Philadelphia Insurance Companies

FLEXI PLUS
FIVE

Not-for-Profit Organization Directors & Officers Liability Insurance
Employment Practices Liability Insurance
Fiduciary Liability Insurance
Workplace Violence Insurance
Internet Liability Insurance

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

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

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

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

Part 1

Not-for-Profit Organization Directors & Officers Liability Insurance

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

I. INSURING AGREEMENTS

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

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

C. The Underwriter will pay on behalf of the Organization, Loss from Claims made against the Organization during the Policy Period (or, if applicable, during the Extension Period), and reported to the Underwriter pursuant to the terms of this Policy, for a D&O Wrongful Act.

II. DEFINITIONS

A. D&O Wrongful Act means any actual or alleged:

1. Act, error, omission, misstatement, misleading statement, neglect, breach of duty or Personal & Advertising Injury committed or attempted by an Individual Insured in his/her capacity as an Individual Insured; or by the Organization; or

2. Act, error, omission, misstatement, misleading statement, neglect, breach of duty or Personal & Advertising Injury committed or attempted by an Individual Insured while serving as a director, officer, governor or trustee of any Outside Entity, if such service is at the written request or direction of the Organization.
However, D&O Wrongful Act does not include an Employment Practice Act, Fiduciary Liability Act, or Internet Liability Act.

B. Outside Entity means:

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

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

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

III. EXCLUSIONS

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

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

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

1. Publication or utterance of material by or at the direction of such Insured with knowledge of its falsity; or
2. Composing, editing, designing, publishing, distributing or printing periodicals, advertisements or other materials by the Insured for another party if such activity is not in connection with and not a regular part of the Insured’s own publications; or
3. Failure of goods, products or services to conform with advertised quality or performance; or
4. Wrong description of the price of goods, products or services;

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

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

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

Part 2

Employment Practices Liability Insurance

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

I. INSURING AGREEMENTS

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

II. DEFINITIONS

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

17. Violation of any federal, state or local civil rights laws;

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

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

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

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

III. EXCLUSIONS

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

A. Arising out of, based upon or attributable to any failure to comply with any law concerning Workers Compensation, Unemployment Insurance, Social Security, Disability Benefits or any similar laws; however, this exclusion shall not apply to any Claim for retaliatory treatment against any Individual Insured who is attempting to exercise his/her rights under the above laws;

B. Arising out of, based upon or attributable to any violation of any of the responsibilities, obligations, or duties imposed by the National Labor Relations Act (including the Labor Management Relations Act of 1947), Fair Labor Standards Act (except the Equal Pay Act), Occupational Safety and Health Act, Consolidated Omnibus Budget Reconciliation Act of 1985, Worker Adjustment and Retraining Notification Act; or any amendments to or rules, regulations or orders promulgated pursuant to these laws, or similar provisions of any federal, state or local statutory or common law; however, this exclusion shall not apply to any Claim for retaliatory treatment against any Individual Insured who is attempting to exercise his/her rights under the above statute, law, rule, regulation or order;

C. Arising out of, based upon or attributable to a lockout, strike, picket line, replacement or other similar action resulting from labor disputes, labor negotiations, or collective bargaining agreements;

D. Arising out of, based upon or attributable to obligations or payments owed under (i) an express (written or verbal) contract of employment, (ii) an agreement to make payments in the event of the termination of employment, or (iii) an agreement to assume another’s liability; however, this exclusion does not apply to any of the following:

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

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

Part 3

Fiduciary Liability Insurance

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

I. INSURING AGREEMENTS

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

II. DEFINITIONS

A. Administration means: (i) giving counsel to employees, beneficiaries or participants regarding any Benefit Plan, (ii) providing interpretations and handling records in connection with any Benefit Plan, or (iii) effecting enrollment, termination or cancellation of employees or participants under any Benefit Plan.

B. Benefit Plan means:

1. Any Welfare Benefit Plan which was, is now or becomes sponsored by the Organization solely for the benefit of the employees of the Organization;

2. Any Pension Benefit Plan which was, on or prior to the effective date of this Policy, sponsored by the Organization solely for the benefit of the employees of the Organization, provided that coverage was available in respect of such Pension Benefit Plan under any policy of which this Policy is a renewal or replacement and such Pension Benefit Plan has been reported in writing to the Underwriter as part of the Application;

3. Any Pension Benefit Plan created or acquired (through merger, consolidation or otherwise) during the Policy Period by the Insured solely for the benefit of the employees of the Organization, but only upon the condition that within 90 days after such creation or acquisition, the Insured shall have (i) provided written notice to the Underwriter of such newly created Pension Benefit Plan, and (ii) agreed to any additional terms and paid any additional premium required by the Underwriter in its sole discretion;

4. Any government-mandated benefit program for Workers Compensation, Unemployment, Social Security or Disability Benefit for employees of the Organization.

