

# NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY

AMERICAN FAMILY

MUTUAL INSURANCE COMPANY

Non-assessable policy Issued by

**AMERICAN FAMILY MUTUAL INSURANCE COMPANY**

6000 American Pkwy

Madison WI 53783-0001

(608) 249-2111

Member of American Family Insurance Group

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## NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY

### THIS POLICY CONSISTS OF:

DECLARATIONS

POLICY

FORMS AND ENDORSEMENTS APPLYING TO THIS POLICY

### QUICK REFERENCE

#### DECLARATIONS

- Named Organization
- Policy Period
- Form Of Business
- Business Description
- Limit Of Liability
- Retention Amounts
- Retroactive Date
- Pending Or Prior Litigation Date
- Extended Reporting Period
- Forms And Endorsements Applying To This Policy
- Total Premium

#### POLICY BOOKLET

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#### ENDORSEMENTS

**SPECIAL PROVISIONS FOR AMERICAN FAMILY MUTUAL INSURANCE COMPANY POLICYHOLDERS ..... iii**

**IMPORTANT:** This Quick Reference is not part of the Non-Profit Directors & Officers Liability Policy and does not provide coverage. Refer to the Non-Profit Directors & Officers Liability Policy itself for actual contractual provisions.

PLEASE READ THE POLICY CAREFULLY.

## NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY

**THIS IS A CLAIMS-MADE POLICY  
PLEASE READ THE ENTIRE FORM CAREFULLY**

This is a claims-made policy. Under Coverages **A** and **B**, "claims" must be first made against the "insured persons" during the "policy period" or the Extended Reporting Period, if exercised, and reported to us under the terms of Sections **VI.A.** and **VI.B.** Under Coverage **C** "claims" must be first made against the "organization" during the "policy period" or the Extended Reporting Period, if exercised, and reported to us under the terms of Sections **VI.A.** and **VI.B.** "Claims expenses" are payable within, not in addition to, the Limit of Liability.

Various provisions in this policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the "named organization" shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section VII – Definitions.

## SECTION I – INSURING AGREEMENTS

### **A. Coverage A – Management Liability**

We will pay on behalf of an "insured person" such "loss" which the "insured person" becomes legally obligated to pay as a result of a "claim" first made against that "insured person" during the "policy period" or during the Extended Reporting Period, if exercised, except to the extent that the "organization" has indemnified the "insured person" for such "loss".

However, this insurance applies only to a "claim" arising out of a "wrongful act" committed by the "insured person" which occurs on or after the Retroactive Date, if any, shown in the Declarations, and before the end of the "policy period".

**B. Coverage B – Organization Reimbursement**

We will pay on behalf of the "organization" such "loss" for which the "organization" has indemnified an "insured person", as permitted or required by law, and which the "insured person" becomes legally obligated to pay as a result of a "claim" first made against that "insured person" during the "policy period" or during the Extended Reporting Period, if exercised.

However, this insurance applies only to a "claim" arising out of a "wrongful act" committed by the "insured person" which occurs on or after the Retroactive Date, if any, shown in the Declarations, and before the end of the "policy period".

### C. Coverage C – Organization Liability

We will pay on behalf of the "organization" such "loss" which the "organization" becomes legally obligated to pay as a result of a "claim" first made against the "organization" during the "policy period" or during the Extended Reporting Period, if exercised.

However, this insurance applies only to a "claim" arising out of a "wrongful act" committed by the "organization" which occurs on or after the Retroactive Date, if any, shown in the Declarations, and before the end of the "policy period".

## SECTION II – EXTENSIONS

Subject to Section I, the following coverage extensions are provided:

### A. Spousal Liability

If a "claim" against any "insured person" includes a claim against the "insured person's" spouse (whether such status is derived by reason of statutory or common law, or any other law of any country) solely by reason of:

1. Such spousal status; or
2. Such spouse's ownership interest in property or assets that are sought as recovery for the "wrongful act" committed or allegedly committed by the "insured person";

all loss which such spouse becomes legally obligated to pay by reason of such claim will be treated for the purposes of this policy as "loss" which the "insured person" becomes legally obligated to pay as a result of the "claim" made against such "insured person". Such loss to the spouse will be covered under this policy only if and to the extent such loss would be covered if incurred by the "insured person".

