	Breach Of Contract With Liability Obligation Carveback
PI-MANU-1	0100	PRO-PAK ELITE ENHANCEMENT (CA)
PI-MANU-2	0100	ABSOLUTE BODILY INJURY/PROPERTY DAMAGE EXCLUSION
PI-NPD-CA-1	0112	California Changes - Cancellation And Nonrenewal
PI-SLD-001	0716	Cap On Losses From Certified Acts Of Terrorism



**PHILADELPHIA**  
**INSURANCE COMPANIES**

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### **Taxes, Surcharges, and Fees Notice**

\*Note: The above proposal may not account for local taxes, Surcharges, and/or fees mandated by the State in which you/your business operate(s). The final policy will include a description of how local taxes, surcharges and fees, if applicable, have been allocated as determined by the risk location. Please contact a PHL Y representative if you have any questions.





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**Philadelphia Indemnity Insurance Company**  
**COMMON POLICY DECLARATIONS**

**Policy Number:** 12391957

**Named Insured and Mailing Address:**

Belmont Water Corporation  
8309 E Sanders Ct  
Fresno, CA 93737-9755

**Producer:** 121144

Alliant Insurance Services, Inc.  
9 East River Park Place E Ste 310  
PO Box 28932  
Fresno, CA 93729

(559)374-3560

**Policy Period From:** 03/01/2019 **To:** 03/01/2020

at 12:01 A.M. Standard Time at your mailing  
address shown above.

**Business Description:** Non-Profit Organization

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	<b>PREMIUM</b>
Commercial Property Coverage Part	
Commercial General Liability Coverage Part	
Commercial Crime Coverage Part	
Commercial Inland Marine Coverage Part	
Commercial Auto Coverage Part	
Businessowners	
Workers Compensation	
Flexi Plus Five	1,391.00
<b>Total</b>	<b>\$ 1,391.00</b>

**FORM (S) AND ENDORSEMENT (S) MADE A PART OF THIS POLICY AT THE TIME OF ISSUE**  
**Refer To Forms Schedule**

\*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations

CPD- PIIC (06/14)

Secretary

President and CEO

# Philadelphia Indemnity Insurance Company

## Form Schedule – Policy

**Policy Number:** 12391957

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
WHY MyPHLY	0000	WHY MyPHLY?
CSNotice-1	0818	Making Things Easier
BJP-190-1	1298	Commercial Lines Policy Jacket
LAH-Notice	0813	Policyholder Notice (Loss Assistance Hotline)
PI-REINS-NOTICE 1	0318	Notice Reinstatement Fee
IL N 177	0912	California Premium Refund Disclosure Notice
PP2015	0615	Privacy Policy Notice
CPD-PIIC	0614	Common Policy Declarations
PI-CANC-CA 1	1013	California Cancellation Amendment
PI-TER-DN1	0115	Disclosure Notice Of Terrorism Ins Coverage Rejection



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**FLEXIPLUS FIVE**  
NOT-FOR-PROFIT ORGANIZATION DIRECTORS & OFFICERS LIABILITY INSURANCE  
EMPLOYMENT PRACTICES LIABILITY INSURANCE  
FIDUCIARY LIABILITY INSURANCE  
WORKPLACE VIOLENCE INSURANCE  
INTERNET LIABILITY INSURANCE

**Philadelphia Indemnity Insurance Company**

Policy Number: 12391957

DECLARATIONS

**NOTICE: EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THIS POLICY IS WRITTEN ON A CLAIMS MADE BASIS AND COVERS ONLY THOSE CLAIMS FIRST MADE DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER PURSUANT TO THE TERMS HEREIN. THE AMOUNTS INCURRED FOR DEFENSE COST SHALL BE APPLIED AGAINST THE RETENTION.**

Item 1. Parent Organization and Address:  
Belmont Water Corporation  
8309 E Sanders Ct  
Fresno, CA 93737-9755

Internet Address: [www. belmontwater.org](http://www.belmontwater.org)

Item 2. Policy Period: From: 03/01/2019 To: 03/01/2020  
(12:01 A.M. local time at the address shown in Item 1.)

Item 3.	Limits of Liability:		
	(A) Part 1, D&O Liability:	\$ 1,000,000	each Policy Period.
	(B) Part 2, Employment Practices:	\$	each Policy Period.
	(C) Part 3, Fiduciary Liability:	\$	each Policy Period.
	(D) Part 4, Workplace Violence:	\$	each Policy Period.
	(E) Part 5, Internet Liability:	\$	each Policy Period.
	(F) Aggregate, All Parts:	\$ 1,000,000	each Policy Period.

Item 4. Retention:

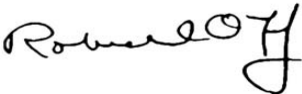
(A)	Part 1, D&O Liability:	\$	5,000	for each Claim under Insuring Agreement B & C.
(B)	Part 2, Employment Practices:	\$		for each Claim.
(C)	Part 3, Fiduciary Liability:	\$		for each Claim.
(D)	Part 4, Workplace Violence:	\$		for each Workplace Violence Act.
(E)	Part 5, Internet Liability:	\$		for each Claim.

Item 5. Prior and Pending Date: Part 1 03/01/2019 Part 2 No Date Applies Part 3 No Date Applies  
 Part 4 No Date Applies Part 5 No Date Applies

Item 6. Premium:	Part 1	\$	1,391.00	Part 2	Part 3
	Part 4			Part 5	
State Surcharge/Tax:				Total Premium:	\$ 1,391.00

Item 7. Endorsements: PER SCHEDULE ATTACHED

In witness whereof, the Insurer issuing this Policy has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by the duly authorized representative of the Insurer.



\_\_\_\_\_

\_\_\_\_\_

Authorized Representative

Countersignature

Countersignature Date

# Philadelphia Indemnity Insurance Company

## Form Schedule – Flexi Plus Five

**Policy Number:** 12391957

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-NPD-1	0102	FlexiPlus Five Declarations Page
PI-BELL-1	1109	Bell Endorsement
PI-CME-1	1009	Crisis Management Enhancement Endorsement
PI-NPD-2	0102	Flexi Plus Five Coverage Form
PI-NPD-20	0102	Known Circumstances Revealed in Application Exclusion
PI-NPD-24	0102	Prior Acts Exclusion
PI-NPD-25	0102	Professional Services Exclusion(Supervision Carve-Out)
PI-NPD-52	1203	Amendment of Exclusions
PI-NPD-106	1011	Reliance On Another Ins Carriers Application Endt
PI-NPD-113	1011	Tax Exempt Status Exclusion
PI-NPD-133	1014	Breach Of Contract With Liability Obligation Carveback
PI-MANU-1	0100	PRO-PAK ELITE ENHANCEMENT (CA)
PI-MANU-2	0100	ABSOLUTE BODILY INJURY/PROPERTY DAMAGE EXCLUSION
PI-NPD-CA-1	0112	California Changes - Cancellation And Nonrenewal
PI-SLD-001	0716	Cap On Losses From Certified Acts Of Terrorism

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

## **CALIFORNIA CANCELLATION AMENDMENT**

The following provision is added to the Cancellation Policy Condition and supersedes any language to the contrary:

If this policy is cancelled, we will send the first Named Insured any premium refund due.

1. If we cancel, the refund will be pro rata.
2. If the first Named Insured cancels, the refund may be less than pro rata pursuant to a disclosure notice attached to this policy.

The cancellation will be effective even if we have not made or offered a refund.

Policy Number: 12391957Named Insured: Belmont Water Corporation

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100  
 Bala Cynwyd, Pennsylvania 19004  
 610.617.7900 Fax 610.617.7940  
 PHLI.com

## PHILADELPHIA INSURANCE COMPANIES DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE REJECTION OPTION

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. *As defined in Section 102(1) of the Act:* The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been 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.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 and 80% BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS’ LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

**Your attached proposal (or policy) includes a charge for terrorism. We will issue (or have issued) your policy with terrorism coverage unless you decline by placing an “X” in the box below.**

**NOTE 1:** If “included” is shown on your proposal (or policy) for terrorism you WILL NOT have the option to reject the coverage.

**NOTE 2:** You will want to check with entities that have an interest in your organization as they may require that you maintain terrorism coverage (e.g. mortgagees).

**EXCEPTION:** If you have property coverage on your policy, the following Standard Fire Policy states do not permit an Insured to reject fire ensuing from terrorism: CA, CT, GA, HI, IA, IL, MA, ME, MO, NJ, NY, NC, OR, RI, VA, WA, WV, WI. Therefore, if you are domiciled in the above states and reject terrorism coverage, you will still be charged for fire ensuing from terrorism as separately designated on your proposal.

	<b>I decline to purchase terrorism coverage. I understand that I will have no coverage for losses arising from “certified” acts of terrorism, EXCEPT as noted above.</b>
--	--

**You, as the Insured, have 30 days after receipt of this notice to consider the selection/rejection of “terrorism” coverage. After this 30 day period, any request for selection or rejection of terrorism coverage WILL NOT be honored.**

**REQUIRED IN GA – LIMITATION ON PAYMENT OF TERRORISM LOSSES** (applies to policies which cover terrorism losses insured under the federal program, including those which only cover fire losses)

The provisions of the Terrorism Risk Insurance Act, as amended, can limit our maximum liability for payment of losses from certified acts of terrorism. That determination will be based on a formula set forth in the law involving the national total of federally insured terrorism losses in an annual period and individual insurer participation in payment of such losses. If one or more certified acts of terrorism in an annual period causes the maximum liability for payment of losses from certified acts of terrorism to be reached, and we have satisfied our required level of payments under the law, then we will not pay for the portion of such losses above that maximum. However, that is subject to possible change at that time, as Congress may, under the Act, determine that payments above the cap will be made.

INSURED'S SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_



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

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100  
 Bala Cynwyd, Pennsylvania 19004  
 610.617.7900 Fax 610.617.7940  
 PHLI.com

Unless otherwise stated herein, the terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement, and the policy is amended as follows:

**I. SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS**

The following is a summary of Limits of Liability or Limits of Insurance and/or additional coverages provided by this endorsement. This endorsement is subject to the provisions of the policy to which it is attached.

<b>COVERAGE</b>	<b>LIMITS OF INSURANCE</b>
Business Travel Accident Benefit	\$50,000
Conference Cancellation	\$25,000
Donation Assurance	\$50,000
Emergency Real Estate Consulting Fee	\$50,000
Fundraising Event Blackout	\$25,000
Identity Theft Expense	\$50,000
Image Restoration and Counseling	\$50,000
Key Individual Replacement Expenses	\$50,000
Kidnap Expense	\$50,000
Political Unrest	\$5,000 per employee: \$25,000 policy limit
Temporary Meeting Space Reimbursement	\$25,000
Terrorism Travel Reimbursement	\$50,000
Travel Delay Reimbursement	\$1,500
Workplace Violence Counseling	\$50,000

## II. CONDITIONS

### A. Applicability of Coverage

Coverage provided by your policy and any endorsements attached thereto is amended by this endorsement where applicable.

### B. Limits of Liability or Limits of Insurance

1. When coverage is provided by this endorsement and another coverage form or endorsement attached to this policy, the greater limits of liability or limits of insurance will apply. In no instance will multiple limits apply to coverages which may be duplicated within this policy. Additionally, if this policy and any other coverage part or policy issued to you by us, or any company affiliated with us, apply to the same occurrence, offense, wrongful act, accident or loss, the maximum limits of liability or limits of insurance under all such coverage parts or policies combined shall not exceed the highest applicable limits of liability or limits of insurance under any one coverage part or policy.
2. Limits of liability or limits of insurance identified in Section I. **SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS** above are not excess of, but are in addition to the applicable Limits of Liability or Limits of Insurance stated in the Declarations.

### C. Claim Expenses

Coverages provided herein are not applicable to the generation of claim adjustment costs by you; such as fees you may incur by retaining a public adjuster or appraiser.

## III. ADDITIONAL COVERAGES

### A. Business Travel Accident Benefit

We will pay a Business Travel Accident Benefit to the insured if a director or officer suffers injury or death while traveling on a common carrier for your business during the policy period.

For the purpose of Business Travel Accident Benefit coverage, injury means:

1. Physical damage to the body caused by violence, fracture, or an accident that results in loss of life not later than one hundred eighty (180) days after the policy expiration, the date of cancellation or the date of non-renewal;
2. Accidental loss of limbs or multiple fingers;
3. Total loss of sight, speech or hearing.

The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

The Business Travel Accident Benefit shall not be payable if the cause of the injury was:

1. An intentional act by the insured;
2. An act of suicide or attempted suicide;
3. An act of war; or
4. A disease process.

**B. Conference Cancellation**

We will reimburse the insured for any business-related conference expenses, paid by the insured and not otherwise reimbursed, for a canceled conference that an employee was scheduled to attend. The cancellation must be due directly to a "natural catastrophe" or a "communicable disease" outbreak that forces the cancellation of the conference.

With respect to a conference cancellation claim, it is further agreed as follows:

1. The insured employee must have registered for the conference at least thirty (30) days prior to the cancellation; and
2. The cancellation must be ordered by a local, state or federal Board of Health or other governmental authority having jurisdiction over the location of the conference.

The limit of insurance for this coverage is \$25,000 per policy period for all insureds combined. No deductible applies to this coverage.

