



**Non-Profit Organization and  
Management Liability Insurance Policy  
(Duty to Defend Outside Limit of Liability)**

Represented by:

**ALTRU Insurance Services, LLC**

3975 Erie Avenue  
Cincinnati, OH 45208  
(800) 529-8850  
[www.altru.com](http://www.altru.com)

**Non-Profit Organization and  
Management Liability Insurance Policy  
(Duty to Defend Outside Limit of Liability)**

**Policy Number: ALT 61684**

This is a claims made policy that applies only to **Claims** first made during the **Policy Period** or the **Extended Reporting Period**, if purchased. Subject to Section IX, the **Insurer** has the right and duty to defend covered **Claims**, and **Defense Costs** paid by the **Insurer** shall not reduce the **Limit of Liability** of the Policy.

**Please read the entire policy carefully.**

**DECLARATIONS**

- Item 1. **Named Insured:** Blood Centers of California  
**Address:** P.O. Box 2569  
Sacramento, CA 95812
- Item 2. **Policy Period:** From: March 14, 2011 To: March 14, 2012  
12:01 a.m. local time at the address shown in Item 1.
- Item 3. **Aggregate Limit of Liability:** \$1,000,000
- Item 4. **Retention:**
- (a) Insuring Agreement A: \$0
  - (b) Insuring Agreement B: \$3,000
  - (c) Insuring Agreement C: \$3,000
- Item 5. **Prior Litigation Date:** March 14, 2006 (If "None" is shown, no Prior or Pending Date applies.)
- Item 6. **Extended Reporting Period:**
- (a) Additional Premium: 40% of Annual Premium
  - (b) Additional Period: 12 months



Insured: Blood Centers of California  
Policy No: ALT 61684

Item 7. **Notice to Insurer:**

(a) **Notice of Claim or Potential Claim:**

Chicago Underwriting Group, Inc.  
191 North Wacker Drive, Suite 1000  
Chicago, IL 60606-1905  
Facsimile: (312) 750-8965  
E-Mail: ClaimsNotice@cug.com

(b) **All other Notices:**

ALTRU Insurance Services, LLC  
3975 Erie Avenue  
Cincinnati, OH 45208

Item 8. **Premium:** \$1,486

Item 9. **Forms/Endorsements Effective at Inception:**

Policy Jacket; ORNP-001 (9/2009), Endorsements #1 - ORNP-200CA (9/2009); #2 - ORNP-108 (09/2009); #3 - ORNP-113 (09/2009); #4 - ORNP-124 (09/2009); #5 - ORNP-134 (09/2009); #6 - ORNP-137 (09/2009); #7 - ORNP-138 (09/2009); #8 - ORNP-144 (09/2009) and application dated December 14, 2010.

In witness whereof, the Insurer has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by the duly authorized representative of the Insurer.

Date: February 11, 2011

  
Authorized Representative

**Non-Profit Organization and  
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This is a claims made Policy that applies only to **Claims** first made during the **Policy Period** or the Extended Reporting Period, if purchased. Except as otherwise provided in Section IX, the **Insurer** has the right and duty to defend covered **Claims**, and **Defense Costs** paid by the **Insurer** pursuant to such duty to defend shall not reduce the Limit of Liability of the Policy.

**Please Read the Entire Policy Carefully.**

In consideration of payment of the premium and in reliance upon the statements in the **Application**, which is deemed attached to and is a part of this Policy, and subject to all of the terms and conditions of this Policy, the Insurer designated in the Declarations (hereinafter called "the **Insurer**") and the **Insureds** agree as follows:

**I. INSURING AGREEMENT**

**A. MANAGEMENT LIABILITY**

The **Insurer** will pay on behalf of the **Insured Persons** any **Loss** for which the **Insured Persons** are not indemnified by the **Organization** and which the **Insured Persons** have become legally obligated to pay as a result of a **Claim** first made during the **Policy Period** or Extended Reporting Period, if applicable, against the **Insured Persons** for a **Wrongful Act** taking place prior to the end of the **Policy Period**.

