



Executive Liability Division
1515 Woodfield Road, Suite 500
Schaumburg, IL 60173

QUOTATION FOR INSURANCE

Date: February 12, 2009

Quotation #: AN3006851

Proposed Insured: The Directors, Trustees and Officers of:
EL DORADO LOCAL AGENCY FORMATION COMMISSION
PLACERVILLE, CA, 95667

Agent/Broker: ALL RISKS, LLC
275 SACRAMENTO STREET, 3RD FLOOR
SAN FRANCISCO, CA, 94111
Attn: MR STEVE VALLONE

Subject to the terms and conditions contained herein, Great American Insurance Company hereby agrees to offer to the above proposed Insured

Policy form: D09100 - Admitted Paper

Endorsements:

D9713-2 PUNITIVE DAMAGES COVERAGE
D9714 (6) AMENDMENT TO SECTION IV - POLLUTION EXCLUSION
D9714-2 AMENDMENT TO SECTION IV - THIRD PARTY CLAIMS
D9718 (12) AMENDMENT TO SECTION VIII (ELITE COVERAGE AMENDMENTS)
D9800-1 AMENDMENT TO DECLARATIONS PAGE (ACT OF TERRORISM PREMIUM)
D9876 COVERAGE FOR ACTS OF TERRORISM

Conditions:

This quotation is subject to the following conditions:

1. If coverage is bound prior to receipt, review, and acceptance of the signed and dated Proposal Form, a Past Acts Exclusion will be attached to the Policy. Consideration will only be given to removing this exclusion after receipt, review, and acceptance of the signed and dated Proposal Form.

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<u>D & O LIMIT</u>	<u>EPL LIMIT</u>	<u>FIDUCIARY LIMIT</u>	<u>RETENTION (each loss)</u> <u>D&O/EPL</u> <u>FIDUCIARY</u>	<u>ANNUAL PREMIUM</u>
\$ 1,000,000	Shared		\$ 1,000	\$ 1,105
\$ 2,000,000	Shared		\$ 1,000	\$ 1,660
\$ 1,000,000	\$ 1,000,000		\$ 1,000	\$ 1,270
\$ 2,000,000	\$ 2,000,000		\$ 1,000	\$ 1,935

A surcharge may apply in the state and/or municipality of the insured and should be billed in addition to the gross premium.

1. Third Party Coverage may be added for an additional 0% charge.
2. Personal Injury Coverage may be added for an additional 10% charge.
3. ** A TWO-YEAR policy is available for two installments of the annual premium selected above. **
The two-year policy option must be selected prior to binding and it features:
A fresh Limit of Liability for the second year.
The premium is invoiced and payable in two equal annual installments. However, state taxes and surcharges for BOTH years are due with the first installment.

NOTE: THIS COVERAGE, SUBJECT TO ALL THE TERMS, CONDITIONS AND PROVISIONS STATED HEREIN, CAN ONLY BE BOUND BY AN AUTHORIZED EMPLOYEE OF THE EXECUTIVE LIABILITY DIVISION.

All premium amounts do not include countersignature fees. These are the responsibility of the producer.

This quotation expires 30 days from the date referenced above. If subsequent to the date of quotation and the Effective Date of the Binder there is a material change in the condition of the Proposed Insured or an event which could materially change the underwriting evaluation of the Proposed Insured, then at Insurer's option, this quotation may be withdrawn.

This quotation is based on the data entered into Great American's online application which may be attached below or the most recent data that was on file with the Insurer at the time of quotation. If the underwriter determines that incorrect data was entered into the online application, the data will be corrected and the quote may be amended or withdrawn. The underwriter also reserves the right to amend or withdraw the quote based on any additional details entered in the online application, any attachments provided during the application process or subsequently sent to the underwriter, and/or any revisions to the application after it is printed.

In the event of any conflict or ambiguity between the proposed policy and any statements made concerning this coverage, the proposed policy shall control.

Non-Profit D&O: Make Sure you're with the Best

Great American's Executive Protection and Employment Practices Liability Policy is designed to offer broad coverage provisions to non-profit organizations and cooperatives.