**C. Donation Assurance**

If the insured is a 501(c)(3) status non-profit organization as defined in the United States Internal Revenue Code, we will reimburse the insured for "failed donation claim(s)."

With respect to any "failed donation claim," it is further agreed as follows:

1. The donor must not have been in bankruptcy, nor have filed for bankruptcy or reorganization in the past seven (7) years prior to the time said pledge was made to the insured;
2. For non-cash donations, our payment of a "failed donation claim" shall be based on the fair market value of said non-cash donation at the time of the "failed donation claim";
3. In the case of unemployment or incapacitation of a natural person donor and as a condition of payment of the "failed donation claim":
  - a. Neither the natural person donor nor the insured shall have had reason to believe the donor would become unemployed or incapacitated subsequent to the donation date; and
  - b. The donor shall be unemployed for at least sixty (60) days prior to a claim being submitted by the insured;
4. No coverage shall be afforded for a written pledge of funds or other measurable, tangible property to the insured dated prior to the policy period; and
5. A donation amount which is to be collected by the insured over more than a twelve (12) month period shall be deemed a single donation.

The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

**D. Emergency Real Estate Consulting Fee**

We will reimburse the insured any realtor's fee or real estate consultant's fee necessitated by the insured's need to relocate due to the "unforeseeable destruction" of the insured's "principal location" listed in the Declarations during the policy period. The limit of insurance for this

coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

#### **E. Fundraising Event Blackout**

We will reimburse the insured for “fundraising expenses” that are incurred due to the cancellation of a fundraising event caused by the lack of electric supply resulting in a power outage, provided the fundraising event is not re-scheduled. The fundraising event must have been planned at least thirty (30) days prior to the power outage. The limit of insurance for this coverage is \$25,000 per policy period for all insureds combined. No deductible applies to this coverage.

#### **F. Identity Theft Expense**

We will reimburse any present director or officer of the named insured for “identity theft expenses” incurred as the direct result of any “identity theft” first discovered and reported during the policy period; provided that it began to occur subsequent to the effective date of the insured’s first policy with us. The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

#### **G. Image Restoration and Counseling**

We will reimburse the insured for expenses incurred for image restoration and counseling arising out of “improper acts” by any natural person.

Covered expenses are limited to:

1. The costs of rehabilitation and counseling for the accused natural person insured, provided the natural person insured is not ultimately found guilty of criminal conduct; this reimbursement to occur after acquittal of the natural person insured;
2. The costs charged by a recruiter or expended on advertising, for replacing an officer as a result of “improper acts”; and
3. The costs of restoring the named insured’s reputation and consumer confidence through image consulting.

The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

#### **H. Key Individual Replacement Expenses**

We will pay “key individual replacement expenses” if the Chief Executive Officer or Executive Director suffers an “injury” during the policy period which results in the loss of life during the policy period. The limit of insurance for this coverage is the lesser of \$50,000 or ten (10) times the annual premium paid for this policy. No deductible applies to this coverage.

#### **I. Kidnap Expense**

We will pay on behalf of any director or officer of the insured, reasonable fees incurred as a result of the kidnapping of them or their spouse, “domestic partner,” parent or child during the policy period. Coverage will not apply to any kidnapping by or at the direction of any present or former family member of the victim.

Reasonable fees will include:

1. Fees and costs of independent negotiators;
2. Interest costs for any loan from a financial institution taken by you to pay a ransom demand or extortion threat;
3. Travel costs and accommodations incurred by the named insured;
4. Reward money paid to an informant which leads to the arrest and conviction of parties responsible for loss covered under this insurance; and
5. Salary, commissions and other financial benefits paid by you to a director or officer. Such compensation applies at the level in effect on the date of the kidnap and ends upon the earliest of:
  - a. Up to thirty (30) days after their release, if the director or officer has not yet returned to work;
  - b. Discovery of their death;
  - c. One hundred twenty (120) days after the last credible evidence following abduction that they are still alive; or
  - d. Twelve (12) months after the date of the kidnapping.

The limit of insurance for this coverage is \$50,000 each policy period for all insureds combined. No deductible applies to this coverage.

#### **J. Political Unrest Coverage**

We will reimburse any present director, officer, employee or volunteer of the named insured while traveling outside the United States of America for "emergency evacuation expenses" that are incurred as a result of an incident of "political unrest." This "political unrest" must occur during the policy period. No coverage is granted for travel to countries in a state of "political unrest" at the time of departure of the travel. The limit of insurance for this coverage is \$5,000 per covered person, subject to a maximum of \$25,000 per policy period for all insureds combined. No deductible applies to this coverage.

#### **K. Temporary Meeting Space Reimbursement**

We will reimburse the insured for rental of meeting space which is necessitated by the temporary unavailability of the insured's primary office space due to the failure of a climate control system, or leakage of a hot water heater during the policy period. Coverage will exist only for the renting of temporary meeting space required for meeting with parties who are not insured under this policy. The limit of insurance for this coverage is \$25,000 per policy period for all insureds combined. No deductible applies to this coverage.

#### **L. Terrorism Travel Reimbursement**

We will reimburse any present director or officer of the named insured in the event of a "certified act of terrorism" during the policy period which necessitates that he/she incurs "emergency travel expenses." The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

**M. Travel Delay Reimbursement**

We will reimburse any present director or officer of the named insured for any “non-reimbursable expenses” they incur as a result of the cancellation of any regularly scheduled business travel on a common carrier. The limit of insurance for this coverage is \$1,500 per policy period for all insureds combined. A seventy-two (72) hour waiting period deductible applies to this coverage.

**N. Workplace Violence Counseling**

We will reimburse the insured for emotional counseling expenses incurred directly as a result of a “workplace violence” incident at any of the insured’s premises during the policy period. The emotional counseling expenses incurred must have been for:

1. Your employees who were victims of, or witnesses to the “workplace violence”;
2. The spouse, “domestic partner,” parents or children of your employees who were victims of, or witnesses to the “workplace violence”; and
3. Any other person or persons who directly witnessed the “workplace violence” incident.

The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

**IV. DEFINITIONS**

For the purpose of this endorsement, the following definitions apply:

- A. “Certified act of terrorism” means any act so defined under the Terrorism Risk Insurance Act, and its amendments or extensions.
- B. “Communicable disease” means an illness, sickness, condition or an interruption or disorder of body functions, systems or organs that is transmissible by an infection or a contagion directly or indirectly through human contact, or contact with human fluids, waste, or similar agent, such as, but not limited to Meningitis, Measles or Legionnaire’s Disease.
- C. “Domestic partner” means any person who qualifies as a domestic partner under the provisions of any federal, state or local statute or regulation, or under the terms and provisions of any employee benefit or other program established by the named insured.
- D. “Emergency evacuation expenses” mean:
  1. Additional lodging expenses;
  2. Additional transportation costs;
  3. The cost of obtaining replacements of lost or stolen travel documents necessary for evacuation from the area of “political unrest”; and
  4. Translation services, message transmittals and other communication expenses.

provided that these expenses are not otherwise reimbursable.

- E. “Emergency travel expenses” mean:

1. Hotel expenses incurred which directly result from the cancellation of a scheduled transport by a commercial transportation carrier, resulting directly from and within forty-eight (48) hours of a “certified act of terrorism”; and
2. The increased amount incurred which may result from re-scheduling comparable transport, to replace a similarly scheduled transport canceled by a commercial transportation carrier in direct response to a “certified act of terrorism”;

provided that these expenses are not otherwise reimbursable.

- F.** “Failed donation claim” means written notice to the insured during the policy period of:
1. The bankruptcy or reorganization of any donor whereby such bankruptcy or reorganization prevents the donor from honoring a prior written pledge of funds or other measurable, tangible property to the insured; or
  2. The unemployment or incapacitation of a natural person donor preventing him/her from honoring a prior written pledge of funds or other measurable, tangible property to the insured.
- G.** “Fundraising expenses” mean deposits forfeited and other charges paid by you for catering services, property and equipment rentals and related transport, venue rentals, accommodations (including travel), and entertainment expenses less any deposits or other fees refunded or refundable to you.
- H.** “Identity theft” means the act of knowingly transferring or using, without lawful authority, a means of identification of any director or officer (or spouse or “domestic partner” thereof) of the named insured with the intent to commit, or to aid or abet another to commit, any unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law.
- I.** “Identity theft expenses” mean:
1. Costs for notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors or credit agencies;
  2. Costs for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors; and
  3. Loan application fees for re-applying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information.
- J.** “Improper acts” means any actual or alleged act of:
1. Sexual abuse;
  2. Sexual intimacy;
  3. Sexual molestation; or
  4. Sexual assault;
- committed by an insured against any natural person who is not an insured. Such “improper acts” must have been committed by the insured while in his or her capacity as an insured.
- K.** “Injury” whenever used in this endorsement, other than in Section **III. A. Business Travel**,

means any physical damage to the body caused by violence, fracture or an accident.

- L.** “Key individual replacement expenses” mean the following necessary expenses:
1. Costs of advertising the employment position opening;
  2. Travel, lodging, meal and entertainment expenses incurred in interviewing job applicants for the employment position opening; and
  3. Miscellaneous extra expenses incurred in finding, interviewing and negotiating with the job applicants, including, but not limited to, overtime pay, costs to verify the background and references of the applicants and legal expenses incurred to draw up an employment contract.
- M.** “Natural catastrophe” means hurricane, tornado, earthquake or flood.
- N.** “Non-reimbursable expenses” means the following travel-related expenses incurred after a seventy-two (72) hour waiting period, beginning from the time documented on the proof of cancellation, and for which your director or officer produces a receipt:
1. Meals and lodging;
  2. Alternative transportation;
  3. Clothing and necessary toiletries; and
  4. Emergency prescription and non-prescription drug expenses.
- O.** “Political unrest” means:
1. A short-term condition of disturbance, turmoil or agitation within a foreign country that poses imminent risks to the security of citizens of the United States;
  2. A long-term condition of disturbance, turmoil or agitation that makes a foreign country dangerous or unstable for citizens of the United States; or
  3. A condition of disturbance, turmoil or agitation in a foreign country that constrains the United States Government’s ability to assist citizens of the United States, due to the closure or inaccessibility of an embassy or consulate or because of a reduction of its staff
- for which either an alert or travel warning has been issued by the United States Department of State.
- P.** “Principal location” means the headquarters, home office or main location where most business is substantially conducted.
- Q.** “Unforeseeable destruction” means damage resulting from a “certified act of terrorism,” fire, collision or collapse which renders all of the insured’s “principal locations” completely unusable.
- R.** “Workplace violence” means any intentional use of or threat to use deadly force by any person with intent to cause harm and that results in bodily “injury” or death of any person while on the insured’s premises.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****CRISIS MANAGEMENT ENHANCEMENT ENDORSEMENT**

Unless otherwise stated herein, the terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement, and the policy is amended as follows:

Solely for the purpose of this endorsement: 1) The words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. 2) The words "we," "us" and "our" refer to the company providing this insurance.

**I. SCHEDULE OF ADDITIONAL COVERAGE AND LIMITS**

The following is the Limit of Liability provided by this endorsement. This endorsement is subject to the provisions of the policy to which it is attached.

Crisis Management Expense	\$25,000
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**II. CONDITIONS****A. Applicability of Coverage**

Coverage provided by your policy and any endorsements attached thereto is amended by this endorsement where applicable. All other terms and conditions of the policy or coverage part to which this endorsement is attached remain unchanged.

**B. Limits of Liability or Limits of Insurance**

When coverage is provided by this endorsement and any other coverage form or endorsement attached to this policy, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Liability or Limit of Insurance.

**C. Claim Expenses**

Coverages provided herein are not applicable to the generation of claim adjustment costs by you; such as fees you may incur by retaining a public adjuster or appraiser.

**III. ADDITIONAL COVERAGES**

**A.** We will reimburse you for "crisis management emergency response expenses" incurred because of an "incident" giving rise to a "crisis" to which this insurance applies. The amount of such reimbursement is limited as described in Section **II. CONDITIONS, B. Limits of Liability or Limits of Insurance**. No other obligation or liability to pay sums or perform acts or services is covered.

**B.** We will reimburse only those "crisis management emergency response expenses" which are incurred during the policy period as shown in the Declarations of the policy to which this coverage is attached and reported to us within six (6) months of the date the "crisis" was initiated.

**IV. DEFINITIONS**

- A.** "Crisis" means the public announcement that an "incident" occurred on your premises or at an event sponsored by you.
- B.** "Crisis management emergency response expenses" mean those expenses incurred for services provided by a "crisis management firm." However, "crisis management emergency response expenses" shall not include compensation, fees, benefits, overhead, charges or expenses of any insured or any of your employees, nor shall "crisis management emergency response expenses" include any expenses that are payable on your behalf or reimbursable to you under any other valid and collectible insurance.
- C.** "Crisis management firm" means any service provider you hire that is acceptable to us. Our consent will not be unreasonably withheld.
- D.** "Incident" means an accident or other event, including the accidental discharge of pollutants, resulting in death or serious bodily injury to three or more persons.
- E.** "Serious bodily injury" means any injury to a person that creates a substantial risk of death, serious permanent disfigurement, or protracted loss or impairment of the function of any bodily member or organ.