**B. ORGANIZATION INDEMNIFICATION**

The **Insurer** will pay on behalf of the **Organization** any **Loss** for which the **Organization** has, to the extent permitted or required by law, indemnified the **Insured Persons**, and which the **Insured Persons** have become legally obligated to pay as a result of a **Claim** first made during the **Policy Period** or Extended Reporting Period, if applicable, against the **Insured Persons** for a **Wrongful Act** taking place prior to the end of the **Policy Period**.

**C. ORGANIZATION LIABILITY**

The **Insurer** will pay on behalf of the **Organization** any **Loss** for which the **Organization** has become legally obligated to pay as a result of a **Claim** first made during the **Policy Period** or Extended Reporting Period, if applicable, against the **Organization** for a **Wrongful Act** taking place prior to the end of the **Policy Period**.

**D. NON-PROFIT OUTSIDE POSITION LIABILITY**

Subject to their other terms and conditions, Insuring Agreements A and B include coverage for any **Insured Person** while serving in a **Non-Profit Outside Position**. Any such coverage shall be specifically excess of any indemnity and insurance available from or provided by the **Non-Profit Outside Entity** in which the **Insured Person** serves in the **Outside Position**.

## II. DEFINITIONS

When used in this Policy either in the singular or plural:

- A. **"Application"** means all signed applications, including attachments and other materials submitted therewith or incorporated therein and any other documents submitted in connection with the underwriting of this Policy or the underwriting of any other similar liability policy issued by the **Insurer**, or any of its affiliates, of which this Policy is a direct or indirect renewal or replacement.
- B. **"Benefits"** means any perquisites, fringe benefits, deferred compensation or payments (including insurance premiums) in connection with an employee benefit plan and any other similar payment, provided **Benefits** shall not include salary or wages or non-deferred cash incentive compensation.
- C. **"Claim"** means:
1. a written demand against an **Insured** for monetary, non-monetary or injunctive relief; or
  2. a civil or arbitration proceeding against an **Insured** for monetary, non-monetary or injunctive relief which is commenced by service of a complaint or similar pleading; or
  3. a formal civil administrative or regulatory adjudicatory or investigative proceeding against any **Insured Person** or, with respect to any **Wrongful Act** described in the definition of **Employment Claim**, against the **Organization** commenced by the filing of a notice of charge, formal investigative order or similar document, including without limitation any proceeding by the Equal Employment Opportunity Commission or other similar governmental authority;
- provided **Claim** shall not include any labor or grievance arbitration or other proceeding pursuant to a collective bargaining agreement.
- D. **"Defamation Claim"** means any **Claim** to the extent it is for a **Wrongful Act** in connection with any actual or alleged libel, slander, or any other kind of defamation.
- E. **"Defense Costs"** means reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses (other than regular or overtime wages, salaries or fees of the directors, officers or employees of the **Organization**) incurred by the **Insureds** in investigating, adjusting, defending or appealing **Claims** and the premium for appeal, attachment or similar bonds but without any obligation to apply for or furnish any such bonds.
- F. **"Domestic Partner"** means any natural person qualifying as a domestic partner under either (1) the provisions of any applicable federal, state or local law, or (2) the provisions of any formal program established by the **Organization**.
- G. **"Employment Claim"** means any **Claim** to the extent it is brought and maintained by or on behalf of any past, present or prospective employee of the **Organization** for a **Wrongful Act** in connection with any actual, alleged or constructive wrongful dismissal, discharge or termination of employment; breach of any oral, written or implied employment contract or quasi-employment contract; employment-related misrepresentation; violation of any federal, state or local statute, regulation, ordinance, common law or public policy concerning employment or discrimination in employment; sexual or other illegal workplace harassment (including without limitation offensive, intimidating, coercive or unwelcome conduct, advances, contact or communications); wrongful failure to employ or promote; wrongful discipline; wrongful deprivation of a career opportunity; wrongful demotion or adverse change in the terms, conditions or status of employment; failure to grant tenure; failure to adopt adequate workplace or employment policies and procedures; **Retaliation**; negligent hiring; negligent evaluation of employees; wrongful reference; employment-related invasion of privacy; employment-related defamation; employment-related wrongful infliction of emotional distress; or other employment-related torts.
- H. **"Executive Officer(s)"** means with respect to any **Organization**, its chairperson, president, chief executive officer, chief operating officer, executive director, chief financial officer, in-house general counsel and, solely with respect to an **Employment Claim**, director of human resources, and any person holding a position equivalent to any of such positions.