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

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

C. Fiduciary Liability Act means any actual or alleged:
1. Breach by an **Insured** of the responsibilities, obligations or duties imposed upon fiduciaries of any **Benefit Plan** by **ERISA**; or

2. Negligent act, error or omission by an **Insured** solely in the **Administration** of any **Benefit Plans**.

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

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

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

### III. EXCLUSIONS

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

A. Arising out of, based upon or attributable to the actual or alleged failure to collect or fund contributions owed to any **Benefit Plan**; or for the return or reversion to any employer of any contribution to or asset of a **Benefit Plan**;

B. To the extent such **Loss** constitutes benefits due or to become due under a **Benefit Plan** or benefits which would be due under a **Benefit Plan** if its terms complied with all applicable law; however, this exclusion shall not apply to **Defense Costs**;

C. Arising out of, based upon or attributable to any failure or omission to effect and maintain insurance or bonding for the property or assets of any **Benefit Plan**;

D. Arising out of, based upon or attributable to any liability of others assumed by the **Insured** under any contract or agreement, other than any contract or agreement establishing a **Benefit Plan**.

### Part 4

**Workplace Violence Insurance**

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

### I. INSURING AGREEMENTS

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

### II. DEFINITIONS

A. **Violence Damage** means:

   1. **Business Interruption Expense**
   2. **Public Image Restoration Expense**
   3. **Workplace Violence Expense**
B. **Business Interruption Expense** means the amount calculated as set forth below for a period of time commencing on the day the **Workplace Violence Act** occurs until the earlier of ninety (90) days following such date, or until the **Organization** restores operations with due diligence and dispatch to the level that existed prior to the **Workplace Violence Act**:

1. The sum of:
   a. Net profits before income taxes that would have been earned had no **Workplace Violence Act** occurred; and
   b. The actual cost of continuing the activities which are necessary for the **Organization** to resume operations with substantially the same quality of service which existed immediately preceding the **Workplace Violence Act**; and
   c. Reasonable expenses which would not have been incurred except for such **Workplace Violence Act** and which were incurred by the **Organization** for the sole purpose of reducing **Business Interruption Expense** described in B.1. (a. or b.) above, not to exceed the amount of actual reduction of such **Business Interruption Expense**; and

2. Less the sum of all recoveries, other insurance, suretyship and other indemnity which cover **Business Interruption Expense** described in B.1. above.

C. **Public Image Restoration Expense** means reasonable fees and expenses for, or cost of:

1. An independent public relations consultant for up to ninety (90) days following the date the **Workplace Violence Act** occurs;
2. An independent security consultant for up to ninety (90) days following the date the **Workplace Violence Act** occurs;
3. A counseling seminar for **Individual Insureds** conducted by an independent consultant following the **Workplace Violence Act**;
4. Independent security guard service for up to thirty (30) days following the date the **Workplace Violence Act** occurs;
5. An independent forensic analyst for up to ninety (90) days following the date the **Workplace Violence Act** occurs;

D. **Workplace Violence Expense** means the reasonable fees and expenses for, or cost of:

1. The **Salary or Wages**, for up to ninety (90) days following the date the **Workplace Violence Act** occurs, that the **Organization** pays **Individual Insureds** victimized by **Workplace Violence Acts** and unable to continue to work because of such **Workplace Violence Acts**. The **Salary or Wages** in effect at the time of the **Workplace Violence Act** shall apply;
2. The **Salary or Wages**, for up to ninety (90) days following the date the **Workplace Violence Act** occurs, that the **Organization** pays a newly hired person(s) to conduct the duties of **Individual Insureds** victimized by **Workplace Violence Acts** and who is/are unable to continue to work because of such **Workplace Violence Acts**; however such **Salary or Wages** shall not exceed the **Salary or Wages** of the victimized **Individual Insured** in effect at the time of the **Workplace Violence Act**.
E. **Workplace Violence Act** means any actual or alleged intentional and unlawful use of, or threat to use, deadly force with an intent to cause harm at the **Premises**.

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

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

### III. EXCLUSIONS

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

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

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

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

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

### IV. MITIGATION OF LOSS

The **Organization** will take all reasonable steps to reduce **Violence Damage** which results from a **Workplace Violence Act**.

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**Part 5**

**Internet Liability Insurance**

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

### I. INSURING AGREEMENTS

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

### II. DEFINITIONS

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

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

C. **Matter** means printed, verbal, numerical, audio or visual expression, or any other expression, regardless of the medium upon which such expression is fixed.
D. **Product** means any tangible property offered for sale or otherwise disseminated by or through any **Insured**.

