

IMPORTANT NOTICE:

- 1. The insurance policy that you have purchased is being issued by an insurer that is not licensed by the State of California. These companies are called “nonadmitted” or “surplus line” insurers.**
- 2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.**
- 3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.**
- 4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or “surplus line” broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC’s internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.**
- 5. Foreign insurers should be licensed by a state in the United States and you may contact that state’s department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.**
- 6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on**

the NAIC's International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or "surplus line" broker to obtain more information about that insurer.

7. California maintains a "List of Approved Surplus Line Insurers (LASLI)." Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance: www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.

8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker's fee charged for this insurance will be returned to you.



Lexington Insurance Company

(the "Insurer")
A capital stock company

THIS INSURER IS NOT LICENSED IN THE STATE OF NEW YORK
AND IS NOT SUBJECT TO ITS SUPERVISION.

POLICY NUMBER: 033085880

REPLACEMENT OF POLICY NUMBER: 033085880

DECLARATIONS

NOTICE

CERTAIN COVERAGE SECTIONS OF THIS POLICY ARE LIMITED TO LIABILITY FOR CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER AS REQUIRED BY THE TERMS OF THE POLICY. COVERED DEFENSE COSTS SHALL REDUCE THE APPLICABLE LIMITS OF LIABILITY AND SUBLIMITS OF LIABILITY AND ARE SUBJECT TO APPLICABLE RETENTIONS. THE INSURER DOES NOT ASSUME ANY DUTY TO DEFEND UNLESS SUCH COVERAGE IS EXPRESSLY PROVIDED WITHIN A COVERAGE SECTION.

PLEASE READ THIS POLICY CAREFULLY AND REVIEW IT WITH YOUR INSURANCE AGENT OR BROKER.

ITEMS

1.	NAMED ENTITY:	Named Entity: United Church Insurance Association and affiliated entities and organizations of the United Church of Christ, the Christian Church (Disciples of Christ), the Presbyterian Church (USA), the Alliance of Baptists, the Evangelical Lutheran Church in America and the Reformed Church in America that participate in the insurance program of the United Church Insurance Association (also dba: The Insurance Board) as listed on individual memorandums of insurance as on file with the United Church Insurance Association			
		Named Entity Address:		c/o United Church Insurance Association 700 Prospect Avenue East, 8 th Floor Cleveland, OH 44115-1100	
		State of Formation:		OH	
2.	POLICY PERIOD:	Inception Date:	01/01/2022	Expiration Date:	01/01/2023
		12:01 A.M. at the address stated in Item 1			
3.	PREMIUM:				
4.	INSURER: Lexington Insurance Company				



	(a)	Insurer Address:	99 High Street Boston, MA 02110 This Policy is issued only by the insurance company indicated above.
	(b)	Claims Address:	AIG Property Casualty Financial Lines Claims, P.O. Box 25947 Shawnee Mission, KS 66225
	(c)	By E-Mail:	c-claim@aig.com Reference the Policy Number and any applicable Coverage Section.
5.	POLICY AGGREGATE:		\$2,000,000 (per participant) \$3,714,500 (overall program aggregate)



6. COVERAGESUMMARY

Non-Profit Directors & Officers Liability				
Limit of Liability:	Separate Limit of Liability:	Not applicable	Shared Limit of Liability:	\$500,000
	Shared Limit of Liability, if any, is shared with: EPL			
	Excess Limit for Executives:			Not applicable
Retention:				\$0
RetroactiveDate:	Outside Entity Executive Coverage: Date on which the Executive first served as an Outside Entity Executive for such Outside Entity or the date shown as the “Retroactive Date” on the individual Participant’s Memorandum of Insurance for Directors & Officers Liability Coverage, whichever is later.			
	All other Non-Profit D&O Coverage:			01/01/1993 or the date shown as the “Retroactive Date” on the individual Participant’s Memorandum of Insurance for Directors & Officers Liability Coverage.
Coverage Section Premium:				See Item 3. Premium Amended (Declarations) endorsement

Employment Edge® Employment Practices Liability				
Limit of Liability:	Separate Limit of Liability:	Not applicable	Shared Limit of Liability:	\$500,000
	Shared Limit of Liability , if any, is shared with: non-profit D&O			
Retention:	(i) Class Action Retention:			\$0
	(ii) Third Party Retention:			\$0
	(iii) All other Loss to which a Retention applies:			\$0
Retroactive Date:	Outside Entity Executive Coverage: Date on which the Executive first served as an Outside Entity Executive for such Outside Entity or the date shown as the "Retroactive Date" on the individual Participant's Memorandum of Insurance for Directors & Officers Liability Coverage, whichever is later.			
	All other EPL Coverage:			01/01/1993 or the date shown as the "Retroactive Date" on the individual Participant's Memorandum of Insurance for Directors & Officers Liability Coverage.

Coverage Section Premium:	See Item 3. Premium Amended (Declarations) endorsement
---------------------------	--

7. **PASSPORT:** This policy does not serve as a master Passport policy.

Each of the following **Coverage Sections** shall serve as a master Passport policy solely with respect to the coverage provided thereunder:



[Variable]

8. **TRIA PREMIUM, TAXES AND SURCHARGES:** (a) *TRIA Premium:*

"TRIA Premium" means the premium for Certified Acts of Terrorism Coverage under Terrorism Risk Insurance Act 2002. The TRIA Premium amount indicated above is included in premium in Item 3. A copy of the TRIA disclosure sent with the original quote is attached hereto.

PRODUCER: Marsh & McLennan Agency, LLC
ADDRESS: 4900 Libbie Mill East Boulevard
Suite 100
Richmond, VA 23230

IN WITNESS WHEREOF, the **Insurer** has caused this policy to be signed on the Declarations by its President, a Secretary and its duly authorized representative.

PRESIDENT

SECRETARY

AUTHORIZED REPRESENTATIVE



GENERAL TERMS AND CONDITIONS ("General Terms and Conditions")

In consideration of the payment of the premium, and each of their respective rights and obligations in this policy, the **Insureds** and the **Insurer** agree as follows:

1. TERMS AND CONDITIONS

These **General Terms and Conditions** shall apply to all **Coverage Sections**, unless any **Coverage Section** states specifically that all or part of these **General Terms and Conditions** shall not apply to such **Coverage Section**. The definitions, terms, conditions and limitations set forth in each **Coverage Section** shall apply only to that particular **Coverage Section**.

2. RETENTION

The **Insurer** shall be liable only for the amount of **Loss** arising from each **Claim** or group of **Related Claims** that exceeds the Retention amount stated in Item 6 of the Declarations as applicable to the **Coverage Section** affording coverage to such **Claim** or group of **Related Claims**. Amounts within such Retention shall remain uninsured.

A single Retention amount shall apply to each **Claim** or group of **Related Claims**. If a **Claim** or a group of **Related Claims** triggers more than one **Coverage Section** all of which are subject to a **Shared Limit of Liability**, the highest applicable Retention amount shall apply to such **Claim** or group of **Related Claims**.

If a **Claim** or a group of **Related Claims** triggers more than one **Coverage Section** at least one of which is subject to a **Separate Limit of Liability**, the Retention applicable to **Loss** in connection with such **Claim** or group of **Related Claims** under any such **Coverage Section** subject to a **Separate Limit of Liability** shall apply separately to such **Loss**, and the applicable Retention for such **Coverage Section** shall not be satisfied by payments of **Loss** made towards the Retention required under any other **Coverage Section**.

3. LIMITS OF LIABILITY

The **Policy Aggregate** is the **Insurer's** maximum liability for all **Loss** under all **Coverage Sections** combined. Under no circumstances shall the **Insurer** be responsible to pay any **Loss** in excess of the **Policy Aggregate**. The term "**Limits of Liability**" refers to the several types of limits provided under this policy, including the **Policy Aggregate**, any **Separate Limits of Liability**, any **Shared Limits of Liability**, and any sublimits of liability set forth in any applicable **Coverage Sections**.

If **Separate Limits of Liability** are stated in Item 6 of the Declarations, then each such **Separate Limit of Liability** shall be the maximum limit of the **Insurer's** liability for all **Loss** arising out of all **Claims** first made against the **Insureds** during the **Policy Period** or the **Discovery Period** (if applicable) with

respect to the applicable **Coverage Section** as stated on the Declarations. Each **Separate Limit of Liability** shall be part of, and not in addition to, the **Policy Aggregate** for all **Loss** under this policy and shall in no way serve to increase the **Policy Aggregate** as therein stated.

If **Shared Limits of Liability** are stated in Item 6 of the Declarations, then each such **Shared Limit of Liability** shall be the maximum limit of the **Insurer's** liability for all **Loss** arising out of all **Claims** first made against the **Insureds** during the **Policy Period** or the **Discovery Period** (if applicable) with respect to all **Coverage Sections** for which such **Shared Limit of Liability** is applicable, as indicated on the Declarations. In the event that the amount stated as a **Shared Limit of Liability** in Item 6 of the Declarations for a **Coverage Section** is less than the amount(s) stated for the other **Coverage Section(s)** with which it shares such **Shared Limit of Liability**, such lesser amount stated in Item 6 shall serve as the limit of liability for all **Loss** in the aggregate under such **Coverage Section**, subject to reduction through any prior payments of **Loss** under such **Shared Limit of Liability**. Each **Shared Limit of Liability** shall be part of, and not in addition to, the **Policy Aggregate** for all **Loss** under this policy and shall in no way serve to increase the **Policy Aggregate** as therein stated.

Each sublimit of liability set forth in any **Coverage Section** is the maximum limit of the **Insurer's** liability for all **Loss** in the aggregate under this policy that is subject to that sublimit of liability. All sublimits of liability shall be part of, and not in addition to, the **Policy Aggregate** and any applicable **Separate Limit of Liability** or **Shared Limit of Liability**.

All **Related Claims** that pursuant to the applicable *Notice and Reporting Clause* are considered made or received during the **Policy Period** or **Discovery Period** (if applicable), shall also be subject to the applicable **Limits of Liability** set forth in this policy. Each of the **Limits of Liability** for the **Discovery Period** (if applicable) shall be part of, and not in addition to, each of the corresponding **Limits of Liability** for the **Policy Period**.

Defense Costs are not payable by the **Insurer** in addition to the **Limits of Liability**. **Defense Costs** are part of **Loss** and as such are subject to the **Limits of Liability** for **Loss**.

4. DISCOVERY

Except as indicated below, if the **Named Entity** shall cancel or the **Named Entity** or the **Insurer** shall refuse to renew this policy, the **Named Entity** shall have the right to a period of up to six (6) years following the effective date of such cancellation or nonrenewal ("**Discovery Period**"), upon payment of an **Additional Premium Amount** described in each **Coverage Section**, in which to give written notice to the **Insurer** of: (i) **Claims** first made against an **Insured**; (ii) if provided by a purchased **Coverage Section**, **Pre-Claim Inquiries** first received by an **Insured Person**; and (iii) circumstances of which an **Organization** or an **Insured** shall become aware, in any such case, during the **Discovery Period** and solely with respect to any covered acts, errors, omissions, failures or violations (including but not limited to **Wrongful Acts**, **Privacy Events** and **Security Failures**) occurring prior to the end of the **Policy Period** and otherwise covered by this policy.

In the event of a **Transaction**, the **Named Entity** shall have the right to request an offer from the **Insurer** of a **Discovery Period** with respect to covered acts, errors, omissions, failures or violations (including but not limited to **Wrongful Acts**, **Privacy Events** and **Security Failures**) occurring prior to the effective time of the **Transaction** and otherwise covered by this policy. The **Insurer** shall offer such **Discovery Period** pursuant to such terms, conditions, exclusions and additional premium as the **Insurer** may reasonably decide. In the event of a **Transaction**, the right to a **Discovery Period** shall not otherwise exist except as indicated in this paragraph.

If the **Named Entity** exercises its right to purchase a **Discovery Period**, that period incepts at the end of the **Policy Period** or, if purchased in the event of a **Transaction**, as of the effective time of such **Transaction**.

The right to purchase a **Discovery Period** shall terminate unless written notice of election, together with any additional premium due, is received by the **Insurer** no later than sixty (60) days after the effective date

of the cancellation, nonrenewal or **Transaction**.

Any **Discovery Period** is not cancelable and the additional premium charged is non-refundable in whole or in part. This *Discovery Clause* shall not apply to any cancellation resulting from non-payment of premium.

5. TRANSACTIONS

In the event of a **Transaction**, this policy shall continue in full force and effect only as to those covered acts, errors, omissions, failures or violations (including but not limited to **Wrongful Acts, Privacy Events** and **Security Failures**) occurring prior to the effective time of the **Transaction** and otherwise covered by this policy, and no portion of the premium paid for this policy shall be refundable. The **Named Entity** shall also have the right to an offer by the **Insurer** of a **Discovery Period** described in Clause 4 above.

This policy may not be canceled after the effective time of the **Transaction**.

Notwithstanding the foregoing, this policy may continue in full force and effect as to those covered acts, errors, omissions, failures or violations (including but not limited to **Wrongful Acts, Privacy Events** and **Security Failures**) occurring subsequent to the effective time of the **Transaction** and otherwise covered by this policy, if:

- (a) within thirty (30) days subsequent to the effective time of such **Transaction** the **Insurer** has been provided with full particulars of the **Transaction**, the related entity(ies) and any other information requested by the **Insurer**; and
- (b) the **Insurer** waives the restrictions set forth above with respect to such **Transaction** by written endorsement to this policy and the **Named Entity** or its successor has paid any additional premium and accepted any amendments to this policy required by the **Insurer**.

6. EXTENSIONS

(a) *Worldwide Territory*

The coverage afforded by this policy shall apply anywhere in the world.

(b) *Passport*

If a **Coverage Section** is listed in Item 7 of the Declarations, then such **Coverage Section** and the applicable provisions of these **General Terms and Conditions** shall act as a master policy solely with respect to the coverage provided by such **Coverage Section**. The coverage afforded by such **Coverage Section** shall be provided in conjunction with the Passport foreign underlier policy issued in each jurisdiction selected by the **Named Entity**. The specific structure of the coverage provided by such **Coverage Section** in conjunction with each Passport foreign underlier policy is set forth in the Passport Structure Appendix for such Coverage Section that is attached to this policy.

(c) *Spousal, Domestic Partner and Legal Representative Extension*

If a **Claim** against an **Insured Person** includes a **Claim** against: (1) the lawful spouse or legally recognized domestic partner of such **Insured Person**; or (2) a property interest of such spouse or domestic partner; and in either such case, such **Claim** arises from any actual or alleged **Wrongful Acts** of such **Insured Person**, this policy shall pay covered **Loss** arising from the **Claim** made against such spouse or domestic partner or the property of such spouse or domestic partner to the extent that such **Loss** does not arise from a **Claim** for any actual or alleged act, error or omission of such spouse or domestic partner. This policy shall pay covered **Loss** arising from a **Claim** made against the estates, heirs, or legal representatives of any deceased **Insured Person**, and the legal representatives of any **Insured Person** in the event of incompetence, insolvency or bankruptcy, who was an **Insured Person** at the time the **Wrongful Acts** upon which such **Claim** is based were alleged to have been committed.