# Philadelphia Insurance Companies

## FLEXI PLUS FIVE



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Not-for-Profit Organization Directors  
& Officers Liability Insurance

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Employment Practices  
Liability Insurance

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Fiduciary Liability Insurance

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Workplace Violence Insurance

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Internet Liability Insurance

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**FLEXI PLUS FIVE**  
NOT-FOR-PROFIT ORGANIZATION DIRECTORS & OFFICERS LIABILITY  
INSURANCE  
EMPLOYMENT PRACTICES LIABILITY INSURANCE  
FIDUCIARY LIABILITY INSURANCE  
WORKPLACE VIOLENCE INSURANCE  
INTERNET LIABILITY INSURANCE

**EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS IS A CLAIMS-MADE POLICY.**

**CLAIMS-MADE POLICIES ONLY COVER THOSE CLAIMS MADE AGAINST THE INSURED DURING THE POLICY PERIOD.**

In consideration of the premium paid and in reliance upon all statements made and information furnished to the **Underwriter**, including all statements made in the **Application**, the **Underwriter** agrees to provide coverage as shown in the Declarations and described as follows:

**Part 1**

Not-for-Profit Organization Directors & Officers Liability Insurance

(To be read in conjunction with the Common Policy  
Definitions, Exclusions, and Conditions Sections, Parts 6, 7, 8 below)

I. INSURING AGREEMENTS

- A. The **Underwriter** will pay on behalf of the **Individual Insured**, **Loss** from **Claims** made against **Individual Insureds** during the **Policy Period** (or, if applicable, during the Extension Period), and reported to the **Underwriter** pursuant to the terms of this Policy, for **D&O Wrongful Acts**, except to the extent the **Organization** has indemnified the **Individual Insureds** for such **Loss**.
- B. The **Underwriter** will pay on behalf of the **Organization**, **Loss** from **Claims** made against **Individual Insureds** during the **Policy Period** (or, if applicable, during the Extension Period), and reported to the **Underwriter** pursuant to the terms of this Policy, for **D&O Wrongful Acts**, if the **Organization** has indemnified such **Individual Insureds** for such **Loss**.
- C. The **Underwriter** will pay on behalf of the **Organization**, **Loss** from **Claims** made against the **Organization** during the **Policy Period** (or, if applicable, during the Extension Period), and reported to the **Underwriter** pursuant to the terms of this Policy, for a **D&O Wrongful Act**.

II. DEFINITIONS

- A. **D&O Wrongful Act** means any actual or alleged:
  - 1. Act, error, omission, misstatement, misleading statement, neglect, breach of duty or **Personal & Advertising Injury** committed or attempted by an **Individual Insured** in his/her capacity as an **Individual Insured**; or by the **Organization**; or
  - 2. Act, error, omission, misstatement, misleading statement, neglect, breach of duty or **Personal & Advertising Injury** committed or attempted by an **Individual Insured** while

serving as a director, officer, governor or trustee of any **Outside Entity**, if such service is at the written request or direction of the **Organization**.

However, **D&O Wrongful Act** does not include an **Employment Practice Act**, **Fiduciary Liability Act**, or **Internet Liability Act**.

B. **Outside Entity** means:

1. Any not-for-profit entity described in Section 501(c) of the Internal Revenue Code of 1986 (as amended); or
2. Any other entity listed as an **Outside Entity** in an endorsement to this Policy.

C. **Personal & Advertising Injury** means any actual or alleged:

1. False arrest, detention or imprisonment, or malicious prosecution; or
2. Oral or written publication of material that slanders or libels a person or entity or disparages a person's or entity's goods, products or services; or
3. Oral or written publication of material that violates a person's right of privacy; or
4. Wrongful eviction or entry or other invasion of the right of privacy; or
5. Misappropriation of advertising ideas, unauthorized use of title or slogan, or plagiarism; or
6. Infringement of copyright or trademark.

III. EXCLUSIONS

The **Underwriter** shall not be liable under this Part 1 to make any payment for **Loss** in connection with any **Claim** made against an **Insured**:

A. Arising out of, based upon or attributable to any actual or alleged infringement of any patent or misappropriation of trade secrets;

B. Arising out of, based upon or attributable to any actual or alleged:

1. Publication or utterance of material by or at the direction of such **Insured** with knowledge of its falsity; or
2. Composing, editing, designing, publishing, distributing or printing periodicals, advertisements or other materials by the **Insured** for another party if such activity is not in connection with and not a regular part of the **Insured's** own publications; or

3. Failure of goods, products or services to conform with advertised quality or performance; or

4. Wrong description of the price of goods, products or services;

C. Arising out of, based upon or attributable to any actual or alleged breach of contract or agreement. However, this exclusion shall not apply to the following:

1. Liability of the **Insured** which would have attached even in the absence of such contract or agreement; or

2. **Defense Costs.**

IV. PRESUMPTIVE INDEMNIFICATION

If the **Organization** is permitted or required by common or statutory law, but fails to indemnify the **Insured** for **Loss** (except by reason of its financial insolvency), any payment by the **Underwriter** of such **Loss** shall be subject to the Insuring Agreement C Retention amount set forth in Item 4.(A) of the Declarations. The charter, by-laws, shareholder and board of director's resolutions of the **Organization** shall be deemed to provide indemnification for such **Loss** to the fullest extent permitted by law.

**Part 2**

**Employment Practices Liability Insurance**

(To be read in conjunction with the Common Policy  
Definitions, Exclusions, and Conditions Sections, Parts 6, 7, 8 below)

I. INSURING AGREEMENTS

A. The **Underwriter** will pay on behalf of the **Insured**, **Loss** from **Claims** made against the **Insured** during the **Policy Period** (or, if applicable, during the Extension Period), and reported to the **Underwriter** pursuant to the terms of this Policy, for an **Employment Practices Act**.

II. DEFINITIONS

A. **Employment Practice Act** means any actual or alleged:

1. Wrongful dismissal, discharge or termination of employment;
2. Breach of a written or oral employment contract or implied employment contract;
3. Employment related misrepresentation;
4. Wrongful failure to promote;
5. Violation of employment discrimination laws (including harassment);
6. Wrongful deprivation of a career opportunity;
7. Employment related wrongful discipline;
8. Negligent employee evaluation;
9. Employment related invasion of privacy;
10. Employment related defamation (including libel and slander);
11. Sexual or workplace harassment of any kind;
12. Constructive discharge of employment;
13. Employment related retaliation;
14. Employment related humiliation;

- 15. Wrongful demotion;
- 16. Negligent reassignment;
- 17. Violation of any federal, state or local civil rights laws;

and committed or attempted by an **Individual Insured** in his/her capacity as an **Individual Insured** or by the **Organization**.

Solely with respect to any **Claim** brought by or on behalf of any **Third Party, Employment Practices Act** means any actual or alleged wrongful failure to employ, discrimination, sexual harassment or violation of such **Third Party's** civil rights in relation to such wrongful failure to employ, discrimination or sexual harassment, whether direct, indirect, or unintentional, committed by an **Individual Insured** in his/her capacity as an **Individual Insured** or by the **Organization**.

However, **Employment Practices Act** does not include a **D&O Wrongful Act, Fiduciary Liability Act, or Internet Liability Act**.

- B. **Third Party** means any natural person who is an active or current customer, supplier, vendor, applicant, business invitee or other client of the **Organization**.

### III. EXCLUSIONS

The **Underwriter** shall not be liable under this Part 2 to make any payment for **Loss** in connection with any **Claim** made against the **Insured**:

- A. Arising out of, based upon or attributable to any failure to comply with any law concerning Workers Compensation, Unemployment Insurance, Social Security, Disability Benefits or any similar laws; however, this exclusion shall not apply to any **Claim** for retaliatory treatment against any **Individual Insured** who is attempting to exercise his/her rights under the above laws;
- B. Arising out of, based upon or attributable to any violation of any of the responsibilities, obligations, or duties imposed by the National Labor Relations Act (including the Labor Management Relations Act of 1947), Fair Labor Standards Act (except the Equal Pay Act), Occupational Safety and Health Act, Consolidated Omnibus Budget Reconciliation Act of 1985, Worker Adjustment and Retraining Notification Act; or any amendments to or rules, regulations or orders promulgated pursuant to these laws, or similar provisions of any federal, state or local statutory or common law; however, this exclusion shall not apply to any **Claim** for retaliatory treatment against any **Individual Insured** who is attempting to exercise his/her rights under the above statute, law, rule, regulation or order;
- C. Arising out of, based upon or attributable to a lockout, strike, picket line, replacement or other similar action resulting from labor disputes, labor negotiations, or collective bargaining agreements;
- D. Arising out of, based upon or attributable to obligations or payments owed under (i) an express (written or verbal) contract of employment, (ii) an agreement to make payments in the event of the termination of employment, or (iii) an agreement to assume another's liability; however, this exclusion does not apply to any of the following:
  - 1. Liability of the **Organization** which would have attached even in the absence of such contract or agreement; or

2. **Defense Costs.**

- E. To the extent such **Loss** constitutes employment related benefits, stock options, perquisites, deferred compensation or any other type of compensation earned by the claimant in the course of employment or the equivalent value thereof; however, this exclusion shall not apply to front pay or back pay.

### Part 3

#### Fiduciary Liability Insurance

(To be read in conjunction with the Common Policy  
Definitions, Exclusions, and Conditions Sections, Parts 6, 7, 8 below)

#### I. INSURING AGREEMENTS

- A. The **Underwriter** will pay on behalf of the **Insured**, **Loss** from **Claims** made against the **Insured** during the **Policy Period** (or, if applicable, during the Extension Period), and reported to the **Underwriter** pursuant to the terms of this Policy, for a **Fiduciary Liability Act**.

#### II. DEFINITIONS

- A. **Administration** means: (i) giving counsel to employees, beneficiaries or participants regarding any **Benefit Plan**, (ii) providing interpretations and handling records in connection with any **Benefit Plan**, or (iii) effecting enrollment, termination or cancellation of employees or participants under any **Benefit Plan**.
- B. **Benefit Plan** means:
1. Any **Welfare Benefit Plan** which was, is now or becomes sponsored by the **Organization** solely for the benefit of the employees of the **Organization**;
  2. Any **Pension Benefit Plan** which was, on or prior to the effective date of this Policy, sponsored by the **Organization** solely for the benefit of the employees of the **Organization**, provided that coverage was available in respect of such **Pension Benefit Plan** under any policy of which this Policy is a renewal or replacement and such **Pension Benefit Plan** has been reported in writing to the **Underwriter** as part of the **Application**;
  3. Any **Pension Benefit Plan** created or acquired (through merger, consolidation or otherwise) during the **Policy Period** by the **Insured** solely for the benefit of the employees of the **Organization**, but only upon the condition that within 90 days after such creation or acquisition, the **Insured** shall have (i) provided written notice to the **Underwriter** of such newly created **Pension Benefit Plan**, and (ii) agreed to any additional terms and paid any additional premium required by the **Underwriter** in its sole discretion;
  4. Any government-mandated benefit program for Workers Compensation, Unemployment, Social Security or Disability Benefit for employees of the **Organization**.

Coverage for **Benefit Plans** which are sold, terminated or spun-off during or prior to the **Policy Period** shall apply only with respect to any **Fiduciary Liability Act** occurring prior to the date of such sale or spin-off, or in the case of termination, prior to the final date of asset distribution of such **Benefit Plan**.

However, **Benefit Plan** does not include any multi-employer plan.



- C. **Fiduciary Liability Act** means any actual or alleged:
1. Breach by an **Insured** of the responsibilities, obligations or duties imposed upon fiduciaries of any **Benefit Plan** by **ERISA**; or
  2. Negligent act, error or omission by an **Insured** solely in the **Administration** of any **Benefit Plans**.

However, **Fiduciary Liability Act** does not include a **D&O Wrongful Act** or an **Internet Liability Act**.

D. **Pension Benefit Plan** means any employee pension benefit plan, as defined in **ERISA**.

E. **Welfare Benefit Plan** means any employee welfare benefit plan, as defined in **ERISA**.

### III. EXCLUSIONS

The **Underwriter** shall not be liable under this Part 3 to make any payment for **Loss** in connection with any **Claim** made against the **Insured**:

- A. Arising out of, based upon or attributable to the actual or alleged failure to collect or fund contributions owed to any **Benefit Plan**; or for the return or reversion to any employer of any contribution to or asset of a **Benefit Plan**;
- B. To the extent such **Loss** constitutes benefits due or to become due under a **Benefit Plan** or benefits which would be due under a **Benefit Plan** if its terms complied with all applicable law; however, this exclusion shall not apply to **Defense Costs**;
- C. Arising out of, based upon or attributable to any failure or omission to effect and maintain insurance or bonding for the property or assets of any **Benefit Plan**;
- D. Arising out of, based upon or attributable to any liability of others assumed by the **Insured** under any contract or agreement, other than any contract or agreement establishing a **Benefit Plan**.

## Part 4

### Workplace Violence Insurance

(To be read in conjunction with the Common Policy Definitions, Exclusions, and Conditions Sections, Parts 6, 7, 8 below)

#### I. INSURING AGREEMENTS

- A. The **Underwriter** will pay on behalf of the **Organization** any **Violence Damage**, resulting from a **Workplace Violence Act** occurring during the **Policy Period** and reported to the **Underwriter** pursuant to the terms of this Policy.