E. **Internet Liability Act** means any actual or alleged act, error, or omission committed or attempted by an **Insured** in their capacity as an **Insured** solely in connection with **Internet Activity** by or on behalf of the **Organization**, including:

1. Libel, slander, or oral or written publication of defamatory or disparaging material; or
2. Invasion of or interference with the right of privacy; or
3. Infringement of copyright, service mark, trademark, trade dress or trade name or title or slogan or improper use of literary or artistic titles, formats or performances.

III. EXCLUSIONS

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

A. Arising out of, based upon or attributable to any actual or alleged price fixing, restraint of trade, monopolization, unfair trade practices or any violation of the Federal Trade Commission Act, the Sherman Anti-Trust Act, the Clayton Act, or any other federal statutory provision involving anti-trust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade activities, and any amendments thereto; or any rules and regulations promulgated thereunder or in connection with such statutes; or any similar provision of any federal, state, or local statutory law or common law anywhere in the world;

B. Arising out of, based upon or attributable to any actual or alleged breach of contract or agreement, or for liability assumed by the **Organization** under a contract or agreement; however, this exclusion shall not apply to any of the following:

1. Liability of the **Organization** which would have attached even in the absence of such contract or agreement;
2. **Defense Costs**;

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

1. Wrong description of the price or authenticity of a **Product**; or
2. Failure of any **Product** to conform with advertised quality or performance; or
3. Sale or offer for sale of any **Product** that infringes upon the name, design or logo of another entity’s **Product**;

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

E. To the extent such **Loss** constitutes amounts charged to or due from clients or customers of the **Organization**, or the value of any electronic fund transfer or transaction by or on behalf of the **Organization** which is lost or damaged during transfer into, from or between **Organization** accounts;

F. Brought or maintained by or on behalf of any federal, state, or local regulatory agency or other administrative body alleging the violation of any federal, state or local laws or regulations;
G. Arising out of, based upon or attributable to the development, distribution, dissemination, installation, implementation, operation, maintenance and/or filtering software, or of policies, equipment or procedures for establishing or managing a secure method for exchanging electronic information;

H. Arising out of, based upon or attributable to any costs, expenses or other payment incurred by the Insured or others in connection with the withdrawal or recall from the marketplace of the Insured’s Products, including other products which incorporated the Insured's Products;

I. Arising out of, based upon or attributable to coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount;

J. Arising out of, based upon or attributable to (i) a computer virus, (ii) the unauthorized access to or use of a computer, computer system or computer network, or (iii) the inability of an authorized Third Party to access services provided by the Organization through the Internet Site.

Part 6
Common Policy Definitions

A. Application means:
   1. The Application for this Policy, including any material submitted therewith; and
   2. The Application(s), including any material submitted therewith, for all previous policies issued by the Underwriter of which this Policy is a direct or indirect renewal or replacement, all of which shall be deemed a part of this Policy as if physically attached hereto.

B. Claim means for the purpose of Parts 1, 2, 3, and 5:
   1. Any written demand for monetary or non-monetary relief; or
   2. Any judicial, civil, administrative, regulatory, or arbitration proceeding (including any appeal therefrom), which subjects an Insured to a binding adjudication of liability for monetary or non-monetary relief for a Wrongful Act; or
   3. Any written request to toll or waive any statute of limitations applicable to any actual or potential suit or cause of action against an Insured.

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

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

D. Defense Costs means:
   1. Any reasonable and necessary legal fees and expenses incurred in the defense of a Claim, whether by the Insured with the Underwriter's consent or directly by the Underwriter, in the investigation, adjustment, defense and appeal of a Claim, except that Defense Costs shall not include:
a. Any amounts incurred in defense of any Claim for which any other insurer has a duty to defend, regardless of whether or not such other insurer undertakes such duty; or

b. Salaries, wages, overhead or benefit expenses associated with any Insured except as specified in subparagraph 2. below; or

c. Salaries, wages, overhead or benefit expenses associated with employees of the Underwriter.

2. A $250 per day per Individual Insured supplemental payment for the attendance at the request or with the consent of the Underwriter by such Individual Insured at hearings, trials or depositions. Such payment shall not exceed $5,000 in the aggregate for all Individual Insureds in each Claim.

E. ERISA means the Employee Retirement Income Security Act of 1974, as amended, any similar federal, state, local or common law, and any rules and regulations promulgated thereunder.