- I. **"Financial Impairment"** means the status of the **Organization** resulting from:
1. the appointment by any state or federal official, agency or court of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate the **Organization**; or
  2. the **Organization** becoming a Debtor-In-Possession.
- J. **"Insured Person(s)"** means any person who has been, now is or shall become a duly elected or appointed director, trustee or officer, or any employee, volunteer or member of the staff, faculty or duly constituted committee, of the **Organization**.
- K. **"Insured(s)"** means:
1. **Insured Persons**; and
  2. with respect to Insuring Agreements B and C only, the **Organization**.
- L. **"Interrelated Wrongful Acts"** means **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.
- M. **"Loss"** means damages, judgments (including pre/post-judgment interest on a covered judgment), settlements and **Defense Costs** for which the **Insureds** become legally obligated to pay; however, except as otherwise expressly provided in this Policy, **Loss** shall not include (i) civil or criminal fines or penalties imposed by law, (ii) taxes, (iii) **Benefits** due or to become due or the equivalent of such **Benefits**, (iv) any amount for which the **Insureds** are not financially liable or for which the claimants are without legal recourse to the **Insureds**, (v) any amount that represents or is substantially equivalent to disgorgement or restitutionary or rescissory damages, or forfeiture of any profits or remuneration, (vi) any amount incurred by an **Insured** in connection with any proceeding or investigation that is not then a **Claim** against such **Insured**, even if such amount also benefits the defense of a covered **Claim** or if such proceeding or investigation subsequently gives rise to a covered **Claim**, (vii) costs incurred by the **Organization** to comply with any injunctive or other non-monetary relief or an agreement to provide such relief, or (viii) matters which may be deemed uninsurable under the law pursuant to which this Policy shall be construed.
- Loss** shall specifically include (subject to this Policy's other terms, conditions and limitations, including, but not limited to, exclusions relating to profit or advantage, deliberate fraud or deliberate criminal acts) punitive, exemplary and multiple damages, or liquidated damages awarded pursuant to the Age Discrimination in Employment Act or the Equal Pay Act. Enforceability of this paragraph shall be governed by such applicable law that most favors coverage for such punitive, exemplary and multiple damages.
- Loss** shall also specifically include (subject to this Policy's other terms, conditions and limitations) any 10% penalty excise tax imposed upon an **Insured** pursuant to 26 U.S.C. §4958(a)(2) for participation in an Excess Benefit transaction, provided **Loss** shall not include (i) any penalty excise tax imposed upon an **Insured Person** who in fact received an Excess Benefit and any **Defense Costs** incurred by such **Insured Person** relating thereto, or (ii) any Excess Benefit penalty excise tax imposed upon any **Insured** if a 200% Excess Benefit penalty excise tax is assessed against any **Insured**. For purposes of this paragraph, "Excess Benefits" means an excess benefit as defined in 26 U.S.C. §4958.
- N. **"Named Insured"** means the organization designated in Item 1 of the Declarations.
- O. **"Non-Profit Outside Entity"** means any non-profit corporation, community chest, fund or foundation that is (i) not included in the definition of **Organization**, and (ii) exempt from federal income tax under the Internal Revenue Code of 1986, as amended.
- P. **"Non-Profit Outside Position"** means the position of director, officer, manager, trustee or other equivalent executive position held by any director, trustee or officer of the **Organization** in a **Non-Profit**

**Outside Entity** if service in such position is with the knowledge and consent of, at the direction or request of, or part of the duties regularly assigned to such person by the **Organization**.