Coverage Highlights (D9100 + Elite Endorsement)*

- **Defense Costs in Addition to the Limit for no additional charge** **If the carrier incurs the Cost of Defense**
- **70/30 Softened Hammer Clause**
- **90 day discovery period following policy non-renewal**
- **Prior Acts Coverage**
- **Final Adjudication wording for Personal Profit & Fraud Exclusions**
- **Executive Officer trigger for claim reporting**
- **Favorable Severability Wording for Insured Persons**
- **The retention does not apply to defense costs for qualifying small non-profits**
- **Includes Loss Control Services provided by Jackson Lewis, a national law firm**
- **Optional Fiduciary Liability coverage includes administrative errors wording**
- **Written by an admitted insurer in all 50 states**
- **Respected Claims Handling Reputation**
- **Twenty Years of experience protecting Non-Profit Organizations and their Executives**

**Non-Profit Organization Executive
Protection and Employment Practices
Liability Insurance Policy**



580 WALNUT STREET, CINCINNATI, OHIO 45202

SPECIMEN

In consideration of the payment of the premium and in reliance upon all statements made and information furnished to the company shown in the Declarations (a stock insurance company, hereinafter called the **Insurer**), including the statements made in the Proposal Form and subject to all terms, conditions and limitations of this Policy, the **Insured** and **Insurer** agree:

Section I. Insuring Agreement

If during the **Policy Period** or the **Discovery Period** any **Claim** is first made against an **Insured** for a **Wrongful Act**, including an **Employment Practices Wrongful Act**, the **Insurer** shall pay on their behalf **Loss** resulting from such **Claim**. The **Insurer** has the right and duty to defend any **Claim** to which this insurance applies, even if the allegations of the **Claim** are groundless, false or fraudulent.

Section II. Discovery Period

- A. If this Policy is not renewed or is cancelled, either by the **Organization** or the **Insurer**, for any reason other than non-payment of premium, the **Organization** shall be entitled to acquire an additional reporting period for **Claims** first made against an **Insured** as set forth below, but only with respect to **Wrongful Acts** committed prior to the end of the **Policy Period**. This additional reporting period shall be referred to as the **Discovery Period**.
- B. If this Policy is not renewed or is cancelled by the **Insurer** for any reason other than non-payment of premium, the **Discovery Period** shall be the period of ninety (90) days from the end of the **Policy Period**, and there shall be no charge for this **Automatic Discovery Period** of ninety (90) days. If prior to the end of the **Automatic Discovery Period** the **Organization** pays the **Insurer** an additional amount equal to forty percent (40%) of the annual premium of this Policy, the term of the **Discovery Period** shall be extended for an additional twelve (12) months from the end of the **Automatic Discovery Period**. The **Insured** shall have no right to purchase this extension of the **Discovery Period** at any later date.
- C. If this Policy is not renewed or cancelled by the **Organization**, the **Organization** may purchase a **Discovery Period** of twelve (12) months from the end of the **Policy Period**, provided that the **Organization** pays the **Insurer** an additional amount equal to forty percent (40%) of the annual premium of this Policy within thirty (30) days of the end of the **Policy Period**. The **Organization** shall have no right to purchase this **Discovery Period** at any later date.
- D. A renewal quotation by the **Insurer** incorporating different terms, conditions, Retention, Limit of Liability or premium with respect to the coverage afforded by this Policy shall not be deemed to constitute a refusal to renew by the **Insurer** for the purpose of determining the right to the **Discovery Period**.
- E. The fact that this Policy may be extended by virtue of the **Discovery Period** shall not in any way increase the Limit of Liability stated in Item 3 of the Declarations. For purposes of the Limit of Liability, the **Discovery Period** is considered to be part of and not in addition to the last **Policy Year**.