However, this extension will not afford coverage for a "claim" arising out of any "wrongful act" committed or allegedly committed by the spouse.

### B. Estates, Heirs And Legal Representatives

This policy will afford coverage for "claims" arising out of the "wrongful acts" of an "insured person" made against:

1. The estate, heirs or legal representatives of a deceased "insured person"; and
2. The legal representative of an "insured person" in the event of incompetence, insolvency or bankruptcy.

This extension will afford coverage only if and to the extent that, in the absence of such death, incompetence, insolvency or bankruptcy of the "insured person", such "claims" would have been covered by this policy according to this policy's terms, conditions and exclusions.

### SECTION III – EXCLUSIONS

We will not pay for any "loss" resulting from any "claim":

- A. Based upon, attributable to, or arising in fact out of any dishonest, malicious, fraudulent or deliberately criminal act or any willful violation of any statute or regulation;
- B. For bodily injury, mental or emotional distress, sickness, disease or death of any person, or damage to or destruction of any tangible property including the loss of its use;
- C. Based upon, attributable to, or arising in fact out of the gaining of any profit, remuneration or advantage to which any "insured" was not legally entitled;
- D. Based upon, attributable to, or arising out of a "wrongful act" or "interrelated wrongful act" that has occurred before the Retroactive Date, if any, shown in the Declarations;

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- E. Based upon, attributable to, or arising out of the same facts, "wrongful acts" or "interrelated wrongful acts", alleged or contained in any "claim" which has been reported, or in any circumstances of which notice has been given, under any insurance policy of which this policy is a renewal or replacement;
  - F. Based upon, attributable to, or arising out of any demand, suit, or other proceeding against any "insured" which was pending on or existed prior to the applicable Pending or Prior Litigation Dates shown in the Declarations, or arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for, such demand, suit, or other proceeding;
  - G. Based upon, attributable to, or arising out of any actual or alleged failure or omission on the part of any "insured" to effect or maintain insurance;
  - H. Based upon, attributable to, or arising out of any "wrongful act" committed by any "insured person" serving in any position or capacity in any organization other than the "organization" even if the "organization" directed or requested that "insured person" to serve in such other position or capacity;
  - I. Based upon, attributable to, or arising out of any "wrongful act" committed or allegedly committed by any "organization" or its "insured persons" which becomes a "subsidiary", if such actual or alleged "wrongful act" occurred prior to the date such "organization" became a "subsidiary";
  - J. Brought by or on behalf of the "organization" or any "insured person", in any capacity, except a "claim" that is a derivative action brought on behalf of the "organization" by one or more security holders who are not "insured persons" and who bring the "claim" without the solicitation, assistance or participation of any "insured person" or the "organization";
  - K. For an actual or alleged violation of the Employee Retirement Income Security Act of 1974 and its amendments, or similar provisions of any federal, state, local or statutory law or common law;
  - L. For liability under or breach of any oral, written or implied contract or agreement, or for liability of others assumed by the "organization" under any such contract or agreement, except if the "organization" would have been liable in the absence of such contract or agreement;
  - M. Based upon, attributable to, or arising out of "wrongful act" resulting from:
    - 1. Publication or pronouncement, including material placed on the Internet or on similar electronic means of communication, concerning any organization or business enterprise or their products or services made by or at the direction of any "insured" with the knowledge of its falsity; or
    - 2. Printing of periodicals, advertising matter, or any or all jobs taken by any "insured" to be printed for a third party when the periodicals, advertising matter or other printing is not within the scope of the "organization's" own activities;
  - N. Based upon, attributable to, or arising out of:
    - 1. The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
    - 2. Any request, demand, order or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
    - 3. A claim or suit brought by or on behalf of any governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants";
 including without limitation any "claim" by or on behalf of the "organization" or its securities holders;
  - O. Based upon, attributable to, or arising out of any demand, suit, or other proceedings against any for-profit entity or its insured persons that the "organization" acquires, merges with, or creates before or during the "policy period";
  - P. Employment-related practices, policies, acts or omissions including, but not limited to, any "wrongful employment practices act". This exclusion also applies to any "wrongful employment practices act" committed against any independent contractor or leased employee.
- The "wrongful act" committed by any "insured person" shall not be imputed to any other "insured person" for purposes of applying the exclusions set forth in this Section III.

