



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group

Making Things Easier for You!

PHLY CUSTOMER SERVICE

Did you know...

- PHLY has a dedicated National Processing Center to efficiently and effectively process endorsements
- The Loss Assistance Hotline provides **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
- You can review billing and payment history online
For example: Payment verifications go to MyPHLY on PHLY.com
- You can pull up and print your invoices and policy documents online
- You can update your profile online
For example: Billing address changes and contact information
- We offer live help within seconds. No complicated phone systems
- 97.3% of our policyholders would refer us to prospective customers*
- 48 hour turnaround time on small business quotes and policy issuance in less than 10 days
- We provide interest free installments for accounts that generate at least \$2,000 in premium

Frequently Asked Questions

How can I get information about my insurance?

There are 5 different ways to contact Customer Service

- Customer Service 877.438.7459
- Customer Service Fax 866.847.4046
- Customer Service Email: custserv@phlyins.com
- Customer Service Online chat
- PHLY.com - "Contact Us"

When can I contact Customer Service?

Customer Service is available Monday - Friday from 8:30 a.m. - 8:00 p.m. EST

What forms of payment does PHLY accept?

PHLY accepts 3 forms of payment:

- Checks sent to the lock box
- Check by phone payments through our IVR (877.438.7459 - Option 1), web site, or contact center representatives
- Credit card payments through our live contact center representatives (Visa, MasterCard and American Express)

Claims

- Average policyholder first party automobile losses settled in 10 days or less
- Same or next business day acknowledgements of newly reported and opened claims
- Claims representation nationally, with Commercial Liability Claims Examiner Niche expertise
- 24/7 Claims Service. Staff efficiencies with paperless and industry leading systems
- Staff of Subrogation and Recovery Examiners exclusively dedicated to recovery efforts for policyholder paid losses
- Experienced, consistent staff and department structure

Risk Management Services

- Product specific web-based Risk Management Services solutions through PHLY.com
- Free online interactive Defensive Driver Training course and examination
- 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 & motor vehicle record (MVR) checks

Automatically included on most accounts

PHLY Bell endorsement - Includes \$50,000 limits each for Business Travel Accident Benefit, Donation Assurance, Emergency Real Estate Consulting Fee, Identity Theft Expense, Image Restoration and Counseling, Key Individual Replacement Expenses, Kidnap Expense, Terrorism Travel Reimbursement, Workplace Violence Counseling, \$25,000 limits for each Conference Cancellation, Fundraising Event Blackout, Political Unrest (\$5,000 per employee), Temporary Meeting Space Reimbursement and \$1,500 Travel Delay Reimbursement.

Honors, Awards and Ratings

- Nationally recognized as a member of Ward's Top 50 Benchmark group of Property/Casualty Insurance companies for outstanding achievement in the areas of financial strength, claims performance and consistently favorable underwriting results
- Forbes Magazine has recognized Philadelphia Insurance Companies as one of the 400 Best Big Companies in America
- A++ (Superior) rated by A.M. Best Company
- A+ rated by Standard & Poor's for counterparty credit and financial strength
- Business Insurance's Best Places to Work in Insurance program identifies and recognizes Philadelphia Insurance Companies as a high-quality workplaces in the commercial insurance industry

A Passion for Service!

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp. - a Member of the Tokio Marine Group. Coverages described may not be available in all states and are subject to Underwriting and certain coverages may be provided by surplus lines insurers. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. © 2013 Philadelphia Consolidated Holding Corp. All Rights Reserved.

*All statistics contained herein were generated via an internal company survey of active policy holders.



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Bell Endorsement & Crisis Management

PHLY HAS INCREASED LIMITS...

PHLY has increased limits on Bell Endorsement and created a Crisis Management Endorsement that will be attached to our policies.

Bell Endorsement

\$50,000 Identity Theft Expense – coverage which reimburses the expenses of any director or officer who becomes a victim of an incident of identity theft.

\$50,000 Terrorism Travel Reimbursement – which covers any director or officer for emergency travel expenses that he or she incurs in the event of a “certified act of terrorism”.

\$50,000 Emergency Real Estate Consulting Fee – coverage for 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.

\$25,000 Temporary Meeting Space Reimbursement – coverage 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.

\$50,000 Workplace Violence Counseling – in the event that a violent incident occurs at any of the Insured’s premises.

\$50,000 Kidnap Expense – coverage for reasonable fees incurred as a result of the kidnapping of a Director or Officer or their spouse, “domestic partner,” parent or child.

\$50,000 Key Individual Replacement Expenses – coverage for the Chief Executive Officer or Executive Director who suffers an “injury” which results in the loss of life. No deductible applies to this coverage.

\$50,000 Image Restoration and Counseling – coverage for image restoration and counseling arising out of “Improper Acts.”

\$50,000 Donation Assurance – coverage for “Failed Donation Claim(s).”

\$50,000 Business Travel – coverage for Business Travel Accidental Death Benefit to the Named Insured if a Director or Officer suffers an “injury” while traveling on a common carrier for business.

\$25,000 Conference Cancellation – coverage 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.

\$25,000 Fundraising Event Blackout – coverage for 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 rescheduled. The fundraising event must have been planned at least thirty (30) days prior to the power outage.

\$5,000 per employee: \$25,000 policy limit Political Unrest – coverage to 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.”

\$1,500 Travel Delay Reimbursement – coverage to 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.

Crisis Management

\$25,000 Crisis Management – coverage for “crisis management emergency response expenses” incurred because of an “incident” giving rise to a “crisis.”

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Your insurance policy, and not the information contained in this document, limits the contract between you and your insurance company. If there is a discrepancy or conflict between the information contained herein and your policy, your policy takes precedence. All coverages are not available in all states due to state insurance regulations. Certain coverages may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. © 2011-2012 Philadelphia Insurance Companies. All Rights Reserved.