#### II. DEFINITIONS

- A. **Violence Damage** means:
  1. **Business Interruption Expense**
  2. **Public Image Restoration Expense**

### 3. **Workplace Violence Expense**

- B. **Business Interruption Expense** means the amount calculated as set forth below for a period of time commencing on the day the **Workplace Violence Act** occurs until the earlier of ninety (90) days following such date, or until the **Organization** restores operations with due diligence and dispatch to the level that existed prior to the **Workplace Violence Act**:
1. The sum of:
    - a. Net profits before income taxes that would have been earned had no **Workplace Violence Act** occurred; and
    - b. The actual cost of continuing the activities which are necessary for the **Organization** to resume operations with substantially the same quality of service which existed immediately preceding the **Workplace Violence Act**; and
    - c. Reasonable expenses which would not have been incurred except for such **Workplace Violence Act** and which were incurred by the **Organization** for the sole purpose of reducing **Business Interruption Expense** described in B.1. (a. or b.) above, not to exceed the amount of actual reduction of such **Business Interruption Expense**; and
  2. Less the sum of:
    - a. All recoveries, other insurance, suretyship and other indemnity which cover **Business Interruption Expense** described in B.1. above; and
    - b. The amount by which the **Organization** reasonably could have but fails to reduce **Business Interruption Expense** described in B.1. above.
- C. **Public Image Restoration Expense** means reasonable fees and expenses for, or cost of:
1. An independent public relations consultant for up to ninety (90) days following the date the **Workplace Violence Act** occurs;
  2. An independent security consultant for up to ninety (90) days following the date the **Workplace Violence Act** occurs;
  3. A counseling seminar for **Individual Insureds** conducted by an independent consultant following the **Workplace Violence Act**;
  4. Independent security guard service for up to thirty (30) days following the date the **Workplace Violence Act** occurs;
  5. An independent forensic analyst for up to ninety (90) days following the date the **Workplace Violence Act** occurs;
- D. **Workplace Violence Expense** means the reasonable fees and expenses for, or cost of:
1. The **Salary** or **Wages**, for up to ninety (90) days following the date the **Workplace Violence Act** occurs, that the **Organization** pays **Individual Insureds** victimized by **Workplace Violence Acts** and unable to continue to work because of such **Workplace Violence Acts**. The **Salary** or **Wages** in effect at the time of the **Workplace Violence Act** shall apply;

2. The **Salary or Wages**, for up to ninety (90) days following the date the **Workplace Violence Act** occurs, that the **Organization** pays a newly hired person(s) to conduct the duties of **Individual Insureds** victimized by **Workplace Violence Acts** and who is/are unable to continue to work because of such **Workplace Violence Acts**; however such **Salary or Wages** shall not exceed the **Salary or Wages** of the victimized **Individual Insured** in effect at the time of the **Workplace Violence Act**.

E. **Workplace Violence Act** means any actual or alleged intentional and unlawful use of, or threat to use, deadly force with an intent to cause harm at the **Premises**.

F. **Premises** means any building, facility or property occupied by the **Organization** in conducting its operations.

G. **Salary or Wages** means compensation the **Organization** pays an **Individual Insured**, including but not limited to bonus, commission, incentive payments, and the cost of health, welfare and pension benefits.

### III. EXCLUSIONS

The **Underwriter** shall not be liable under this Part 4 to make any payment for **Violence Damage**:

A. Arising out of, based upon or attributable to war, invasion, insurrection, riot, rebellion, revolution, civil war, or military action;

B. Arising out of, based upon or attributable to a **Workplace Violence Act** which occurs at any location other than the **Premises**;

C. Arising out of, based upon or attributable to the use or threat of force or violence occurring on the **Premises** for the purpose of demanding money, securities or property;

D. Arising out of, based upon or attributable to a **Workplace Violence Act** occurring prior to the Prior and Pending Date shown in Item 5. of the Declarations.

## Part 5

### Internet Liability Insurance

(To be read in conjunction with the Common Policy Definitions, Exclusions, and Conditions Sections, Parts 6, 7, 8 below)

#### I. INSURING AGREEMENTS

A. The **Underwriter** will pay on behalf of the **Organization**, **Loss** from **Claims** made against the **Organization** during the **Policy Period** (or, if applicable, during the Extension Period), and reported to the **Underwriter** pursuant to the terms of this Policy, for an **Internet Liability Act**.

#### II. DEFINITIONS

A. **Internet Activity** means any display, transmission, dissemination, or other use of **Matter** on an **Internet Site**.

B. **Internet Site** means the internet address(es) shown in Item 1. of the Declarations.

C. **Matter** means printed, verbal, numerical, audio or visual expression, or any other expression, regardless of the medium upon which such expression is fixed.

- D. **Product** means any tangible property offered for sale or otherwise disseminated by or through any **Insured**.
- E. **Internet Liability Act** means any actual or alleged act, error, or omission committed or attempted by an **Insured** in their capacity as an **Insured** solely in connection with **Internet Activity** by or on behalf of the **Organization**, including:
1. Libel, slander, or oral or written publication of defamatory or disparaging material; or
  2. Invasion of or interference with the right of privacy; or
  3. Infringement of copyright, service mark, trademark, trade dress or trade name or title or slogan or improper use of literary or artistic titles, formats or performances.

### III. EXCLUSIONS

The **Underwriter** shall not be liable under this Part 5 to make any payment for **Loss** in connection with any **Claim** made against the **Insured**:

- A. Arising out of, based upon or attributable to any actual or alleged price fixing, restraint of trade, monopolization, unfair trade practices or any violation of the Federal Trade Commission Act, the Sherman Anti-Trust Act, the Clayton Act, or any other federal statutory provision involving anti-trust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade activities, and any amendments thereto; or any rules and regulations promulgated thereunder or in connection with such statutes; or any similar provision of any federal, state, or local statutory law or common law anywhere in the world;
- B. Arising out of, based upon or attributable to any actual or alleged breach of contract or agreement, or for liability assumed by the **Organization** under a contract or agreement; however, this exclusion shall not apply to any of the following:
1. Liability of the **Organization** which would have attached even in the absence of such contract or agreement;
  2. **Defense Costs**;
- C. Arising out of, based upon or attributable to any actual or alleged:
1. Wrong description of the price or authenticity of a **Product**; or
  2. Failure of any **Product** to conform with advertised quality or performance; or
  3. Sale or offer for sale of any **Product** that infringes upon the name, design or logo of another entity's **Product**;
- D. Arising out of, based upon or attributable to any actual or alleged infringement of any patent or misappropriation of trade secrets;
- E. To the extent such **Loss** constitutes amounts charged to or due from clients or customers of the **Organization**, or the value of any electronic fund transfer or transaction by or on behalf of the **Organization** which is lost or damaged during transfer into, from or between **Organization** accounts;
- F. Brought or maintained by or on behalf of any federal, state, or local regulatory agency or other administrative body alleging the violation of any federal, state or local laws or regulations;

- G. Arising out of, based upon or attributable to the development, distribution, dissemination, installation, implementation, operation, maintenance and/or filtering software, or of policies, equipment or procedures for establishing or managing a secure method for exchanging electronic information;
- H. Arising out of, based upon or attributable to any costs, expenses or other payment incurred by the **Insured** or others in connection with the withdrawal or recall from the marketplace of the **Insured's Products**, including other products which incorporated the **Insured's Products**;
- I. Arising out of, based upon or attributable to coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount;
- J. Arising out of, based upon or attributable to (i) a computer virus, (ii) the unauthorized access to or use of a computer, computer system or computer network, or (iii) the inability of an authorized **Third Party** to access services provided by the **Organization** through the **Internet Site**.

## Part 6

### Common Policy Definitions

A. **Application** means:

1. The **Application** for this Policy, including any material submitted therewith; and
2. The **Application(s)**, including any material submitted therewith, for all previous policies issued by the **Underwriter** of which this Policy is a direct or indirect renewal or replacement,

all of which shall be deemed a part of this Policy as if physically attached hereto.

B. **Claim** means for the purpose of Parts 1, 2, 3, and 5:

1. Any written demand for monetary or non-monetary relief; or
2. Any judicial, civil, administrative, regulatory, or arbitration proceeding (including any appeal therefrom), which subjects an **Insured** to a binding adjudication of liability for monetary or non-monetary relief for a **Wrongful Act**; or
3. Any written request to toll or waive any statute of limitations applicable to any actual or potential suit or cause of action against an **Insured**.

However, **Claim** shall not include a labor or grievance proceeding pursuant to a collective bargaining agreement.

C. **Damages** means a monetary judgment, award or settlement including punitive, exemplary or multiple portion thereof, or, with respect to Part 4 (Workplace Violence Insurance), **Violence Damage**.

D. **Defense Costs** means:

1. Any reasonable and necessary legal fees and expenses incurred in the defense of a **Claim**, whether by the **Insured** with the **Underwriter's** consent or directly by the **Underwriter**, in the investigation, adjustment, defense and appeal of a **Claim**, except that **Defense Costs** shall not include:

- a. Any amounts incurred in defense of any **Claim** for which any other insurer has a duty to defend, regardless of whether or not such other insurer undertakes such duty; or
  - b. Salaries, wages, overhead or benefit expenses associated with any **Insured** except as specified in subparagraph 2. below; or
  - c. Salaries, wages, overhead or benefit expenses associated with employees of the **Underwriter**.
2. A \$250 per day per **Individual Insured** supplemental payment for the attendance at the request or with the consent of the **Underwriter** by such **Individual Insured** at hearings, trials or depositions. Such payment shall not exceed \$5000 in the aggregate for all **Individual Insureds** in each **Claim**.
- E. **ERISA** means the Employee Retirement Income Security Act of 1974, as amended, any similar federal, state, local or common law, and any rules and regulations promulgated thereunder.
- F. **Individual Insured** means:
- 1. Any individual who has been, now is or shall become a director, officer, governor, trustee, equivalent executive, employee (whether salaried or not), volunteer, leased or temporary employee, or committee member of the **Organization** or, solely with respect to Part 3 (Fiduciary Liability Insurance), of any **Benefit Plan**;
  - 2. The lawful spouse of a director, officer, governor, trustee, or equivalent executive of the **Organization**, but only for actual or alleged **Wrongful Acts** of such executive for which such spouse may be liable as the spouse of such executive;
  - 3. The estate, heirs, legal representatives or assigns of a deceased director or officer, or the legal representatives or assigns of such a person who is incompetent, but only for **Wrongful Acts** of the person described in 1. above which, in the absence of such death or incompetence, would have been covered by this Policy;
  - 4. With respect to an **Organization** chartered outside the United States of America, any individual who has been, now is or shall become a person serving in a position with such **Organization** that is equivalent to any position described in 1. above.
- G. **Insured** means the **Organization** and **Individual Insured**.
- H. **Interrelated Wrongful Act** means any causally connected **Wrongful Act** or any series of the same, similar or related **Wrongful Acts**.
- I. **Loss** means:
- 1. **Damages**;
  - 2. **Defense Costs**;
- but **Loss** does not include:
- 1. Criminal or civil fines or penalties imposed by law except that solely with respect to Part 3 (Fiduciary Liability Insurance) **Loss** includes fines or penalties imposed under Section 502 (i) and (l) of **ERISA**; or
  - 2. Taxes; or

3. Matters deemed uninsurable under the law to which this Policy shall be construed; or
4. Any amounts other than **Defense Costs**, which an **Insured** is obligated to pay as a result of a **Claim** seeking relief or redress in any form other than monetary damages; or
5. Any costs other than **Defense Costs** associated with any accommodation required pursuant to the Americans With Disabilities Act, the Civil Rights Act of 1964, rules or regulations promulgated thereunder, amendments thereto, or similar provisions of any federal, state or local law or common law.

J. **Organization** means:

1. The **Parent Organization**,
2. Any **Subsidiary**, and
3. Solely with respect to Part 3 (Fiduciary Liability Insurance), any **Benefit Plan**.

K. **Parent Organization** means the first entity named in Item 1. of the Declarations.

L. **Policy Period** means the period of time specified in Item 2. of the Declarations.

M. **Subsidiary** means:

1. Any not-for-profit entity for which, on or before the inception of the **Policy Period**, the **Parent Organization** has the right to elect or select a majority of the directors or trustees, provided such entity is identified as a **Subsidiary** in the **Application**;
2. Any not-for-profit entity for which, after the inception of the **Policy Period**, the **Parent Organization** has the right to elect or select a majority of the directors or trustees, and whose assets total less than 35% of the total consolidated assets of the **Parent Organization** as of the inception date of this **Policy Period**. The **Parent Organization** shall provide the **Underwriter** with full particulars of the new **Subsidiary** before the end of the **Policy Period**;
3. Any not-for-profit entity for which, after the inception of the **Policy Period**, the **Parent Organization** has the right to elect or select a majority of the directors or trustees, and whose assets total 35% or more of the total consolidated assets of the **Parent Organization** as of the inception date of this **Policy Period**; but only upon the condition that before the end of the **Policy Period** or within 90 days from having the right to elect or select a majority of the directors or trustees, whichever is lesser, the **Parent Organization** shall have provided the **Underwriter** with full particulars and agreed to any additional premium and/or amendment of the provisions of this Policy;
4. Any for profit entity or the directors, officers, or trustees of a for profit entity for which, the **Underwriter**, at its sole discretion, agrees by written endorsement to provide coverage upon such terms or additional premium charged.