7. CANCELLATION

- (a) *By Named Entity*: This policy may be canceled by the **Named Entity** at any time only by mailing written prior notice to the **Insurer** or by surrender of this policy to the **Insurer's** authorized agent or to the **Insurer**.
- (b) *By the Insurer*: This policy may be canceled by the **Insurer** only in the event of non-payment of premium by delivering to the **Named Entity** by registered, certified or other first class mail, at the **Named Entity Address**, written notice stating when, not less than fifteen (15) days, the cancellation shall be effective. Proof of mailing or delivery of such notice as aforesaid shall be sufficient proof of notice and this policy shall be deemed canceled as to all **Insureds** at the date and hour specified in such notice.
- (c) *Return of Premium*: If this policy shall be canceled, the **Insurer** shall retain the pro rata proportion of the premium hereon.

8. RECOVERY OF LIMITS

In the event the **Insurer** recovers amounts it paid under this policy, the **Insurer** shall reinstate the **Limits of Liability** of this policy to the extent of such recovery, less its costs incurred in administering and obtaining such recovery. The **Insurer** assumes no duty to seek a recovery of any amounts paid under this policy.

9. NOTICE AND AUTHORITY

Except for the giving of a notice of **Claim**, which shall be governed by the *Notice and Reporting Clause* of the applicable **Coverage Section**, all notices required under this policy to be given by an **Insured** to the **Insurer** shall be given in writing to the **Insurer** at the **Insurer Address**. It is agreed that the **Named Entity** shall act on behalf of all **Insureds** with respect to the giving of notice of a **Claim**, **Pre-Claim Inquiry**, **Crisis** or circumstances, the giving and receiving of notice of conditional renewal, premium increase, nonrenewal and cancellation, the payment of premiums and the receiving of any return premiums that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy, the exercising or declining of the right to tender the defense of a **Claim**, **Crisis** or circumstance to the **Insurer**, and the exercising or declining to exercise any right to a **Discovery Period**.

10. ASSIGNMENT

This policy and any and all rights hereunder are not assignable without the prior written consent of the **Insurer**.

11. ACTION AGAINST INSURER

Except as provided in any *Alternative Dispute Resolution Clause* of a **Coverage Section**, no action shall lie against the **Insurer** unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, nor until the amount of an **Insured's** obligation to pay shall have been finally determined either by judgment against such **Insured** after actual trial or by written agreement of such **Insured**, the claimant and the **Insurer**.

Any **Insured** or the legal representative thereof who has secured such judgment or written agreement shall be entitled thereafter to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the **Insurer** as a party to any action against an **Insured** or the **Named Entity** to determine an **Insured's** liability, nor shall the **Insurer** be impleaded by any **Insured** or by any spouse, domestic partner or legal representative thereof.

12. BANKRUPTCY

Bankruptcy or insolvency of any **Insured** or of their estates shall not relieve the **Insurer** of any of its obligations under this policy.

In such event, the **Insurer** and each **Insured** agree to cooperate in any efforts by the **Insurer** or any **Insured** to obtain relief for the benefit of the **Insured Persons** from any stay or injunction applicable to the distribution of the policy proceeds.

13. CONFORMANCE TO LAW

In the event that there is an inconsistency between: (i) any period of limitation in this policy relating to the giving of notice of cancellation or discovery/extended reporting election, and (ii) the minimum or maximum period required by applicable law, where such law allows, the **Insurer** will resolve the inconsistency by applying the notice period that is more favorable to the **Insureds**. Otherwise, the notice period is hereby amended to the extent necessary to conform to applicable law.

Coverage under this policy shall not be provided to the extent prohibited by any law.

14. CURRENCY

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 other elements of **Loss** are stated or incurred in a currency other than United States of America dollars, payment of covered **Loss** due under this policy (subject to the terms, conditions and limitations of this policy) will be made either in such other currency (at the option of the **Insurer** and if agreeable to the **Named Entity**) or, in United States of America dollars, at the rate of exchange published in The Wall Street Journal on the date the **Insurer's** obligation to pay such **Loss** is established (or if not published on such date the next publication date of The Wall Street Journal).

15. ADJUSTABLE PREMIUM AND ADJUSTABLE OVERALL PROGRAM AGGREGATE LIMIT ENDORSEMENT

Within thirty (30) days after the **End of the Policy Period**, the **Named Entity** shall report to us the name of each new **Participant** added to the **Program** and the date that such **Participant** was added to the **Program** for the purposes of calculating the additional premium and adjusting the **Overall Program Aggregate Limit**.

The additional premium shall be equal to _____ per **Participant** pro-rated from the date that such **Participant** was added to the **Program** to the end of the policy period.

The **Overall Program Aggregate Limit** will be increased by the product of _____ multiplied by the number of new **Participants** reported as of the end of the policy period. The additional amount will be added to the **Overall Program Aggregate Limit** as of the day after **the end of the policy period** in which the new **Participants** were reported. With respect to the end of year calculation, the adjusted **Overall Program Aggregate Limit** will apply on the inception date of the renewal policy, if purchased.

16. HEADINGS

The descriptions in the headings of this policy are solely for convenience, and form no part of the terms and conditions of coverage.

17. DEFINITIONS

(a) *Terms Appearing in **Bold** in Each Coverage Section*

Terms appearing in **bold** in a **Coverage Section** shall have the meaning and/or value ascribed to them in the *Definitions Clause* of that **Coverage Section**. If a term appearing in **bold** in a **Coverage Section** is not defined in the *Definitions Clause* of that **Coverage Section**, then the meaning and/or value ascribed to such term in the Declarations or below in Clause 16(c) *Definitions of General Applicability* shall apply for purposes of coverage provided under that particular **Coverage Section**.

Certain terms, including without limitation the following, appear in **bold** and are defined in more than one **Coverage Section**: (1) **Claim**; (2) **Crisis**; (3) **Defense Costs**; (4) **Insured**; (5) **Insured Person**; (6) **Loss**; (7) **Pre-Claim Inquiry**; (8) **Privacy Event**; (9) **Related Claim**; (10) **Security Failure**; (11) **Wrongful Act**. Each of these terms shall have the meaning ascribed to the term in a **Coverage Section** in which the term appears, but that meaning shall apply solely for purposes of coverage provided under that particular **Coverage Section**.

(b) *Terms Appearing in **Bold** in These General Terms and Conditions*

Terms appearing in **bold** in these **General Terms and Conditions** and not defined below in Clause 16(c) *Definitions of General Applicability* shall have the meaning and/or value ascribed to them in the Declarations or in a particular **Coverage Section** for purposes of coverage provided under that particular **Coverage Section**.

(c) *Definitions of General Applicability*

Continuity Date	means the date set forth in Item 6 of the Declarations with respect to each Coverage Section .
Coverage Section	means each Coverage Section that is purchased by the Named Entity as reflected in Item 6 of the Declarations.
E-Consultant Firm	means a pre-approved e-discovery consulting firm. A list of pre-approved E- Consultant Firms is accessible through the online directory at http://www.aig.com/us/panelcounseldirectory under the “e-Consultant Panel Members” link.
E-Discovery	Means the development, collection, storage, organization, cataloging, preservation and/or production of electronically stored information.
E-Discovery Consultant Services	<p>means solely the following services performed by an E-Consultant Firm:</p> <ol style="list-style-type: none">(1) assisting the Insured with managing and minimizing the internal and external costs associated with E-Discovery;(2) assisting the Insured in developing or formulating an E-Discovery strategy which shall include interviewing qualified and cost effective E-Discovery vendors;(3) serving as project manager, advisor and/or consultant to the Insured, defense counsel and the Insurer in executing and monitoring the E-Discovery strategy; and(4) such other services provided by the E-Discovery Consultant Firm that the Insured, Insurer and E-Discovery Consultant Firm agree are reasonable and necessary given the circumstances of the Claim.
Enforcement Body	means: (1) any federal, state, local or foreign law enforcement authority or other governmental investigative authority (including, but not limited to, the U.S. Department of Justice, the U.S. Securities and Exchange Commission and any attorney general), or (2) the enforcement unit of any securities or commodities exchange or other self-regulatory organization.
Foreign Jurisdiction	means any jurisdiction, other than the United States of America or any of its territories or possessions.
Organization	means each Participant in the Program , distinct and separate from every other Participant in the Program . Each Participant Organization includes its Subsidiaries .
Participant	means churches and affiliated entities and organizations participating in the United Church Insurance Association's insurance program as listed on the individual Memorandum of Insurance. If multiple entities are listed on a single

Memorandum of Insurance, all those entities together are to be considered as one **Participant**.

Policy Period means the period of time from the **Inception Date** to the earlier of the **Expiration Date** or the effective date of cancellation of this policy. The **Policy Period** incepts and expires as of 12:01 A.M. on such dates at the **Named Entity Address**.

Program means the United Church Insurance Association's Insurance Program.

Retroactive Date means the date set forth in Item 6 of the Declarations as such for each **Coverage Section**.

Separate Limit of Liability means the applicable **Separate Limit of Liability**, if any, stated in Item 6 of the Declarations.

Shared Limit of Liability means the applicable **Shared Limit of Liability**, if any, stated in Item 6 of the Declarations, which limit of liability shall be shared between all of the **Coverage Sections** which are listed as being subject to such **Shared Limit of Liability** in the Declarations.

Transaction means:

- (1) the **Named Entity** consolidating with or merging into another entity such that the **Named Entity** is not the surviving entity, or selling all or substantially all of its assets to any other person or entity or group of persons or entities acting in concert;
- (2) any person or entity or group of persons or entities acting in concert acquiring **Management Control** of the **Named Entity**; or
- (3) any additional meaning ascribed to the term **Transaction** in any **Coverage Section**, but such additional meaning shall apply solely to the coverage provided by such **Coverage Section**.

[The balance of this page is intentionally left blank.]



NON-PROFIT DIRECTORS & OFFICERS LIABILITY

("Non-Profit D&O Coverage Section")

Notice: Pursuant to Clause 1 of the **General Terms and Conditions**, the **General Terms and Conditions** are incorporated by reference into, made a part of, and are expressly applicable to this **Non-Profit D&O Coverage Section**, unless otherwise explicitly stated to the contrary in this **Non-Profit D&O Coverage Section**.

In consideration of the payment of the premium, and each of their respective rights and obligations in this policy, the **Insureds** and the **Insurer** agree as follows:

1. INSURING AGREEMENTS

All coverage granted for **Loss** under this **Coverage Section** is provided solely with respect to **Claims** first made against an **Insured** during the **Policy Period** or any applicable **Discovery Period** and reported to the **Insurer** as required by this **Coverage Section**. Subject to the foregoing and the other terms, conditions and limitations of this policy, this **Coverage Section** affords the following coverage:

A. *Insured Person Coverage*

This policy shall pay the **Loss** of any **Insured Person** that no **Organization** has indemnified or paid, and that arises from any **Claim** made against such **Insured Person** (including any **Outside Entity Executive**) for any **Wrongful Act** of such **Insured Person**.

B. *Indemnification Of Insured Person Coverage*

This policy shall pay the **Loss** of an **Organization** that arises from any **Claim** made against any **Insured Person** (including any **Outside Entity Executive**) for any **Wrongful Act** of such **Insured Person**, but only to the extent that such **Organization** has indemnified such **Loss** of, or paid such **Loss** on behalf of, the **Insured Person**.

C. *Organization Coverage*

This policy shall pay the **Loss** of any **Organization** that arises from any **Claim** made against such **Organization** for any **Wrongful Act** of such **Organization**.

2. EXTENSIONS

A. *Executive Protection Suite*

Loss shall also mean the following items, provided that they arise out of a **Claim**:

- (1) **Extradition Costs**;
- (2) **UK Corporate Manslaughter Act Defense Costs**;
- (3) **Personal Reputation Expenses**, subject to a \$100,000 per **Executive** and a \$500,000 aggregate sublimit of liability; and

(4) **Asset Protection Costs**, subject to a \$50,000 per **Executive** and a \$250,000 aggregate sublimit of liability.

B. First Dollar E-Discovery Consultant Services

For any **Claim**, no Retention shall apply to the first \$25,000 in **Defense Costs** incurred as **E- Discovery Consultant Services**.

C. Excess Limit of Liability for Executives

If an **Excess Limit for Executives** is set forth in the Declarations for this **Coverage Section**, then solely with respect to Insuring Agreement A. *Insured Person Coverage*, **Executives** shall also have access to the **Excess Limit for Executives**, as more fully described in Clause 6. LIMITS OF LIABILITY of this **Coverage Section**.

D. Global Liberalization

For **Loss** from that portion of any **Claim** maintained in a **Foreign Jurisdiction** or to which the law of a **Foreign Jurisdiction** is applied, the **Insurer** shall apply the terms and conditions of this **Coverage Section** as amended to include those of the **Foreign Policy** in the **Foreign Jurisdiction** that are more favorable to **Insureds** in the **Foreign Jurisdiction**. This *Global Liberalization Clause* shall not apply to any provision of any policy that has worldwide effect, including but not limited to any provision addressing limits of liability (primary, excess or sublimits), retentions, other insurance, non-renewal, duty to defend, defense within or outside limits, taxes, conformance to law or excess liability coverage, any claims made provisions, and any endorsement to this policy that excludes or limits coverage for specific events or litigation or that specifically states that it will have worldwide effect.

3. INDEMNIFICATION PROTECTIONS

A. Advancement

If for any reason (including but not limited to insolvency) an **Organization** fails or refuses to advance, pay or indemnify covered **Loss** of an **Insured Person** within the applicable Retention, if any, then the **Insurer** shall advance such amounts on behalf of the **Insured Person** until either

(i) an **Organization** has agreed to make such payments, or (ii) the Retention has been satisfied. In no event shall any such advancement by the **Insurer** relieve any **Organization** of any duty it may have to provide advancement, payment or indemnification to any **Insured Person**.

Advancement, payment or indemnification of an **Insured Person** by an **Organization** is deemed "failed" if it has been requested by an **Insured Person** in writing and has not been provided by, agreed to be provided by or acknowledged as an obligation by an **Organization** within sixty

(60) days of such request; and advancement, payment or indemnification by an **Organization** is deemed "refused" if an **Organization** gives a written notice of the refusal to the **Insured Person**. Advancement, payment or indemnification of an **Insured Person** by an **Organization** shall only be deemed "failed" or "refused" to the extent such advancement, payment or indemnification is not provided, or agreed to be provided, or acknowledged by and collectible from an **Organization**. Any payment or advancement by the **Insurer** within an applicable Retention shall apply towards the exhaustion of the **Limits of Liability**.