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Risk Management Services

PHLY RISK MANAGEMENT SERVICES

Welcome to PHLY Risk Management Services. PHLY is familiar with the unique Risk Management Services programming needs of your organization and has achieved superior results in this area. We are committed to delivering quality and timely loss prevention services and risk control products to your organization. Customer satisfaction through the delivery of these professional products to achieve measurable risk improvement results is our goal. We know the fulfillment of our Risk Management Services commitment is not complete until we deliver upon our promises.

OUR MISSION: We welcome the opportunity to demonstrate how we can tailor a risk management program suitable to our customer's needs. We are committed to providing our customers with improved communications, quicker implementation of loss control servicing initiatives, and specific benchmarking goals that help us quantify the true value of our services.

OUR MOTTO: "Innovative Services Producing Optimum Results." This mantra reflects our commitment to utilize innovative products and solutions to help our customers achieve measurable results. Customer satisfaction through the delivery of these quality professional products is our goal. We know the fulfillment of our Risk Management Services commitment is not complete until we deliver upon our promises.

In order to gain full access to these resources and others, please take a moment to [register](#) on our [website](#). If you already have an id to PHLY.com, please [login](#) to access Risk Management Services resources.

Risk Management Resources

- IntelliCorp Records, Inc.
- Accountants Resources
- WEMED Loss Assistance Hotline
- in2vate: Webenabled EPL (employment practices liability insurance) Risk Management Services

Proprietary Risk Management Services

- PHLY Risk Management Services E-flyers
- Responding to Risk Management Services Recommendations

Contact

- For more information please contact: [Customer Service](#)

800.873.4552

IMPORTANT NOTICE: The information and suggestions presented by Philadelphia Indemnity Insurance Company in this brochure is for your consideration in your loss prevention efforts. They are not intended to be complete or definitive in identifying all hazards associated with your business, preventing workplace accidents, or complying with any safety related or other laws or regulations. You are encouraged to alter them to fit the specific hazards of your business and to have your legal counsel review all of your plans and company policies.

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Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
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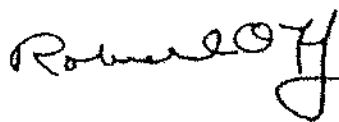
Philadelphia Indemnity Insurance Company

Commercial Lines Policy

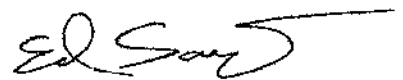
THIS POLICY CONSISTS OF:

- DECLARATIONS
 - COMMON POLICY CONDITIONS
 - ONE OR MORE COVERAGE PARTS. A COVERAGE PART CONSISTS OF:
 - ONE OR MORE COVERAGE FORMS
 - APPLICABLE FORMS AND ENDORSEMENTS
-

IN WITNESS WHEREOF, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless signed by our authorized representative.

A handwritten signature in black ink, appearing to read "Robert H. J." with a stylized flourish at the end.

President & CEO

A handwritten signature in black ink, appearing to read "Ed Sany" with a long horizontal flourish extending to the right.

Secretary



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Risk Management Services

POLICYHOLDER NOTICE (LOSS ASSISTANCE HOTLINE)

As a free service benefit to its policyholders, PHLY has partnered with nationally recognized law firm Wilson, Elser, Moskowitz, Edelman & Dicker LLP (WEMED), to offer a toll-free Loss Assistance Hotline. The telephone number is 877.742.2201 or you can contact a WEMED attorney online at: apps.wilsonelser.com/pic/. This hotline provides you with 2 free hours of legal consultation with a knowledgeable attorney on any matter that you feel could result in a Claim under your professional or management liability policy. The Loss Assistance Hotline is NOT a Claim reporting service. To report a Claim, follow the Claim reporting instructions in your policy and also notify your insurance agent. If you have any questions concerning the Loss Assistance Hotline, please contact us at 800.759.4961 x2967.



800.873.4552

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PRIVACY POLICY NOTICE

Philadelphia Indemnity Insurance Company

The Philadelphia Indemnity Insurance Company (or "We") value(s) your privacy and we are committed to protecting personal information that we collect during the course of our business relationship with you.

The collection, use and disclosure of certain nonpublic personal information are regulated by law.

This notice is for your information only and requires no action on your part. It will inform you about the types of information that we collect and how it may be disclosed. This does not reflect a change in the way we do business or handle your information.

Information We Collect:

We collect personal information about you from the following sources:

- Applications or other forms such as claims forms or underwriting questionnaires completed by you;
- Information about your transactions with us, our affiliates or others; and
- Depending on the type of transaction you are conducting with us, information may be collected from consumer reporting agencies, health care providers, employers and other third parties.

Information We Disclose:

We will only disclose the information described above to our affiliates and non-affiliated third parties, as permitted by law, and when necessary to conduct our normal business activities.

For example, we may make disclosures to the following types of third parties:

- Your agent or broker (producer);
- Parties who perform a business, professional or insurance functions for our company, including our reinsurance companies;
- Independent claims adjusters, investigators, attorneys, other insurers or medical care providers who need information to investigate, defend or settle a claim involving you;
- Regulatory agencies in connection with the regulation of our business; and
- Lienholders, mortgagees, lessors or other persons shown on our records as having a legal or beneficial interest in your policy.

We do not sell your information to others for marketing purposes. We do not disclose the personal information of persons who have ceased to be our customers.

Protection of Information:

Philadelphia Indemnity Insurance Company maintains physical, electronic and procedural safeguards that comply with state and federal regulations to protect the confidentiality of your personal information. We also limit employee access to personally identifiable information to those with a business reason for knowing such information.