F. Individual Insured means:

1. Any individual who has been, now is or shall become a director, officer, governor, trustee, equivalent executive, employee (whether salaried or not), volunteer, leased or temporary employee, or committee member of the Organization or, solely with respect to Part 3 (Fiduciary Liability Insurance), of any Benefit Plan;

2. The lawful spouse of a director, officer, governor, trustee, or equivalent executive of the Organization, but only for actual or alleged Wrongful Acts of such executive for which such spouse may be liable as the spouse of such executive;

3. The estate, heirs, legal representatives or assigns of a deceased director or officer, or the legal representatives or assigns of such a person who is incompetent, but only for Wrongful Acts of the person described in 1. above which, in the absence of such death or incompetence, would have been covered by this Policy;

4. With respect to an Organization chartered outside the United States of America, any individual who has been, now is or shall become a person serving in a position with such Organization that is equivalent to any position described in 1. above.

G. Insured means the Organization and Individual Insured.

H. Interrelated Wrongful Act means any causally connected Wrongful Act or any series of the same, similar or related Wrongful Acts.

I. Loss means:

1. Damages;

2. Defense Costs;

but Loss does not include:

1. Criminal or civil fines or penalties imposed by law except that solely with respect to Part 3 (Fiduciary Liability Insurance) Loss includes fines or penalties imposed under Section 502 (i) and (l) of ERISA; or

2. Taxes; or
3. Matters deemed uninsurable under the law to which this Policy shall be construed; or

4. Any amounts other than **Defense Costs**, which an **Insured** is obligated to pay as a result of a **Claim** seeking relief or redress in any form other than monetary damages; or

5. Any costs other than **Defense Costs** associated with any accommodation required pursuant to the Americans With Disabilities Act, the Civil Rights Act of 1964, rules or regulations promulgated thereunder, amendments thereto, or similar provisions of any federal, state or local law or common law.

J. **Organization** means:

1. The **Parent Organization**,

2. Any **Subsidiary**, and

3. Solely with respect to Part 3 (Fiduciary Liability Insurance), any **Benefit Plan**.

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

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

M. **Subsidiary** means:

1. Any not-for-profit entity for which, on or before the inception of the **Policy Period**, the **Parent Organization** has the right to elect or select a majority of the directors or trustees, provided such entity is identified as a **Subsidiary** in the **Application**;

2. Any not-for-profit entity for which, after the inception of the **Policy Period**, the **Parent Organization** has the right to elect or select a majority of the directors or trustees, and whose assets total less than 35% of the total consolidated assets of the **Parent Organization** as of the inception date of this **Policy Period**. The **Parent Organization** shall provide the **Underwriter** with full particulars of the new **Subsidiary** before the end of the **Policy Period**;

3. Any not-for-profit entity for which, after the inception of the **Policy Period**, the **Parent Organization** has the right to elect or select a majority of the directors or trustees, and whose assets total 35% or more of the total consolidated assets of the **Parent Organization** as of the inception date of this **Policy Period**; but only upon the condition that before the end of the **Policy Period** or within 90 days from having the right to elect or select a majority of the directors or trustees, whichever is lesser, the **Parent Organization** shall have provided the **Underwriter** with full particulars and agreed to any additional premium and/or amendment of the provisions of this Policy;

4. Any for profit entity or the directors, officers, or trustees of a for profit entity for which, the **Underwriter**, at its sole discretion, agrees by written endorsement to provide coverage upon such terms or additional premium charged.

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

N. **Underwriter** means the insurance company indicated on the Declarations of this Policy.
O. **Wrongful Act** means:

1. With respect to Part 1, any D&O **Wrongful Act**,  
2. With respect to Part 2, any Employment Practices Act,  
3. With respect to Part 3, any Fiduciary Liability Act,  
4. With respect to Part 5, any Internet Liability Act.

**Part 7**

Common Policy Exclusions

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

A. Arising out of, based upon or attributable to such **Insured** gaining any profit, remuneration or advantage to which they were not legally entitled; however, this exclusion shall only apply if a final and non-appealable judgment or adjudication establishes the **Insured** committed such act or omission;

B. Arising out of, based upon or attributable to any dishonest or fraudulent act or omission or any criminal act or omission by such **Insured**; however, this exclusion shall only apply if a final and non-appealable judgment or adjudication establishes the **Insured** committed such act or omission. This exclusion shall not apply to a Workplace Violence Act under Part 4 (Workplace Violence Insurance);

No **Wrongful Act** of any **Insured** shall be imputed to any Individual **Insured** for the purpose of determining the applicability of Exclusions A. and B. above.