B. Order Of Payments

In the event of **Loss** arising from a covered **Claim(s)** for which payment is due under the provisions of this **Coverage Section**, the **Insurer** shall in all events:

- (1) First, pay all **Loss** covered under Insuring Agreement A. *Insured Person Coverage*;
- (2) Second, only after payment of **Loss** has been made pursuant to subparagraph (1) above and to the extent that any amount of the applicable **Separate Limit of Liability** or **Shared Limit of Liability** shall remain available, at the written request of the chief executive officer of the **Named Entity**, either pay or withhold payment of **Loss** covered under Insuring Agreement B. *Indemnification Of Insured Person Coverage*; and
- (3) Lastly, only after payment of **Loss** has been made pursuant to subparagraphs (1) and (2) above and to the extent that any amount of the applicable **Separate Limit of Liability** or **Shared Limit of Liability** shall remain available, at the written request of the chief executive officer of the **Named Entity**, either pay or withhold payment of **Loss** covered under Insuring Agreement C. *Organization Coverage*.

In the event the **Insurer** withholds payment pursuant to subparagraphs (2) and/or (3) above, then the **Insurer** shall, at such time and in such manner as shall be set forth in instructions of the chief executive officer of the **Named Entity**, remit such payment to an **Organization** or directly to or on behalf of an **Insured Person**.

4. EXCLUSIONS

A. *Full Severability Of Exclusions For Insured Persons*

In determining whether any of the following Exclusions apply, the **Wrongful Acts** of any **Insured Person** shall not be imputed to any other **Insured**. For Insuring Agreement C. *Organization Coverage*, only the **Wrongful Acts** of any chief executive officer or chief financial officer (or equivalent position) of an **Organization** shall be imputed to such **Organization**.

B. *Exclusions*

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

- (1) *Conduct* arising out of, based upon or attributable to any:
 - (a) profit or other advantage to which the **Insured** was not legally entitled; or
 - (b) deliberate criminal or deliberate fraudulent act by the **Insured**;
 if established by any final, non-appealable adjudication in any underlying action; provided, however, with respect to Conduct Exclusion (b), for acts or omissions which are treated as a criminal violation in a **Foreign Jurisdiction** that are not treated as a criminal violation in the United States of America, the imposition of a criminal fine or other criminal sanction in such **Foreign Jurisdiction** will not, by itself, be conclusive proof that a deliberate criminal or deliberate fraudulent act occurred;
- (2) *Prior Notice* alleging, arising out of, based upon or attributable to the facts alleged, or to the same or related **Wrongful Acts** alleged or contained in any **Claim** that has been reported and accepted, or in any circumstances of which notice has been given and accepted, under any directors and officers liability insurance policy in force prior to the **Inception Date** of this policy;
- (3) *Pending & Prior Litigation* alleging, arising out of, based upon or attributable to, , as of the inception date of the earliest policy of which this is a continuous renewal in the Program, any pending or prior: (a) litigation; or (b) administrative or regulatory proceeding or investigation;

or alleging or derived from the same or essentially the same facts as alleged in such pending or prior litigation or administrative or regulatory proceeding or investigation;

- (4) *Prior Knowledge* alleging, arising out of, based upon or attributable to, as of the inception date of the earliest policy of which this is a continuous renewal in the Program, any matter of which your executive officers, directors, clergy, trustees, elders, deacons, vestry members, council members, risk manager, claims manager, or human resource personnel had knowledge of that could reasonably give rise to a claim.
- (5) *Bodily Injury & Property Damage* for bodily injury (other than emotional distress or mental anguish), sickness, disease, or death of any person, or damage to or destruction of any tangible property, including the loss of use thereof; provided, however, this exclusion shall not apply to **UK Corporate Manslaughter Act Defense Costs**;
- (6) *Entity v. Insured* that is brought by or on behalf of any **Organization** against any **Insured**, or by any **Outside Entity** against any **Outside Entity Executive**; provided, however, this exclusion shall not apply:
- (a) to any **Defense Costs** which constitute **Non-Indemnifiable Loss** incurred by an **Insured Person** in defending any **Claim** against that **Insured Person**;
 - (b) to any **Claim** that is a derivative **Claim** made on behalf of the **Organization** or **Outside Entity** by a member, an attorney general or any other such representative party, if such action is brought and maintained independently of and without the solicitation of or assistance of, or active participation of or intervention of any **Organization**, **Outside Entity** or any **Executive** of the foregoing; or
 - (c) if the **Organization** or **Outside Entity** is the subject of a bankruptcy case (or the equivalent in a **Foreign Jurisdiction**), unless the **Claim** is brought, controlled or materially assisted by any **Organization** or **Outside Entity**, the resulting debtor-in-possession (or foreign equivalent) of the debtor **Organization** or **Outside Entity** or any **Executive** of the foregoing;
- (7) *ERISA* for any violation of responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974 (ERISA), as amended, or any similar provisions of any state, local or foreign statutory or common law;

- (8) *Compensation & Labor Liability*
- (a) for any violation of responsibilities, obligations or duties imposed by the Fair Labor Standards Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification (WARN) Act, the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Occupational Safety and Health Act (OSHA), any rules or regulations of the foregoing promulgated thereunder, and amendments thereto or any similar federal, state, local or foreign law or amendment to a law; or
 - (b) alleging, arising out of, based upon or attributable to any of the circumstances described in any of the following:
 - (i) the refusal, failure or inability of any **Insured** to pay wages or overtime pay (or amounts representing such wages or overtime pay) for services rendered or time spent in connection with work related activities (as opposed to tort-based back pay or front pay damages for torts other than conversion);

- (ii) improper deductions from pay taken by any **Insured** from any **Employee** or purported **Employee**; or
 - (iii) failure to provide or enforce legally required meal or rest break periods;
- (9) *Securities Exclusion* alleging, arising out of, or in any way relating to any purchase or sale of securities by the **Named Entity**, **Subsidiary** or **Affiliate** or **Claims** brought by securities holders of the **Organization** in their capacity as such; provided, however, this exclusion shall not apply to the issuance by the **Organization** of tax exempt bond debt or **Claims** brought by tax exempt bond debt holders;
- (10) *Pollution* for: (a) any actual, alleged or threatened discharge, dispersal, release or escape of **Pollutants**; or (b) any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**; provided, however, this exclusion shall not apply to **Non- Indemnifiable Loss**, other than **Non-Indemnifiable Loss** constituting **Cleanup Costs**;
- (11) *Captive Insurance Entity* alleging, arising out of, based upon or attributable to the ownership, management, maintenance or control by the **Organization** of any captive insurance company or entity, including, but not limited, to any **Claim** alleging the insolvency or bankruptcy of the **Named Entity** as a result of such ownership, operation, management or control;
- (12) *Employment Practices & Third Party Violations* alleging, arising out of, based upon, or attributable to the (a) employment of any individual or any employment practice, including, but not limited to, wrongful dismissal, discharge or termination, discrimination, harassment, retaliation or other employment-related claim; or (b) the harassment or unlawful discrimination, or the violation of the civil rights of a person relating to such harassment or discrimination; in all cases, whether alleged to be committed against an **Insured Person** or anyone other than an **Insured Person** or applicant for employment with an **Organization** or an **Outside Entity**, including any students, patients, members, customers, vendors and suppliers;

(13) *Commission,
Gratuities,
Benefits*

alleging, arising out of, based upon, or attributable to:

- (a) payments, commissions, gratuities, benefits or any other favors to or for the benefit of any full or part-time domestic or foreign governmental or armed services officials, agents, representatives, employees or any members of their family or any entity with which they are affiliated;
- (b) payments, commissions, gratuities, benefits or any other favors to or for the benefit of any full or part-time officials, directors, agents, partners, representatives, members, principal shareholders, owners or employees, or affiliates (as that term is defined in the Securities Exchange Act of 1934, including any of their officers, directors, agents, owners, partners, representatives, principal shareholders or employees) of any customers of the **Organization** or any members of their family or any entity with which they are affiliated; or
- (c) political contributions, whether domestic or foreign; or

(14) *Entity Only
Exclusions*

with respect to Coverage C only:

- (a) alleging, arising out of, based upon or attributable to any actual or alleged contractual liability of the **Organization** or any other **Insured** under any express contract or agreement; provided, however, this exclusion shall not apply to liability which would have attached in the absence of such express contract or agreement; or
- (b) alleging, arising out of, based upon or attributable to or any actual or alleged infringement of any patent.

(15) *Church
Exclusion*

for any actual or alleged **Wrongful Act** or **Personal Wrongful Act** that results from or is related in any way to an actual or attempted disaffiliation, organizational split or schism involving one or more **Participants**.

This exclusion applies regardless of:

- (1) whether the disaffiliation, organizational split or schism is based on differences in religious philosophy, doctrine, organization operations, organization leadership or any other basis;
- (2) the nature of the damages claimed or relief sought;
- (3) when the **Wrongful Act** or **Personal Wrongful Act** occurred or when the **Claim** or suit is brought;
- (4) Whether the **Claim** or suit is based upon contract or tort.

- (16) *Sexual Molestation or Abuse Exclusion* alleging, arising out of, based upon or attributable to sexual molestation or abuse, including any alleged direct sexual activity and any allegation relating thereto that an **Insured** negligently employed, investigated, supervised or retained a person, or based on an alleged practice, custom or policy and including, without limitation, any allegation that the violation of a civil right caused or contributed to such **Claim**;
- (17) *Property Exclusion* arising out of, in connection with, based upon, or attributable to:
 (a) dispute over title to property;
 (b) dispute over ownership of property;
 (c) dispute over the sale or right to sell property;
- (18) *Failure to Maintain Insurance* alleging, arising out of, based upon or attributable to any failure or omission on the part of the **Insureds** or the **Organization** to effect or maintain adequate insurance;
- (19) *Retroactive Date* No coverage shall be afforded for a Wrongful Act that occurred prior to the Retroactive Date listed in the Declarations or as on file with the United Church Insurance Association.

5. RETENTION

In addition to the provisions of Clause 2. RETENTION of the **General Terms and Conditions**, in no event shall a Retention be applied to the following: (i) **Non-Indemnifiable Loss**; or (ii) the first \$25,000 in **Defense Costs** incurred as **E-Discovery Consultant Services**.

6. LIMITS OF LIABILITY

In addition to the provisions of Clause 3. LIMITS OF LIABILITY of the **General Terms and Conditions**, each per **Executive** sublimit of liability stated in this **Coverage Section** is the maximum limit of the **Insurer's** liability for all **Loss** of each **Executive** under this **Coverage Section** that is subject to that per **Executive** sublimit of liability. All sublimits of liability shall be part of, and not in addition to, the **Policy Aggregate** and any applicable **Separate Limit of Liability**, **Shared Limit of Liability** or **Excess Limit for Executives**. Each per **Executive** sublimit of liability shall be part of, and not in addition to, its corresponding aggregate sublimit of liability.

Notwithstanding anything to the contrary stated above or in Clause 3. LIMITS OF LIABILITY of the **General Terms and Conditions**, if an **Excess Limit for Executives** is set forth in the Declarations for this **Coverage Section**, a separate aggregate limit of liability shall be available to **Executives** for all **Non-Indemnifiable Loss** under Insuring Agreement A. Insured Person Coverage arising out of all **Claims** first made against any and all **Executives** during the **Policy Period** or the **Discovery Period** (if applicable). The **Excess Limit for Executives** shall not apply to any other **Coverage Section**, even if a **Shared Limit of Liability** applies to this **Coverage Section**. One **Excess Limit for Executives** shall apply for all **Executives**, no matter how many **Executives** or **Claims** are involved. The **Excess Limit for Executives** is excess of, and shall only apply after the payment in full of: (i) any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this **Coverage Section**; and (ii) any other valid and collectible insurance available to the **Executives**, including, without limitation, any insurance which is specifically written as excess over any other limits of liability. The **Excess Limit for Executives** shall continue in force as primary insurance only upon the exhaustion of the limits of liability described in (i) and (ii), above. The term "**Limits of Liability**" shall also refer to the **Excess Limit for Executives**.

7. NOTICE AND REPORTING

Notice hereunder shall be given in writing to the **Insurer** at the **Claims Address** indicated in the Declarations. If mailed or transmitted by electronic mail, the date of such mailing or transmission shall constitute the date that such notice was given and proof of mailing or transmission shall be sufficient proof of notice.

- (a) *Reporting a Claim* An **Organization** or an **Insured** shall, as a condition precedent to the obligations of the **Insurer** under this **Coverage Section** notify the **Insurer** in writing of a **Claim** made against an **Insured** as soon as practicable after the Claims Department of the United Church Insurance Association first becomes aware of the **Claim**. In all such events, notification must be provided no later than ninety (90) days after the end of the **Policy Period** or the **Discovery Period** (if applicable).
- (b) *Relation Back to the First Reported Claim* Solely for the purpose of establishing whether any subsequent **Related Claim** was first made during the **Policy Period** or **Discovery Period** (if applicable), if during any such period a **Claim** was first made and reported in accordance with Clause 7(a) above, then any **Related Claim** that is subsequently made against an **Insured** and that is reported in accordance with Clause 7(a) above shall be deemed to have been first made at the time that such previously reported **Claim** was first made.

With respect to any subsequent **Related Claim**, this policy shall not cover **Loss** incurred before such subsequent **Related Claim** is actually made against an **Insured**.
- (c) *Relation Back to Reported Circumstances Which May Give Rise to a Claim* If during the **Policy Period** or **Discovery Period** (if applicable) an **Organization** or an **Insured Person** becomes aware of and notifies the **Insurer** in writing of circumstances that may give rise to a **Claim** being made against an **Insured** and provides details as required below, then any **Claim** that is subsequently made against an **Insured** that arises from such circumstances and that is reported in accordance with Clause 7(a) above shall be deemed to have been first made at the time of the notification of circumstances for the purpose of establishing whether such subsequent **Claim** was first made during the **Policy Period** or during the **Discovery Period** (if applicable). Coverage for **Loss** arising from any such subsequent **Claim** shall only apply to **Loss** incurred after that subsequent **Claim** is actually made against an **Insured**. In order to be effective, notification of circumstances must specify the facts, circumstances, nature of the alleged **Wrongful Act** anticipated and reasons for anticipating such **Claim**, with full particulars as to dates, persons and entities involved; however, notification that includes a copy of an agreement to toll a statute of limitations shall be presumed sufficiently specific as to the potential **Claims** described within that agreement.

8. DISCOVERY PREMIUM

In the event the **Named Entity** or the **Insurer** shall cancel or refuse to renew this **Coverage Section**, the **Additional Premium Amount** for: (a) one year shall be no more than 75% of the

Full Annual Premium; and (b) two years shall be no more than 100% of the **Full Annual Premium** for each **Participant**; and (c) three years shall be no more than 125% of the **Full Annual Premium** each **Participant**.

As used herein, "**Full Annual Premium**" means the premium level in effect for this **Coverage Section** immediately prior to the end of the **Policy Period**.

In the event of a **Transaction**, the **Additional Premium Amount** shall be an amount to be determined by the **Insurer**.