Further, coverage as shall be afforded by paragraphs 3. and 4. above, is conditioned upon the **Parent Organization** paying when due any applicable additional premium required by the **Underwriter** relating to such new **Subsidiary**.

N. **Underwriter** means the stock insurance company check marked on the Declarations of this Policy.

- O. **Wrongful Act** means:
1. With respect to Part 1, any **D&O Wrongful Act**,
  2. With respect to Part 2, any **Employment Practices Act**,
  3. With respect to Part 3, any **Fiduciary Liability Act**,
  4. With respect to Part 5, any **Internet Liability Act**.

## Part 7

### Common Policy Exclusions

The **Underwriter** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against the **Insured**:

- A. Arising out of, based upon or attributable to such **Insured** gaining any profit, remuneration or advantage to which they were not legally entitled; however, this exclusion shall only apply if a final and non-appealable judgment or adjudication establishes the **Insured** committed such act or omission;
- B. Arising out of, based upon or attributable to any dishonest or fraudulent act or omission or any criminal act or omission by such **Insured**; however, this exclusion shall only apply if a final and non-appealable judgment or adjudication establishes the **Insured** committed such act or omission. This exclusion shall not apply to a **Workplace Violence Act** under Part 4 (Workplace Violence Insurance);

No **Wrongful Act** of any **Insured** shall be imputed to any **Individual Insured** for the purpose of determining the applicability of Exclusions A. and B. above.

- C. Arising out of, based upon or attributable to the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials, or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water, or any cost or expense arising out of any governmental direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any pollutants;
- D. Arising out of, based upon or attributable to any bodily injury or property damage regarding tobacco smoke, asbestos or mold including, without limitation, the use, exposure, presence, existence, detection, removal, elimination or avoidance of tobacco smoke, asbestos or mold to any persons and in any environment, building or structure;
- E. Arising out of, based upon or attributable to the radioactive, toxic, or explosive properties of nuclear material which includes, but is not limited to, Source Material, Special Nuclear Material and Byproduct Material as those terms are defined in the Atomic Energy Act of 1954 and any amendments thereto, and any similar provisions of any federal, state or local statutory or common law;
- F. Arising out of, based upon or attributable to:
  1. Any litigation or demand against an **Insured** pending on or before the respective Prior and Pending Date set forth in Item 5. of the Declarations, or the same or essentially the same facts as alleged in such prior litigation; or



2. Any **Wrongful Act**, fact, circumstance or situation which has been the subject of any written notice given under any other policy of insurance prior to inception of this Policy; or
  3. Any **Wrongful Act**, fact, circumstance or situation of which, as of the respective Prior and Pending Date set forth in Item 5. of the Declarations, the **Insured** had knowledge and from which the **Insured** could reasonably expect a **Claim** to arise.
- G. Arising out of, based upon or attributable to the insolvency, conservatorship, receivership, bankruptcy or liquidation of any bank, banking firm, broker, dealer, investment company, investment banker, insurance company, or other entity of a similar nature; or the failure to pay or suspension of payment by any such entity;
- H. To the extent such **Loss** constitutes **Defense Costs** in a **Claim** directly or indirectly by, on behalf of, or for the benefit of any insurance carrier or bond carrier of the **Insured** or any affiliate of the **Insured**, regardless of in whose name such **Claim** is actually made;
- I. For any actual or alleged bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof; however, this exclusion shall not apply to Part 4 (Workplace Violence Insurance) or to mental anguish or emotional distress under Part 2 (Employment Practices Liability Insurance);
- J. Brought or maintained by, at the behest, or on behalf of the **Organization**;
- K. For any actual or alleged violation of the responsibilities, obligations or duties imposed by **ERISA**; however, this exclusion shall not apply to Part 3 (Fiduciary Liability Insurance);
- L. For a **Wrongful Act** committed or attempted by a **Subsidiary**, **Benefit Plan** or an **Individual Insured** of a **Subsidiary** or **Benefit Plan** before such entity or plan became an **Insured** or after the entity or plan ceased to be an **Insured**;
- M. For service by the **Individual Insured** in any position or capacity in any entity other than the **Organization**, a **Benefit Plan** or an **Outside Entity**, even if the **Organization** directed or requested the **Individual Insured** to serve in such other position or capacity.

## Part 8

### Common Policy Conditions

#### I. LIMITS OF LIABILITY

Regardless of the number of **Insureds** involved, **Claims** made or **Workplace Violence Acts** committed, the **Underwriter's** liability under the Policy is limited as follows:

- A. With respect to coverage under Part 1 of this Policy, the **Underwriter's** maximum aggregate liability under Part 1 for all **Damages** on account of all **Claims** made during the **Policy Period**, whether covered under Insuring Agreement A, B or C, shall be the Limit of Liability for each **Policy Period** as set forth in Item 3.(A) of the Declarations.
- B. With respect to coverage under Part 2, Part 3, Part 4, or Part 5 of this Policy, the **Underwriter's** maximum aggregate liability for all **Damages** on account of all **Claims** made, and all **Workplace Violence Acts** taking place, during the **Policy Period** shall be the Limit of Liability for each **Policy Period** as set forth in Item 3.(B), 3.(C), 3.(D) or 3.(E), respectively, of the Declarations.

- C. The **Underwriter's** maximum aggregate liability for all **Damages** on account of all **Claims** first made, and all **Workplace Violence Acts** taking place, during the **Policy Period** under all purchased Parts, combined, shall be the Aggregate Limit of Liability set forth in Item 3.(F) of the Declarations. The Limits of Liability set forth in Item 3.(A), 3.(B), 3.(C), 3.(D) and 3.(E) are sub-limits which do not increase the **Underwriter's** maximum liability as set forth in Item 3.(F).
- D. **Defense Costs** is in addition to and is not part of the Limit of Liability specified in Item 3. of the Declarations. Payment by the **Underwriter** of **Defense Costs** incurred on account of any **Claim** shall not serve to reduce the Limit of Liability stated in Item 3. of the Declarations, but the **Underwriter** is not obligated to pay any **Defense Costs** after the applicable Limit of Liability has been exhausted by payment of **Damages**.
- E. The Limit of Liability for any Extension Period, if applicable, shall be a part of and not in addition to the respective Limit of Liability applicable to the **Policy Period**.

## II. RETENTION CLAUSE

- A. The **Underwriter** shall only be liable for that portion of **Loss** arising from each **Claim** or **Workplace Violence Act** which is in excess of the respective Retention stated in Item 4. of the Declarations. Such Retention shall be borne by the **Insured**, uninsured and at their own risk, provided no Retention shall apply to **Loss** incurred by **Individual Insureds** for which the **Organization** is not permitted or required to indemnify the **Individual Insured** or is financially unable to do so. A single Retention shall apply to **Loss** arising from all **Claims** alleging **Interrelated Wrongful Acts** and all related **Workplace Violence Acts**.

## III. DEFENSE AND SETTLEMENT

- A. The **Insured** and not the **Underwriter** shall have the responsibility to defend any **Claim**. However, the **Insured** shall have the right, as soon as practicable after a **Claim** is first made, to tender the defense of such **Claim** to the **Underwriter**. Upon written notice to the **Underwriter** of such election by the **Insured** and subject to all of the provisions of this Section III. DEFENSE AND SETTLEMENT, the **Underwriter** shall undertake and manage the defense of such **Claim**, even if such **Claim** is groundless, false or fraudulent.
- B. If the **Insured** has assumed the defense of a **Claim** pursuant to A. above, the **Underwriter** shall advance **Defense Costs** prior to the final disposition of a **Claim**. The **Insured** shall elect counsel of its choice subject to approval by the **Underwriter**, such approval shall not be unreasonably withheld. The **Underwriter** shall not be liable for **Defense Costs** incurred, settlements made or judgments admitted by the **Insured** without the **Underwriter's** prior written consent, which shall not be unreasonably withheld.
- C. The **Underwriter** may investigate and, with the consent of the **Insured**, settle any **Claim** or **Workplace Violence Act** as the **Underwriter** deems expedient, but the **Underwriter** is not obligated to pay any **Loss** after the Limit of Liability has been exhausted.
- D. In the event that a **Claim** is made against the **Insured** or a **Workplace Violence Act** occurs, the **Insured** shall take reasonable measures to protect their interests.
- E. If more than one **Insured** is involved in a **Claim**, the **Underwriter** may, in its sole discretion, appoint separate counsel for one or more of such **Insureds** if there is a material (actual or potential) conflict of interest among any such **Insureds**.
- F. The **Insured** agrees to provide the **Underwriter** with all information, assistance and cooperation which the **Underwriter** reasonably requests and agrees that in the event of a **Claim** or a

**Workplace Violence Act**, the **Insured** will do nothing that may prejudice the **Underwriter's** position or its potential rights of recovery.

- G. If with respect to any **Claim** the **Insured** refuses to consent to the first settlement acceptable to the claimant which the **Underwriter** recommends to the **Insured** in writing, and elects to further contest the **Claim**, then the **Underwriter's** liability for such **Claim** shall not exceed the amount for which the **Claim** could have been settled, including **Defense Costs** incurred, up to the date of such refusal, plus 50% of covered **Loss** in excess of such first settlement amount, it being a condition of this insurance that the remaining 50% of such **Loss** excess of the first settlement amount shall be borne by the **Insured** at their own risk and be uninsured. Notwithstanding the foregoing, this paragraph shall not apply until the settlement amount exceeds the Retention amount stated in Item 4. of the Declarations.

In addition, if the **Underwriter** recommends a first settlement of a **Claim** within the Policy's applicable Limit of Liability which is acceptable to the claimant, and the **Insured** consents to such settlement, then the **Insured's** applicable Retention for such **Claim** shall be retroactively reduced by ten percent (10%). It shall be a condition to such reduction that the **Insured** must consent to the first settlement amount within thirty (30) days after the date the **Underwriter** recommends to the **Insured** such first settlement amount, or in the case of a first settlement amount which arises from a first settlement offer by the claimant, then within the time permitted by the claimant to accept such first settlement offer, but in all events no later than thirty (30) days after the **Underwriter** recommends to the **Insured** such first settlement offer. If the **Insured** does not consent to the first settlement within the time prescribed above, the applicable Retention amount shall remain the respective amount set forth in Item 4. of the Declarations, even if consent is given to a subsequent settlement.

#### IV. NOTICE/CLAIM REPORTING PROVISIONS

Notice hereunder shall be given in writing to the **Underwriter** at the following address:

Philadelphia Insurance Companies  
One Bala Plaza, Suite 100  
Bala Cynwyd, Pennsylvania 19004  
Attention: Claims Department

The date of mailing shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice. Any notice to the **Underwriter** shall specify the Part(s) of this Policy under which the notice is being given and shall be treated as notice only under such specified Part(s).

- A. In the event that a **Claim** is made against the **Insured** or a **Workplace Violence Act** occurs, the **Insured** shall, as a condition precedent to the obligations of the **Underwriter** under this Policy, give written notice of such **Claim** or **Workplace Violence Act** as soon as practicable to the **Underwriter** during this **Policy Period**, or, if applicable, during any Extension Period, but, not later than 60 days after the expiration date of this Policy or any Extension Period, if applicable.
- B. If during this **Policy Period** an **Insured** first becomes aware of any circumstances which may subsequently give rise to a **Claim** being made against any **Insured** for a specific alleged **Wrongful Act**, and as soon as practicable thereafter, but before the expiration or cancellation of this Policy, gives written notice to the **Underwriter** of the circumstances and the reasons for anticipating such a **Claim**, with full particulars as to the **Wrongful Act**, dates and persons involved, then any **Claim** which is subsequently made against the **Insured** arising out of such **Wrongful Act** will be considered made during this **Policy Period**.

- C. All **Loss** arising out of the same **Wrongful Act** and all **Interrelated Wrongful Acts**, or the same or related **Workplace Violence Acts**, shall be deemed one **Loss** on account of one **Claim** or one **Workplace Violence Act**. Such **Claim** or **Workplace Violence Act** shall be deemed to be first made or to have first occurred when the earliest of such **Claims** or **Workplace Violence Acts** were first made or first occurred.

#### V. CANCELLATION AND NON-RENEWAL

- A. The **Underwriter** may not cancel this Policy except for failure to pay premium when due, in which case 10 days written notice shall be given to the **Parent Organization** for such cancellation to be effective.
- B. The **Parent Organization** may cancel this Policy for itself and all other **Insureds** by surrender of this Policy to the **Underwriter** or any of its authorized agents or by mailing to the **Underwriter** written notice stating when thereafter the cancellation shall be effective. If the **Parent Organization** cancels, earned premium shall be computed in accordance with the customary short rate table procedure.
- C. The **Underwriter** shall not be required to renew this Policy; however, written notice of the **Underwriter's** intent to non-renew this Policy shall be sent to the **Parent Organization** at least 30 days prior to expiration of the **Policy Period**.

#### VI. REPRESENTATIONS AND SEVERABILITY

- A. The **Insured** represents that the particulars and statements contained in the **Application** are true and agrees that (1) those particulars and statements are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy; (2) those particulars and statements are material to the acceptance of the risk assumed by the **Underwriter** under this Policy; and (3) this Policy is issued in reliance upon the truth of such representations.
- B. Except for material facts or circumstances known to the **Individual Insured** signing the **Application**, no statement in the **Application** or knowledge or information possessed by any **Insured** shall be imputed to any other **Individual Insured** for the purpose of determining the availability of coverage.