- Q. **"Organization"** means the **Named Insured** and any **Subsidiary**.
- R. **"Policy Period"** means the period specified in Item 2 of the Declarations, subject to prior termination in accordance with Section XI.
- S. **"Retaliation"** means retaliatory treatment against an employee of the **Organization** on account of such individual:
1. exercising his or her rights under law, including but not limited to rights under any workers compensation laws, the Family and Medical Leave Act, or the Americans with Disabilities Act;
  2. refusing to violate any law;
  3. having assisted or testified in or cooperated with a proceeding or investigation regarding alleged violations of law by the **Organization**;
  4. disclosing or threatening to disclose to a superior, to any governmental authority or to the public any alleged violations of law; or
  5. filing any claim against the **Organization** under the Federal False Claims Act or any other similar "whistle blower" federal, state or local statutory law or common law anywhere in the world.
- T. **"Subsidiary"** means:
1. an organization with respect to which the **Named Insured** on or prior to inception of this Policy, either directly or indirectly through one or more of its **Subsidiaries**, owns more than 50% of the outstanding securities or controls more than 50% of the outstanding voting rights representing the present right to vote for election of directors or equivalent positions;
  2. any other organization expressly included as a **Subsidiary** by written endorsement to this Policy; and
  3. any organization acquired or created during the **Policy Period** and covered as a **Subsidiary** pursuant to Section XII(a).

An organization becomes a **Subsidiary** at the time the circumstances described in paragraph (1), (2) or (3) above first apply to such organization. An organization ceases to be a **Subsidiary** at the time such circumstances no longer apply to such organization.

In all events, coverage as is otherwise afforded under this Policy with respect to a **Claim** made against a **Subsidiary** or its **Insured Persons** shall only apply for **Wrongful Acts** committed or allegedly committed after the effective time that such **Subsidiary** became a covered **Subsidiary** as provided above and prior to the time that such **Subsidiary** ceased to be a covered **Subsidiary**.

- U. **"Third Party Discrimination Claim"** means any **Claim** to the extent it is brought and maintained by or on behalf of a customer or client of the **Organization** or other third party for a **Wrongful Act** in connection with any actual or alleged discrimination, sexual harassment or violation of an individual's civil rights.
- V. **"Wrongful Act"** means:
1. any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act by the **Insured Persons** in their respective capacities as such or by a director, trustee or officer of the **Organization** in a **Non-Profit Outside Position** or, with respect to Insuring Agreement C, by the **Organization**, or

2. any other matter claimed against the **Insured Persons** solely by reason of their status as **Insured Persons** or against a director, trustee or officer of the **Organization** solely by reason of service in a **Non-Profit Outside Position**.

### III. EXTENSIONS

#### A. ESTATES, LEGAL REPRESENTATIVES AND SPOUSES

The estates, heirs, legal representatives, assigns, spouses and **Domestic Partners** of **Insured Persons** shall be considered an **Insured** under this Policy; but coverage is afforded to such estates, heirs, legal representatives, assigns, spouses and **Domestic Partners** only for a **Claim** arising solely out of their status as such and, in the case of a spouse or **Domestic Partner**, where such **Claim** seeks damages from marital community property, jointly held property or property transferred from the **Insured Person** to the spouse or **Domestic Partner**. No coverage is provided for any **Wrongful Act** of an estate, heir, legal representative, assign, spouse or **Domestic Partner**. All terms and conditions of this Policy, including without limitation the Retention, applicable to **Loss** incurred by the **Insured Person** shall also apply to loss incurred by such estates, heirs, legal representatives, assigns, spouses and **Domestic Partners**.

#### B. HEARING/TRIAL ATTENDANCE EXPENSES AND LOSS OF EARNINGS

The **Insurer** will pay up to \$250 per day per person for actual loss of earnings and reasonable expenses incurred by an **Insured Person** to attend hearings and trials at the **Insurer's** express written request in connection with a covered **Claim**; provided, however, the **Insurer's** maximum liability for all such loss of earnings and expenses on account of each **Claim**, regardless of the number of hearings, trials, or persons attending, shall be \$5,000. The preceding sentence creates a sublimit which shall be part of and not in addition to the **Insurer's** aggregate Limit of Liability under this Policy as set forth in Item 3 of the Declarations. Any amounts paid by the **Insurer** under this Section III.B shall reduce the aggregate Limit of Liability for all **Loss** under this Policy as set forth in Item 3 of the Declarations. No Retention shall apply to coverage afforded under this Section III.B.