9. DEFENSE AND SETTLEMENT

A. For Claims

- | | |
|---|---|
| (1) <i>No Duty to Defend or Investigate</i> | The Insureds shall defend and contest any Claim made against them. The Insurer does not assume any duty to defend or investigate. |
| (2) <i>Right to Tender Defense</i> | Notwithstanding the foregoing, the Insureds shall have the right to tender the defense of any Claim to the Insurer , which right shall be exercised in writing by the Named Entity on behalf of all Insureds . This right shall terminate if not exercised within thirty (30) days of the date the Claim is first made against an Insured . Further, from the date the Claim is first made against the Insureds to the date when the Insurer accepts the tender of the defense of such Claim , the Insureds shall take no action, or fail to take any required action, that prejudices the rights of the Insureds or the Insurer with respect to such Claim . Provided that the Insureds have complied with the foregoing, the Insurer shall be obligated to assume the defense of the Claim , even if such Claim is groundless, false or fraudulent. The assumption of the defense of the Claim shall be effective upon written confirmation thereof sent by the Insurer to the Named Entity . Once the defense has been so tendered, the Insured shall have the right to effectively associate with the Insurer in the defense and the negotiation of any settlement of any Claim . However, the Insurer shall not be obligated to defend such Claim after the Policy Aggregate or any applicable Separate Limit of Liability, Shared Limit of Liability or Excess Limit for Executives has been exhausted. |

- (3) *Advancement* When the **Insurer** has not assumed the defense of a **Claim** pursuant to subparagraph (2) above of this Clause 9, it shall advance, excess of any applicable Retention, covered **Defense Costs** on a current basis, but no later than ninety (90) days after the **Insurer** has received itemized bills for those **Defense Costs**. Such advance payments by the **Insurer** shall be repaid to the **Insurer** by each and every **Insured Person** or **Organization**, severally according to their respective interests, in the event and to the extent that any such **Insured Person** or **Organization** shall not be entitled under this **Coverage Section** to payment of such **Loss**.
- (4) *Claims Participation and Cooperation* The **Insurer** shall have the right, but not the obligation, to fully and effectively associate with each and every **Organization** and **Insured Person** in the defense and prosecution of any **Claim** that involves, or appears reasonably likely to involve the **Insurer**, including, but not limited to, negotiating a settlement. Each and every **Organization** and **Insured Person** shall give the **Insurer** full cooperation and such information as it may reasonably require.
The failure of any **Insured Person** to give the **Insurer** cooperation and information as required in the preceding paragraph shall not impair the rights of any other **Insured Person** under this **Coverage Section**.
The **Insureds** shall not admit or assume any liability, enter into any settlement agreement, stipulate to any judgment or incur any **Defense Costs**, without the prior written consent of the **Insurer**. Such consent shall not be unreasonably withheld.
- (5) *Full Settlement Within Retention/ Consent Waived* If all **Insured** defendants are able to dispose of all **Claims** which are subject to one Retention (inclusive of **Defense Costs**) for an amount not exceeding the Retention, then the **Insurer's** consent shall not be required for such disposition.
- (6) *Applicability* This *Defense and Settlement Clause* is not applicable to **Personal Reputation Expenses**. Nevertheless the **Insurer** does not, under this **Coverage Section**, assume any duty to defend.
- (7) *Settlement Opportunity* If the **Insured** refuses to consent to any settlement recommended by the **Insurer** and acceptable to the claimant, the **Insurer** may then withdraw from the defense of the **Insured** (if it has assumed the **Insured's** defense), by tendering control of the defense to the **Insured**. The **Insured** shall thereafter at his or her or its own expense negotiate or defend such **Claim** or suit independently of the **Insurer**, and the **Insurer's** liability shall not exceed the amount for which the **Claim** or suit could have been settled if such recommendation was consented to, plus **Defense Costs** incurred by the **Insurer**, and **Defense Costs** incurred by the **Insured** with the **Insurer's** written consent, prior to the date of the **Insured's** refusal to settle.

B. Pre-Approved E-Consultant Firms

The list of pre-approved **E-Consultant Firms** is accessible through the online directory at <http://www.aig.com/us/panelcounseldirectory> under the “e-Consultant Panel Members” link. The list provides the **Insureds** with a choice of firms from which a selection of an **E-Consultant Firm** shall be made. Any **E-Consultant Firm** may be hired by an **Insured** to perform **E-Discovery Consultant Services** without further approval by the **Insurer**.

C. Allocation

If both **Loss** covered by this **Coverage Section** and **Loss** not covered by this **Coverage Section** are incurred, either because a **Claim** is made against both **Insureds** and others or because a **Claim** includes both covered and uncovered matters, the **Insureds** and the **Insurer** shall use their best efforts to agree upon a fair and proper allocation of such amount between covered **Loss** and uncovered **Loss**. In the event that a determination as to the amount of **Defense Costs** to be advanced under this **Coverage Section** cannot be agreed to, then the **Insurer** shall advance **Defense Costs** excess of any applicable Retention amount which the **Insurer** states to be fair and proper until a different amount shall be agreed upon or determined pursuant to the provisions of this policy and applicable law.

10. SUBSIDIARY COVERAGE

A. Subsidiary Additions

In addition to the definition of “**Subsidiary**” set forth in Clause 14. *Definitions* of this **Coverage Section**, **Subsidiary** also means:

- (1) any not-for-profit entity of which the **Participant** first had **Management Control** during the **Policy Period**, whether directly or indirectly through one or more other **Subsidiaries**; and
- (2) any for-profit entity (i) of which the **Participant** first had **Management Control** during the **Policy Period**, whether directly or indirectly through one or more other **Subsidiaries**, and (ii) whose assets amount to less than 20% of the total consolidated assets of each and every **Organization** as determined in accordance with Generally Accepted Accounting Principles (“GAAP”);

provided that, with respect only to entities described in subparagraphs (1) or (2) above, the **Participant** or any other **Insured** shall report such **Subsidiary** to the **Insurer**, in writing, prior to the end of the **Policy Period**.

The **Insurer** shall extend coverage for any for profit entity of which the **Participant** first had **Management Control** during the **Policy Period** but which exceeds the asset limitation stated in subparagraph (2) above, but only upon the condition that within ninety (90) days after the date of the **Participant** obtaining **Management Control** of such entity, the **Participant** shall have provided the **Insurer** with full particulars of such entity and agreed to any additional premium and amendment of the provisions of this policy required by the **Insurer** relating to such entity. Further, coverage as shall be afforded to such entity and any **Insured Person** thereof is conditioned upon the **Participant** paying when due any additional premium required by the **Insurer** relating to such entity.

B. Former Subsidiaries

In the event the **Participant** loses **Management Control** of a **Subsidiary** during or prior to the **Policy Period**, coverage with respect to such **Subsidiary** and its **Insured Persons** shall continue until termination of this **Coverage Section** but only with respect to **Claims** for **Wrongful Acts**

that occurred or are alleged to have occurred during the time that the **Participant** had **Management Control** of such entity either directly or indirectly through one or more of its **Subsidiaries**.

C. Scope Of Subsidiary Coverage

Coverage as is afforded under this **Coverage Section** with respect to a **Claim** made against any **Subsidiary** and/or any **Insured Person** thereof shall only apply for **Wrongful Acts** committed or allegedly committed during the time that such **Subsidiary** and such **Insured Person** meet the respective definitions of **Subsidiary** and **Insured Person** set forth in this **Coverage Section**.

11. APPLICATION AND UNDERWRITING

A. Application And Reliance

The **Insurer** has relied upon the accuracy and completeness of the statements, warranties and representations contained in the **Application**. All such statements, warranties and representations are the basis for this **Coverage Section** and are to be considered as incorporated into this **Coverage Section**.

B. Insured Person Coverage Non-Rescindable

Under no circumstances shall the coverage provided by this **Coverage Section** for **Loss** under Insuring Agreement A. *Insured Person Coverage* be deemed void, whether by rescission or otherwise, once the premium has been paid.

C. Severability Of The Application

The **Application** shall be construed as a separate application for coverage by each **Insured Person**. With respect to the **Application**, no knowledge possessed by any **Organization** or any **Insured Person** shall be imputed to any other **Insured Person**.

If the statements, warranties and representations in the **Application** were not accurate and complete and materially affected either the acceptance of the risk or the hazard assumed by the **Insurer** under this **Coverage Section**, then the **Insurer** shall have the right to void coverage under this **Coverage Section**, *ab initio*, with respect to:

- (1) **Loss** under Insuring Agreement B. *Indemnification Of Insured Person Coverage* for the indemnification of any **Insured Person** who knew, as of the **Inception Date** of this policy, the facts that were not accurately and completely disclosed; and
- (2) **Loss** under Insuring Agreement C. *Organization Coverage* if any **Insured Person** who is or was a chief executive officer or chief financial officer of the **Named Entity** knew, as of the **Inception Date** of this policy, the facts that were not accurately and completely disclosed.

The foregoing applies even if the **Insured Person** did not know that such incomplete or inaccurate disclosure had been provided to the **Insurer** or included within the **Application**.

12. PAYMENTS AND OBLIGATIONS OF ORGANIZATIONS AND OTHERS

A. Indemnification By Organizations

The **Organizations** agree to indemnify the **Insured Persons** and/or advance **Defense Costs** to the fullest extent permitted by law. If the **Insurer** pays under this **Coverage Section** any indemnification or advancement owed to any **Insured Person** by any **Organization** within an applicable Retention, then that **Organization** shall reimburse the **Insurer** for such amounts and

such amounts shall become immediately due and payable as a direct obligation of the **Organization** to the **Insurer**. The failure of an **Organization** to perform any of its obligations to indemnify the **Insured Persons** and/or advance **Defense Costs** under this **Coverage Section** shall not impair the rights of any **Insured Person** under this **Coverage Section**.

B. Other Insurance And Indemnification

Such insurance as is provided by this **Coverage Section** shall apply only as excess over any other valid and collectible directors and officers liability insurance, unless such other insurance is specifically written as excess insurance over the applicable **Separate Limit of Liability, Shared Limit of Liability or Excess Limit for Executives** provided by this **Coverage Section**. This **Coverage Section** shall specifically be excess of any other valid and collectible insurance pursuant to which any other insurer has a duty to defend a **Claim** for which this **Coverage Section** may be obligated to pay **Loss**. Such insurance as is provided by this **Coverage Section** shall apply as primary to any personal "umbrella" excess liability insurance purchased by an **Insured Person**.

In the event of a **Claim** made against an **Outside Entity Executive**, coverage as is afforded by this **Coverage Section**, whether under the *Insured Person Coverage* or the *Indemnification Of Insured Person Coverage*, shall be specifically excess of: (a) any indemnification provided by an **Outside Entity**; and (b) any insurance coverage afforded to an **Outside Entity** or its **Executives** applicable to such **Claim**. Further, in the event such other **Outside Entity** insurance is provided by the **Insurer** or any other insurance company affiliate thereof ("**Other Policy**") (or would be provided but for the application of the retention amount, exhaustion of the limit of liability or failure to submit a notice of a claim as required), then the **Insurer's** applicable **Separate Limit of Liability, Shared Limit of Liability or Excess Limit for Executives** for all **Loss** under this **Coverage Section**, as respects any such **Claim**, shall be reduced by the amount recoverable under such **Other Policy** for loss incurred in connection with such **Claim**.

C. Subrogation

To the extent of any payment under this **Coverage Section**, the **Insurer** shall be subrogated to all of the **Organizations'** and **Insureds'** rights of recovery. Each **Organization** and each **Insured Person** shall execute all papers reasonably required and provide reasonable assistance and cooperation in securing or enabling the **Insurer** to exercise subrogation rights or any other rights, directly or in the name of the **Organization** or any **Insured Person**.

In no event, however, shall the **Insurer** exercise its rights of subrogation against an **Insured** under this **Coverage Section** unless the Conduct Exclusion applies with regard to such **Insured**.

13. ALTERNATIVE DISPUTE RESOLUTION

ADR Options

All disputes or differences which may arise under or in connection with this **Coverage Section**, whether arising before or after termination of this policy, including any determination of the amount of **Loss**, shall be submitted to an alternative dispute resolution (ADR) process as provided in this Clause. The **Named Entity** may elect the type of ADR process discussed below; provided, however, that absent a timely election, the **Insurer** may elect the type of ADR. In that case, the **Named Entity** shall have the right to reject the **Insurer's** choice of the type of ADR process at any time prior to its commencement, after

	which, the Insured's choice of ADR shall control.
<i>Mediation</i>	In the event of mediation, either party shall have the right to commence a judicial proceeding; provided, however, that no such judicial proceeding shall be commenced until the mediation shall have been terminated and at least ninety (90) days shall have elapsed from the date of the termination of the mediation.
<i>Arbitration</i>	In the event of arbitration, the decision of the arbitrator(s) shall be final, binding and provided to both parties, and the arbitration award shall not include attorney's fees or other costs.
<i>ADR Process</i>	<p>Selection of Arbitrator(s) or Mediator: The Insurer and the Named Entity shall mutually consent to: (i) in the case of arbitration, an odd number of arbitrators which shall constitute the arbitration panel, or (ii) in the case of mediation, a single mediator. The arbitrator, arbitration panel members or mediator must be disinterested and have knowledge of the legal, corporate management, or insurance issues relevant to the matters in dispute. In the absence of agreement, the Insurer and the Named Entity each shall select one arbitrator, the two arbitrators shall select a third arbitrator, and the panel shall then determine applicable procedural rules.</p> <p>ADR Rules: In considering the construction or interpretation of the provisions of this policy, the mediator or arbitrator(s) must give due consideration to the general principles of the law of the State of Formation of the Named Entity. Each party shall share equally the expenses of the process elected. At the election of the Named Entity, either choice of ADR process shall be commenced in New York, New York; Atlanta, Georgia; Chicago, Illinois; Denver, Colorado; or in the state reflected in the Named Entity Address. The Named Entity shall act on behalf of each and every Insured under this <i>Alternative Dispute Resolution Clause</i>. In all other respects, the Insurer and the Named Entity shall mutually agree to the procedural rules for the mediation or arbitration. In the absence of such an agreement, after reasonable diligence, the arbitrator(s) or mediator shall specify commercially reasonable rules.</p>

14. EDUCATORS PROFESSIONAL LIABILITY EXTENSION

Solely with respect to coverage granted by this extension, the policy is amended as follows:

1. In Clause 15. DEFINITIONS of the **Non-Profit D&O Coverage Section**, the definition of "**Wrongful Act**" is deleted in its entirety and replaced with the following:

"**Wrongful Act**" means any breach of duty, neglect, error, misstatement, misleading statement, omission or act committed solely in the course of the activities of the

Organization including, but not limited to, any **Educator Liability Wrongful Act(s)**.

2. Clause 15. DEFINITIONS of the **Non-Profit D&O Coverage Section** is amended by adding the following definitions to the end thereof:

“Educational Institution” means any entity which is a private, preschool or childcare facility, a primary or secondary school, or seminary, which is exclusively sponsored and under the supervision of the Named Entity (that is a current **Participant** in the **Program**).