#### VII. SUBROGATION

In the event of any payment under this Policy, the **Underwriter** shall be subrogated to the extent of such payment to all of the **Insured's** rights of recovery. The **Insured** shall execute and deliver such instruments and papers and do whatever else is necessary to secure such rights and shall do nothing to prejudice or compromise such rights without the **Underwriter's** express written consent.

#### VIII. EXTENSION PERIOD

- A. If the **Underwriter** refuses to renew this Policy the following will apply:

For no additional premium, the **Underwriter** will provide a 60 day extension of the coverage granted under Parts 1, 2, 3, and 5 of this Policy for any **Claim** first made against the **Insured** during the 60 days after the non-renewal date, but only with respect to any **Wrongful Act** committed before such non-renewal date and otherwise covered by this Policy (the "Automatic Extension"). This Automatic Extension shall not apply if the **Insured** has purchased similar insurance from the **Underwriter** or any other insurer covering such **Claim**.

Upon expiration of the Automatic Extension, the **Parent Organization** shall have the right, upon payment of an additional 50%, 75%, or 100% of this Policy's annual premium to an extension of

the coverage granted by this Policy for any **Claim** first made against the **Insured** during the twelve (12) months, twenty-four (24) months, or thirty-six (36) months, respectively, after the expiration of the Automatic Extension, but only with respect to **Wrongful Acts** committed before the non-renewal date and otherwise covered by this Policy (the "Extension Period"); provided however, that the request for this Extension Period must be made to the **Underwriter** in writing and payment of the additional premium must be made prior to the expiration of the Automatic Extension. In the event similar insurance is in force covering any **Claims** first made during this Extension Period, coverage provided by this Policy shall be excess over any such other insurance.

- B. If the **Parent Organization** cancels or does not renew this Policy or the **Underwriter** cancels for nonpayment of premium, the following will apply:

The **Parent Organization** shall have the right, upon payment of an additional 50%, 75%, or 100% of this Policy's annual premium, to an extension of the coverage granted under Parts 1, 2, 3 and 5 of this Policy for any **Claim** first made against the **Insured** during the twelve (12) months, twenty-four (24) months, or thirty-six (36) months, respectively, after the date of such cancellation or non-renewal, but only with respect to any **Wrongful Acts** committed before the date of such cancellation or non-renewal and otherwise covered by this Policy (the "Extension Period"); provided however, that the request for this Extension Period must be made to the **Underwriter** in writing and payment of the additional premium must be made within 60 days following the date of such cancellation or non-renewal. In the event similar insurance is in force covering any **Claims** first made during this Extension Period, coverage provided by this Policy shall be excess over any such other insurance.

If the **Underwriter** cancels for the non-payment of premium, the **Parent Organization** may purchase the Extension Period only after any earned premium due to the **Underwriter** is paid within 10 days after the date of cancellation or Policy expiration, whichever comes first.

- C. All premium paid with respect to an Extension Period shall be deemed fully earned as of the first day of the Extension Period. For the purpose of this Section VIII., any change in premium or terms on renewal shall not constitute a refusal to renew.

#### IX. CHANGES

Except by written endorsement issued to the **Insured** forming a part of this Policy, nothing shall effect a change in or addition to the provisions of this Policy. Furthermore, under no circumstances shall the **Underwriter** be deemed to have waived or be estopped from asserting any right under this Policy, at law, or in equity respecting any **Claim** or **Workplace Violence Act**, except as stated in writing by the **Underwriter's** authorized Claims Department representative.

#### X. ASSIGNMENT

Assignment of interest in this Policy shall not bind the **Underwriter** until the **Underwriter's** consent is endorsed hereon.

#### XI. AUTHORIZATION CLAUSE AND NOTICES

By acceptance of this Policy, the **Insured** agrees that the **Parent Organization** shall act on behalf of any **Insured** with respect to the giving and receiving of any return premiums and notices that may become due under this Policy. Notice to the **Parent Organization** shall be directed to the individual named in the **Application**, or such other person as shall be designated by the **Parent Organization** in writing. Such notice shall be deemed to be notice to any **Insured**. The **Parent Organization** shall be the agent of any **Insured** to effect changes in this Policy.

## XII. OTHER INSURANCE

If the **Insured** has any other insurance for **Claims** or **Workplace Violence Acts** covered hereunder, the insurance provided by this Policy shall be excess over such other insurance, regardless of whether such other insurance is collectible or designated as primary or excess.

## XIII. TERMS OF POLICY CONFORMED TO STATUTE

Terms of this Policy which are in conflict with the statutes of any state in which this Policy is issued are hereby amended to conform to such statutes.

## XIV. ACCEPTANCE

This Policy embodies all agreements existing between the parties hereunder or any of their agents relating to this insurance.

## XV. ACTION AGAINST THE UNDERWRITER; ARBITRATION

- A. No person or entity shall have any right under this Policy to join the **Underwriter** as a party to any action against the **Insured** to determine the **Insured's** liability, nor shall the **Underwriter** be impleaded by the **Insured** or their legal representatives. Bankruptcy or insolvency of the **Insured** or their successors in interest shall not relieve the **Underwriter** of its obligations hereunder.
- B. Any dispute relating to this Policy or the alleged breach, termination or invalidity thereof, which cannot be resolved through negotiations between any **Insured** and the **Underwriter**, shall be submitted to binding arbitration. The rules of the American Arbitration Association shall apply except with the respect to the selection of the arbitration panel. The panel shall consist of one arbitrator selected by such **Insured**, one arbitrator selected by the **Underwriter** and a third independent arbitrator selected by the first two arbitrators.

## XVI. CHANGE IN OWNERSHIP OR CONTROL

- A. If after the inception of the **Policy Period**:
1. The **Organization** merges into or consolidates with another entity such that the other entity is the surviving entity; or
  2. Another entity or person or group of entities and/or persons acting in concert acquires more than fifty percent (50%) of the assets of the **Organization**; or
  3. Another entity or person or group of entities and/or persons acting in concert acquires the right to elect or select a majority of the **Organization's** directors or trustees;
- (1., 2., and 3. above, hereinafter referred to as the "Merger"), then coverage under Parts 1, 2, 3, and 5 of this Policy shall remain in force, but only for **Claims** made during the **Policy Period** (or the Extension Period, if purchased) for **Wrongful Acts** committed prior to the effective date of the Merger and only if the following conditions are met:
1. The **Insured** provides written notice of the Merger to the **Underwriter** within 45 days of the effective date of such Merger; and
  2. The **Insured** provides the **Underwriter** with such information as the **Underwriter** deems necessary.

If **Insured** fails to meet conditions 1. and 2. above, this Policy shall be deemed cancelled by the **Underwriter** as of the effective date of the Merger and the **Underwriter** shall return any unearned premium on a pro rata basis. The **Insured** shall have the right to purchase the Extension Period.

Coverage under Part 4 of this Policy shall cease with respect to any **Workplace Violence Act** occurring after the effective date of the Merger.

B. If after the inception of the **Policy Period**:

1. The **Organization** acquires or assumes more than fifty percent (50%) of the assets, liabilities, or equity of, or merges with any for profit entity or creates a for profit subsidiary, no coverage shall be afforded under this Policy for **Claims** arising out of, based upon or attributable to such transaction unless all of the following conditions are met:
  - a. The **Underwriter** receives from the **Parent Organization** full details of such transaction; and
  - b. The **Underwriter**, at its sole discretion, agrees by written endorsement to this Policy to provide coverage to the for profit entity upon such terms, conditions and limitations as it may require.

XVII. TERRITORY AND VALUATION

This Policy shall extend to any **Wrongful Act** committed or any **Workplace Violence Act** occurring anywhere in the world.

All premiums, limits, retentions, **Loss** and other amounts under this Policy are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or another element of **Loss** under this Policy is stated in a currency other than United States of America dollars, payment under this Policy shall be made in United States dollars at the rate of exchange published in The Wall Street Journal on the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of **Loss** is due, respectively.

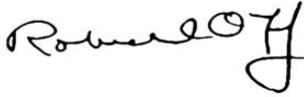
XVIII. TWO OR MORE COVERAGE PARTS OR POLICIES ISSUED BY THE UNDERWRITER

It is the **Underwriter's** stated intention that the various coverage parts or policies issued to the **Parent Organization** by the **Underwriter**, or any affiliated company, do not provide any duplication or overlap of coverage for the same **Claim** or **Workplace Violence Act**. Notwithstanding the other insurance provision, if this Policy and any other policy issued to the **Parent Organization** by the **Underwriter**, or any affiliated company, apply to the same **Wrongful Act, Workplace Violence Act**, professional incident, occurrence, offense, accident or **Loss**, then the maximum Limit of Liability under all such policies combined shall not exceed the highest applicable Limit of Liability under any one policy.

XIX. ALLOCATION

If both **Loss** covered by this Policy and **Loss** not covered by this Policy are incurred either because a **Claim** includes both covered and uncovered matters, or because a **Claim** is made against both the **Individual Insured** and/or the **Organization**, and others, the **Insured** and the **Underwriter** shall use their best efforts to agree upon a fair and proper allocation of such amount between covered **Loss** and uncovered **Loss**. Any such allocation shall be based upon the relative legal exposures of the parties to covered and uncovered matters.

IN WITNESS WHEREOF, the **Underwriter** has caused this Policy to be signed by its President and Secretary, but the same shall not be binding upon the **Underwriter** unless signed by an authorized representative of the **Underwriter**.



President & CEO



Secretary



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

**KNOWN CIRCUMSTANCES REVEALED IN APPLICATION EXCLUSION**

This endorsement modifies and is subject to the insurance provided under the following:

FLEXIPLUS FIVE

The Policy is amended as follows:

With respect to coverage under Part(s) 1, the **Underwriter** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against the **Insured** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any matter, fact, or circumstance disclosed in connection with question N/A Found On-line of the "application" dated 01/08/2019 and submitted on behalf of the **Insured**.

The referenced **Application** is attached and made a part of this policy.

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

**PRIOR ACTS EXCLUSION**

This endorsement modifies and is subject to the insurance provided under the following:

FLEXIPLUS FIVE

The Policy is amended as follows:

With respect to coverage under Part(s) 1, the **Underwriter** shall not be liable to make any payment for **Loss** in connection with any **Claim** based upon, arising out of, directly or indirectly resulting from any **Wrongful Act** committed on or before 03/01/2019 .

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

**PROFESSIONAL SERVICES EXCLUSION (SUPERVISION  
CARVE-OUT)**

This endorsement modifies and is subject to the insurance provided under the following:

FLEXIPLUS FIVE

The Policy is amended as follows:

With respect to coverage under Part 1, the **Underwriter** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against the **Insured** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the **Insured's** performance of or failure to perform professional services for others.

Provided, however, that the foregoing shall not be applicable to any derivative action **Claim** alleging failure to supervise those who performed or failed to perform such professional services.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****AMENDMENT OF EXCLUSIONS**

This endorsement modifies insurance provided under the following:

## FLEXI PLUS FIVE

With regard to Part 1 (**DIRECTORS & OFFICERS LIABILITY INSURANCE**), the **Underwriter** shall not be liable to make any payment for **Loss** in connection with any **Claim** for any actual or alleged violation(s) of any of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act, any rules or regulations of the foregoing promulgated thereunder, and amendments thereto or any similar federal, state, local or foreign statutory law or common law; provided, however, this exclusion shall not apply to a **Claim** for retaliation; provided, further, however, there is no coverage provided under this policy for any **Claim** related to, arising out of, based upon, or attributable to the refusal, failure or inability of any **Insured(s)** to pay **Earned Wages** (as opposed to tort-based back pay or front pay damages) or for improper payroll deductions taken by any **Insured(s)** from any **Employee(s)** or purported **Employee(s)**, including, but not limited to, (i) any unfair business practice claim alleged because of the failure to pay **Earned Wages**, or (ii) any **Claim** seeking **Earned Wages** because any **Employee(s)** or purported **Employee(s)** were improperly classified or mislabeled as "exempt."

Part 2 (**EMPLOYMENT PRACTICES LIABILITY INSURANCE**), section III (EXCLUSIONS), item B. is replaced by:

- B. for any actual or alleged violation(s) of any of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act, any rules or regulations of the foregoing promulgated thereunder, and amendments thereto or any similar federal, state, local or foreign statutory law or common law; provided, however, this exclusion shall not apply to a **Claim** for **Retaliation**; provided, further, however, there is no coverage provided under this policy for any **Claim** related to, arising out of, based upon, or attributable to the refusal, failure or inability of any **Insured(s)** to pay **Earned Wages** (as opposed to tort-based back pay or front pay damages) or for improper payroll deductions taken by any **Insured(s)** from any **Employee(s)** or purported **Employee(s)**, including, but not limited to, (i) any unfair business practice claim alleged because of the failure to pay **Earned Wages**, or (ii) any **Claim** seeking **Earned Wages** because any **Employee(s)** or purported **Employee(s)** were improperly classified or mislabeled as "exempt."