Use of Cookies:

We may place electronic "cookies" in the browser files of your computer when you access this website. Cookies are text files placed on your computer to enable our systems to recognize your browser and to tailor the information on our website to your interests. We or our third party service providers or business partners may place cookies on your computer's hard drive to enable us to match personal information that we maintain about you so that we are able to pre-populate on-line forms with your information. We also use cookies to help us analyze use of our website to understand which areas of our site are most useful to you. You may refuse the use of cookies by selecting the appropriate settings on your browser. Please note that if you do this, you may not be able to use the full functionality of the website.

How to Contact Us: Philadelphia Indemnity Insurance Company, One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004
Attention: Chief Privacy Officer 07192013



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One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
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Philadelphia Indemnity Insurance Company
COMMON POLICY DECLARATIONS

Policy Number: PHSD928517

Named Insured and Mailing Address:

Mission Viejo Homeowners' Association,
Inc.
4255 S Buckley Rd Ste 110
Aurora, CO 80013-2951

Producer: 26149

Insurance Associates, Inc.
3005 Center Green Drive
Suite 120
Boulder, CO 80301

Policy Period From: 04/01/2014 **To:** 04/01/2015

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.

	PREMIUM
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	
Directors and Officers FlexiPlus	886.00

Total \$ 886.00

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 (01/07)

Countersignature Date

Authorized Representative

Philadelphia Indemnity Insurance Company

Form Schedule – Policy

Policy Number: PHSD928517

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

Form	Edition	Description
Recurring Payment Flyer	1212	Recurring Payment Flyer
CSNotice-1	0813	Making Things Easier
BJP-190-1	1298	Commercial Lines Policy Jacket
LAH-Notice	0813	Policyholder Notice (Loss Assistance Hotline)
PP0713	0713	Privacy Policy Notice
CPD-PIIC	0107	Common Policy Declarations
IL0985	0108	Disclosure Pursuant to Terrorism Risk Ins Act of 2002



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DIRECTORS & OFFICERS PROTECTION FLEXI PLUS INSURANCE POLICY

Philadelphia Indemnity Insurance Company

DECLARATIONS

Policy Number: PHSD928517

THIS IS A CLAIMS MADE POLICY, PLEASE READ THIS POLICY CAREFULLY

THIS POLICY ONLY COVERS THOSE CLAIMS FIRST MADE AGAINST THE INSURED DURING THIS POLICY PERIOD.

THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED FOR LEGAL DEFENSE. AMOUNTS INCURRED FOR LEGAL DEFENSE SHALL BE APPLIED AGAINST THE RETENTION AMOUNT.

ITEM 1. PARENT ORGANIZATION AND ADDRESS:
Mission Viejo Homeowners' Association,
Inc.
4255 S Buckley Rd Ste 110
Aurora, CO 80013-2951

ITEM 2. POLICY PERIOD: 04/01/2014 TO: 04/01/2015
(12:01 AM Standard Time)

ITEM 3. LIMIT OF LIABILITY: \$ 1,000,000
(ANTI TRUST SUB-LIMIT: \$150,000, SECTION IV.C)

ITEM 4. RETENTION: \$ 0 Each Claim

ITEM 5. PREMIUM: \$ 886.00

ITEM 6. RETROACTIVE DATE (If applicable): FULL PRIOR ACTS

ITEM 7. ENDORSEMENTS EFFECTIVE AT INCEPTION:

PER SCHEDULE ATTACHED

Authorized Representative

Date

Countersignature

Philadelphia Indemnity Insurance Company

Form Schedule – D&O Flexi

Policy Number: PHSD928517

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

Form	Edition	Description
PI-DF-2	0995	Directors & Officers Protection FlexiPlus Declarations
PI-BELL-1	1109	Bell Endorsement
PI-CME-1	1009	Crisis Management Enhancement Endorsement
PI-DF-1	0795	Directors & Officers Protection FlexiPlus Ins Policy
PI-DF-100	1202	Amendment of Definition of Policy Period
PI-DO-20	0995	Professional Services Exclusion
PI-DO-71	1203	Amendment of Exclusions
PI-DO-97	0995	Employment Practice Act Exclusion
PI-DO-100	1207	Community Association Pro-Pak
PI-ARB-1	0403	Binding Arbitration
CO-Disclosure	1204	Disclosure Form - Claims-Made Policy - Colorado
PI-SLD-001	0108	Cap on Losses from Certified Acts of Terrorism

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts) \$ 0

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s):

Additional information, if any, concerning the terrorism premium:

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

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

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) 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.

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

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 Bala Cynwyd, Pennsylvania 19004
 610.617.7900 Fax 610.617.7940
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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.

COVERAGE	LIMITS OF INSURANCE
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 INDEMNITY INSURANCE COMPANY

(Herein called The Company)

DIRECTORS & OFFICERS PROTECTION *FLEX/PLUS* INSURANCE POLICY

THIS IS A CLAIMS MADE POLICY

THIS POLICY ONLY COVERS THOSE "CLAIMS" FIRST MADE AGAINST THE "INSURED" DURING THIS "POLICY PERIOD."

In consideration of the payment of the premium and in reliance upon all statements made and information furnished to The Company, including the statements made in the **application** and subject to all the provision of this Policy, The Company agrees as follows:

I. INSURING AGREEMENTS

- A. The Company will pay on behalf of the insured any loss and defense cost, resulting from any claim first made against the insured during this policy period; or, if applicable, during the Extension Period and to which this insurance applies.
- B. This insurance applies to loss and defense cost only if:
 - 1. The claim results from the wrongful act of the insured arising solely out of the operations of the organization;
 - 2. The wrongful act occurs before or during this policy period;
 - 3. The wrongful act or the circumstances, which any insured could reasonably expect would result in a claim:
 - a. Were not referenced in the application; and
 - b. Have not been reported to The Company or any other Insurance Company during any preceding policy period; and
 - 4. The claim is reported to The Company in writing, in accordance with Section VII, but, not later than 60 days after the expiration date of this Policy or, any Extension Period, if applicable.
- C. The insured and not The Company shall have the right and duty to defend any claim. However, upon the written request of the insured and subject to all of the provisions of Section V. DEFENSE COST AND SETTLEMENT, The Company agrees to undertake and manage the defense of any claim, to which this insurance applies. The Company will have no duty to defend the insured against any claim seeking loss to which this insurance does not apply.