Section III. Definitions

- A. "**Organization**" shall mean the entity named in Item 1 of the Declarations.
- B. "**Insured**" shall mean the **Organization** and any **Subsidiary** and all **Insured Persons**.
- C. "**Insured Persons**" shall mean all persons who were, now are, or shall be directors, trustees, officers, employees, volunteers or staff members of the **Organization** or its **Subsidiaries**, including any executive board members and committee members whether salaried or not.
- D. "**Subsidiary**" shall mean any entity which qualifies as a not-for-profit organization under the Internal Revenue Code, other than a political committee organized pursuant to Section 432 of the Federal Election Campaign Act of 1971 (and amendments thereto), and for which the **Organization** has or controls the right to elect or appoint more than fifty percent (50%) of the Board of Directors or other governing body of such entity, or any other entity added as a **Subsidiary** by written endorsement to this Policy. Coverage shall apply to a **Subsidiary** only for **Wrongful Acts** committed during the time such entity so qualified as a **Subsidiary**.
- E. "**Wrongful Act**" shall mean any actual or alleged error, misstatement, misleading statement, act or omission, neglect or breach of duty, or **Employment Practices Wrongful Act** by the **Organization**, and/or a **Subsidiary**, and/or any **Insured Persons** acting in their capacity with the **Organization** or a **Subsidiary**.
- F. "**Employment Practices Wrongful Act**" shall mean: (1) wrongful dismissal, discharge or termination of employment, whether actual or constructive; (2) employment related misrepresentation; (3) violation of employment laws; (4) sexual or workplace harassment of any kind; (5) discrimination; (6) wrongful failure to employ or promote; (7) wrongful discipline; (8) wrongful deprivation of career opportunity including a wrongful failure to hire or promote; (9) failure to grant tenure; (10) negligent evaluation, (11) retaliation; and/or (12) failure to provide adequate workplace or employment policies or procedures.
- G. "**Loss**" shall mean settlements and judgments, and subject to the provisions of Section V and Section VI, **Costs of Defense** incurred by the **Insured**, provided always, however, **Loss** shall not include taxes, criminal or civil fines or penalties imposed by law, punitive or exemplary damages, or the amount of any multiple damage award which is in excess of the damage award which was so multiplied, or any matter which may be deemed uninsurable under the law pursuant to which this Policy shall be construed.
- H. "**Costs of Defense**" shall mean any reasonable and necessary legal fees and expenses incurred in defense of any **Claim** and appeals therefrom, and cost of attachment or similar bonds (but without any obligation on the part of the **Insurer** to apply for or furnish such bonds); provided, however, **Costs of Defense** shall not include: (1) salaries, wages, overhead or benefit expenses associated with any **Insured**; and (2) any amounts incurred in defense of any **Claim** which any other insurer has a duty to defend, regardless of whether or not such other insurer undertakes such duty.
- I. "**Policy Year**" shall mean the period of one year following the effective date and hour of this Policy or the period of one year following any anniversary date thereof falling within the **Policy Period**; or if the time between the effective date or any anniversary date and the termination of this Policy is less than one year, such lesser period. Any **Discovery Period** shall be considered part of and not in addition to the last **Policy Year**.
- J. "**Policy Period**" shall mean the period from the inception of this Policy to the Policy expiration date stated in Item 2 of the Declarations or its earlier termination, if any.
- K. "**Claim**" shall mean: (1) any proceeding initiated against an **Insured**, including any appeals therefrom, before (a) any governmental body which is legally authorized to render an enforceable judgment or order for money damages or other relief against such **Insured**, or (b) the Equal Employment Opportunity Commission, or any similar governmental body whose purpose is to address employment practices; or (2) any written demand seeking money damages for a **Wrongful Act**.

- L. "Related Wrongful Acts" shall mean **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event or decision.

Section IV. Exclusions

This Policy does not apply to any **Claim** made against any **Insured**:

- A. brought about or contributed to in fact by: (1) any **Insured** gaining any profit, advantage or remuneration to which the **Insured** was not legally entitled; or (2) the fraudulent, dishonest or criminal acts of any **Insured**; however, the **Wrongful Act** of an **Insured Person** shall not be imputed to any other **Insured Person** for the purpose of determining the applicability of this exclusion;
- B. to the extent it is insured under any other valid policy or policies, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, and regardless of whether or not any **Loss** in connection with such **Claim** is recoverable under such other policy or policies; provided, however, this exclusion shall not apply to the amount of **Loss** which is excess of the amount of any deductible or retention amounts and the limit of liability of such other policy or policies where such **Claim** is otherwise covered by the terms and conditions of this Policy;
- C. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving:
- (1) any **Wrongful Act** or any fact, circumstance or situation which is the subject of any notice given by any **Insured** during the policy period or any extension thereof of any prior policy providing coverage similar to that provided herein, or which has been the subject of any **Claim** made prior to the effective date of this Policy; or
- (2) any prior and/or pending civil, criminal, administrative or investigative proceeding initiated against any **Insured** as of the date stated in Item 8 of the Declarations;
- D. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving: (1) bodily injury, sickness, disease or death of any person, assault, or battery; or (2) damage to or destruction of any tangible property, including the loss of use thereof; or (3) mental anguish, emotional distress, invasion of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, libel or slander; provided, however, that part (3) of this exclusion shall not apply to any **Claim** brought by or on behalf of any past, present or prospective **Insured Person** for an **Employment Practices Wrongful Act**;
- E. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged violation of the Employee Retirement Income Security Act of 1974 (or any regulations promulgated thereunder) or similar provision of any statutory or common law;
- F. for any wrongful act of an **Insured Person** in their capacity as a director, officer or employee of an entity other than the **Organization** or a **Subsidiary**, even if directed or requested to serve such other entity, except where this Policy has been specifically endorsed to provide such extension of coverage;
- G. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving actual or alleged seepage, pollution, radiation, emission or contamination of any kind;
- H. by, or for the benefit of, or at the behest of the **Organization** or a **Subsidiary** or any entity which controls, is controlled by, or is under common control with the **Organization** or a **Subsidiary**, or any person or entity which succeeds to the interest of the **Organization** or a **Subsidiary**;
- I. for any actual or alleged liability of any **Insured** under any contract or agreement, express or implied, written or oral, except for employment related obligations which would have attached absent such contract or agreement;

- J. for any obligation of the **Organization** or a **Subsidiary** to modify any building or property in order to affect compliance with municipal, state or federal law.

Section V. Limit of Liability

- A. The **Insurer** shall be liable to pay one hundred percent (100%) of **Loss** in excess of the **Retention** stated in Item 4 of the Declarations. The **Insurer's** maximum Limit of Liability for the aggregate amount of **Loss** resulting from all **Claims** deemed to have been made in a **Policy Year** shall be the amount shown in Item 3 of the Declarations.
- B. More than one **Claim** involving the same **Wrongful Act** or **Related Wrongful Acts** of one or more **Insureds** shall be considered a single **Claim**, and only one **Retention** shall be applicable to such single **Claim**. All such **Claims**, constituting a single **Claim** shall be deemed to have been made on the earlier of the following dates: (1) the earliest date on which any such **Claim** was first made; or (2) the earliest date on which any such **Wrongful Act** or **Related Wrongful Act** was reported under this Policy or any other policy providing similar coverage.
- C. **Costs of Defense** incurred by the **Insurer** shall be in addition to the Limit of Liability, and such **Costs of Defense** shall not be subject to the **Retention** amount. If **Costs of Defense** are incurred by the **Insured** with the **Insurer's** consent, such **Costs of Defense** shall be considered **Loss** and thus shall be subject to the Limit of Liability and **Retention**.
- D. With respect to all **Claims** deemed to have been made in a **Policy Year**, should the Limit of Liability be exhausted by payment of **Loss** resulting from one or more of such **Claims**, the **Insurer's** duty to defend shall cease and any and all obligations of the **Insurer** hereunder shall be deemed to be completely fulfilled and extinguished and the **Insurer** shall have no further obligations hereunder of any kind or nature.

Section VI. Costs of Defense and Settlements

- A. No **Insured** shall admit liability, offer to settle, or incur **Costs of Defense** in connection with any **Claim** without the **Insurer's** prior written consent. Such consent shall not be unreasonably withheld. The **Insured** shall provide the **Insurer** with full cooperation and all information which would reasonably be required in order to allow the **Insurer** to reach a decision as to such consent. Any **Costs of Defense** incurred and/or settlements agreed to prior to the **Insurer's** consent thereto shall not be covered hereunder.
- B. The **Insurer** has the right to investigate and settle any **Claim**, as it deems expedient. In the event the **Insurer** recommends a settlement and the **Insured** refuses to consent thereto, the **Insurer** shall be released from any obligation to further defend such **Claim**. Subject to the Limit of Liability, the **Insurer's** liability for such **Claim** is limited to the amount in excess of the **Retention** which the **Insurer** would have contributed to the settlement had the **Insured** consented to settlement, plus **Costs of Defense** covered by the Policy incurred prior to the date of such refusal to settle.