#### SECTION IV – LIMIT OF LIABILITY AND RETENTION

- A. The most we will pay for all "loss" under Coverage A, or Coverage B, or Coverage C, separately or combined, resulting from all "claims" first made during the "policy period" and the Extended Reporting Period, if exercised, is the aggregate Limit of Liability shown in the Declarations.  
If the aggregate Limit of Liability is exhausted by the payment of "loss", we will have no further obligations or liability of any kind under this policy.
- B. All "claims" arising out of the same "wrongful act" or "interrelated wrongful acts" committed by one or more "insureds" shall be considered a single "claim". Such single "claim" shall be deemed to be first made on the date the initial "claim" arising out of such "wrongful act" or "interrelated wrongful acts" was first made pursuant to Section VI, Paragraph A.1. or notice of such "wrongful act" or "interrelated wrongful acts" was first reported pursuant to Section VI, Paragraph A.2.
- C. Subject to Paragraph A. above, we will pay only that amount of "loss" which is in excess of the applicable Retention Amount shown in the Declarations. Such Retention Amount will be borne by the "insureds", uninsured and at their own risk. A single Retention Amount will apply to all "loss" resulting from all "claims" alleging the same "wrongful acts" or "interrelated wrongful acts".
- D. If "loss" resulting from a single "claim" is covered in whole or in part under more than one Coverage, the applicable Retention Amount will be applied separately to that part of the "loss" covered by each Coverage. However, for any one "claim", the sum of the applied Retention Amounts shall not exceed the largest single applicable Retention Amount.
- E. "Claims expenses" are part of the "loss" and are not payable by us in addition to the Limit of Liability, but are payable within the Limit of Liability shown in the Declarations, thereby reducing the Limit of Liability shown in the Declarations.

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- F. If the "organization" is permitted or required by law to indemnify an "insured person" for "loss", but fails or refuses, other than for reason of "financial insolvency", then our payment for such "loss" will not be subject to any Retention Amount; and the "organization" shall be responsible for, and shall hold us harmless from, and shall reimburse us for such "loss" up to the applicable Retention Amount as shown in the Declarations. For purposes of this Paragraph, the "organization" resolutions, operating agreement, organizing agreement, articles of organization, certificate of formation, and other provisions providing indemnification to the "insured persons", shall be deemed to provide indemnification for such "loss" to the fullest extent permitted or required by law.

## SECTION V – DEFENSE AND SETTLEMENT

- A. We shall have the right and duty to defend any "claim" made against any "insured" under Section I - Insuring Agreements, even if such "claim" is groundless, false or fraudulent. The "insureds" shall not admit or assume any liability, enter into any settlement agreement, stipulate to any judgment, or incur any "claims expenses" without our prior written consent. Only those settlements, stipulated judgments and "claims expenses" which have been consented to by us, will be recoverable as "loss" under the terms and conditions of this policy. Our consent shall not be unreasonably withheld. The "insureds" shall provide us with full cooperation, assistance and all information that would reasonably be required in order to allow us to reach a decision as to such consent.
- B. We may, upon the written consent of the "insureds", make any settlement of any "claim" which we deem reasonable. If any of the "insureds" withhold consent to such settlement, our liability for all "loss" resulting from such "claim" will not exceed the amount for which we could have settled such "claim" plus "claims expenses" incurred as of the date such settlement was proposed in writing by us to the "insureds".

## SECTION VI – CONDITIONS

### A. Notice To Us

1. As a condition precedent to our obligations under this Policy, the "insureds" must give us written notice of any "claim" made against any "insured" as soon as practicable, but in no event:
  - a. Later than sixty (60) days after the end of the "policy period"; or
  - b. After the end of the Extended Reporting Period, if exercised.
2. If during the "policy period" any "insured" becomes aware of a specific "wrongful act" that may reasonably be expected to give rise to a "claim" against any "insured", and during the "policy period" the "insureds" give written notice to us of:
  - a. A description of the specific "wrongful act", including all relevant dates;
  - b. The names of the persons involved in the specific "wrongful act", including names of the potential claimants;
  - c. Particulars as to the reasons for anticipating a "claim" which may result from such specific "wrongful act";
  - d. The nature of the alleged or potential damages arising from such specific "wrongful act"; and

- e. The circumstances by which the "insureds" first became aware of the specific "wrongful act";
- then any "claim" subsequently made against any "insured" arising out of such specific "wrongful act" shall be deemed under this policy to be a "claim" made during the "policy period" in which such specific "wrongful act" was first reported to us.