Part 6 (**COMMON POLICY DEFINITIONS**), is supplemented by:

**Earned Wages** means wages or overtime pay for services rendered.

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

**RELIANCE ON ANOTHER INSURANCE CARRIER'S APPLICATION  
ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**FLEXI PLUS FIVE**

Part 8 Common Policy Conditions, Section VI. REPRESENTATIONS AND SEVERABILITY, Item A. is deleted in its entirety and replaced with the following:

- A. In consideration of the premium paid for this Policy, it is agreed that the **Underwriter** has relied upon the statements in the Travelers  
(Form NDO1100SIN), including materials attached thereto, completed by the entity designated in Item 1 of the Declarations and signed and dated on 01/08/2019 by Nic Pope. Such application is made a part of this Policy and will be considered the **Underwriter's** own **Application**.

It is further agreed and understood that Nic Pope is duly authorized and has the power to complete and execute the **Application**, including the Warranty Statement on behalf of the **Applicant** and its respective Directors, Officers or other insured persons and declares that the statements set forth in this **Application** are true. The **Applicant** also agrees that if the information supplied on this **Application** changes between the date of this **Application** and the effective date of the coverage, the **Applicant** will immediately notify the **Underwriter** of such changes, and the **Underwriter** may withdraw or modify any outstanding proposals or quotations and/or authorization or agreement to bind the insurance.

All other terms of the policy remain unchanged.

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

## **TAX EXEMPT STATUS EXCLUSION**

This endorsement modifies insurance provided under the following:

### **FLEXI PLUS FIVE**

The following item is added to Part 7 Common Policy Exclusions:

It is hereby agreed that the **Underwriter** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against the **Insured** arising out of, related to, in connection with, or directly or indirectly resulting from, in consequence of, or in any way involving any failure to obtain, or loss of, or revocation of federal, state or municipal tax exempt status.

All other terms of the policy remain unchanged.

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

## **BREACH OF CONTRACT WITH LIABILITY OBLIGATION CARVEBACK**

This endorsement modifies insurance provided under the following:

### **FLEXI PLUS FIVE**

**Part 1** Not-for-Profit Organization Directors & Officers Liability Insurance, Section III. EXCLUSIONS, Item C. is deleted in its entirety and replaced with the following:

- C. Arising out of, based upon or attributable to any actual or alleged liability under any written or oral agreement; however, this exclusion shall not apply to liability which would have attached even in the absence of such contract or agreement.

All other terms and conditions remain the same.

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

PRO-PAK ELITE ENHANCEMENT (CA)

This endorsement modifies insurance provided under the following:

FLEXI PLUS FIVE

I. DIRECTORS & OFFICERS COVERAGE ENHANCEMENTS

Part 1 Not-for-Profit Organization Directors & Officers Liability Insurance is amended as follows:

- A. Section III. EXCLUSIONS, Item B., Paragraphs 3. and 4. are deleted in their entirety.
- B. Section III. EXCLUSIONS, Item C. will not apply to Claims with respect to coverage provided under Section I. INSURING AGREEMENTS, Item A.
- C. ORDER OF PAYMENTS

It is further understood and agreed that if a Loss shall be payable under more than one of the INSURING AGREEMENTS in Part 1 Not-for-Profit Organization Directors & Officers Liability Insurance, then the Underwriter shall, to the maximum extent practicable and subject at all times to the Underwriter's Limits of Liability specified in the Declarations, pay such Loss as follows:

1. First, the Underwriter shall pay that Loss, if any, which the Underwriter may be liable to pay on behalf of the Individual Insureds Section I. INSURING AGREEMENTS, Item A.;
2. Second, the Underwriter shall pay that Loss, if any, which the Underwriter may be liable to pay on behalf of the Organization for Claims made against Individual Insureds and indemnified by the Organization under Section I. INSURING AGREEMENTS, Item B.;
3. Third, the Underwriter shall make such other payments which the Underwriter may be liable to pay on behalf of the Organization for Claims made against the Organization under Section I. INSURING AGREEMENTS, Item C.

II. EMPLOYMENT PRACTICES LIABILITY COVERAGE ENHANCEMENTS

All other terms and conditions of this Policy remain unchanged.



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

Part 2 Employment Practices Liability Insurance is amended as follows:

A. Section II. DEFINITIONS, Item A. Employment Practice Act is deleted in its entirety and replaced by the following:

Employment Practice Act means any actual or alleged:

1. Wrongful dismissal, discharge or termination of employment;
2. Breach of a written or oral employment contract or implied employment contract;
3. Employment related misrepresentation;
4. Wrongful failure to promote;
5. Violation of employment discrimination laws (including harassment);
6. Wrongful deprivation of a career opportunity;
7. Employment related wrongful discipline;
8. Negligent employee evaluation, training or supervision;
9. Employment related invasion of privacy;
10. Employment related defamation (including libel and slander);
11. Sexual or workplace harassment of any kind;
12. Constructive discharge of employment;
13. Employment related retaliatory treatment;
14. Employment related humiliation;
15. Wrongful demotion;
16. Negligent reassignment;

All other terms and conditions of this Policy remain unchanged.

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

17. Negligent hiring or retention;
18. Failure to grant tenure;
19. Failure to provide or enforce consistent employment policies and procedures;
20. Failure to employ;
21. Violation of any federal, state or local civil rights laws; and
22. Acts described in 1. through 21. above arising from the use of the Organization's Internet, e-mail, blog, telecommunication or similar system, including communications on any Social Media Network;

And committed or attempted by an Individual Insured in his/her capacity as an Individual Insured or by the Organization.

Solely with respect to any Claim brought by or on behalf of any Third Party, Employment Practice Act means any actual or alleged discrimination, harassment or violation of such Third Party's civil rights in relation to such discrimination or harassment, whether direct, indirect, or unintentional, committed by an Individual Insured in his/her capacity as an Individual Insured or by the Organization.

B. Section II. DEFINITIONS, Item B. Third Party is deleted in its entirety and replaced by the following:

Third Party means any natural person who is not an Individual Insured.

C. Section II. DEFINITIONS is amended to include the following:

Social Media Network shall mean a web-based service that allows an individual to:

1. Construct a public or semi-public profile within a system; or

All other terms and conditions of this Policy remain unchanged.

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

2. Articulate a list of other users with whom they share a connection; or

3. View and traverse their list of connections and those made by others within the network.

D. Section III. EXCLUSIONS, Item C. is amended by the addition of the following:

However, this exclusion shall not apply to any Claim for retaliatory treatment against any Individual Insured who is participating in the above labor actions.

III. FIDUCIARY LIABILITY COVERAGE ENHANCEMENTS

Part 3 Fiduciary Liability Insurance is amended as follows:

This section only applies if a Limit of Liability is specified for Fiduciary Liability Insurance on the Declarations Page.

A. VOLUNTARY COMPLIANCE EXTENSION

Section I. INSURING AGREEMENTS, is amended by the addition of the following:

The Underwriter will pay on behalf of the Insured, in an amount not to exceed \$100,000, any Voluntary Compliance Fee incurred with respect to a Voluntary Compliance Notice. Such amount shall be subject to the Retention stated in Item 4. (C) of the Declarations Page and shall be part of and not in addition to the Limit of Liability stated in Item 3. (C) of the Declarations Page. This Insuring Agreement shall not apply to any Voluntary Compliance Fee incurred with respect to any Insured's participation in any Voluntary Compliance Program initiated prior to the inception of this Policy.

B. Section II. DEFINITIONS, Item B. Benefit Plan is deleted in its entirety and is replaced by the following:

Benefit Plan means:

All other terms and conditions of this Policy remain unchanged.

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

1. Any Welfare Benefit Plan which was, is now or becomes sponsored by the Organization solely for the benefit of the Individual Insureds of the Organization;

2. Any Pension Benefit Plan which was, on or prior to the effective date of this Policy, sponsored by the Organization solely for the benefit of the Individual Insureds of the Organization, provided that coverage was available with respect to such Pension Benefit Plan under any policy of which this Policy is a renewal or replacement and such Pension Benefit Plan has been reported in writing to the Underwriter as part of the Application;

3. Any Pension Benefit Plan created or acquired (through merger, consolidation or otherwise) during the Policy Period by the Insured solely for the benefit of the Individual Insureds of the Organization, but only upon the condition that within 90 days after such creation or acquisition, the Insured shall have (i) provided written notice to the Underwriter of such newly created Pension Benefit Plan, and (ii) agreed to any additional terms and paid any additional premium required by the Underwriter in its sole discretion. The 90-day notice requirement shall not apply, however, if the total assets of the acquired or formed Pension Benefit Plan, as of the effective date of such acquisition or formation, do not exceed ten percent (10%) of the total plan assets shown on the most recent application submitted by the Parent Organization, or (2) the acquisition or formation occurs less than ninety (90) days prior to the end of the Policy Period; and

4. Any government-mandated benefit program for workers compensation, unemployment, social security or disability benefits for Individual Insureds of the Organization.

However, Benefit Plan does not include any multi-employer plan or any employee stock ownership plan unless said plan is added by specific written endorsement to this Policy.

Coverage for Benefit Plans which are sold, terminated or spun-off during or prior to the Policy Period shall apply only with respect to any Fiduciary Liability Act occurring prior to the date of such sale or spin-off, or in the case of termination, prior to the final date of asset distribution of

All other terms and conditions of this Policy remain unchanged.

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

such Benefit Plan.

C. Part 6 Common Policy Definitions, Item D. Defense Cost is amended by the addition of the following:

d. Voluntary Compliance Fee.

D. Part 6 Common Policy Definitions, Item I. Loss is amended by the addition of the following:

Loss means any penalties or other awards imposed by the Pension Ombudsman of England or Occupational Pensions Regulatory Authority of England pursuant to the English Pension Scheme Act 1933, the English Pensions Act 1995, the UK Pensions Act 2004, as amended, and any rules and regulations promulgated thereunder, provided always that no part of the premium for this Policy attributable to this exception has been funded, paid or reimbursed from the funds or assets of any pension scheme insured under this Policy.

E. Part 6 Common Policy Definitions is amended by the addition of the following:

Voluntary Compliance Fee means any costs of corrections, fees, penalties or sanctions imposed by law under a Voluntary Compliance Program that any Insured becomes legally obligated to pay as a result of a Fiduciary Wrongful Act, but shall not include any other costs, charges, expenses, fees, penalties, sanctions, assessments, damages, taxes or matters that may be deemed to be uninsurable under the law pursuant to which this Policy shall be construed.

Voluntary Compliance Notice means any written notice given to the Underwriter indicating an Insured's intent to participate in a Voluntary Compliance Program during the Policy Period.

Voluntary Compliance Program means any voluntary compliance resolution program or similar voluntary settlement program administered by the Internal Revenue Service or Department of Labor of the United States, including, but not limited to, the Employee Plans Compliance Resolution System, the Self Correction Program, the Audit Closing Agreement Plan, the Delinquent Filer Voluntary Compliance program and the Voluntary Fiduciary Correction

All other terms and conditions of this Policy remain unchanged.

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

program.

IV. AMENDMENT OF DEFINITIONS

Part 6 Common Policy Definitions, is amended as follows:

A. Item B. Claim is deleted in its entirety and replaced by the following:

Claim means for the purposes of Parts 1, 2, 3 and 5:

1. Any of the following:

a. Any written demand for monetary or non-monetary relief (including injunctive); or

b. Any civil proceeding, including any appeals therefrom, commenced by the filing, notice or service of compliant, pleading, summons or similar document; or

c. Any criminal proceeding, including any appeals therefrom, commenced by the return of an indictment or the filing of notice of charges or similar document; or

d. Any formal administrative, judicial, regulatory or tribunal proceeding, including any proceeding before the Equal Employment Opportunity Commission or any similar governmental agency, commenced by the filing of notice of charges, formal investigative order, service of summons, subpoena or similar document; or

e. Any arbitration, mediation or similar alternative dispute resolution proceeding commenced by receipt of a demand for such proceeding,

Against an Insured for a Wrongful Act; or

2. Any written request to toll or waive any statute of limitations applicable to any actual or potential suit or cause of action against an Insured.

However, Claim shall not include a labor or grievance proceeding pursuant to

All other terms and conditions of this Policy remain unchanged.

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

a collective bargaining agreement.

A Claim shall be considered made when an Insured first receives notice of the Claim.

B. Solely with respect to Parts 1, 2, 3 and 5, Item C. Damage is deleted in its entirety and replaced by the following:

Damage means a monetary judgment, award or settlement, including punitive and exemplary damages or multiple portion thereof, (including pre and post judgment interest thereon) to the extent such punitive and exemplary damages or multiple portion thereof, are insurable under applicable law of any jurisdiction which has a substantial relationship to the Insured or to the Claim seeking such damage, and which is most favorable to the insurability of such damage.

C. Item D. Defense Cost will also mean any pre-judgment interest and post-judgment interest on the portion of any judgment for which the Underwriter is liable under this Policy, until the Underwriter has tendered or deposited in court or otherwise, such judgment amount for which the Underwriter is liable.

D. With respect to Claims brought under Part 2 Employment Practices Liability Insurance, Item F. Individual Insured will also mean any independent contractor working on behalf of the Organization, but only if the Organization has agreed in writing to indemnify the independent contractor prior to the occurrence of the Employment Practices Act that is the basis of the Claim.

E. With respect to Claims brought under Part 2 Employment Practices Liability Insurance, Item F. Individual Insured will also mean any applicant for employment with the Organization.