“Educator Liability Wrongful Act” means:

- (1) Wrongful educational instruction, career guidance, grading practices, guidance counseling, admittance procedures, expulsion procedures, student enrollment;
- (2) Educational malpractice or failure to educate, negligent instruction, inadequate or negligent academic guidance;
- (3) Improper or inappropriate academic placement, suspension or expulsion;
- (4) Failure or refusal to grant due process in school discipline proceedings; or
- (5) Negligent creation of an educational curriculum, class content or educational materials;

but only with respect to the operation of an **Educational Institution**.

3. For the purposes of coverage provided by this endorsement only, the following exclusions are added to Clause 4. **EXCLUSIONS** of the **Non-Profit D&O Coverage Section**:

This **Insurer** shall not be liable to make any payment for **Loss** in connection with any **Claim** or **Claims** made against any **Insured**:

(EP-1) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, any from **Claim(s)** for alleged **Educator Liability Wrongful Act(s)** occurring prior to the Retroactive Date.. Any **Loss** arising out of any related **Wrongful Act** shall be deemed to arise from the first occurring related **Wrongful Act**. Accordingly, in the event the first occurring **Educator Liability Wrongful Act** takes place before the Retroactive Date, then coverage for any **Claim** arising out of any such **Educator Liability Wrongful Act(s)** or any related **Wrongful Act** is excluded by the terms of this endorsement and, therefore, not covered by the policy.

(EP-2) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, the performing or failure to perform any professional service other than education or teaching of students.

(EP-3) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, any **Claim** involving any program of education, training, clinical training or internship program, practicum or field work experience that is any part of a **Professional Service Program**. As used herein, **Professional Service Program** means professional training of any kind or description, whether or not for matriculation, licensure, certification or

degree, except the training of seminary students for which coverage is otherwise provided under the Policy.

(EP-4) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, any service performed by:

- (1) physicians or nurses of any sort;
- (2) perfusionists;
- (3) chiropractors;
- (4) midwives;
- (5) anesthetists; or
- (6) any other similar medical practitioners.

(EP-5) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, the disbursement expenditure or return of funds provided by any government agency or authority or the refusal or any government agency or authority to reimburse funds purportedly disbursed or expended by or on its behalf.

(EP-6) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, assault, battery or any act or omission in connection with the prevention or suppression of such acts, whether caused by or at the instigation or direction of any **Insured**, other person or entity.

(EP-7) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, any **Claim** which constitutes any costs associated with any accommodation required pursuant to the American With Disabilities Act, The Civil Rights Act of 1964, rules or regulations promulgated thereunder and amendments thereto, or similar provisions of any federal, state or local statutory law or common law.

(EP-8) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, the cost of compliance with any order for, grant of or agreement to provide injunctive or non-pecuniary relief.

(EP-9) alleging, arising out of, based upon or attributable to or in any way involving any actual, alleged act or omission of a discriminatory nature based upon age, gender, race, color, national origin, creed, religion, sexual orientation, marital status, veterans status, pregnancy, sickness, disease, disability, physical capabilities, physical characteristics, physical condition, mental capabilities, mental condition, or any other similar category or class, committed or alleged to have been committed by any **Insured**, or by anyone for whom an **Insured** is actually or allegedly responsible, whether intentional or unintentional or whether the discrimination is direct or indirect.

It is further understood and agreed that an **Educational Institution** shall be deemed permitted or required to indemnify an **Insured**, and the shareholder and board of director resolutions of an **Educational Institution** shall be deemed to provide indemnification to an **Insured**, to the fullest extent authorized by law. For purposes of this paragraph, the shareholder and board of director resolutions of the **Educational Institution** shall be deemed to provide indemnification for such **Loss** to the fullest extent permitted by such law.

15. DEFINITIONS

The following definitions shall apply only for purposes of coverage provided under this **Coverage Section**. Terms appearing in **bold** in this **Coverage Section** but not defined herein shall have the meaning and/or value ascribed to them in the Declarations or in the *Definitions Clause* of the **General Terms and Conditions**.

Affiliate means: (1) any person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is in common control with, another person or entity; or (2) any person or entity that directly, or indirectly through one or more intermediaries, is a successor in interest to another person or entity.

Application

means:

- (1) the written statements and representations made by an **Insured** and provided to the **Insurer** during the negotiation of this policy, or contained in any application or other materials or information provided to the **Insurer** in connection with the underwriting of this policy; and
- (2) all warranties executed by or on behalf of an **Insured** and provided to the **Insurer** in connection with the underwriting of this policy or the underwriting of any other directors and officers (or equivalent) liability policy issued by the **Insurer**, or any of its affiliates, of which this policy is a renewal, replacement or which it succeeds in time.

Asset Protection Costs

means reasonable and necessary fees, costs and expenses consented to by the **Insurer** incurred by an **Executive** of an **Organization** to oppose any efforts by an **Enforcement Body** to seize or otherwise enjoin the personal assets or real property of such **Executive** or to obtain the discharge or revocation of a court order entered during the **Policy Period** in any way impairing the use thereof.

Claim

means:

- (1) a written demand for monetary, non-monetary or injunctive relief, including, but not limited to, any demand for mediation, arbitration or any other alternative dispute resolution process;
- (2) a civil, criminal, administrative, regulatory or arbitration proceeding for monetary, non-monetary or injunctive relief which is commenced by: (i) service of a complaint or similar pleading; (ii) return of an indictment, information or similar document (in the case of a criminal proceeding); or (iii) receipt or filing of a notice of charges;
- (3) an official request for **Extradition** of any **Insured Person**, or the execution of a warrant for the arrest of an **Insured Person** where such execution is an element of **Extradition**; or
- (4) a civil, criminal, administrative or regulatory investigation of an **Insured Person**:
 - (i) once such **Insured Person** is identified in writing by such investigating authority as a person against whom a proceeding described in

paragraph (2) above may be commenced; or

- (ii) in the case of an investigation by any federal or state regulatory or government authority or foreign equivalent, after the service of a subpoena upon such Insured Person.

Cleanup Costs

means expenses (including but not limited to legal and professional fees) incurred in testing for, monitoring, cleaning up, removing, containing, treating, neutralizing, detoxifying or assessing the effects of **Pollutants**.

Defense Costs

means reasonable and necessary fees, costs and expenses consented to by the **Insurer** (including the cost of **E-Discovery Consultant Services** and premiums for any appeal bond, attachment bond or similar bond arising out of a covered judgment, but without any obligation to apply for or furnish any such bond) resulting solely from:

- (1) the investigation, adjustment, defense and/or appeal of a **Claim** against an **Insured**; or
- (2) an **Insured Person** lawfully: (i) opposing, challenging, resisting or defending against any request for or any effort to obtain the **Extradition** of that **Insured Person**; or (ii) appealing any order or other grant of **Extradition** of that **Insured Person**.

Defense Costs shall not include the compensation of any **Insured Person**.

Employee

means any past, present or future employee, other than an **Executive** of an **Organization**, whether such employee is in a supervisory, co-worker or subordinate position or otherwise, including any full-time, part-time, seasonal and temporary employee. Any faculty, staff member, or volunteer shall also be an **Employee**. An individual who is leased to the **Organization** shall also be an **Employee**, but only if the **Organization** provides indemnification to such leased individual in the same manner as is provided to the **Organization's** employees. Any other individual who is contracted to perform work for the **Organization**, or who is an independent contractor for the **Organization** shall also be an **Employee**, but only if the **Organization** provides indemnification to such individual in the same manner as that provided to the **Organization's** employees, pursuant to a written contract.

Excess Limit For Executives

means the amount stated as such in the Declarations for this **Coverage Section**.

Executive

means any:

- (1) past, present and future duly elected or appointed director, officer, trustee, governor, trustee emeritus, executive director, department head, committee member (of a duly constituted committee of the **Organization**) of a corporation;
- (2) past, present and future person in a duly elected or appointed position in an entity organized and operated in a **Foreign Jurisdiction** that is equivalent to an executive position listed in subparagraph (1) above, or a member of the senior-most executive body (including, but not limited to, a supervisory board); and
- (3) past, present and future General Counsel and Risk Manager (or equivalent position) of the **Named Entity**.

Extradition	means any formal process by which an Insured Person located in any country is surrendered to any other country for trial or otherwise to answer any criminal accusation.
Extradition Costs	means Defense Costs incurred by an Insured in lawfully opposing any effort to obtain the Extradition of an Insured Person .
Foreign Policy	means the standard executive managerial liability policy (including all mandatory endorsements, if any) approved by the Insurer or any of its affiliates to be sold within a Foreign Jurisdiction that provides coverage substantially similar to the coverage afforded under this Coverage Section . If more than one such policy exists, then " Foreign Policy " means the standard basic policy form most recently offered for sale for comparable risks by the Insurer or any of its affiliates in that Foreign Jurisdiction . The term " Foreign Policy " shall not include any partnership managerial, pension trust or professional liability coverage.
Insured	means any: <ul style="list-style-type: none"> (1) Insured Person; or (2) Organization.
Insured Person	means any: <ul style="list-style-type: none"> (1) Executive of an Organization; (2) Employee of an Organization; or (3) Outside Entity Executive.
Loss	<p>means damages, settlements, judgments (including pre/post-judgment interest on a covered judgment) and Defense Costs; however, "Loss" (other than Defense Costs) shall not include: (1) civil or criminal fines or penalties; (2) taxes or tax penalties; (3) any amounts for which an Insured is not financially liable or which are without legal recourse to an Insured; and (4) matters which may be deemed uninsurable under the law pursuant to which this policy shall be construed.</p> <p>Subject to the other terms, conditions and exclusions of this policy, Defense Costs shall be provided for items specifically excluded from Loss pursuant to subparagraphs (1) through (4) above of this Definition, including, without limitation, Defense Costs incurred in connection with a Claim seeking an assessment of taxes, initial taxes, additional taxes, tax deficiencies, excise taxes or penalties pursuant to the following sections of the Internal Revenue Code of 1986 (as amended):</p> <p>Section 4911 (tax on excess expenditures to influence legislation); Section 4940(a) (tax on net investment income of tax-exempt foundations); Section 4941 (taxes on self-dealing);</p> <p>Section 4942 (taxes on failure to distribute income); Section 4943 (taxes on excess business holding);</p> <p>Section 4944 (taxes on investments which jeopardize charitable purpose); Section 4945 (taxes on taxable expenditures);</p> <p>Section 6652 (c) (1) (A) and (B) (penalties for failure to file certain information returns or registration statements);</p>

Section 6655 (a) (1) (penalties for failure to pay estimated income tax); and Section 6656 (a) and (b) (penalties for failure to make deposit of taxes).

Loss shall also include any “**Excess Benefits**” penalty assessed in the amount of 10% by the Internal Revenue Service (“IRS”) against any **Insured(s)** for management’s involvement in the award of an “**Excess Benefit**” and the **Defense Costs** attributable thereto. **Loss** shall specifically exclude: (1) any 25% penalty assessed by the IRS against an **Insured** deemed to have received an **Excess Benefit**; (2) **Defense Costs** incurred to defend any **Insured** if it has been in fact determined that such individual received an **Excess Benefit**; and (3) any 200% penalty assessed by the IRS for failure to correct the award of an **Excess Benefit**. The term “**Excess Benefits**” means an excess benefit as defined in the Taxpayer Bill of Rights Act, 2, 26 U.S.C. 4958.

Loss shall also specifically include (subject to this policy’s other terms, conditions and limitations, including but not limited to the Conduct Exclusion): (1) civil penalties assessed against any **Insured Person** pursuant to Section 2(g)(2)(B) of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(g)(2)(B); and (2) punitive, exemplary and multiplied damages. Enforceability of this paragraph shall be governed by such applicable law that most favors coverage for such penalties and punitive, exemplary and multiple damages.

Management Control means:

- (1) owning interests representing more than 50% of the voting, appointment or designation power for the selection of a majority of: the voting directors or trustees; or
- (2) having the right, pursuant to written contract or the by-laws, charter, operating agreement or similar documents of an **Organization**, to elect, appoint or designate a majority of the voting directors or trustees.

Non-Indemnifiable Loss means **Loss** for which an **Organization** has neither indemnified nor is permitted or required to indemnify an **Insured Person** pursuant to law or contract or the charter, bylaws, operating agreement or similar documents of an **Organization**.

Outside Entity means any: (1) not-for-profit entity; or (2) other entity listed as an “**Outside Entity**” in an endorsement attached to this policy.

Outside Entity Executive means any: (1) **Executive** of an **Organization** who is or was acting at the specific request or direction of an **Organization** as an **Executive** of an **Outside Entity**; or (2) any other person listed as an **Outside Entity Executive** in an endorsement attached to this policy.

In the event of a disagreement between the **Organization** and an **Outside Entity Executive** as to whether such **Insured** was acting “at the specific request or direction of the **Organization**,” this **Coverage Section** shall abide by the determination of the **Organization** on this issue and such determination shall be made by written notice to the **Insurer** within ninety (90) days after the **Claim** against such **Outside Entity Executive** is made. In the event no notice of any such determination is given to the **Insurer** within such period, this **Coverage Section** shall apply as if the **Organization**

Personal Reputation Crisis	<p>determined that such Outside Entity Executive was not acting at the Organization's specific request or direction.</p> <p>means any negative statement that is included in any press release or published by any print or electronic media outlet regarding an Executive of an Organization made during the Policy Period by any individual authorized to speak on behalf of an Enforcement Body.</p>
Personal Reputation Expenses	<p>means reasonable and necessary fees, costs and expenses of a Crisis Firm (as defined in the CrisisFund® Appendix attached to this policy) retained within 30 days of a Personal Reputation Crisis solely and exclusively by an Executive to mitigate the adverse effects specifically to such Executive's reputation from a Personal Reputation Crisis. "Personal Reputation Expenses" shall not include any fees, costs or expenses of any Crisis Firm incurred by an Executive if such Crisis Firm is also retained by or on behalf of an Organization.</p>
Pollutants	<p>means, but is not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and Waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.</p>
Related Claim	<p>means a Claim alleging, arising out of, based upon or attributable to any facts or Wrongful Acts that are the same as or related to those that were alleged in another Claim made against an Insured.</p>
Subsidiary	<p>means any entity of which the Named Entity has or had Management Control on or before the Inception Date of this policy, either directly or indirectly through one or more of its other Subsidiaries.</p> <p>An entity ceases to be a Subsidiary when the Named Entity no longer maintains Management Control of such entity either directly or indirectly through one or more of its Subsidiaries.</p>
UK Corporate Manslaughter Act Defense Costs	<p>means Defense Costs incurred by an Insured Person that result solely from the investigation, adjustment, defense and/or appeal of a Claim against an Organization for violation of the United Kingdom Corporate Manslaughter and Corporate Homicide Act of 2007 or any similar statute in any jurisdiction.</p>
Wrongful Act	<p>means:</p> <ol style="list-style-type: none"> (1) any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act: <ol style="list-style-type: none"> (i) with respect to any Executive or Employee of an Organization, by such Executive or Employee in his or her capacity as such or any matter claimed against such Executive or Employee solely by reason of his or her status as such; (ii) with respect to any Outside Entity Executive, by such Outside Entity Executive in his or her capacity as such or any matter claimed against such Outside Entity Executive solely by reason of his or her status as such; (2) with respect to an Organization, any actual or alleged breach of duty,

neglect, error, misstatement, misleading statement, omission or act by such **Organization**;

- (3) with any respect any **Insured Person, Outside Entity Executive or Organization**, and subject to subparagraphs (1) and (2) above, "**Wrongful Act**" shall specifically include:
- (i) violation of the Sherman Antitrust Act or similar federal, state or local statutes or rules;
 - (ii) libel, slander, defamation or publication or utterance in violation of an individual's right of privacy;
 - (iii) wrongful entry or eviction or other invasion of the right of occupancy;
 - (iv) false arrest, wrongful detention or imprisonment, or malicious prosecution;
 - (v) plagiarism; and
 - (vi) infringement of copyright or trademark or unauthorized use of title.