II. DEFINITIONS

- A. Application means:
 - 1. The application for this Policy, a copy of which is attached hereto; and
 - 2. The application(s), including any material submitted therewith, for all previous policies issued by The Company providing continuous coverage until the inception date of this Policy together with the material submitted with the application for this Policy, all of which shall be deemed a part of this Policy as if physically attached hereto.
- B. Claim shall mean:
 - 1. Any suit;
 - 2. Any proceeding before an administrative agency once it has concluded its investigative phase (if applicable); or
 - 3. Any written notice received by The Company of an insured demanding the payment of money or provision of services to redress a wrongful act.
- C. Defense Cost shall mean:

1. Any reasonable and necessary legal fees and expenses incurred in the defense of a claim, whether by the insured with The Company's consent or directly by The Company at the insured's written request, in the investigation, adjustment, defense and appeal of a claim, except that defense cost 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 item 2. below; or
 - c. Salaries, wages, overhead or benefit expenses associated with employees of The Company.
 2. A daily supplemental payment for the attendance of any individual insured at hearings, trials or depositions of \$100. per day per individual insured. Such payment shall not exceed \$5000. for each claim.
- D. Employment practice act means any actual or alleged:
1. Termination of or interference with an employment relationship in a manner which is against the law and wrongful or in breach of a written or implied agreement to continue employment;
 2. Discrimination in connection with the actual or anticipated employment of any person because of such person's race, color, religion, age, sex, national origin, disability, pregnancy or other protected status;
 3. Unwelcome sexual advances, requests for sexual favor or other verbal or physical contact of a sexual nature that are made a condition of employment, are used as a basis for employment decisions, or creates a work environment which is intimidating or interferes with performance.
- E. Individual insured shall mean:
1. Any individual who has been, now is or shall become a director, officer, trustee, employee (whether salaried or not), volunteer or committee member of the organization.
 2. The lawful spouse of a director or officer of the organization. Such spouse shall be an insured only for actual or alleged wrongful acts of the director or officer for which they may be deemed liable as their spouse.
- F. Insured shall mean the organization and any individual insured
- G. Loss shall mean money an insured is legally obligated to pay as damages or in settlement. But, loss shall not include:
1. Criminal or civil fines or penalties imposed by law; or
 2. Taxes; or
 3. Matters deemed uninsurable under the law to which this Policy shall be construed; or
 4. Punitive or exemplary damages or the multiple portion of any damages award.
- H. Organization shall mean:
1. The parent organization, and
 2. Any subsidiary of the organization.
- I. Parent Organization shall mean the entity named in Item 1 of the Declarations.
- J. Policy Period shall mean the period of time specified in the Declarations of this Policy, or if applicable, a prior or subsequent policy.
- K. Subsidiary shall mean any non-profit entity, association or corporation of which the parent organization owns more than 50% of the voting stock, or in cases where no stock has been issued, controls such subsidiary at the time of policy inception, and shall be limited to any subsidiary identified as such in the application and any subsidiary created or acquired by the parent organization of which The Company is informed in writing. The Company shall not pay loss and defense cost for claims against any subsidiary and its individual insureds for any wrongful act occurring before the date such entity became a subsidiary. The

Company shall have the right to reject the inclusion under this Policy of any subsidiary not identified on the application within 30 business days of the receipt of the notification of its creation or acquisition. Any additional premium required with respect to an added subsidiary shall be paid to The Company within 10 days of invoicing for coverage to be effective. In the event of separation or dissolution of a subsidiary after the inception of this Policy, coverage shall not apply for any wrongful acts committed after such sale or dissolution, but the subsidiary shall still be covered under the terms of this Policy for wrongful acts committed prior to such sale or dissolution to the same extent such sale or dissolution did not occur.

- L. Wrongful Act shall mean any actual or alleged:
1. employment practice act, or
 2.
 - a. act;
 - b. error;
 - c. omission;
 - d. misstatement
 - e. misleading statements, or
 - f. neglect or breach of duty; not included in 1 above.

III. EXCLUSIONS

The Company shall not be liable to make payment for loss or defense cost in connection with any claim made against any insured arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:

- A. Any actual or alleged; personal injury or advertising injury, meaning one or more of the following offenses:
 1. False arrest, detention or imprisonment;
 2. Malicious prosecution;
 3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
 4. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 5. Oral or written publication of material that violates a person's right of privacy;
 6. Misappropriation of advertising ideas or style of doing business; or
 7. Infringement of copyright, title or slogan.
- B. Any actual or alleged; bodily injury, mental anguish, emotional distress, loss of consortium, sickness, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof;
- C. Any insured gaining any profit, remuneration or advantage to which they were not legally entitled; or any dishonest fraudulent act or omission or any criminal or malicious act or omission. However, the insured shall be reimbursed for all amounts which would otherwise be covered under this Policy if such allegations are not subsequently proven;
- D. 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 water course 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;
- E. Any bodily injury or property damage regarding asbestos including, without limitation, the use, exposure, presence, existence, detection, removal, elimination or avoidance of asbestos to any persons and in any environment, building or structure;
- F. Any activities in a fiduciary capacity as respects any employee benefit or pension plan, including the Employee Retirement Income Security Act of 1974 (ERISA), as