### IV. EXCLUSIONS

#### A. The **Insurer** shall not be liable under any Insuring Agreement to make any payment for **Loss** as a result of a **Claim** made against an **Insured**

1. arising out of, based upon or attributable to the gaining of any profit, remuneration or financial advantage to which such **Insured** was not legally entitled, as evidenced by a written statement or written admission by such **Insured** or a judgment or other final adjudication in the underlying action or in a separate action, alternative dispute resolution process (including one pursuant to Section XV) or other proceeding;
2. arising out of, based upon or attributable to the committing of any deliberate criminal or deliberate fraudulent act by such **Insured**, as evidenced by a written statement or written admission by such **Insured** or a judgment, ruling or other finding of fact in the underlying action or in a separate action, alternative dispute resolution process (including one pursuant to Section XV) or other proceeding;
3. alleging, arising out of, based upon or attributable to:
  - a) any **Wrongful Act** or any matter, fact, circumstance, situation, transaction, or event which has been the subject of any notice given under any policy of which this Policy is a direct or indirect renewal or replacement or under any similar policy; or
  - b) any **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** described in (a) above, constitute **Interrelated Wrongful Acts**;
4. alleging, arising out of, based upon or attributable to:
  - a) any demand, suit, proceeding or formal investigation pending on or before the date stated in Item 5 of the Declarations; or



- b) any **Wrongful Act** alleged in such pending or prior demand, suit, proceeding or formal investigation, or any **Wrongful Act** whenever occurring, which together with any **Wrongful Act** alleged in such pending or prior demand, suit, proceeding or formal investigation, constitute **Interrelated Wrongful Acts**;
5. alleging, arising out of, based upon or attributable to any actual or alleged act or omission of the **Insured Persons** in their capacities as directors, officers, trustees, governors, employees, volunteers, members of the staff, faculty or a committee, general counsel, risk manager or in the case of a limited liability company, members of the management board (or equivalent position), of any organization other than the **Organization**, even if service in such capacity is with the knowledge and consent of, at the direction or request of, or part of the duties regularly assigned to the **Insured Person** by, the **Organization**; provided, however, this exclusion shall not apply with respect to any **Claim** for **Wrongful Acts** in a **Non-Profit Outside Position**;
6. which is brought or maintained by, or on behalf of, or in the right of (whether such right is transferred or assigned by operation of law or otherwise) the **Organization**, whether directly or derivatively, unless such **Claim** is instigated and continued totally independent of, and totally without the solicitation of, or assistance of, or active participation of, or intervention of, any **Insured Person** or any **Organization**;
7. for bodily injury, sickness, disease or death of any person, or for damage to or destruction of any tangible property or loss of use of tangible property whether or not damaged or destroyed;
8. alleging, arising out of, based upon or attributable to:
- a) any actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time; or
- b) any request, demand or order to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants,
- including but not limited to such a **Claim** alleging damage to the **Organization** or its members or constituents; provided, however, this exclusion shall not apply to any **Employment Claim** for **Retaliation**.
- "Pollutants" include, but are not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including without limitation smoke, vapor, soot, fumes, acids, alkalies, chemicals, mold, fungi, odors, noise, lead, oil or oil products, radiation, asbestos or asbestos-containing products, waste and any electric, magnetic or electromagnetic field of any frequency. "Waste" includes, but is not limited to, material to be recycled, reconditioned, or reclaimed and nuclear materials;
9. for violation(s) of any of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974 or the Health Insurance Portability and Accountability Act of 1996, or amendments thereto or any similar provisions of state or foreign statutory or common law, upon fiduciaries of any employee benefit plan sponsored by the **Organization**; or
10. alleging, arising out of, based upon, or attributable to any failure or omission by an **Insured** to obtain, effect or maintain adequate insurance.
- B. The **Insurer** shall not be liable under Insuring Agreement C to make any payment for **Loss** as a result of a **Claim** made against an **Organization**:
1. for any actual or alleged obligation under or breach of any oral or written contract or agreement, including any liability of others assumed by the **Organization** under any such contract or agreement; provided, however, this exclusion shall not apply (i) to an actual or alleged breach of an implied contract in an **Employment Claim**, or (ii) to the extent the **Organization** would have been liable for such **Loss** in the absence of such contract or agreement;