Section VII. Notice of Claim

- A. The **Insureds** shall, as a condition precedent of their rights under this Policy, give the **Insurer** notice in writing of any **Claim** made, as soon as practicable.
- B. If during the **Policy Period** or **Discovery Period** the **Insured** first becomes aware of a specific **Wrongful Act**, and if the **Insured** gives written notice to the **Insurer** as soon as practicable of (1) the specific **Wrongful Act**; (2) the injury or damage which has or may result therefrom; and (3) the circumstances by which the **Insured** first became aware thereof; then any **Claim** arising out of such **Wrongful Act** which is subsequently made against the **Insured** and not otherwise excluded by the terms of the Policy shall be deemed to have been made at the time the **Insurer** received such written notice from the **Insured**.

C. In addition to furnishing the notice as provided in Section VII A or B the **Insured** shall, as soon as practicable, furnish the **Insurer** with copies of reports, investigations, pleadings and other papers in connection therewith.

D. Notice to the **Insurer** as provided in Section VII A or B shall be given to:

**GREAT AMERICAN INSURANCE COMPANIES
EXECUTIVE LIABILITY DIVISION, CLAIMS DEPARTMENT
P.O. BOX 66943
CHICAGO, IL 60666.**

Section VIII. General Conditions

A. Cancellation or Non-Renewal

(1) This Policy may be cancelled by the **Organization** at any time by written notice to the **Insurer**. Upon cancellation, the **Insurer** shall retain the customary short rate portion of the premium.

(2) This Policy may be cancelled by or on behalf of the **Insurer** by delivering to the **Organization** at the address stated in Item 1 of the Declarations, written notice stating when, not less than ninety (90) days thereafter, the cancellation shall be effective. The delivery of such notice shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice. Upon cancellation, the **Insurer** shall retain the pro-rata portion of the premium. Payment or tender of any unearned premium by the **Insurer** shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.

(3) If the **Insurer** elects not to renew this Policy, the **Insurer** shall provide the **Organization** with not less than ninety (90) days advance notice thereof.

B. Proposal Form

It is agreed that the particulars and statements contained in Proposal Forms submitted to the **Insurer** (and any material submitted therewith) are the representations of the **Insured**, and it is understood that such representations are material and that this Policy is issued in reliance upon such representations, which are to be considered as incorporated in and constituting part of this Policy. However, this Policy shall not be voided or rescinded and coverage shall not be excluded as a result of any untrue statement in the Proposal Form, except as to the **Organization**, its **Subsidiaries** and those **Insured Persons** making such statement or having knowledge of its untruth.

C. Action Against the Insurer

(1) No action shall be taken against the **Insurer** unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy, and until the **Insured's** obligation to pay shall have been finally determined by an adjudication against the **Insured** or by written agreement of the **Insured**, claimant and the **Insurer**.

(2) No person or organization shall have any right under this Policy to join the **Insurer** as a party to any **Claim** against any **Insured** nor shall the **Insurer** be impleaded by any **Insured** or their legal representative in any such **Claim**.

D. Conversion to Run-Off Coverage

If prior to the end of the **Policy Period**, another organization acquires substantially all of the assets of the **Organization**, or the **Organization** merges into another organization, or the **Organization** ceases to qualify as a not-for-profit organization under the Internal Revenue Code (such events hereinafter referred to as **Transaction**), then:

(1) the **Organization** must give written notice of such **Transaction** to the **Insurer** within thirty (30) days after the effective date of such **Transaction**, and provide the **Insurer** with such information as the **Insurer** may deem necessary; and

(2) this Policy, including the **Discovery Period** if elected, shall apply, but only with respect to any **Wrongful Act** committed prior to the effective date of such **Transaction**.