C. Arising out of, based upon or attributable to the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials, or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water, or any cost or expense arising out of any governmental direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any pollutants;

D. Arising out of, based upon or attributable to any bodily injury or property damage regarding tobacco smoke, asbestos or mold including, without limitation, the use, exposure, presence, existence, detection, removal, elimination or avoidance of tobacco smoke, asbestos or mold to any persons and in any environment, building or structure;

E. Arising out of, based upon or attributable to the radioactive, toxic, or explosive properties of nuclear material which includes, but is not limited to, Source Material, Special Nuclear Material and Byproduct Material as those terms are defined in the Atomic Energy Act of 1954 and any amendments thereto and any similar provisions of any federal, state or local statutory or common law;

F. Arising out of, based upon or attributable to:

1. Any litigation or demand against an **Insured** pending on or before the respective Prior and Pending Date set forth in Item 5. of the Declarations, or the same or essentially the same facts as alleged in such prior litigation; or
2. Any **Wrongful Act**, fact, circumstance or situation which has been the subject of any written notice given under any other policy of insurance prior to inception of this Policy; or

3. Any **Wrongful Act**, fact, circumstance or situation of which, as of the respective Prior and Pending Date set forth in Item 5. of the Declarations, the **Insured** had knowledge and from which the **Insured** could reasonably expect a **Claim** to arise.

G. Arising out of, based upon or attributable to the insolvency, conservatorship, receivership, bankruptcy or liquidation of any bank, banking firm, broker, dealer, investment company, investment banker, insurance company, or other entity of a similar nature; or the failure to pay or suspension of payment by any such entity;

H. To the extent such **Loss** constitutes **Defense Costs** in a **Claim** directly or indirectly by, on behalf of, or for the benefit of any insurance carrier or bond carrier of the **Insured** or any affiliate of the **Insured**, regardless of in whose name such **Claim** is actually made;

I. For any actual or alleged bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof; however, this exclusion shall not apply to Part 4 (Workplace Violence Insurance) or to mental anguish or emotional distress under Part 2 (Employment Practices Liability Insurance);

J. Brought or maintained by, at the behest, or on behalf of the **Organization**;

K. For any actual or alleged violation of the responsibilities, obligations or duties imposed by **ERISA**; however, this exclusion shall not apply to Part 3 (Fiduciary Liability Insurance);

L. For a **Wrongful Act** committed or attempted by a **Subsidiary**, **Benefit Plan** or an **Individual Insured** of a **Subsidiary** or **Benefit Plan** before such entity or plan became an **Insured** or after the entity or plan ceased to be an **Insured**;

M. For service by the **Individual Insured** in any position or capacity in any entity other than the **Organization**, a **Benefit Plan** or an **Outside Entity**, even if the **Organization** directed or requested the **Individual Insured** to serve in such other position or capacity.

**Part 8**

Common Policy Conditions

I. LIMITS OF LIABILITY

Regardless of the number of **Insureds** involved, **Claims** made or **Workplace Violence Acts** committed, the **Underwriter’s** liability under the Policy is limited as follows:

A. With respect to coverage under Part 1 of this Policy, the **Underwriter’s** maximum aggregate liability under Part 1 for all **Damages** on account of all **Claims** made during the **Policy Period**, whether covered under Insuring Agreement A, B or C, shall be the Limit of Liability for each **Policy Period** as set forth in Item 3.(A) of the Declarations.

B. With respect to coverage under Part 2, Part 3, Part 4, or Part 5 of this Policy, the **Underwriter’s** maximum aggregate liability for all **Damages** on account of all **Claims** made, and all **Workplace Violence Acts** taking place, during the **Policy Period** shall be the Limit of Liability for each **Policy Period** as set forth in Item 3.(B), 3.(C), 3.(D) or 3.(E), respectively, of the Declarations.
C. The Underwriter’s maximum aggregate liability for all Damages on account of all Claims first made, and all Workplace Violence Acts taking place, during the Policy Period under all purchased Parts, combined, shall be the Aggregate Limit of Liability set forth in Item 3.(F) of the Declarations. The Limits of Liability set forth in Item 3.(A), 3.(B), 3.(C), 3.(D) and 3.(E) are sub-limits which do not increase the Underwriter’s maximum liability as set forth in Item 3.(F).

D. Defense Costs is in addition to and is not part of the Limit of Liability specified in Item 3. of the Declarations. Payment by the Underwriter of Defense Costs incurred on account of any Claim shall not serve to reduce the Limit of Liability stated in Item 3. of the Declarations, but the Underwriter is not obligated to pay any Defense Costs after the applicable Limit of Liability has been exhausted by payment of Damages.

E. The Limit of Liability for any Extension Period, if applicable, shall be a part of and not in addition to the respective Limit of Liability applicable to the Policy Period.