2. alleging, arising out of, based upon, or attributable to any actual or alleged obligation of the **Organization** pursuant to any workers compensation, unemployment insurance, social security, disability benefits or any similar federal, state or local statutory law or common law anywhere in the world; provided, however, this exclusion shall not apply to any **Employment Claim** for **Retaliation**; or
  3. for any actual or alleged violation of the Fair Labor Standards Act (except the Equal Pay Act), the Worker Adjustment and Retraining Notification Act, the National Labor Relations Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, or any amendments thereto or any rules or regulations promulgated thereunder, or any similar provisions of any federal, state or local statutory law or common law anywhere in the world; provided, however, this exclusion shall not apply to any **Employment Claim** for **Retaliation**.
- C. For the purpose of determining the applicability of Exclusions A.1 and 2, the **Wrongful Acts** of and knowledge possessed by any **Insured Person** shall not be imputed to any other **Insured Person**. Only the knowledge possessed by an **Executive Officer** shall be imputed to the **Organization**.

## V. LIMIT OF LIABILITY (FOR ALL LOSS OTHER THAN DEFENSE COSTS)

The Limit of Liability stated in Item 3 of the Declarations is the maximum aggregate liability of the **Insurer** for all **Loss**, other than **Defense Costs**, under all Insuring Agreements, combined, as a result of all covered **Claims**, regardless of the number of **Claims** or the time of payment by the **Insurer**. The Limit of Liability for the Extended Reporting Period shall be part of, and not in addition to, the Limit of Liability for the **Policy Period**.

Except as provided below, **Defense Costs** are not part of and shall not reduce the Limit of Liability. The **Insurer's** liability under any Insuring Agreement for **Defense Costs** shall be in addition to the Limit of Liability. However, the **Insurer's** liability for **Defense Costs**, including the **Insurer's** duty to defend any **Claim**, shall cease upon exhaustion of the Limit of Liability or upon the **Insurer's** offer to pay the full amount of the remaining Limit of Liability. Notwithstanding the foregoing, if the **Insureds** elect to assume the duty to defend a **Claim** or refuse to consent to a proposed settlement pursuant to Section IX below, then all covered **Defense Costs** incurred thereafter as a result of such **Claim** shall be part of and shall reduce the Limit of Liability stated in Item 3 of the Declarations.

All **Claims** arising out of the same **Wrongful Act** and all **Interrelated Wrongful Acts** shall be deemed to be one **Claim** for purposes of this Policy, and such **Claim** shall be deemed to be first made on the date the earliest of such **Claims** is first made against an **Insured**, regardless of whether such date is before or during the **Policy Period**.

## VI. RETENTION

The **Insurer** shall only be liable for the amount of **Loss** as a result of each **Claim** which is in excess of the applicable Retention amount stated in Item 4 of the Declarations. Such Retention shall be borne by the **Insureds** and shall remain uninsured. If different parts of a single **Claim** are subject to different Retentions, the applicable Retentions will be applied separately to each part of such **Loss**, but the sum of such Retentions shall not exceed the largest applicable Retention.

If the **Organization**:

- A. is permitted or required by common or statutory law to indemnify the **Insured Persons** for **Loss** or to advance **Defense Costs** on their behalf; and
- B. fails or refuses, other than for reason of **Financial Impairment**, to indemnify the **Insured Persons** for such **Loss** or to advance such **Defense Costs**,

then any payment of such **Loss** or advancement of such **Defense Costs** by the **Insurer** under Insuring Agreement A shall be subject to the applicable Insuring Agreement B Retention amount stated in Item 4 of the Declarations. All other **Loss** covered under Insuring Clause A shall not be subject to a Retention.