[Remainder of page intentionally left blank.]



EMPLOYMENT EDGE® EMPLOYMENT PRACTICES LIABILITY ("EPL Coverage Section")

Notice: Pursuant to Clause 1 of the **General Terms and Conditions**, the **General Terms and Conditions** are incorporated by reference into, made a part of, and are expressly applicable to this **EPL Coverage Section**, unless otherwise explicitly stated to the contrary in this **EPL Coverage Section**.

In consideration of the payment of the premium, and each of their respective rights and obligations in this policy, the **Insureds** and the **Insurer** agree as follows:

1. INSURING AGREEMENTS

All coverage granted for **Loss** under this **Coverage Section** is provided solely with respect to **Claims** first made against an **Insured** during the **Policy Period** or any applicable **Discovery Period** and reported to the **Insurer** as required by this **Coverage Section**, except to the extent coverage is extended pursuant to the *Claims Savings Clause* of this **Coverage Section** to a **Claim** first made prior to the **Policy Period**. Subject to the foregoing and the other terms, conditions and limitations of this policy, this **Coverage Section** affords the following coverage:

A. *Employment Practices Liability Coverage*

This policy shall pay the **Loss** of each and every **Insured** arising from a **Claim** made against such **Insured** for any **Employment Practices Violation**.

B. *Third Party Violation Coverage*

This policy shall pay the **Loss** of each and every **Insured** arising from a **Claim** made against such **Insured** for any **Third Party Violation**.

C. *Wrongful Internet Activity Coverage*

This policy shall pay the **Loss** of an **Organization** arising from any **Claim** made against such **Organization** for its actual or alleged liability for any **Wrongful Internet Activity** of an **Employee**.

2. EXTENSIONS

A. *First Dollar E-Discovery Consultant Services*

For any **Class Action Claim**, no Retention shall apply to the first \$25,000 in **Defense Costs** incurred as **E-Discovery Consultant Services**.

B. *Global Liberalization*

For **Loss** from that portion of any **Claim** maintained in a **Foreign Jurisdiction** or to which the law of a **Foreign Jurisdiction** is applied, the **Insurer** shall apply the terms and conditions of this **Coverage Section** as amended to include those of the **Foreign Policy** in the **Foreign Jurisdiction**

that are more favorable to **Insureds** in the **Foreign Jurisdiction**. This *Global Liberalization Clause* shall not apply to any provision of any policy that has worldwide effect, including but not limited to any provision addressing limits of liability (primary, excess or sublimits), retentions, other insurance, non-renewal, duty to defend, defense within or outside limits, taxes, conformance to law or excess liability coverage, any claims made provisions, and any endorsement to this policy that excludes or limits coverage for specific events or litigation or that specifically states that it will have worldwide effect.

3. EXCLUSIONS

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

- (1) *Conduct* arising out of, based upon or attributable to any deliberate criminal or deliberate fraudulent act by the **Insured** if established by any final, non-appealable adjudication in any action or proceeding other than an action or proceeding initiated by the **Insurer** to determine coverage under the policy; provided, however, the **Wrongful Act** of an **Insured** shall not be imputed to any other **Insured** for the purpose of determining the applicability of this exclusion;
- (2) *Pending & Prior Litigation* alleging, arising out of, based upon or attributable to, as of the inception date of the earliest policy of which this is a continuous renewal in the Program, any pending or prior: (a) litigation; or (b) **EEOC** proceeding or investigation; or alleging or derived from the same or essentially the same facts as alleged in such pending or prior litigation or **EEOC** proceeding or investigation;
- (3) *Prior Knowledge* alleging, arising out of, based upon or attributable to, as of the inception date of the earliest policy of which this is a continuous renewal in the Program, any matter of which your executive officers, directors, clergy, trustees, elders, deacons, vestry members, council members, risk manager, claims manager, or human resource personnel had knowledge of that could reasonably give rise to a claim.
- (4) *Prior Notice* alleging, arising out of, based upon or attributable to the facts alleged, or to the same or related **Wrongful Act** alleged or contained in any claim which has been reported and accepted, or in any circumstances of which notice has been given and accepted, under any policy providing coverage in whole or in part for **Wrongful Acts** which was in force prior to the **Inception Date** of this policy;
- (5) *Bodily Injury & Property Damage* for bodily injury (other than emotional distress or mental anguish), sickness, disease, or death of any person, or damage to or destruction of any tangible property, including the loss of use thereof;
- (6) *ERISA* for any violation of responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974 (ERISA), as amended, or any similar provisions of any state, local or foreign statutory or common law;

- (7) *Compensation & Labor Liability*
- (a) for any violation of responsibilities, obligations or duties imposed by the Fair Labor Standards Act (except the Equal Pay Act) (FLSA), the National Labor Relations Act (NLRA), the Worker Adjustment and Retraining Notification (WARN) Act, the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Occupational Safety and Health Act (OSHA), any rules or regulations of the foregoing promulgated thereunder, and amendments thereto or any similar federal, state, local or foreign law or amendment to a law; or
- (b) alleging, arising out of, based upon or attributable to any of the circumstances described in any of the following:
- (i) the refusal, failure or inability of any **Insured** to pay wages or overtime pay (or amounts representing such wages or overtime pay) for services rendered or time spent in connection with work related activities (as opposed to tort-based back pay or front pay damages for torts other than conversion);
- (ii) improper deductions from pay taken by any **Insured** from any **Employee** or purported **Employee**; or
- (iii) failure to provide or enforce legally required meal or rest break periods; provided, however, the foregoing Exclusions 6(a) and 6(b) shall not apply to the extent that a **Claim** is for **Retaliation**;
- (8) *Benefits*
- for any obligation pursuant to any worker's compensation, disability benefits, unemployment compensation, unemployment insurance, retirement benefits, social security benefits or similar law; provided, however, this exclusion shall not apply to the extent that a **Claim** is for **Retaliation**;
- (9) *Contract*
- alleging, arising out of, based upon or attributable to any actual or alleged contractual liability of an **Insured** under any express contract or agreement; provided, however, that this exclusion shall not apply to:
- (i) liability which would have attached in the absence of such express contract or agreement; or
- (ii) **Loss** constituting **Defense Costs**; or
- (10) *Securities Claim*
- alleging, arising out of, based upon or attributable to any **Claim** brought by any holder of securities representing the debt or equity of the **Organization** or an **Outside Entity**, in their capacity as such, whether directly, derivatively on behalf of the **Organization** or **Outside Entity**.

- (11) *Sexual Molestation or Abuse Exclusion* alleging, arising out of, based upon or attributable to sexual molestation or abuse, including any alleged direct sexual activity and any allegation relating thereto that an **Insured** negligently employed, investigated, supervised or retained a person, or based on an alleged practice, custom or policy and including, without limitation, any allegation that the violation of a civil right caused or contributed to such **Claim**;
- (12) *Retroactive Date Exclusion* No coverage shall be afforded for a Wrongful Act that occurred prior to the **Retroactive Date** listed in Section 6 of the Declarations or as on file with the United Church Insurance Association.

4. RETENTION

In addition to the provisions in Clause 2. RETENTION of the General Terms and Conditions, in no event shall a Retention be applied to the first \$25,000 in **Defense Costs** incurred as **E- Discovery Consultant Services**.

If an **Organization** is unable to advance, pay or indemnify covered **Loss** of an **Insured Person** within the applicable Retention amount due to **Financial Insolvency**, then the **Insurer** shall advance such amounts on behalf of the **Insured Person** until either: (i) an **Organization** has agreed to make such payments, or (ii) the Retention has been satisfied. In no event shall any such advancement by the **Insurer** relieve any **Organization** of any duty it may have to provide advancement, payment or indemnification to any **Insured Person**. The **Insurer** shall be entitled to recover the amount of **Loss** advanced within the Retention from the **Organization** pursuant to the subrogation provisions of this **Coverage Section**.

5. LIMITS OF LIABILITY

In addition to the provisions of Clause 3. LIMITS OF LIABILITY of the **General Terms and Conditions**, the maximum limit of the **Insurer's** liability for all **Loss** under this **Coverage Section** arising out of all **Third Party Violation Claims** is \$500,000 (hereinafter called the "**Third Party Violation Sublimit of Liability**"). This **Third Party Violation Sublimit of Liability** shall be part of and not in addition to the **Policy Aggregate** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this **Coverage Section**.

6. NOTICE AND REPORTING

Notice hereunder shall be given in writing to the **Insurer** at the **Claims Address** indicated in the Declarations. If mailed or transmitted by electronic mail, the date of such mailing or transmission shall constitute the date that such notice was given and proof of mailing or transmission shall be sufficient proof of notice.

- (a) *Reporting a Claim* An **Organization** or an **Insured** shall, as a condition precedent to the obligations of the **Insurer** under this **Coverage Section**, notify the **Insurer** in writing of a **Claim** made against an **Insured** as soon as practicable after the Claims Department of the United Church Insurance Association first becomes aware of the **Claim**. In all events, notification must be provided no later than ninety (90) days after the end of the **Policy Period** or the **Discovery Period** (if applicable).

- (b) *Relation Back to the First Reported Claim* Solely for the purpose of establishing whether any subsequent **Related Claim** was first made during the **Policy Period** or **Discovery Period** (if applicable), if during any such period a **Claim** was first made and reported in accordance with Clause 5(a) above, then any **Related Claim** that is subsequently made against an **Insured** and that is reported in accordance with Clause 5(a) above shall be deemed to have been first made at the time that such previously reported **Claim** was first made.

With respect to any subsequent **Related Claim**, this policy shall not cover **Loss** incurred before such subsequent **Related Claim** is actually made against an **Insured** and reported to the **Insurer**.

- (c) *Claims Savings Clause* 1. Notwithstanding Clause 5(b), with respect to any **Claim** which (i) first becomes a **Litigated Matter** during the **Policy Period** or **Discovery Period** (if applicable); and (ii) is a **Related Claim** with respect to an **Administrative Claim** which was first made against

an **Insured** prior to the **Policy Period**, the **Insurer** shall not deny coverage for such **Claim** based upon late notice of such **Claim** or based upon such **Claim** first being made prior to the **Policy Period**, provided that:

- (a) the **Claim** was first made against the **Insured** at a time during which the **Named Entity** was insured under a **Prior AIG Policy**;
- (b) upon the **Claim** first becoming a **Litigated Matter**, the **Claim** was reported in accordance with Clause 5(a) above; and
- (c) no **Insured** has made a monetary settlement offer to a claimant or responded to a monetary demand from or on behalf of a claimant with respect to such **Claim**.

2. Coverage under this **Coverage Section** for any **Claim** afforded coverage pursuant to this Clause 5(c) shall be the lesser of:

- (a) the coverage which would have been provided under this **Coverage Section** for such **Claim** had the **Claim** been made during the **Policy Period** and reported to the **Insurer** as required by this **Coverage Section**; or
- (b) the coverage, if any, which would have been provided under the **Prior AIG Policy** for such **Claim** if the **Insured** had properly provided notice of such **Claim** in accordance with the provisions of the **Prior AIG Policy**,

taking into account all provisions of each policy, including, without limitation, applicable limits of liability (as reduced by payments made under such policy), retentions, exclusions and other restrictions contained in each policy.

Notwithstanding the foregoing, nothing in this Clause 5(c) shall be construed to increase the **Limits of Liability** of this policy or to provide coverage under the **Prior AIG Policy**, nor shall this Clause 5(c) ever result in providing coverage under this policy for **Loss** for which coverage is in fact provided (or would be provided but for the exhaustion of the limit of liability) under the **Prior AIG Policy**.

3. This Clause 5(c) shall not apply to any **Claim** which:

- (a) prior to the **Policy Period** was a **Litigated Matter**; or
- (b) is a **Related Claim** with respect to a **Claim** which prior to the **Policy Period** was a **Litigated Matter**.

- (d) *Relation Back to* If during the **Policy Period** or **Discovery Period** (if applicable) an **Organization** or an **Insured Person** becomes aware of and notifies the **Insurer** in writing of circumstances that may give rise to a **Claim** *Which May Give Rise to a Claim* being made against an **Insured** and provides details as required below, then any **Claim** that is subsequently made against an **Insured** that arises from such circumstances and that is reported in accordance with Clause 5(a) above shall be deemed to have been

first made at the time of the notification of circumstances for the purpose of establishing whether such subsequent **Claim** was first made during the **Policy Period** or during the **Discovery Period** (if applicable). Coverage for **Loss** arising from any such subsequent **Claim** shall only apply to **Loss** incurred after that subsequent **Claim** is actually made against an **Insured** and reported to the **Insurer**. In order to be effective, notification of circumstances must specify the facts, circumstances, nature of the alleged **Wrongful Act** anticipated and reasons for anticipating such **Claim**, with full particulars as to dates, persons and entities involved.

7. DISCOVERY PREMIUM

In the event the **Named Entity** or the **Insurer** shall cancel or refuse to renew this **Coverage Section**, the **Additional Premium Amount** for: (a) one year shall be no more than 75% of the **Full Annual Premium**; (b) two years shall be no more than 100% of the **Full Annual Premium** for each **Participant**; and (c) three years shall be no more than 125% of the **Full Annual Premium** for each **Participant**. As used herein, "**Full Annual Premium**" means the premium level in effect for this **Coverage Section** immediately prior to the end of the **Policy Period**.

In the event of a **Transaction**, the **Additional Premium Amount** shall be an amount to be determined by the **Insurer**.