II. RETENTION CLAUSE

A. The Underwriter shall only be liable for that portion of Loss arising from each Claim or Workplace Violence Act which is in excess of the respective Retention stated in Item 4. of the Declarations. Such Retention shall be borne by the Insured, uninsured and at their own risk, provided no Retention shall apply to Loss incurred by Individual Insureds for which the Organization is not permitted or required to indemnify the individual Insured or is financially unable to do so. A single Retention shall apply to Loss arising from all Claims alleging Interrelated Wrongful Acts and all related Workplace Violence Acts.

III. DEFENSE AND SETTLEMENT

A. The Insured and not the Underwriter shall have the responsibility to defend any Claim. However, the Insured shall have the right, as soon as practicable after a Claim is first made, to tender the defense of such Claim to the Underwriter. Upon written notice to the Underwriter of such election by the Insured and subject to all of the provisions of this Section III. DEFENSE AND SETTLEMENT, the Underwriter shall undertake and manage the defense of such Claim, even if such Claim is groundless, false or fraudulent.

B. If the Insured has assumed the defense of a Claim pursuant to A. above, the Underwriter shall advance Defense Costs prior to the final disposition of a Claim. The Insured shall elect counsel of its choice subject to approval by the Underwriter, such approval shall not be unreasonably withheld. The Underwriter shall not be liable for Defense Costs incurred, settlements made or judgments admitted by the Insured without the Underwriter’s prior written consent, which shall not be unreasonably withheld.

C. The Underwriter may investigate and, with the consent of the Insured, settle any Claim or Workplace Violence Act as the Underwriter deems expedient, but the Underwriter is not obligated to pay any Loss after the Limit of Liability has been exhausted.

D. In the event that a Claim is made against the Insured or a Workplace Violence Act occurs, the Insured shall take reasonable measures to protect their interests.

E. If more than one Insured is involved in a Claim, the Underwriter may, in its sole discretion, appoint separate counsel for one or more of such Insureds if there is a material (actual or potential) conflict of interest among any such Insureds.

F. The Insured agrees to provide the Underwriter with all information, assistance and cooperation which the Underwriter reasonably requests and agrees that in the event of a Claim or a
Workplace Violence Act, the Insured will do nothing that may prejudice the Underwriter’s position or its potential rights of recovery.

G. If with respect to any Claim the Insured refuses to consent to the first settlement acceptable to the claimant which the Underwriter recommends to the Insured in writing, and elects to further contest the Claim, then the Underwriter’s liability for such Claim shall not exceed the amount for which the Claim could have been settled, including Defense Costs incurred, up to the date of such refusal, plus 50% of covered Loss in excess of such first settlement amount, it being a condition of this insurance that the remaining 50% of such Loss excess of the first settlement amount shall be borne by the Insured at their own risk and be uninsured. Notwithstanding the foregoing, this paragraph shall not apply until the settlement amount exceeds the Retention amount stated in Item 4. of the Declarations.

In addition, if the Underwriter recommends a first settlement of a Claim within the Policy’s applicable Limit of Liability which is acceptable to the claimant, and the Insured consents to such settlement, then the Insured’s applicable Retention for such Claim shall be retroactively reduced by ten percent (10%). It shall be a condition to such reduction that the Insured must consent to the first settlement amount within thirty (30) days after the date the Underwriter recommends to the Insured such first settlement amount, or in the case of a first settlement amount which arises from a first settlement offer by the claimant, then within the time permitted by the claimant to accept such first settlement offer, but in all events no later than thirty (30) days after the Underwriter recommends to the Insured such first settlement offer. If the Insured does not consent to the first settlement within the time prescribed above, the applicable Retention amount shall remain the respective amount set forth in Item 4. of the Declarations, even if consent is given to a subsequent settlement.

IV. NOTICE/CLAIM REPORTING PROVISIONS

Notice hereunder shall be given in writing to the Underwriter at the following address:

Philadelphia Insurance Companies
One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
Attention: Claims Department

The date of mailing shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice. Any notice to the Underwriter shall specify the Part(s) of this Policy under which the notice is being given and shall be treated as notice only under such specified Part(s).

A. In the event that a Claim is made against the Insured or a Workplace Violence Act occurs, the Insured shall, as a condition precedent to the obligations of the Underwriter under this Policy, give written notice of such Claim or Workplace Violence Act as soon as practicable to the Underwriter during this Policy Period, or, if applicable, during any Extension Period, but, not later than 60 days after the expiration date of this Policy or any Extension Period, if applicable.