E. Subrogation

In the event of any payment under this Policy, the **Insurer** shall be subrogated to all of the rights to recovery of the **Insured** and the **Insured** shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents as may be necessary to enable the **Insurer** to effectively bring suit in the name of any **Insured**.

F. Assignment

Assignment of interest under this Policy shall not bind the **Insurer** until its consent is endorsed hereon.

G. Conformity to Law

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

H. Entire Agreement

By acceptance of this Policy, the **Insured** and the **Insurer** agree that this Policy (including the Proposal Forms submitted to the **Insurer** and any materials submitted therewith) and any written endorsements attached hereto constitute the entire agreement between the parties.

I. Organization Represents Insured

By acceptance of this Policy, the **Organization** shall be designated to act on behalf of the **Insureds** for all purposes including, but not limited to, giving and receiving of all notices and correspondence, the cancellation or non-renewal of this Policy, the payment of premiums, and the receipt of any return premiums that may be due under this Policy.

J. Representative of the Insurer

Great American Insurance Companies, Executive Liability Division, Post Office Box 66943, Chicago, Illinois 60666 shall act on behalf of the **Insurer** for all purposes including, but not limited to, the giving and receiving of all notices and correspondence.

In witness whereof the **Insurer** has caused this Policy to be signed by its President and Secretary and countersigned, if required, on the Declarations page by a duly authorized agent of the **Insurer**.

GREAT AMERICAN INSURANCE COMPANIES


Secretary


President



SPECIMEN
AMENDMENT TO SECTION III

**Non-Profit Organization
Executive Protection and
Employment Practices Liability
Insurance Policy**

It is understood and agreed that Section III of the Policy is hereby amended as follows:

Section III.G. is deleted in its entirety and replaced with the following:

G. Loss shall mean settlements and judgments, including punitive or exemplary damages or the multiple portion of any multiplied damage award, and subject to the provisions of Section V and VI, **Costs of Defense** incurred by the **Insured**, provided always, however, **Loss** shall not include taxes, criminal or civil fines or penalties imposed by law, or any matter which may be deemed uninsurable under the law pursuant to which this Policy shall be construed. It is understood and agreed that the enforceability of the foregoing coverage shall be governed by such applicable law which most favors coverage for punitive or exemplary damages or the multiple portion of any multiplied damage award.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured:

Policy Period:

Policy Number:

Countersigned by: _____
Authorized Representative

Endorsement Effective Date:



SPECIMEN

**Non-Profit Organization
Executive Protection and
Employment Practices Liability
Insurance Policy**

AMENDMENT TO SECTION IV

It is understood and agreed that Section IV of the Policy is hereby amended as follows:

IV. G. is hereby deleted and replaced with the following:

G. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving actual or alleged seepage, pollution, radiation, emission, contamination or irritant of any kind, including but not limited to smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, asbestos, chemicals or waste.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured:

Policy Period:

Policy Number:

Countersigned by: _____
Authorized Representative

Endorsement Effective Date:



Non-Profit Organization
Executive Protection and
Employment Practices Liability
Insurance Policy

AMENDMENT TO SECTION IV

It is understood and agreed that Section IV of the Policy is hereby amended as follows:

Part (3) of Exclusion D shall also not apply to **Third Party Claims**.

For purposes of this endorsement, the following definitions shall apply:

Third Party Claim shall mean any **Claim** brought by a customer, client or member of the **Organization** or any **Subsidiary** for any **Business Practices Wrongful Act**.

Business Practices Wrongful Act shall mean a **Wrongful Act** of discrimination, sexual harassment or the violation of an individual's civil rights related to such discrimination or sexual harassment.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured:

Policy Period:

Policy Number:

Countersigned by: _____
Authorized Representative

Endorsement Effective Date:



SPECIMEN
AMENDMENT TO SECTION VIII

**Non-Profit Organization
Executive Protection and
Employment Practices Liability
Insurance Policy**

It is understood and agreed that Section VIII of the Policy is hereby amended as follows:

Section VIII. Elite Coverage Amendments L.