- now or hereafter amended, or similar state laws;
- G. Any pending or prior litigation as of the inception date of this Policy, as well as all future claims or litigation based upon the pending or prior litigation or the facts or circumstances (actual or alleged) that on which such prior or pending litigation is based,
 - H. Any claim brought by or on behalf of the organization or any director or trustee of the organization;
 - I. The printing of periodicals, advertising matter, or any and all jobs taken by the insured to be printed for a third party, when the periodical, advertising matter, or other printing is not a regular part of the insured's own publication;
 - J. The violation of statute or ordinance committed by or with the knowledge or consent of an insured;
 - K. The radioactive, toxic, or explosive properties of nuclear material which includes, but is not limited to, source material, special nuclear material and by product 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,
 - L. Any actual or alleged breach of contract or agreement. 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. Claims for employment practice acts. However, The Company assumes no obligation to pay damages determined to be owing under an express contract of employment or an express obligation to make payments in the event of the termination of employment.
 - 3. Defense Cost of up to \$25,000. For claims for any actual or alleged breach of contract or agreement. However, The Company assumes no obligation to pay any settlement or judgment associated with such claims.
 - M. The services of an insured as a director or trustee for any entity other than the organization, even if directed or requested to serve by the organization.

No wrongful act of any insured shall be imputed to any individual insured for purposes of determining the applicability of Exclusions C and J.

IV. LIMITS OF LIABILITY

Regardless of the number of insureds under this Policy, claims made or suits brought on account of wrongful acts, The Company's liability is limited as follows:

- A. The Limit of Liability specified in the Declarations hereof shall be the maximum liability for loss and defense cost combined for all claims for each policy period.
- B. With respect to the Retention as stated in the Declarations, The Company shall only be liable to pay, subject to the Limits of Liability provisions stated above, for loss and defense cost in excess of such Retention in respect of each and every claim hereunder.
- C. For claims concerning anti-trust, restraint of trade and price fixing activities, the Limit of Liability shall be \$150,000. And will be limited to defense cost only.
- D. The Limit of Liability for any Extension Period, if applicable, shall be a part of and not in addition to the Limit of Liability specified in the Declarations.
- E. Claims based on or arising out of the same wrongful act, interrelated wrongful acts, or a series of similar or related wrongful acts shall be:
 - 1. Considered a single claim; and
 - 2. Considered first made only during the policy period, including the Extension Period, (if applicable), or during any prior or subsequent policy period in which the earliest claim arising out of such wrongful act(s) was first made. Such claims whenever made, shall be assigned to only one policy (whether issued by this or any other insurer) and if that is this Policy, only one Limit of Liability and one Retention shall apply.

V. DEFENSE COST AND SETTLEMENT

- A. No settlement shall be made or offer extended without The Company's consent, such consent not to be unreasonably withheld.
- B. In the event that a claim is made against the insured, the insured shall take reasonable measures to protect their interests. If defense of suit is required, then the insured shall appoint counsel.
- C. The Company will not be held responsible for defense costs until the insured obtains the express approval of The Company, such approval not to be unreasonably withheld or delayed.
- D. If more than one insured is involved in a claim, The Company may withhold approval of separate counsel for one or more of such insured unless there is a material (actual or potential) conflict of interest among such insureds.
- E. The Company may have counsel of its choice associated in the defense of any claim. The Company reserves the right at any time to take over control of the defense of any claim.
- F. If requested in writing by the insured, The Company will undertake and manage the defense of any claim. If more than one insured is involved in a claim, the parent organization shall act for all insureds with respect to this election unless there is a material (actual or potential) conflict of interest among such insureds.
- G. The insureds agree to provide The Company with all information, assistance and cooperation which The Company reasonably requests and agree that in the event of a claim, the insureds will do nothing that may prejudice The Company's position or its potential rights of recovery.
- H. Notwithstanding the foregoing, The Company at its sole option and discretion shall have the right to investigate any claim and negotiate the settlement thereof, as it deems expedient, but The Company shall not commit the insured to any settlement without their consent.
- I. If the insured shall refuse to consent to a settlement which The Company has recommended in writing and elects to contest the Claim or continue any legal proceedings in connection with such claim, then The Company'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.

VI. ADVANCEMENT OF DEFENSE COST

Upon determination by The Company that a claim may be covered in whole or in part by the terms and conditions of this Policy, such determination not to be unreasonably withheld, The Company shall in accordance with such determination advance defense cost prior to the final disposition of the claim pursuant to a written agreement. Such payments by The Company shall be repaid by the insured in the event that it is finally determined that the insured is not entitled to payment of such defense cost.

VII. NOTICE/CLAIM REPORTING PROVISIONS

Notice hereunder shall be given in writing to The Company:

- A. In the event that a claim is made against the insured, the insured shall, as a condition precedent to the obligations of the Company under this Policy, give written notice as soon as practicable to The Company 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 Company of the circumstances and the reasons for anticipating such a claim, with full particulars as to the wrongful act, dates and persons involved, than any claim which is subsequently made against the insured arising out of such wrongful act will be considered made during this policy period.

VIII. CANCELLATION AND NON RENEWAL

- A. The Company may not cancel this Policy except for failure to pay a 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 Company or any of its authorized agents or by mailing to the Company 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 Company shall not be required to renew this Policy upon its expiration.

IX. REPRESENTATIONS AND SEVERABILITY

- A. The insureds represent that the particulars and statements contained in the application are true and agree 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 Company; 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 insureds 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.

X. SUBROGATION

In the event of any payment under this Policy, The Company shall be subrogated to the right of recovery possessed by any insured respecting such claims. 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 Company's express consent.