B. If during this Policy Period an Insured first becomes aware of any circumstances which may subsequently give rise to a Claim being made against any Insured for a specific alleged Wrongful Act, and as soon as practicable thereafter, but before the expiration or cancellation of this Policy, gives written notice to the Underwriter of the circumstances and the reasons for anticipating such a Claim, with full particulars as to the Wrongful Act, dates and persons involved, then any Claim which is subsequently made against the Insured arising out of such Wrongful Act will be considered made during this Policy Period.
C. All Loss arising out of the same Wrongful Act and all Interrelated Wrongful Acts, or the same or related Workplace Violence Acts, shall be deemed one Loss on account of one Claim or one Workplace Violence Act. Such Claim or Workplace Violence Act shall be deemed to be first made or to have first occurred when the earliest of such Claims or Workplace Violence Acts were first made or first occurred.

V. CANCELLATION AND NON-RENEWAL

A. The Underwriter may not cancel this Policy except for failure to pay premium when due, in which case 20 days written notice shall be given to the Parent Organization for such cancellation to be effective.

B. The Parent Organization may cancel this Policy for itself and all other Insureds by surrender of this Policy to the Underwriter or any of its authorized agents or by mailing to the Underwriter written notice stating when thereafter the cancellation shall be effective. If the Parent Organization cancels, earned premium shall be computed in accordance with the customary short rate table procedure.

C. The Underwriter shall not be required to renew this Policy; however, written notice of the Underwriter's intent to non-renew this Policy shall be sent to the Parent Organization at least 45 days prior to expiration of the Policy Period.

VI. REPRESENTATIONS AND SEVERABILITY

A. The Insured represents that the particulars and statements contained in the Application are true and agrees that (1) those particulars and statements are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy; (2) those particulars and statements are material to the acceptance of the risk assumed by the Underwriter under this Policy; and (3) this Policy is issued in reliance upon the truth of such representations.

B. Except for material facts or circumstances known to the Individual Insured signing the Application, no statement in the Application or knowledge or information possessed by any Insured shall be imputed to any other Individual Insured for the purpose of determining the availability of coverage.

VII. SUBROGATION

In the event of any payment under this Policy, the Underwriter shall be subrogated to the extent of such payment to all of the Insured's rights of recovery. The Insured shall execute and deliver such instruments and papers and do whatever else is necessary to secure such rights and shall do nothing to prejudice or compromise such rights without the Underwriter's express written consent.

VIII. EXTENSION PERIOD

A. If the Policy is not renewed or cancelled for any reason other than non-payment of premium:

For no additional premium, the Underwriter will provide a 60 day extension of the coverage granted under Parts 1, 2, 3, and 5 of this Policy for any Claim first made against the Insured during the 60 days after the non-renewal date, but only with respect to any Wrongful Act committed before such non-renewal date and otherwise covered by this Policy (the “Automatic Extension”). This Automatic Extension shall not apply if the Insured has purchased similar insurance from the Underwriter or any other insurer covering such Claim.

The Parent Organization shall have the right, upon payment of an additional 50%, 75%, or 100% of this Policy's annual premium, to an extension of the coverage granted under Parts 1, 2,
3 and 5 of this Policy for any **Claim** first made against the **Insured** during the twelve (12) months, twenty-four (24) months, or thirty-six (36) months, respectively, after the date of such cancellation or non-renewal, but only with respect to any **Wrongful Acts** committed before the date of such cancellation or non-renewal and otherwise covered by this Policy (the “Extension Period”); provided, however, that the request for this Extension Period must be made to the **Underwriter** in writing and payment of the additional premium must be made within 60 days following the date of such cancellation or non-renewal.

If the **Underwriter** cancels for the non-payment of premium, the **Parent Organization** may purchase the Extension Period only after any earned premium due to the **Underwriter** is paid within 10 days after the date of cancellation or Policy expiration, whichever comes first.

**B.** All premium paid with respect to an Extension Period shall be deemed fully earned as of the first day of the Extension Period. For the purpose of this Section VIII., any change in premium or terms on renewal shall not constitute a refusal to renew.

**IX. CHANGES**

Except by written endorsement issued to the **Insured** forming a part of this Policy, nothing shall effect a change in or addition to the provisions of this Policy. Furthermore, under no circumstances shall the **Underwriter** be deemed to have waived or be estopped from asserting any right under this Policy, at law, or in equity respecting any **Claim** or **Workplace Violence Act**, except as stated in writing by the **Underwriter’**s authorized Claims Department representative.

**X. ASSIGNMENT**

Assignment of interest in this Policy shall not bind the **Underwriter** until the **Underwriter’**s consent is endorsed hereon.