It is understood and agreed that the following changes are made to the Policy:

1. Section III.C. of the Policy is amended with the addition of the following:

C. "Insured Persons" shall also mean the lawful spouses, estates, heirs, legal representatives or assigns, in the event of their death, incapacity or bankruptcy, of all **Insured Persons** but only for **Claims** arising out of any actual or alleged **Wrongful Act(s)** of any **Insured Persons**.

2. Section III. D. of the Policy is deleted and replaced with the following wording:

D. "Subsidiary" shall mean: (1) any entity which qualifies as a not-for-profit organization under the Internal Revenue Code, other than a political committee organized pursuant to Section 432 of the Federal Election Campaign Act of 1971 (and amendments thereto), and for which the **Organization** controls the right to elect or appoint more than fifty percent (50%) of the Board of Directors or other governing body of such entity; (2) any similar not-for-profit organization which was subsequently created or acquired by the **Organization** after the inception date of this Policy, if the entity's total assets do not exceed twenty-five percent (25%) of the total consolidated assets of the **Organization** as of the inception date of this Policy; or (3) any other entity added as a **Subsidiary** by written endorsement to this Policy. Coverage shall apply to a **Subsidiary** only for **Wrongful Acts** committed during the time such entity so qualified as a **Subsidiary**.

3. Section III.E. of the Policy is amended with the addition of the following:

E. "Wrongful Act" shall also mean any matter claimed against any **Insured Persons** solely by reason of their status with the **Organization**.

Insured:

Policy Period:

Policy Number:

Countersigned by: _____
Authorized Representative

Endorsement Effective Date:

AMENDMENT TO SECTION VIII

4. Section III.G. of the Policy is amended with the addition of the following:

G. “**Loss**” shall also mean any 10% “excess benefit” tax assessed by the Internal Revenue Service against any **Insured Person** pursuant to 26 USC Section 4958 (a)(2) for participation by management in an excess benefit transaction.

“**Loss**” shall not include any 25% “excess benefit” tax assessed by the Internal Revenue Service against any **Insured Person** as a “disqualified person” or any 200% “excess benefit” tax for failure to correct the award of the “excess benefit” pursuant to 26 USC Sections 4958 (a)(1) and (b), respectively.

For purposes of this endorsement, “disqualified person”, “excess benefit” and “excess benefit transaction” shall be defined as those terms are defined in Section 4958 of the Internal Revenue Code.

5. Section IV.A. is hereby deleted and replaced with the following:

A. brought about or contributed to by: (1) any **Insured** gaining any profit, advantage or remuneration to which the **Insured** was not legally entitled; or (2) the fraudulent, dishonest or criminal acts of any **Insured**; provided, however, this exclusion shall only apply if it is finally adjudicated that such conduct in fact occurred; and the **Wrongful Act** of an **Insured Person** shall not be imputed to any other **Insured Person** for the purpose of determining the applicability of this exclusion;

6. Section IV.B. is hereby deleted and replaced with the following:

B. to the extent it is insured under any other valid and collectible policy or policies, whether such insurance is stated to be primary, contributory, excess, contingent or otherwise, and regardless of whether or not any **Loss** in connection with such **Claim** is recoverable under such other policy or policies; provided, however, this exclusion shall not apply to the amount of **Loss** which is in excess of the amount of any deductible or retention amounts and the limit of liability of such other policy or policies where such **Claim** is otherwise covered by the terms and conditions of this Policy;

7. Section IV.E. is hereby deleted and replaced with the following:

E. for any actual or alleged violation of the Employment Retirement Income Security Act of 1974 (or any regulations promulgated thereunder) or similar provision of any statutory or common law;

AMENDMENT TO SECTION VIII

8. Section VI.B. is deleted and replaced with the following:

B. The **Insurer** has the right to investigate and settle any **Claim**, as it deems expedient. In the event the **Insurer** recommends a settlement and the **Insured** refuses to consent thereto, the **Insurer's** liability for such **Claim** is limited to the amount in excess of the Retention which the **Insurer** would have contributed to the settlement had the **Insured** consented to settlement, the **Costs of Defense** covered by the Policy and incurred prior to the date of such refusal to settle, and seventy percent (70%) of any additional covered **Loss**, including **Costs of Defense**, incurred subsequent to such refusal and subject to the Limit of Liability.