8. DEFENSE AND SETTLEMENT

A. For Claims

- | | |
|------------------------------------|--|
| (1) <i>No Duty to Defend</i> | The Insureds shall defend and contest any Claim made against them. The Insurer does not assume any duty to defend. |
| (2) <i>Right to Tender Defense</i> | Notwithstanding the foregoing, the Insureds shall have the right to tender the defense of any Claim to the Insurer , which right shall be exercised in writing by the Named Entity on behalf of all Insureds . This right shall terminate if not exercised within thirty (30) days of the date the Claim is first made against an Insured . Further, from the date the Claim is first made against the Insureds to the date when the Insurer accepts the tender of the defense of such Claim , the Insureds shall take no action, or fail to take any required action, that prejudices the rights of the Insureds or the Insurer with respect to such Claim . Provided that the Insureds have complied with the foregoing, the Insurer shall be obligated to assume the defense of the Claim , even if such Claim is groundless, false or fraudulent. The assumption of the defense of the Claim shall be effective upon written confirmation thereof sent by the Insurer to the Named Entity . Once the defense has been so tendered, the Insured shall have the right to effectively associate with the Insurer in the defense and the negotiation of any settlement of any Claim . However, the Insurer shall not be obligated to defend such Claim after the Policy Aggregate or any applicable Separate Limit of Liability or Shared Limit of Liability has been exhausted, or after an Insured's rejection (or failure or refusal |

to accept within the time prescribed in the "Settlement Opportunity" paragraph of this Clause 7) of a **Settlement Opportunity**.

(3) *Advancement*

When the **Insurer** has not assumed the defense of a **Claim** pursuant to subparagraph (2) of this Clause 7, it shall advance, excess of any applicable Retention, covered **Defense Costs** on a current basis, but no later than ninety (90) days after the **Insurer** has received itemized bills for those **Defense Costs**. Such advance payments by the **Insurer** shall be repaid to the **Insurer** by each and every **Insured Person** or **Organization**, severally according to their respective interests, in the event and to the extent that any such **Insured Person** or **Organization** shall not be entitled under this **Coverage Section** to payment of such **Loss**.

(4) *Claims Participation and Cooperation*

When the **Insurer** has not assumed the defense of a **Claim** pursuant to subparagraph (2) of this Clause 7, the **Insurer** shall have the right, but not the obligation, to fully and effectively associate with each and every **Insured** in the defense and prosecution of any **Claim** that involves, or appears reasonably likely to involve the **Insurer**, including, but not limited to, negotiating a settlement. Each and every **Insured** shall give the **Insurer** full cooperation and such information as it may reasonably require.

The failure of any **Insured Person** to give the **Insurer** cooperation and information as required in the preceding paragraph shall not impair the rights of any other **Insured Person** under this **Coverage Section**.

The **Insureds** shall not admit or assume any liability, enter into any settlement agreement, stipulate to any judgment or incur any **Defense Costs**, without the prior written consent of the **Insurer**. Such consent shall not be unreasonably withheld.

(5) *Full Settlement Within Retention/ Consent Waived*

If all **Insured** defendants are able to dispose of all **Claims** which are subject to one Retention (inclusive of **Defense Costs**) for an amount not exceeding the Retention, then the **Insurer's** consent shall not be required for such disposition.

(6) *Settlement Opportunity*

If the **Insured** refuses to consent to any settlement recommended by the **Insurer** and acceptable to the claimant, the **Insurer** may then withdraw from the defense of the **Insured** (if it has assumed the **Insured's** defense), by tendering control of the defense to the **Insured**. The **Insured** shall thereafter at his or her or its own expense negotiate or defend such **Claim** or suit independently of the **Insurer**, and the **Insurer's** liability shall not exceed the amount for which the **Claim** or suit could have been settled if such recommendation was consented to, plus **Defense Costs** incurred by the **Insurer**, and **Defense Costs** incurred by the **Insured** with the **Insurer's** written consent, prior to the date of the **Insured's** refusal to settle.

B. Pre-Approved E-Consultant Firms

The list of pre-approved **E-Consultant Firms** is accessible through the online directory at <http://www.aig.com/us/panelcounseldirectory> under the “e-Consultant Panel Members” link. The list provides the **Insureds** with a choice of firms from which a selection of an **E-Consultant Firm** shall be made. Any **E-Consultant Firm** may be hired by an **Insured** to perform **E-Discovery Consultant Services** without further approval by the **Insurer**.

9. SUBSIDIARY COVERAGE

A. Subsidiary Additions

In addition to the definition of “**Subsidiary**” set forth in Clause 12. DEFINITIONS of this **Coverage Section**, **Subsidiary** also means any for-profit entity: (1) of which the **Participant** first had **Management Control** during the **Policy Period**, whether directly or indirectly through one or more other **Subsidiaries**; and (2) whose:

- (a) total number of **Employees** is less than the lesser of: (i) 20% of the total **Employees** of each and every **Organization** as of the **Inception Date** of this policy; or (ii) five hundred (500); or
- (b) total number of **Employees** does not satisfy the criteria set forth in subparagraph (a), above, but such entity shall be a “**Subsidiary**” only: (i) for a period of ninety (90) days from the date the **Participant** first had **Management Control** of such entity; or (ii) until the end of the **Policy Period**, whichever expires or ends first (the “**Auto-Subsidiary Period**”);

provided that, with respect only to entities described in subparagraph (b) above, the **Participant** or any other **Insured** shall report such **Subsidiary** to the **Insurer**, in writing, prior to the end of the **Policy Period**.

The **Insurer** shall extend coverage for any **Subsidiary** described in subparagraph (b) above, and any **Insured Person** thereof, beyond its respective **Auto-Subsidiary Period** if during such **Auto-Subsidiary Period**, the **Participant** shall have provided the **Insurer** with full particulars of the new **Subsidiary** and agreed to any additional premium and amendment of the provisions of this policy required by the **Insurer** relating to such **Subsidiary**. Further, coverage as shall be afforded to any **Subsidiary** and any **Insured Person** thereof is conditioned upon the **Participant** paying when due any additional premium required by the **Insurer** relating to such **Subsidiary**.

B. Former Subsidiaries

In the event the **Participant** loses **Management Control** of a **Subsidiary** during or prior to the **Policy Period**, coverage with respect to such **Subsidiary** and its **Insured Persons** shall continue until termination of this policy but only with respect to **Claims for Wrongful Acts** that occurred or are alleged to have occurred during the time that the **Participant** had **Management Control** of such entity either directly or indirectly through one or more of its **Subsidiaries**.

C. Scope Of Subsidiary Coverage

Coverage as is afforded under this **Coverage Section** with respect to a **Claim** made against any **Subsidiary** and/or any **Insured Person** thereof shall only apply for **Wrongful Acts** committed or allegedly committed during the time that such **Subsidiary** and such **Insured Person** meet the respective definitions of **Subsidiary** and **Insured Person** set forth in this **Coverage Section**.

10. APPLICATION AND UNDERWRITING

A. Application And Reliance

The **Insurer** has relied upon the accuracy and completeness of the statements, warranties and representations contained in the **Application**. All such statements, warranties and representations are the basis for this **Coverage Section** and are to be considered as incorporated into this **Coverage Section**.

B. Severability Of The Application

The **Application** shall be construed as a separate application for coverage by each **Insured Person**. With respect to the **Application**, no knowledge possessed by any **Organization** or any **Insured Person** shall be imputed to any other **Insured Person**.

If the statements, warranties and representations in the **Application** were not accurate and complete and materially affected either the acceptance of the risk or the hazard assumed by the **Insurer** under this **Coverage Section**, then the **Insurer** shall have the right to void coverage under this **Coverage Section**, *ab initio*, with respect to:

- (1) **Loss** of any **Insured Person** who knew, as of the inception date of the **Policy Period**, the facts that were not accurately and completely disclosed; and
- (2) **Loss** of an **Organization**, if any **Insured Person** who is or was a chief executive officer, general counsel, director of human resources or risk manager (or equivalent position) of the **Named Entity** knew, as of the inception date of the **Policy Period**, the facts that were not accurately and completely disclosed.

The foregoing applies even if the **Insured Person** did not know that such incomplete or inaccurate disclosure had been provided to the **Insurer** or included within the **Application**.

11. PAYMENTS AND OBLIGATIONS OF ORGANIZATIONS AND OTHERS

A. Other Insurance And Indemnification

Unless expressly written to be excess over other applicable insurance, it is intended that the insurance provided by this **Coverage Section** shall be primary.

In the event a **Claim** is made against an **Outside Entity Executive**, or a **Claim** is made against an **Insured** for the **Insured's** liability with respect to a leased **Employee** or independent contractor **Employee** as described in the definition of "**Employee**", coverage as is afforded by this **Coverage Section** shall be specifically excess of any: (a) indemnification provided by such **Outside Entity** or leasing company; and (b) any other insurance provided to such **Outside Entity**, leasing company or independent contractor.

B. Subrogation

To the extent of any payment under this **Coverage Section**, the **Insurer** shall be subrogated to all of the **Organizations'** and **Insureds'** rights of recovery. Each **Organization** and each **Insured Person** shall execute all papers reasonably required and provide reasonable assistance and cooperation in securing or enabling the **Insurer** to exercise subrogation rights or any other rights, directly or in the name of the **Organization** or any **Insured Person**.

In the event that the **Insurer** shall for any reason pay **Loss** on behalf of an **Insured Person**, the **Insurer's** subrogation rights shall include, but not be limited to, the assertion of indemnification or contribution rights with respect to any such payments it makes or advances. Additionally, upon the **Insurer** making any payment of **Loss** within the Retention on behalf of any **Insured**, the **Insurer** shall have a direct contractual right under this policy to recover from the **Organization**, or in the event of the bankruptcy of the **Organization**, from the debtor-in- possession (or equivalent status outside the United States) such **Loss** which was paid within

© American International Group, Inc. All rights reserved.

EPL COVERAGE SECTION

the Retention. Such direct contractual right of recovery against the **Organization** shall be in addition to and independent of the **Insurer's** subrogation right pursuant to this Clause 10.B and any other rights the **Insurer** may have under applicable law.

In no event, however, shall the **Insurer** exercise its rights of subrogation against an **Insured** under this **Coverage Section** unless the Conduct Exclusion applies with regard to such **Insured**; provided, however, this sentence shall not apply to subrogation against the **Organization** as described in the second paragraph of this Clause 10.B.

12. ALTERNATIVE DISPUTE RESOLUTION

ADR Options

All disputes or differences which may arise under or in connection with this **Coverage Section**, whether arising before or after termination of this policy, including any determination of the amount of **Loss**, shall be submitted to an alternative dispute resolution (ADR) process as provided in this Clause. The **Named Entity** may elect the type of ADR process discussed below; provided, however, that absent a timely election, the **Insurer** may elect the type of ADR. In that case, the **Named Entity** shall have the right to reject the **Insurer's** choice of the type of ADR process at any time prior to its commencement, after which, the **Insured's** choice of ADR shall control.

Mediation

In the event of mediation, either party shall have the right to commence a judicial proceeding; provided, however, that no such judicial proceeding shall be commenced until the mediation shall have been terminated and at least ninety (90) days shall have elapsed from the date of the termination of the mediation.

Arbitration

In the event of arbitration, the decision of the arbitrator(s) shall be final, binding and provided to both parties, and the arbitration award shall not include attorney's fees or other costs.

ADR Process

Selection of Arbitrator(s) or Mediator. The **Insurer** and the **Named Entity** shall mutually consent to: (i) in the case of arbitration, an odd number of arbitrators which shall constitute the arbitration panel, or (ii) in the case of mediation, a single mediator. The arbitrator, arbitration panel members or mediator must be disinterested and have knowledge of the legal, corporate management, or insurance issues relevant to the matters in dispute. In the absence of agreement, the **Insurer** and the **Named Entity** each shall select one arbitrator, the two arbitrators shall select a third arbitrator, and the panel shall then determine applicable procedural rules.

ADR Rules: In considering the construction or interpretation of the provisions of this policy, the mediator or arbitrator(s) must give due consideration to the general principles of the law of the **State of Formation** of the **Named Entity**. Each party shall share equally the expenses of the process elected. At the election of the **Named Entity**, either choice of ADR process shall be commenced in New York, New York; Atlanta, Georgia; Chicago, Illinois; Denver, Colorado; or in the state reflected in the **Named Entity Address**. The **Named Entity** shall act on behalf of each and every **Insured** under this *Alternative Dispute*

Resolution Clause. In all other respects, the **Insurer** and the **Named Entity** shall mutually agree to the procedural rules for the mediation or arbitration. In the absence of such an agreement, after reasonable diligence, the arbitrator(s) or mediator shall specify commercially reasonable rules.

13. DEFINITIONS

The following definitions shall apply only for purposes of coverage provided under this **Coverage Section**. Terms appearing in **bold** in this **Coverage Section** but not defined herein shall have the meaning and/or value ascribed to them in the Declarations or in the *Definitions Clause* of the **General Terms and Conditions**.

**Administrative
Claim**

means an administrative or regulatory investigation:

- (1) by the **EEOC**; or
- (2) of a violation of the Uniformed Services Employment and Reemployment Rights Act, when such investigation is conducted by the United States Department of Labor, Veterans Employment and Training Service, Justice Department or Office of Special Counsel;

which, in either case, is commenced by the filing of a notice of charges or similar document of which notice has been given to an **Insured**.

The term "**Administrative Claim**" shall not mean or include any **Litigated Matter**.

Application

means:

- (1) the written statements and representations made by an **Insured** and provided to the **Insurer** during the negotiation of this policy, or contained in any application or other materials or information provided to the **Insurer** in connection with the underwriting of this policy; and
- (2) all warranties executed by or on behalf of an **Insured** and provided to the **Insurer** in connection with the underwriting of this policy or the underwriting of any other employment practices (or equivalent) liability policy issued by the **Insurer**, or any of its affiliates, of which this policy is a renewal, replacement or which it succeeds in time.

means:

Claim

- (1) a written demand for monetary, non-monetary or injunctive relief, including, but not limited to, any demand for mediation, arbitration or any other alternative dispute resolution process, or any request to toll or waive the statute of any limitations;
- (2) a civil, criminal, administrative, regulatory or arbitration proceeding for monetary, non-monetary or injunctive relief which is commenced by: (a) service of a complaint or similar pleading; (b) return of an indictment, information or similar document (in the case of a criminal proceeding); or (c) receipt or filing of a notice of charges;

- (3) an administrative or regulatory investigation by the **EEOC**, which is commenced by the filing of a notice of charges, service of a complaint or similar document of which notice has been given to an **Insured**; or
- (4) an administrative or regulatory investigation of violations of the Uniformed Services Employment and Reemployment Rights Act when such investigation is conducted by the United States Department of Labor, Veterans Employment and Training Service, Justice Department or Office of Special Counsel and is commenced by the filing of a notice of charges, service of a complaint or similar document of which notice has been given to an **Insured**.

However, in no event, shall the term “**Claim**” include any labor or grievance proceeding which is subject to a collective bargaining agreement.

Class Action Claim means any **Claim** brought: (1) by or on behalf of an actual or alleged class (whether or not certified as such); or (2) by the **EEOC** on behalf of any group of three or more complainants, plaintiffs or potentially aggrieved parties.