XI. EXTENSION PERIOD

- A. If The Company shall cancel or refuse to renew this Policy for reason other than nonpayment of premium, the following will apply:
The Company will provide, with no additional premium required, a 60 day extension of the cover granted by this Policy to any claim which may be first made against the insured during the 60 days 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 and otherwise covered by this Policy. This 60 day automatic extension period shall not apply if the insured has purchased similar insurance from this or any other Company covering claims first made during the automatic extension period.

Upon expiration of the 60 day automatic extension of cover granted by this Policy, the parent organization shall have the right, upon payment of an additional 35% of the annual premium to an extension of the cover granted by this Policy to any claim first made against the insured during the twelve (12) months after the date of such expiration of the 60 day automatic extension period, but only with respect to any wrongful act committed before the date of such cancellation or non-renewal and otherwise covered by this Policy, provided, however, that the request for this extension must be made to The Company in writing and payment of the premium must be made prior to the expiration of the 60 day automatic extension period.

- B. If the parent organization cancels or does not renew this Policy or The Company cancels for nonpayment of premium, the following will apply: annual premium, to an extension of the cover granted by this Policy to any claim which may be first made against the insured during the twelve (12) months after the date of such

cancellation or non-renewal, but only in respect of any wrongful act committed before the date of such cancellation or non-renewal and otherwise covered by this Policy, provided, however, that the request for this extension must be made to The Company in writing and payment of the 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 claims first made during this Extension Period, coverage provided by this Policy shall be excess over any such insurance. If the cancellation or non-renewal is for the non-payment of premium, this extension will not go into effect until any earned premium due is paid within 60 days after the effective date of such cancellation or expiration.

- 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 clause, any change in premium or terms on renewal shall not constitute a refusal to renew.

XII. 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 Company be deemed to have waived or be estopped from asserting any right under this Policy, at law, or in equity respecting any claim, except as stated in writing by The Company's authorized claims department representative.

XIII. ASSIGNMENT

Assignment of interest in this Policy shall not bind The Company until its consent is endorsed hereon.

XIV. AUTHORIZATION CLAUSE AND NOTICES

By acceptance of this Policy, each insured agrees that the parent organization shall act on behalf of all insureds 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 the notice to all insureds. The parent organization shall be the agent of all insureds to effect changes in this Policy.

XV. OTHER INSURANCE

If the insured has any other insurance for claims 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.

XVI. 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.

XVII. ACCEPTANCE

This Policy embodies all agreements existing between the parties hereunder or any of their agents relating to this insurance.

XVIII. ACTION AGAINST THE COMPANY

- A. No action shall lie against The Company unless as a condition precedent thereto, there has been full compliance with all of the terms of this Policy, and until the amount of the insured's obligation to pay has been finally determined either by judgment against the insured after actual trial or by written settlement agreement of the insured regarding a claim.
- B. Any insured or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. No person or entity shall have any

right under this Policy to join The Company as a party to any action against the insured to determine the insured's liability, nor shall The Company be impleaded by the insured or their legal representatives. Bankruptcy or insolvency of the insured or their successors in interest shall not relieve The Company of its obligations hereunder.

XIX. MERGER OR CONSOLIDATION

In the event the organization acquires by merger, or consolidates with, or is merged into any other entity after the effective date of this Policy, immediate written notice thereof shall be given to The Company together with such information as The Company may request, and the parent organization shall pay any additional premium required in the event The Company agrees to continue this Policy.

XX. TWO OR MORE COVERAGE PARTS OR POLICIES ISSUED BY US

It is our stated intention that the various coverage parts or policy issued to the parent organization by The Company, or any affiliated company, do not provide any duplication or overlap of coverage for the same claim or suit. We have exercised diligence to draft our coverage parts or policies to reflect this intention, but should the circumstances of any claim give rise to such duplication or overlap of coverage, then, notwithstanding the other insurance provision, if this Policy and any other coverage part or policy issued to the parent organization by The Company, or any affiliated company, apply to the same wrongful act, professional incident, occurrence, offense, accident or loss, the maximum Limit of Liability under all such coverage parts or policies combined shall not exceed the highest applicable Limit of Liability under any one coverage part or policy.

IN WITNESS WHEREOF, The Company has caused this Policy to be signed by its President and Secretary, but same shall not be binding upon The Company unless countersigned by an authorized representative of The Company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF DEFINITION OF POLICY PERIOD

This endorsement modifies insurance provided under the following:

DIRECTORS & OFFICERS PROTECTION *FLEXI* PLUS INSURANCE POLICY

In consideration of the premium paid, it is hereby agreed that:

I. INSURING AGREEMENTS is deleted and replaced with the following:

I. INSURING AGREEMENTS

- A. The Company will pay on behalf of the **insured** any **loss** and **defense cost**, resulting from any **claim** first made against the **insured** during this **policy period**, or, if applicable, during the Extension Period to which this insurance applies.
- B. This insurance applies to **loss** and **defense cost** only if:
 - 1. The **claim** results from the **wrongful act** of the **insured** arising solely out of the operations of the **organization**;
 - 2. The **wrongful act** occurs before or during this **policy period**, and subsequent to any retroactive date listed on item 6 of the declarations page;
 - 3. The **wrongful act** or the circumstances, which any **insured** could reasonably expect would result in a **claim**:
 - a. Were not referenced in the **application**; and
 - b. Have not been reported to The Company or any other Insurance Company at any time prior to the effective date listed on item 6 of the declarations page; and
 - 4. The **claim** is reported to The Company in writing, in accordance with Section VII, but, not later than 60 days after the expiration date of this Policy or, any Extension Period, if applicable.
- C. The **insured** and not The Company shall have the right and duty to defend any **claim**. However, upon the written request of the **insured** and subject to all of the provisions of Section V. DEFENSE COST AND SETTLEMENT, The Company agrees to undertake and manage the defense of any **claim**, to which this insurance applies. The Company will have no duty to defend the **insured** against any **claim** seeking **loss** to which this insurance does not apply.