In the event the **Insured** refuses to consent to a settlement as contemplated above then Section V.C. of the Policy is hereby deleted and replaced with the following:

C. **Costs of Defense** incurred by the **Insurer** shall be in addition to the Limit of Liability, and such **Costs of Defense** shall be subject to the Retention amount. If **Costs of Defense** are incurred by the **Insured** with the **Insurer's** consent, such **Costs of Defense** shall be considered **Loss** and thus shall be subject to the Limit of Liability and Retention.

9. It is understood and agreed that Section VII.A. is deleted and replaced with the following:

A. The **Insureds** shall, as a condition precedent of their rights under this Policy, give the **Insurer** notice in writing of any **Claim** made, as soon as practicable from the date the Chairman, President, Executive Director, Chief Financial Officer, General Counsel or equivalent has knowledge of the **Claim**, and in no event later than ninety (90) days after the end of the **Policy Period**.

10. It is understood and agreed that Section VIII.A.(2) is deleted and replaced with the following:

(2) This Policy may only be cancelled by the **Insurer** if the **Organization** does not pay the premium when due.

11. It is understood and agreed that Section VIII. is amended by the addition of the following:

VIII. M. Territory

The insurance provided by this Policy applies to **Wrongful Acts** anywhere in the world, provided that a **Claim** is brought against the **Insured** within the United States of America, its territories or possessions or Canada.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.



SPECIMEN

**Non-Profit Organization
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AMENDMENT TO DECLARATIONS PAGE

It is understood and agreed that the Declarations is hereby amended by the addition of the following:

Item 9. **Act of Terrorism** Premium: \$ 0.00

It is further understood and agreed form TA0001 Policyholder Disclosure Offer of Terrorism Coverage is attached to and is to be considered as incorporated in and constituting a part of this Policy.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured:

Policy Period:

Policy Number:

Countersigned by: _____
Authorized Representative

Endorsement Effective Date:

SPECIMEN

**Non-Profit Organization
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COVERAGE FOR ACTS OF TERRORISM

It is understood and agreed that Section VIII. General Conditions of the Policy is hereby amended by the addition of the following:

Section VIII. General Conditions

K . Act of Terrorism Coverage

Subject to all other terms and conditions of this Policy, coverage is available for **Loss** caused by an **Act of Terrorism** as defined below.

"Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States –

- (i) to be an act of terrorism;
- (ii) to be a violent act or an act that is dangerous to –
 - (I) human life;
 - (II) property; or
 - (III) infrastructure;
- (iii) to have resulted in damage within the United States, or outside of the United States in the case of -
 - (I) an air carrier or vessel described in Section (5)(B) of the Terrorism Risk Insurance Act of 2002; or
 - (II) the premises of a United States mission; and
- (iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.

With respect to any one or more **Acts of Terrorism** under the Terrorism Risk Insurance Act of 2002, we will not pay any amounts for which we are not responsible under the terms of that Act (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

Insured:

Policy Period:

Policy Number:

Countersigned by: _____
Authorized Representative

Endorsement Effective Date:



POLICYHOLDER DISCLOSURE OF TERRORISM COVERAGE

The Terrorism Risk Insurance Act establishes a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an Act of Terrorism. The Act provides that, to be certified, an Act of Terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals as part of an effort to coerce the government or population of the United States.

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.

The Terrorism Risk Insurance Act, as amended in 2007, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

In accordance with the Terrorism Risk Insurance Act, we are required to offer you coverage for losses resulting from an act of terrorism **that is certified under the federal program** as an Act of Terrorism. All other provisions of this policy will still apply to such an act. That is, a loss will not be excluded or covered just because it was caused by an Act of Terrorism.

The portion of the annual premium that is attributable to coverage for Acts of Terrorism that are certified under the Terrorism Risk Insurance Act is \$0.00.

All other terms and conditions of the policy remain unchanged.

If you would like to reject the coverage for "certified" Acts of Terrorism, please provide Great American written confirmation of such, and an exclusion will be attached to your policy.