Class Action Retention means the Retention applicable to **Loss** that arises out of a **Class Action Claim**.

Defense Costs means reasonable and necessary fees, costs and expenses consented to by the **Insurer** (including the cost of **E-Discovery Consultant Services** and premiums for any appeal bond, attachment bond or similar bond arising out of a covered judgment, but without any obligation to apply for or furnish any such bond) resulting solely from the investigation, adjustment, defense and/or appeal of a **Claim** against an **Insured**. **Defense Costs** shall not include the compensation of any **Insured Person**.

Designated Employment Practices Claim means a **Claim**: (1) alleging discrimination or **Retaliation**; or (2) that is a **Class Action Claim**.

EEOC means the Equal Employment Opportunity Commission, or any similar state, local or foreign agency.

Employee means any past, present or future employee, whether such employee is in a supervisory, co-worker or subordinate position or otherwise, including any full-time, part-time, seasonal, temporary employee, and volunteer in his or her capacity as such. An individual who is leased to the **Organization** or is contracted to perform work for the **Organization**, or who is an independent contractor for the **Organization**, shall also be an **Employee**.

Employment Practices Violation means any actual or alleged:

- (1) wrongful dismissal, discharge or termination (either actual or constructive) of employment, including breach of an implied contract;
- (2) harassment (including workplace bullying, sexual harassment whether “quid pro quo”, hostile work environment or otherwise, including “same-sex” sexual harassment);
- (3) discrimination (including, but not limited to, discrimination based upon age, gender, gender identity or expression, race, color, national origin,

religion, sexual orientation or preference, genetic information, pregnancy, military status, employment status or disability);

- (4) **Retaliation**;
- (5) employment-related misrepresentation(s) to an **Employee** of any **Organization**;
- (6) employment-related libel, slander, humiliation, defamation or invasion of privacy;
- (7) wrongful entry or eviction or other invasion of the right of private occupancy;
- (8) false arrest or false imprisonment;
- (9) wrongful failure to employ or promote;
- (10) wrongful deprivation of career opportunity, wrongful demotion or negligent **Employee** evaluation, including the giving of negative or defamatory statements in connection with an employee reference;
- (11) wrongful discipline;
- (12) failure to grant tenure; or
- (13) with respect to any of the foregoing items (1) through (11) of this definition: negligent hiring, retention, training or supervision, infliction of emotional distress or mental anguish, failure to provide or enforce adequate or consistent corporate policies and procedures, or violation of an individual's civil rights;

but only if the **Employment Practices Violation** relates to an **Employee** of or an applicant for employment with an **Organization** or an **Outside Entity**, whether committed directly, indirectly, intentionally or unintentionally.

Executive

means any:

- (1) past, present and future duly elected or appointed director, officer, trustee or governor of a corporation, management committee member of a joint venture or member of the management board of a limited liability company (or equivalent position), in his or her capacity as such; and
- (2) past, present and future person in a duly elected or appointed position in an entity organized and operated in a **Foreign Jurisdiction** that is equivalent to an executive position listed in subparagraph (1) above, or a member of the senior-most executive body (including, but not limited to, a supervisory board), in his or her capacity as such.

Financial Insolvency

means: (1) the appointment by any government official, agency, commission, court or other governmental authority of a receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate an insolvent **Organization**; (2) the filing of a petition under the bankruptcy laws of the United States of America; or (3), as to both (1) or (2), any equivalent events outside the United States of America.

Foreign Policy

means the standard employment practices liability policy (including all

mandatory endorsements, if any) approved by the **Insurer** or any of its affiliates to be sold within a **Foreign Jurisdiction** that provides coverage substantially similar to the coverage afforded under this **Coverage Section**. If more than one such policy exists, then "**Foreign Policy**" means the standard basic policy form most recently offered for sale for comparable risks by the **Insurer** or any of its affiliates in that **Foreign Jurisdiction**.

Insured

means any:

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

Insured Person

means any:

- (1) **Executive** of an **Organization**;
- (2) **Employee** of an **Organization**; provided, however, an individual who is leased to the **Organization** or is contracted to perform work for the **Organization**, or who is an independent contractor for the **Organization**, shall be an **Insured Person** only if the **Organization** provides indemnification to such individual in the same manner as is provided to the **Organization's** employees; or
- (3) **Outside Entity Executive**.

Litigated Matter

means any civil, criminal, administrative, regulatory or arbitration proceeding for monetary, non-monetary or injunctive relief which is commenced by: (1) service of a complaint or similar pleading; or (2) return of an indictment, information or similar document (in the case of a criminal proceeding).

Loss

means damages, settlements, judgments (including back pay and front pay, pre/post-judgment interest on a covered judgment), and **Defense Costs**; however, "**Loss**" shall not include: (1) civil or criminal fines or penalties; (2) taxes; (3) any amounts for which an **Insured** is not financially liable or which are without legal recourse to an **Insured**; (4) employment-related benefits, stock options, perquisites, deferred compensation or any other type of compensation other than salary, wages or bonus compensation; (5) any liability or costs incurred by any Insured to modify any building or property in order to make said building or property more accessible or accommodating to any disabled person; or any liability or costs incurred in connection with any educational, sensitivity or other corporate program, policy or seminar relating to a **Claim** alleging discrimination or other **Wrongful Act**; and (6) matters which may be deemed uninsurable under the law pursuant to which this policy shall be construed. **Defense Costs** shall be provided for items specifically excluded from **Loss** pursuant to subparagraphs (1) through (6) above of this Definition, subject to the other terms, conditions and exclusions of this policy.

Loss shall specifically include (subject to this policy's other terms, conditions and limitations, including but not limited to the Conduct Exclusion), punitive, exemplary and multiple damages (including the

multiple or liquidated damages awards under the Age Discrimination in Employment Act and the Equal Pay Act). Enforceability of this paragraph shall be governed by such applicable law that most favors coverage for such penalties and punitive, exemplary and multiple damages.

Loss shall also include any attorney fees awarded to a prevailing plaintiff's counsel pursuant to a covered judgment against an **Insured** or which the **Insurer** has agreed to pay as part of a covered settlement of a **Claim** against an **Insured**.

means:

Management Control

- (1) owning interests representing more than 50% of the voting, appointment or designation power for the selection of a majority of: the Board of Directors of a corporation; the management committee members of a joint venture; or the members of the management board of a limited liability company; or
- (2) having the right, pursuant to written contract or the by-laws, charter, operating agreement or similar documents of an **Organization**, to elect, appoint or designate a majority of: the Board of Directors of a corporation; the management committee of a joint venture; or the management board of a limited liability company.

Outside Entity

means any: (1) not-for-profit entity; or (2) other entity listed as an "**Outside Entity**" in an endorsement attached to this **Coverage Section**.

Outside Entity Executive

means any: (1) **Executive** or **Employee** of an **Organization** who is or was acting at the specific request or direction of an **Organization** as an **Executive** of an **Outside Entity**, in his or her capacity as such; or (2) any other person listed as an **Outside Entity Executive** in an endorsement attached to this **Coverage Section**, in his or her capacity as such.

In the event of a disagreement between the **Organization** and an **Outside Entity Executive** as to whether such **Insured** was acting "at the specific request or direction of the **Organization**," this **Coverage Section** shall abide by the determination of the **Organization** on this issue and such determination shall be made by written notice to the **Insurer** within ninety (90) days after the **Claim** against such **Outside Entity Executive** is made. In the event no notice of any such determination is given to the **Insurer** within such period, this **Coverage Section** shall apply as if the **Organization** determined that such **Outside Entity Executive** was not acting at the **Organization's** specific request or direction.

Prior AIG Policy

means a valid and collectible employment practices liability policy providing substantially the same or similar coverage as is provided by this **Coverage Section**, issued to the **Name Entity** by the **Insurer** (or any other insurance company affiliate thereof), of which this **Coverage Section** is a continuous renewal.

Related Claim

means a **Claim** alleging, arising out of, based upon or attributable to any facts or **Wrongful Acts** that are the same as or related to those that were alleged in another **Claim** made against an **Insured**.

Retaliation

means a retaliatory act of an **Insured** alleged to be in response to the actual

© American International Group, Inc. All rights reserved.

EPL COVERAGE SECTION

or attempted exercise by an **Employee** of the **Organization** or an **Outside Entity** of any right that such **Employee** has under law, including, without limitation, any of the following activities: (1) the disclosure or threat of disclosure by an **Employee** of the **Organization** or an **Outside Entity** to a superior or to any governmental agency of any act by an **Insured** which act is alleged to be a violation of any federal, state, local or foreign law, common or statutory, or any rule or regulation promulgated thereunder; (2) the exercise of rights under worker's compensation laws, the Family and Medical Leave Act, the Americans with Disabilities Act or any other law relating to employee rights; (3) the filing of any claim under the Federal False Claims Act or any other federal, state, local or foreign "whistle-blower" law; or (4) strikes of an **Employee** of the **Organization** or an **Outside Entity**.

means an **Insurer** recommended settlement that is within the **Policy Aggregate** and the applicable **Separate Limit of Liability** or **Shared Limit of Liability**, and that is acceptable to the claimant.

**Settlement
Opportunity**

Subsidiary

means:

- (1) any for-profit entity of which the **Named Entity** has or had **Management Control** on or before the **Inception Date** of the policy either directly or indirectly through one or more of its other **Subsidiaries**; and
- (2) any not-for-profit entity sponsored exclusively by an **Organization**.

A for-profit entity ceases to be a **Subsidiary** when the **Named Entity** no longer maintains **Management Control** of such entity either directly or indirectly through one or more of its **Subsidiaries**. A not-for-profit entity ceases to be a **Subsidiary** when such entity is no longer sponsored exclusively by an **Organization**.

**Third-Party
Violation**

means any actual or alleged harassment or unlawful discrimination, as described in subparagraphs (2) and (3) of the definition of **Employment Practices Violation**, or the violation of the civil rights of an individual relating to such harassment or discrimination, when such acts are alleged to be committed against any individual other than an **Insured Person** or applicant for employment with the **Organization** or with an **Outside Entity**, including, but not limited to, students, patients, members, customers, vendors and suppliers.

**Third Party
Retention**

means the Retention applicable to **Loss** that arises out of any **Third-Party Violation** alleging a **Third-Party Violation**.

Wrongful Act

means any **Employment Practices Violation**, **Third-Party Violation** or **Wrongful Internet Activity**.

**Wrongful Internet
Activity**

means any actual or alleged:

- (1) **Employment Practices Violation** alleged by an **Employee**; or
- (2) **Third Party Violation**,

when committed by an **Employee** by means of the internet, including, but not limited to, social networking activities, regardless of whether such internet activity is during or after work hours or on or off the work premises. For purposes of the application of this definition, an individual shall be deemed to be an **Employee** regardless of whether such individual was acting in his or her capacity as an **Employee**.

This endorsement, effective January 1 2022, 12:01 A.M.,
Forms a part of Policy No.: 033085880
Issued to: UNITED CHURCH INSURANCE ASSOCIATION
By: LEXINGTON INSURANCE COMPANY

ENDORSEMENT

This endorsement modifies insurance provided under the following:

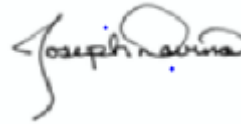
EMPLOYMENT EDGE® EMPLOYMENT PRACTICES LIABILITY

Item 5. LIMITS OF LIABILITY is deleted in it's entirety and replace with the following:

5. LIMITS OF LIABILITY

In addition to the provisions of Clause 3. LIMITS OF LIABILITY of the **General Terms and Conditions**, the maximum limit of the **Insurer's** liability for all **Loss** under this **Coverage Section** arising out of all **Third Party Violation Claims** is \$500,000 (hereinafter called the "**Third Party Violation Limit of Liability**"). This **Third Party Violation Limit of Liability** shall be part of and not in addition to the **Policy Aggregate** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this **Coverage Section**.

All other terms and conditions of the policy remain the same.



Authorized Representative

This endorsement, effective January 1 2022, 12:01 A.M.,
Forms a part of Policy No.: 033085880
Issued to: UNITED CHURCH INSURANCE ASSOCIATION
By: LEXINGTON INSURANCE COMPANY

**COMPENSATION & LABOR LIABILITY EXCLUSION AMENDED
(WITH SUBLIMITED FLSA COVERAGE)**

This endorsement modifies the EPL Coverage Section.

In consideration of the premium charged, it is hereby understood and agreed that the policy is amended as follows:

1. Clause 3(6) *Compensation & Labor Liability Exclusion* of the **EPL Coverage Section** is deleted in its entirety and replaced with the following:

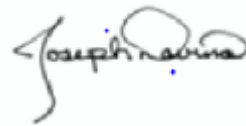
(6) <i>Compensation & Labor Liability</i>	for any violation of responsibilities, obligations or duties imposed by the National Labor Relations Act (NLRA), the Worker Adjustment and Retraining Notification (WARN) Act, the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Occupational Safety and Health Act (OSHA), any rules or regulations of the foregoing promulgated thereunder, and amendments thereto or any similar federal, state, local or foreign law or amendment to a law;
---	---
2. Notwithstanding anything to the contrary stated above or in Clause 3. **LIMITS OF LIABILITY** of the **General Terms and Conditions**, the maximum limit of the **Insurer's** liability for **Defense Costs** under this **Coverage Section** arising out of any and all **FLSA Claims** in the aggregate is \$25,000 (hereinafter called the "**FLSA Sublimit of Liability**"). This **FLSA Sublimit of Liability** is part of and not in addition to the **Policy Aggregate** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this **Coverage Section**.
3. Additionally, the **Insurer** shall only be liable for the amount of **Loss** in connection with any **FLSA Claims**, which is in excess of a Retention amount of \$0, such Retention amount to be borne by the **Organization** and/or the **Insureds** and shall remain uninsured. A single Retention amount shall apply to **Loss** arising from all **FLSA Claims** alleging the same **Wrongful Act** or **Related Wrongful Acts**. In the event a **FLSA Claim** triggers more than one applicable retention amount, only the highest such amount shall apply, which amount shall apply to all **Loss** under such **Claim**.
4. As used in this endorsement, "**FLSA Claim**" means any **Claim**:
 - (a) for any violation of responsibilities, obligations or duties imposed by the Fair Labor Standards Act (except the Equal Pay Act) or any similar state law; or

- (b) alleging, arising out of, based upon or attributable to any of the circumstances described in any of the following:
- (i) the refusal, failure or inability of any **Insured** to pay wages or overtime pay (or amounts representing such wages or overtime pay) for services rendered or time spent in connection with work related activities (as opposed to tort-based back pay or front pay damages for torts other than conversion);
 - (ii) improper deductions from pay taken by any **Insured** from any **Employee** or purported **Employee**; or
 - (iii) failure to provide or enforce legally required meal or rest break periods.

provided, however, the **FLSA Sublimit of Liability** shall not apply to the extent that a **Claim** is for **Retaliation**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

© American International Group, Inc. All rights reserved.



Authorized Representative