**XI. AUTHORIZATION CLAUSE AND NOTICES**

By acceptance of this Policy, the **Insured** agrees that the **Parent Organization** shall act on behalf of any **Insured** with respect to the giving and receiving of any return premiums and notices that may become due under this Policy. Notice to the **Parent Organization** shall be directed to the individual named in the **Application**, or such other person as shall be designated by the **Parent Organization** in writing. Such notice shall be deemed to be notice to any **Insured**. The **Parent Organization** shall be the agent of any **Insured** to effect changes in this Policy.

**XII. OTHER INSURANCE**

If the **Insured** has any other insurance for **Claims** or **Workplace Violence Acts** covered hereunder, the insurance provided by this Policy shall be allocated with respect to other insurance according to applicable Alaska law at the time the **Claims** or **Workplace Violence Act** occurs.

**XIII. TERMS OF POLICY CONFORMED TO STATUTE**

Terms of this Policy which are in conflict with the statutes of any state in which this Policy is issued are hereby amended to conform to such statutes.

**XIV. ACCEPTANCE**

This Policy embodies all agreements existing between the parties hereunder or any of their agents relating to this insurance.
XV. ACTION AGAINST THE UNDERWRITER; ARBITRATION

A. No person or entity shall have any right under this Policy to join the Underwriter as a party to any action against the Insured to determine the Insured's liability, nor shall the Underwriter be impleaded by the Insured or their legal representatives. Bankruptcy or insolvency of the Insured or their successors in interest shall not relieve the Underwriter of its obligations hereunder.

B. Any dispute relating to this Policy or the alleged breach, termination or invalidity thereof, which cannot be resolved through negotiations between any Insured and the Underwriter, shall be submitted to binding arbitration. The rules of the American Arbitration Association shall apply except with the respect to the selection of the arbitration panel. The panel shall consist of one arbitrator selected by such Insured, one arbitrator selected by the Underwriter and a third independent arbitrator selected by the first two arbitrators.

XVI. CHANGE IN OWNERSHIP OR CONTROL

A. If after the inception of the Policy Period:

1. The Organization merges into or consolidates with another entity such that the other entity is the surviving entity; or

2. Another entity or person or group of entities and/or persons acting in concert acquires more than fifty percent (50%) of the assets of the Organization; or

3. Another entity or person or group of entities and/or persons acting in concert acquires the right to elect or select a majority of the Organization's directors or trustees;

(1., 2., and 3. above, hereinafter referred to as the "Merger"), then coverage under Parts 1, 2, 3, and 5 of this Policy shall remain in force, but only for Claims made during the Policy Period (or the Extension Period, if purchased) for Wrongful Acts committed prior to the effective date of the Merger and only if the following conditions are met:

1. The Insured provides written notice of the Merger to the Underwriter within 45 days of the effective date of such Merger; and

2. The Insured provides the Underwriter with such information as the Underwriter deems necessary.

If Insured fails to meet conditions 1. and 2. above, this Policy shall be deemed cancelled by the Underwriter as of the effective date of the Merger and the Underwriter shall return any unearned premium on a pro rata basis. The Insured shall have the right to purchase the Extension Period.

Coverage under Part 4 of this Policy shall cease with respect to any Workplace Violence Act occurring after the effective date of the Merger.

B. If after the inception of the Policy Period:

1. The Organization acquires or assumes more than fifty percent (50%) of the assets, liabilities, or equity of, or merges with any for profit entity or creates a for profit subsidiary, no coverage shall be afforded under this Policy for Claims arising out of, based upon or attributable to such transaction unless all of the following conditions are met:
a. The **Underwriter** receives from the **Parent Organization** full details of such transaction; and

b. The **Underwriter**, at its sole discretion, agrees by written endorsement to this Policy to provide coverage to the for profit entity upon such terms, conditions and limitations as it may require.

XVII. TERRITORY AND VALUATION

This Policy shall extend to any **Wrongful Act** committed or any **Workplace Violence Act** occurring anywhere in the world.

All premiums, limits, retentions, **Loss** and other amounts under this Policy are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or another element of **Loss** under this Policy is stated in a currency other than United States of America dollars, payment under this Policy shall be made in United States dollars at the rate of exchange published in The Wall Street Journal on the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of **Loss** is due, respectively.

XVIII. ALLOCATION

If both **Loss** covered by this Policy and **Loss** not covered by this Policy are incurred either because a **Claim** includes both covered and uncovered matters, or because a **Claim** is made against both the **Individual Insured** and/or the **Organization**, and others, the **Insured** and the **Underwriter** shall use their best efforts to agree upon a fair and proper allocation of such amount between covered **Loss** and uncovered **Loss**. Any such allocation shall be based upon the relative legal exposures of the parties to covered and uncovered matters.

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

________________________  ________________________
President                Secretary