### B. Extended Reporting Period

1. An Extended Reporting Period is available by endorsement to the policy, for an additional premium, if this policy is cancelled or not renewed by either you or us, unless:
  - a. We cancel this policy for non-payment of premium; or
  - b. You fail to pay any amounts owed us.
2. In order to obtain an Extended Reporting Period, you must give us a written request for the Extended Reporting Period Endorsement together with the full payment of the additional premium for the Extended Reporting Period Endorsement within thirty (30) days after the end of the "policy period". You may request an Extended Reporting Period of twelve; twenty-four or thirty-six months.
3. The Extended Reporting Period does not extend the "policy period" or change the scope of coverage provided. It applies only to "claims" to which the following applies:
  - a. The "claim" is first made and reported to us before the end of the Extended Reporting Period; and
  - b. The "claim" arose out of a "wrongful act" which occurred on or after the Retroactive Date, if any, shown in the Declarations, and before the end of the "policy period".
4. There is no separate or additional Limit of Liability for the Extended Reporting Period. The Limit of Liability available during the Extended Reporting Period, if purchased, shall be the remaining amount, if any, of the aggregate Limit of Liability available at the time this policy was cancelled or non-renewed.
5. Once in effect, the Extended Reporting Period may not be cancelled. The premium for the Extended Reporting Period Endorsement will be deemed fully earned as of the date it is purchased.

### C. Assistance And Cooperation

The "insureds" shall, as a condition precedent to their rights under this policy, give to us all information, assistance and cooperation as we may reasonably require.

### D. Subrogation

With respect to any payments made under this policy on behalf of any "insured", we shall be subrogated to the rights of recovery of such "insured", to the extent of those payments. The "insureds" shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable us to bring suit in the name of the "insureds". Any recoveries, less the cost of obtaining them, will be distributed as follows:

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**J. Territory And Valuation**

1. This policy covers "wrongful acts" which occurred or "claim" made anywhere in the world provided the insured's responsibility to pay damages for a "loss" is determined in:
  - a. A proceeding filed in the United States of America or Canada; or,
  - b. An agreement we agree to.
2. All premiums, Limits of Liability, Retention Amounts, "loss" and any other monetary amounts under this policy are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or another component of "loss" under this policy is expressed in any currency other than United States of America dollars, payment under this policy shall be made in United States dollars at the rate of exchange published in The Wall Street Journal on the date the final judgment is entered, settlement amount is agreed upon, or the other component of "loss" is due, respectively.

**SECTION VII – DEFINITIONS**

- A. "Application" means all signed applications for this policy, including any attachments and other materials submitted in conjunction with the signed application(s).
- B. "Claim" means:
  1. A written demand for monetary damages against any "insured";
  2. A civil proceeding against any "insured" commenced by the service of a complaint or similar pleading;
  3. A criminal proceeding against any "insured person" commenced by a return of an indictment; or
  4. A formal administrative or regulatory proceeding against any "insured" commenced by the filing of a notice of charges, formal investigative order or similar document; for a "wrongful act", including any appeal therefrom.
- C. "Claims expenses" means that part of a "loss" consisting of reasonable and necessary fees (including attorneys' and experts' fees), expenses incurred in the defense or appeal of a "claim", and the premium for appeal, attachment or similar bonds (without any obligation on our part to provide such bonds), excluding the wages, salaries, benefits or expenses of any "insured person".
- D. "Financial insolvency" means the status of the "organization" resulting from:
  1. The appointment of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to control, supervise, manage or liquidate the "organization"; or
  2. The "organization" becoming a debtor in possession.
- E. "Insured" means the "organization" and the "insured persons".
- F. "Insured person" means any former, present or future director, officer, trustee, employee, volunteer or member of the staff, faculty or any duly constituted committee of the "organization".
- G. "Interrelated wrongful act" means all causally connected "wrongful acts".
- H. "Loss" means "claims expenses", compensatory damages, settlement amounts, legal fees and costs awarded pursuant to judgments. "Loss" does not include:

1. Civil or criminal fines or penalties imposed by law;
2. Punitive or exemplary damages;
3. The multiplied portion of multiplied damages;
4. Taxes; or,
5. Matters that are uninsurable pursuant to applicable law.
- I. "Named organization" means the non-profit organization named in the Declarations as the named organization.
- J. "Organization" means the "named organization" and/or any "subsidiary".
- K. "Policy period" means the period of time from the inception date of this policy shown in the Declarations to the expiration date shown in the Declarations, or its earlier cancellation or termination date.
- L. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- M. "Subsidiary" means any organization:
  1. Which qualifies as a non-profit organization under the Internal Revenue Code, other than a political committee organized pursuant to Section 432 of the Federal Election Campaign Act of 1971 (and amendments thereto), or exempt from federal income tax; and
  2. For which the "named organization" controls rights representing the present right to elect or to appoint more than fifty (50) percent of the directors or trustees of such non-profit organization:
    - a. On or before the effective date of this policy; or
    - b. After the effective date of this policy by reason of being created or acquired by the "organization" after such date.
- N. "Wrongful act" means:
  1. With respect to the "insured persons", any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by the "insured persons" in their insured position or capacity for the "organization"; or any matter claimed against them solely by reason of their serving in such insured position or capacity. This does not apply to a position or capacity in any entity other than the "organization", even if the "organization" directed or requested the "insured person" to serve in such other position or capacity.
  2. With respect to the "organization", any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by the "organization".
- O. "Wrongful employment practices act" means any actual or alleged:
  1. Wrongful dismissal, discharge or termination of employment;
  2. Breach of any actual, implied or express employment contract;
  3. Employment-related misrepresentation;
  4. Violation of any federal, state, or local statute, regulation, ordinance, or common law concerning employment or discrimination in employment;

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POLICY NUMBER: 05XH559702

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

**DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT**

## SCHEDULE

Terrorism Premium (Certified Acts) \$ \_\_\_\_\_

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

**Additional information, if any, concerning the terrorism premium:**

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

### A. Disclosure Of Premium

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

## B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

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

### C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

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## COMMON POLICY CONDITIONS

The following conditions apply.

**A. Cancellation**

1. The "named organization" shown in the Declarations may cancel this Policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this Policy by mailing or delivering to the "named organization" written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the "named organization" last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this Policy is cancelled, we will send the "named organization" any premium refund due. If we cancel, the refund will be pro rata. If the "named organization" cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

**B. Changes**

This Policy contains all the agreements between you and us concerning the insurance afforded. This Policy's terms can be amended or waived only by endorsement issued by us and made a part of this Policy.

**C. Examination Of Your Books And Records**

We may examine and audit your books and records as they relate to this Policy at any time during the policy period and up to three years afterward.

**D. Inspections And Surveys**

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this Condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this Condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

**E. Premiums**

The "named organization" shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

**F. Transfer Of Your Rights And Duties Under This Policy**

Your rights and duties under this Policy may not be transferred without our written consent.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**COLORADO CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the NON-PROFIT DIRECTORS AND OFFICERS LIABILITY POLICY:

- A. Paragraph 2. of the **Cancellation** Common Policy Conditions is replaced by the following:
2. If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the "Named Organization" written notice of cancellation at least:
    - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
    - b. 30 days before the effective date of cancellation if we cancel for any other reason.
- B. The following is added to the **Cancellation** Common Policy Conditions:
7. **Cancellation Of Policies In Effect For 60 Days Or More**
    - a. If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy by mailing through first-class mail to the "Named Organization" written notice of cancellation:
      - (1) Including the actual reason, at least 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
      - (2) At least 45 days before the effective date of cancellation if we cancel for any other reason.We may only cancel this policy based on one or more of the following reasons:
      - (1) Nonpayment of premium;
      - (2) A false statement knowingly made by the "insured's", "insured person's" or the "organization's" representative on the application for insurance; or
      - (3) A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the "Named Organization" has notified us of the change and we accept such change.