II. DEFINITIONS, item J., "Policy Period" is deleted and replaced with the following:

J. "Policy Period" shall mean the period of time specified in the Declarations of this Policy.

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

PROFESSIONAL SERVICES EXCLUSION

In consideration of the premium paid, it is hereby agreed that the Company shall not be liable to make any payment for "loss" or "defense cost" 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:

1. The furnishing or failure to furnish professional services by an attorney, architect, engineer, accountant, real estate agent, financial consultant, securities dealer, veterinarian or insurance agent or broker.
2. The furnishing or failure to furnish professional services by an physician, dentist, psychologist, anesthesiologist, nurse, nurse anesthetist, nurse practitioner, nurse midwife, x-ray therapist, radiologist, chiropodist, chiropractor, optometrist or other medical or mental health professional.
3. A "professional incident" as defined herein. "Professional incident" means any actual or alleged negligent:
 - a) act;
 - b) error; or
 - c) omissionin the actual rendering of professional services to others, including counseling services, in your capacity as a social service organization. Professional services include the furnishing of food, beverages, medications or appliances in connection therewith.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF EXCLUSIONS

This endorsement modifies insurance provided under the following:

DIRECTORS & OFFICERS PROTECTION *FLEXI* PLUS INSURANCE POLICY

Part II. **DEFINITIONS**, is supplemented by:

"Earned Wages" means wages or overtime pay for services rendered.

Section III. **EXCLUSIONS** is supplemented by:

The Company shall not be liable to make payment for "loss" or "defense cost" in connection with any "claim" made against any "insured" arising out of, directly or indirectly resulting from or in consequence of, or in any way involving 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."

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

EMPLOYMENT PRACTICE ACT EXCLUSION

The Company shall not be liable to make payment for "loss" or "defense cost" in connection with any "claim" made against any "insured" arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged "employment practice act."

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMUNITY ASSOCIATION PRO-PAK

This endorsement modifies insurance provided under the following:

DIRECTORS & OFFICERS PROTECTION FLEXI PLUS INSURANCE POLICY

1. Section II., Definitions, paragraph B. is deleted in its entirety and replaced by the following:

B. Claim shall mean:

1. Any suit;
2. Any proceeding before an administrative agency once it has concluded its investigative phase (if applicable); or
3. Any written notice received by an **Insured** demanding monetary or non-monetary relief.

2. Section II., Definitions, paragraph E. is deleted in its entirety and replaced by the following:

E. Individual insured shall mean:

1. Any individual who has been, now is or shall become a director, officer, trustee, employee (whether salaried or not), volunteer or committee member of the **organization**.
2. The lawful spouse or **domestic partner** of a director, officer, trustee, volunteer or committee member of the **organization**. Such spouse shall be an **insured** only for actual or alleged **wrongful acts** of the director, officer, trustee, volunteer or committee member for which he or she may be deemed liable as a spouse or **domestic partner**.
3. The legal representatives or assigns of any director, officer, trustee, volunteer or committee member who is insolvent, incompetent, bankrupt or deceased shall be an **insured** only for actual or alleged **wrongful acts** of the director, officer, trustee, volunteer or committee member for which his or her estate could be held liable.

3. Section II., Definitions, paragraph G. is deleted in its entirety and replaced by the following:

G. Loss shall mean money an insured is legally obligated to pay as damages or in settlement.

But, loss shall not include:

1. Criminal or civil fines or penalties imposed by law; or
2. Taxes; or
3. Matters deemed uninsurable under the law to which this Policy shall be construed; or
4. Punitive or exemplary damages or the multiple portion of any damages award; 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.

4. Section II., Definitions, paragraph L. is deleted in its entirety and replaced by the following:

- L. **Wrongful Act** shall mean any actual or alleged negligent act, error, omission, misstatement, misleading statements or neglect of or breach of duty.
5. Section II., Definitions, is amended to add the following to the end thereof:
- N. **Builder** means the individual or entity, including all directors, officers, employees, affiliates and contractors thereof, that built, developed or sponsored the housing or condominium development that is governed by the **Organization**.
 - O. **Insured** means the **organization** and **individual insured**, but **insured** does not mean the **builder**. **Insured** also does not mean a **property manager** unless that **property manager** is scheduled on this endorsement and then only for **claims** arising out of property management services performed solely on behalf of the **organization**.
 - P. **Property Manager** means any individual or entity engaged by the **organization** for the purpose of performing property management services for the **organization**.
 - Q. **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 **organization**.
6. Section III., EXCLUSIONS, paragraph L. is deleted in its entirety and replaced by the following:
- L. alleging, arising out of, based upon or attributable to any actual or alleged contractual liability of the **organization** or any **insureds** under any express (written or oral) contract or agreement (including, but not limited to, any liquidated damages, payment agreement, or agreement payable upon the termination of any contract). However, this exclusion does not apply to **defense costs** arising from contracts other than employment related contracts or to any non-employment related liability of the **organization** which would have attached in the absence of such a contract.
7. Section III., EXCLUSIONS, paragraph H. is deleted in its entirety and replaced by the following:
- H. Any **claim** brought by or on behalf of the **organization** or any director or trustee of the **organization**. However, this exclusion shall not apply to any suit brought by any director or trustee of the **organization** solely in his capacity as a unit owner, lot owner or shareholder, provided said director or trustee did not participate in the action of the board or the organization which is the subject of the suit.
8. Section III., EXCLUSIONS, is amended to add the following to the end thereof:
- N. arising out of, based upon or attributable to the failure of the **insured** to institute any legal action against the developer or any other person for **claims** related to any damage, destruction, or deterioration of any tangible property including without limitation construction defects whether or not as a result of faulty or incorrect design or architectural plans, improper soil testing, inadequate or insufficient protection from soil and/or ground water movement, soil subsidence, or as a result of the supervision or actual construction, manufacturing or assembly of any tangible property. However, this exclusion does not apply to **defense costs**.
 - O. alleging, arising out of, based upon or attributable to any obligation pursuant to any workers' compensation, disability benefits, unemployment compensation, unemployment insurance, retirement benefits, social security benefits or similar law.