F. Item F. Individual Insured will also mean the lawful domestic partner of a director, officer, governor, trustee, or equivalent executive of the Organization, but only for actual or alleged Wrongful Acts of such director, officer, governor, trustee, or equivalent executive for which such domestic partner may be liable as the domestic partner of such director, officer, governor, trustee, or equivalent executive.

All other terms and conditions of this Policy remain unchanged.

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

G. Item I. Loss will also include fines and penalties resulting from a Claim provided that they are brought:

1. Seeking coverage for an Excess Benefit Transaction Excise Tax; or
2. Alleging violations of the Emergency Medical Treatment and Active Labor Act (EMTALA), 42 U.S.C. 1396dd, et seq., and any other similar state or local statute.

The foregoing is subject to the following provisions:

a. The Limit of Liability specified in the Declarations is replaced by \$100,000 per Claim and \$100,000 for all Claims in the Policy Period. This Limit of Liability will apply to the total of all Loss and Defense Cost combined, even if this Policy is endorsed to provide Defense Cost in addition to the Limit of Liability.

This inclusion of Defense Cost within the Limit of Liability, for all coverage provided by Item I. Loss above, will supersede any provision to the contrary.

The Underwriter will not be liable for Damage arising out of an Excess Benefit Transaction Excise Tax, as provided herein, for amounts exceeding \$10,000 that an Individual Insured is obligated to pay as a result of a Claim.

b. Coverage will exist if and only to the extent that indemnification is provided by the Organization to any Insured for any Excess Benefit Transaction Excise Tax.

c. The Underwriter will not be liable to make payment for any Loss or Defense Cost in connection with any Claim for any excise tax imposed by the Internal Revenue Service on any Disqualified Person for any Excess Benefit Transaction.

d. Excess Benefit Transaction means an "excess benefit transaction" as that term is defined in the Taxpayer Bill of Rights 2, P.L. 104-168.

All other terms and conditions of this Policy remain unchanged.



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

e. Excess Benefit Transaction Excise Tax means any excise tax imposed by the Internal Revenue Service on an Individual Insured as a result of the Individual Insured's participation in an Excess Benefit Transaction.

H. Item J. Organization will also mean:

4. Any entity or person as a debtor in possession within the meaning of the United States Bankruptcy Code or similar legal status under foreign law.

I. Item M. Subsidiary will also mean any not-for-profit entity for which, on or before the inception of the Policy Period, the Parent Organization has the right to elect or select a majority of the directors or trustees, provided such entity is identified as an Affiliate in the Application.

J. Item L. Policy Period is amended to include that if the calendar date upon which this Policy is scheduled to expire is a "Weekend" or "National Holiday" then this Policy's expiration date is automatically extended to the next day immediately following the "Weekend" or "National Holiday".

For the purpose of clause J. above, the following applies:

1. "Weekend" shall mean the calendar days of Saturday and Sunday.
2. "National Holiday" shall means the calendar days designated as such by the United States Federal Government per U.S. Federal law (5 U.S.C. 6103).

V. AMENDMENT OF EXCLUSIONS

Part 7 Common Policy Exclusions, is amended as follows:

A. Item C. will not apply to Claims with respect to coverage provided under Part 1 Not-for-Profit Organization Directors & Officers Liability Insurance, Section I. INSURING AGREEMENTS, Item A.

B. Items D., G., and H. are deleted in their entirety.

C. Item F. Paragraph 2. is deleted in its entirety and replaced by the

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following:

2. Any Wrongful Act, fact, circumstance or situation which has been the subject of any written notice given under any other policy of insurance, with a similar type of coverage, prior to inception of this Policy; or

D. Item F., Paragraph 3. is deleted in its entirety.

E. Item J. will not apply to any Claim brought as a derivative action, or similar action, on behalf of the Organization, provided the Claim is brought without the assistance of any current or former director, officer, governor, trustee or equivalent executive of the Organization who has not served in such capacity within four (4) years immediately proceeding the date the Claim is first made.

VI. AMENDMENT OF CONDITIONS

Part 8 Common Policy Conditions, is amended as follows:

A. AGGREGATE RETENTION

Section II. RETENTION CLAUSE, is deleted in its entirety and replaced with the following:

The Underwriter shall only be liable for that portion of Loss arising from each Claim or Workplace Violence Act which is in excess of the respective Retention stated in Item 4. of the Declarations Page. Such Retention shall be borne by the Insured, uninsured and at their own risk, provided no Retention shall apply to Loss incurred by Individual Insureds for which the Organization is not permitted or required to indemnify the Individual Insured or is financially unable to do so. A single Retention shall apply to Loss arising from all Claims alleging Interrelated Wrongful Acts and all related Workplace Violence Acts.

During the Policy Period an "Aggregate Retention" will apply for each coverage Part. The "Aggregate Retention" will be triple (3 times) the amount of the Retention(s) stated in Item 4. of the Declarations Page.

B. MODIFICATION OF CONSENT TO SETTLE

All other terms and conditions of this Policy remain unchanged.

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

Section III. DEFENSE AND SETTLEMENT, Item G. is deleted in its entirety and replaced by the following:

If with respect to any Claim the Insured refuses to consent to the first settlement acceptable to the claimant which the Underwriter recommends to the Insured in writing, and elects to further contest the Claim, then the Underwriter's liability for such Claim shall not exceed the amount for which the Claim could have been settled, including Defense Cost incurred, up to the date of such refusal, plus 80% of covered Loss in excess of such first settlement amount, it being a condition of this insurance that the remaining 20% of such Loss in excess of the first settlement amount shall be borne by the Insured at their own risk and be uninsured. Notwithstanding the foregoing, this paragraph shall not apply until the settlement amount exceeds the Retention amount stated in Item 4 of the Declarations Page.

In addition, if the Underwriter recommends a first settlement of a Claim within the Policy's applicable Limit of Liability which is acceptable to the claimant, and the Insured consents to such settlement, then the Insured's applicable Retention for such Claim shall be retroactively reduced by ten percent (10%). It shall be a condition to such reduction that the Insured must consent to the first settlement amount within thirty (30) days after the date the Underwriter recommends to the Insured such first settlement amount, or in the case of a first settlement amount which arises from a first settlement offer by the claimant, then within the time permitted by the claimant to accept such first settlement offer, but in all events no later than thirty (30) days after the Underwriter recommends to the Insured such first settlement offer. If the

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Insured does not consent to the first settlement within the time prescribed above, the applicable Retention amount shall remain the respective amount stated in Item 4. of the Declarations Page, even if consent is given to a subsequent settlement.

C. ~~AMENDMENT OF SEVERABILITY~~

Section VI. REPRESENTATIONS AND SEVERABILITY is deleted in its entirety and replaced by the following:

1. In granting coverage to any Insured under this Policy, the Underwriter has relied upon the declarations and statements in the written Application(s) for this Policy. Such declarations and statements are the basis of the coverage under this Policy and shall be considered as incorporated in and constituting part of this Policy.

2. Any written Application(s) shall be construed as a separate Application(s) for coverage by each Insured. With respect to the declarations and statements in such Application(s):

a. No fact pertaining to, or knowledge possessed by any Individual Insured shall be imputed to any other Individual Insured for the purpose of determining if coverage is available; and

b. Only facts pertaining to, and knowledge possessed by the Chief Financial Officer, President, Executive Director or Chairperson of any part of the Organization or any other individual signing such Application(s) shall be imputed to the Organization for the purpose of determining if coverage is available.

D. ~~AUTOMATIC UNLIMITED REPORTING PERIOD FOR FORMER DIRECTORS & OFFICERS~~

Section VIII. EXTENSION PERIOD is amended by the addition of the following:

If the Parent Organization cancels or does not renew this Policy for a reason other than being sold, acquired or bankrupt, any former director, officer, governor, trustee, or equivalent executive of the Parent

All other terms and conditions of this Policy remain unchanged.

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Organization who was not serving in the capacity as a director, officer, governor, trustee, or equivalent executive of the Parent Organization at the time of the cancellation or non-renewal shall be provided an "Unlimited Extension Period" to report any Claim which may be first made against such former director, officer, governor, trustee, or equivalent executive after the date of such cancellation or non-renewal, but only with respect to any Wrongful Act committed before the date of such cancellation or non-renewal.

However, this "Unlimited Extension Period" shall only be afforded if no other Directors and Officers Liability policy, or policy providing essentially the same type of coverage, or Extension Period other than B. above, is in effect at the time the Claim is made.

E. BROADENED OTHER INSURANCE CLAUSE

Section XII. OTHER INSURANCE is deleted in its entirety and replaced with the following:

Insurance provided under this Policy shall apply only as excess over any other valid and collectible insurance, unless such other insurance is specifically written as excess. This Policy shall be excess over any other policy under which another insurer has a duty to defend a Claim for which this Policy may be obligated to pay a Claim as a result of Loss.

F. FULL ALLOCATION

Solely with respect to Claims for which the Insured has tendered control of the defense to the Underwriter, per Part 8 Common Policy Conditions, Item III. DEFENSE AND SETTLEMENT, Item A.; Section XIX. ALLOCATION is deleted in its entirety and replaced by the following:

If both Loss covered by this Policy and Loss not covered by this Policy are incurred either because a Claim includes, both covered and uncovered amounts, or because a Claim is made against both covered and uncovered parties, then coverage shall apply as follows:

1. Defense Costs: one hundred percent (100%) of reasonable and necessary Defense Costs incurred by such Insured and authorized by the Underwriter from such Claim will be considered covered Loss; this shall not apply to any

All other terms and conditions of this Policy remain unchanged.

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

Claim where coverage is excluded under Part 2 (Employment Practices Liability Insurance) Section III. Exclusions, Part B. Fair Labor Standards Act and

2. Loss other than Defense Costs: all remaining Loss incurred by such Insured will be determined based upon the relative legal exposures of the parties to such matters.

Specimen

All other terms and conditions of this Policy remain unchanged.

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

**ABSOLUTE BODILY INJURY/PROPERTY DAMAGE EXCLUSION**

This endorsement modifies and is subject to the insurance provided under the following:

PRIVATE COMPANY PROTECTION PLUS

In consideration of the premium paid, PART 5, (COMMON POLICY EXCLUSIONS), item I. is deleted in its entirety and replaced with the following:

I. arising out of, based upon or attributable any actual or alleged bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof; however, this exclusion shall not apply to mental anguish or emotional distress under Part 2 (Employment Practices Liability Insurance);

All other terms and conditions of this Policy remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

**FLEXIPLUS FIVE**

The following is added to and supersedes any provisions to the contrary in Part 8. Section V. CANCELLATION AND NONRENEWAL:

**1. All Policies In Effect For 60 Days Or Less**

If this policy has been in effect for 60 days or less, and is not a renewal of a policy the Company has previously issued, the Company may cancel this policy by mailing or delivering to the "Parent Organization," at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for:
  - (1) Nonpayment of premium; or
  - (2) Discovery of fraud by:
    - (a) Any insured or his or her representative in obtaining this insurance; or
    - (b) You or your representative in pursuing a claim under this policy.
- b. 30 days before the effective date of cancellation if the Company cancels for any other reason.

**2. All Policies In Effect For More Than 60 Days**

- a. If this policy has been in effect for more than 60 days, or is a renewal of a policy the Company issued, the Company may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
  - (1) Nonpayment of premium, including payment due on a prior policy the Company issued and due during the current policy term covering the same risks.
  - (2) Discovery of fraud or material misrepresentation by:
    - (a) Any insured or his or her representative in obtaining this insurance; or
    - (b) You or your representative in pursuing a claim under this policy.
  - (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.



- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
  - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
  - (6) A determination by the Commissioner of Insurance that the:
    - (a) Loss of, or changes in, the Company's reinsurance covering all or part of the risk would threaten its financial integrity or solvency; or
    - (b) Continuation of the policy coverage would:
      - (i) Place the Company in violation of California law or the laws of the state where it is domiciled; or
      - (ii) Threaten the Company's solvency.
  - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b.** The Company will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the "Parent Organization," at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium or discovery of fraud; or
  - (2) 30 days before the effective date of cancellation if the Company cancels for any other reason listed in Paragraph **2.a.**

If this policy is cancelled, the Company will send the "Parent Organization" any premium refund due.

The refund, if any, will be computed on a pro rata basis. However, the refund may be less than pro rata if the Company made a loan to you for the purpose of payment of premiums for this policy.

The cancellation will be effective even if we have not made or offered a refund.

### **3. Nonrenewal**

- a.** Subject to the provisions of Paragraphs **3.b.** below, if the Company elects not to renew this policy, the Company will mail or deliver written notice, stating the reason for nonrenewal, to the "Parent Organization" shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

The Company will mail or deliver our notice to the "Parent Organization," and to the producer of record, at the mailing address shown in the policy.

- b.** The Company 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 Company and a member of the Company's insurance group.
- (2) If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **3.a**.
- (3) If you have obtained replacement coverage, or if the "Parent Organization" has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- (4) If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- (5) If the "Parent Organization" requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- (6) If the Company has made a written offer to the "Parent Organization," in accordance with the timeframes shown in Paragraph **3.a**., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.



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

**CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY (OTHER THAN SPECIFIC PROFESSIONAL SERVICES EXCLUDED BY TRIA)  
DIRECTORES AND OFFICERS

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism subject to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. 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.

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 Policy.