**NONRENEWAL**

If we decide not to renew this policy, we will mail through first-class mail to the "Named Organization" shown in the Declarations written notice of the nonrenewal at least 45 days before the expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

- D.** The following condition is added:

### INCREASE IN PREMIUM OR DECREASE IN COVERAGE

We will not increase the premium unilaterally or decrease the coverage benefits on renewal of this policy unless we mail through first-class mail written notice of our intention, including the actual reason, to the "Named Organization's" last mailing address known to us, at least 45 days before the effective date.

Any decrease in coverage during the policy term must be based on one or more of the following reasons:

1. Nonpayment of premium;
2. A false statement knowingly made by the "insured's", "insured person's" or the "organization's" representative on the application for insurance; or
3. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the "Named Organization" has notified us of the change and we accept such change.

If notice is mailed, proof of mailing will be sufficient proof of notice.

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

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY:

**A. The following exclusion is added to Section III – Exclusions:**

We will not pay for any "loss" resulting from any "claim" based upon, attributable to, or arising, directly or indirectly, out of a "certified act of terrorism".

**B. The following definition is added to Section VII – Definitions:**

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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

**EXTENDED REPORTING PERIOD CHANGES**

This endorsement modifies insurance provided under the NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY:

Paragraph B.2. of **Extended Reporting Period** Condition in Section VI is replaced by the following:

2. In order to obtain an Extended Reporting Period, you must give us a written request for the Extended Reporting Period Endorsement together with the full payment of the additional premium for the Extended Reporting Period Endorsement within sixty (60) days after the end of the "policy period". You may request an extended reporting period of twelve, twenty-four or thirty-six months.

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

## EXCLUSION – COMPUTER-RELATED PROBLEMS

This endorsement modifies insurance provided under the NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY:

**The following exclusion is added to Section III - Exclusions:**

We will not pay for any "loss" resulting from any "claim" based upon, attributable to, or arising directly or indirectly out of any "wrongful act" resulting from:

1. Any actual or alleged failure, malfunction or inadequacy of:
  - (a) Any of the following, whether belonging to the "organization", any "insured person" or to others:
    - (1) Computer hardware, including microprocessors;
    - (2) Computer application software;
    - (3) Computer operating systems and related software;
    - (4) Computer networks;
    - (5) Microprocessors (computer chips) not part of any computer system; or
    - (6) Any other computerized or electronic equipment or components; or
  - (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsementdue to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.
2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph a. of this endorsement.

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

**WAR EXCLUSION**

This endorsement modifies insurance provided under the NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY:

The following exclusion is added to **Section III - Exclusions:**

We will not pay for any "loss" resulting from any "claim" based upon, attributable to, any "wrongful act" arising directly or indirectly out of any:

1. War, including undeclared or civil war;
2. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
3. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

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

## ASBESTOS EXCLUSION

This endorsement modifies insurance provided under the NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY.

The following exclusion is added to **Section III – Exclusions:**

We will not pay for any "loss" resulting from any "claim" based upon, attributable to or arising out of:

- a. The ingestion, inhalation, or absorption of asbestos, exposure to asbestos, or the use of asbestos including any claim for reduction in the value of real estate or personal property due to its contamination with asbestos in any form at any time..
- b. Any loss, cost, or expense arising out of or in any way related to any request, demand, order, or statutory or regulatory requirement that the "organization" or any "insured person" or others identify, sample, test for, detect, monitor, clean up, remove, contain, treat, detoxify, neutralize, abate, dispose of, mitigate, destroy, or in any way respond to or assess the presence of, or the effects of, asbestos.
- c. Any loss, cost, or expense arising out of any "claim" or suit by or on behalf of any governmental authority or any other responsible party or entity for damages resulting from identifying, sampling, testing for, detecting, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, abating, disposing of, mitigating, destroying, or in any way responding to asbestos or assessing the presence of, or effects of, asbestos.
- d. Failure to detect the presence of or proportion of asbestos in a product, material, structure, or process.
- e. The performance of or failure to perform services of any kind in the identification, sampling, testing, detection, monitoring, cleaning up, removal, containment, treatment, detoxification, neutralization, abatement, disposal, mitigation, or destruction of a product, material, or process containing asbestos, whether by you or by anyone acting on your behalf.
- f. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with any of the paragraphs above.
- g. Any obligation to share damages or repay someone in connection with any of the paragraphs above.

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