- P. arising out of, based upon or attributable to any actual or alleged infringement of any patent or misappropriation of trade secrets.
- Q. arising out of, based upon or attributable to any actual or alleged failure of goods, products or services to conform with advertised quality or performance.
- R. arising out of, based upon or attributable to any actual or alleged wrong description of the price of goods, products or services
- S. arising out of, based upon or attributable to any actual or alleged **employment practice act**.
- T. arising out of a failure to collect any dues or assessments, or a failure to order an assessment. However, this exclusion does not apply to **defense costs**.
- U. arising out of any construction or design defect in any structure, road or earthwork or any modifications to any structure, road or earthwork;
- V. arising out of any damage, destruction, deterioration or loss of use, of any tangible property, any failure to maintain tangible property, or any failure to supervise. However, this exclusion does not apply to **defense costs**.

9. Scheduled Property Manager

Pursuant to Clause 5, Paragraph O., above, the property manager(s) scheduled below will be **Insured(s)**, but only for **claims** arising out of property management services performed solely on behalf of the **organization**.

Property Manager

N/A

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BINDING ARBITRATION

Wherever, used in this endorsement: 1) "we", "us", "our", and "insurer" mean the insurance company which issued this policy; and 2) "you", "your", "named insured", "first named insured", and "insured" mean the Named Corporation, the Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "other insured(s)" means all other persons or entities afforded coverage under this policy.

This endorsement modifies coverage provided under the Coverage Part to which it is attached.

If we and the insured do not agree whether coverage is provided under this Coverage Part for a claim made against the insured, then either party may make a written demand for arbitration.

When this demand is made, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the third arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in the county in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.

All other terms of the policy remain unchanged.

DISCLOSURE FORM CLAIMS-MADE POLICY

COLORADO

IMPORTANT NOTICE TO POLICYHOLDERS

THIS DISCLOSURE FORM IS NOT YOUR POLICY. IT MERELY DESCRIBES SOME OF THE MAJOR FEATURES OF OUR CLAIMS-MADE POLICY FORM. PLEASE READ YOUR POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, AND WHAT IS AND IS NOT COVERED. ONLY THE PROVISIONS OF YOUR POLICY DETERMINE THE SCOPE OF YOUR INSURANCE PROTECTION.

YOUR POLICY

Your policy is a claims-made policy. It provides coverage only for injury or damage occurring after the policy retroactive date (if any) shown on your policy and the incident is reported to your insurer prior to the end of the policy period. Upon termination of your claims-made policy an extended reporting period option is available from your insurer.

There is no difference in the kind of injury or damage covered by occurrence or claims-made policies. Claims for damages may be assigned to different policy periods, depending on which type of policy you have.

If you make a claim under your claims-made policy, the claim must be a demand for damages by an injured party and does not have to be in writing. Under most circumstances, a claim is considered made when it is received and recorded by you or by us. Sometimes, a claim may be deemed made at an earlier time. This can happen when another claim for the same injury or damage has already been made, or when the claim is received and recorded during an extended reporting period.

PRINCIPAL BENEFITS

This policy provides for **PROFESSIONAL LIABILITY** Coverage up to the maximum dollar limit specified in the policy.

The principal benefits and coverages are explained in detail in your claims-made policy. Please read it carefully and consult your insurance producer about any questions you might have.

EXCEPTIONS, REDUCTIONS AND LIMITATIONS

Your claims-made policy contains certain exceptions, reductions and limitations. Please read them carefully and consult your insurance producer about any questions you might have.

RENEWALS AND EXTENDED REPORTING PERIODS

Your claims-made policy has some unique features relating to renewal, extended reporting periods, and coverage for events with long periods of exposure.

If there is a retroactive date in your policy, no event or occurrence prior to that date will be covered under the policy even if reported during the policy period. It is therefore important for you to be certain that there are no gaps in your insurance coverage. These gaps can occur in several ways. Among the most common are:

1. If you switch from an occurrence policy to a claims-made policy, the retroactive date in your claims-made policy should be no later than the expiration date of the occurrence policy.

2. When replacing a claims-made policy with a claims-made policy, you should consider the following:
 - a. The retroactive date in the replacement policy should extend far enough back in time to cover any events with long periods of liability exposure, or
 - b. If the retroactive date in the replacement policy does not extend far enough back in time to cover events with long periods of liability exposure, you should consider purchasing extended reporting period coverage under the old claims-made policy.
3. If you replace this claims-made policy with an occurrence policy, you may not have insurance coverage for a claim arising during the period of claims-made coverage unless you have purchased an extended reporting period under the claims-made policy. Extended reporting period coverage must be offered to you by law for at least one year after the expiration of the claims-made policy at a premium not to exceed 200% of your last policy premium.

CAREFULLY REVIEW YOUR POLICY REGARDING THE AVAILABLE EXTENDED REPORTING PERIOD COVERAGE, INCLUDING THE LENGTH OF COVERAGE, THE PRICE AND THE TIME PERIOD DURING WHICH YOU MUST PURCHASE OR ACCEPT ANY OFFER FOR EXTENDED REPORTING PERIOD COVERAGE.

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:

DIRECTORS AND OFFICERS LIABILITY

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) 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 concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. 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.