For purposes of this Section VI, the **Organization** shall be deemed to indemnify the **Insured Persons** for **Loss** and to advance such **Defense Costs** to the fullest extent permitted or required by law, and hereby agrees to indemnify the **Insured Persons** for such **Loss** and to advance such **Defense Costs** to the fullest extent permitted or required by law, including the making in good faith of any required application for court approval.

While the **Organization** is unable to indemnify the **Insured Persons** for **Loss** or to advance **Defense Costs** because of its **Financial Impairment**, no Retention shall apply to such **Loss** or **Defense Costs**; provided the **Insureds** shall take all action reasonably required to obtain court approval or other authorization for any such indemnification or advancement.

## VII. PAYMENT PRIORITY

If the amount of any covered **Loss** which is otherwise due and owing by the **Insurer** under this Policy exceeds the then-remaining Limit of Liability of this Policy, the **Insurer** shall pay such **Loss** (subject to such Limit of Liability) in the following priority:

- A. first, the **Insurer** shall pay any such **Loss** covered under Insuring Agreement A;
- B. second, only if and to the extent the payment under Insuring Agreement A does not exhaust the Limit of Liability, the **Insurer** shall pay any remaining **Loss** otherwise covered under this Policy.

Subject to the foregoing paragraph, the **Insurer** shall, upon receipt of a written request from the chief executive officer (or equivalent position) of the **Named Insured**, delay any payment of covered **Loss** otherwise due and owing under Insuring Agreement B and/or C until such time as the **Named Insured** designates; provided the **Insurer's** liability with respect to any such delayed **Loss** payment shall not be increased, and shall not include any interest, on account of such delay.

Any such delayed payment of **Loss** shall be available to the **Insurer** to pay **Loss** covered under Insuring Agreement A. If and to the extent the **Insurer** pays **Loss** under Insuring Agreement A out of funds withheld by the **Insurer** pursuant to this provision, the **Insurer's** liability to make a delayed payment of **Loss** under Insuring Agreement B and/or C shall be reduced by the amount of the payment under Insuring Agreement A.

## VIII. NOTICE

All notices to the **Insurer** shall refer to the Policy Number and shall be given in writing and sent by mail, prepaid express courier or by facsimile, to the address or facsimile number listed in Item 7 of the Declarations and shall be effective upon receipt.

The **Organization** or an **Insured Person** shall, as a condition precedent to the obligations of the **Insurer** under this Policy, give written notice to the **Insurer** at the address or facsimile number listed in Item 9 of the Declarations of a **Claim** made against an **Insured** as soon as practicable after the **Named Insured's** chief executive officer (or equivalent position) first becomes aware of the **Claim**, but in all events no later than sixty (60) days after the end of the **Policy Period** or the Extended Reporting Period (if applicable).

If during the **Policy Period** the **Organization** or an **Insured Person** first becomes aware of any circumstances which may reasonably be expected to give rise to a **Claim** being made against an **Insured** and during the **Policy Period** gives written notice to the **Insurer** of the circumstances, the anticipated allegations of **Wrongful Act(s)** and the reasons for anticipating such a **Claim**, with full particulars as to dates, persons and entities involved, then a **Claim** which is subsequently made against an **Insured** arising out of such circumstances shall be considered made at the time such notice of circumstances was first given to the **Insurer**. However, the **Insurer** shall not be liable under this Policy for any amount incurred by an **Insured** in the defense, investigation or settlement of any such potential **Claim** prior to the date the **Claim** is actually made against the **Insured**.

## IX. DEFENSE, SETTLEMENTS AND ALLOCATION

The **Insurer** shall have the right and duty to defend any **Claim** covered by this Policy, even if any of the allegations in such **Claim** are groundless, false or fraudulent. The **Insurer's** duty to defend any **Claim** shall cease upon exhaustion of the Limit of Liability. However, if all **Insureds** against whom a **Claim** is made give notice to the **Insurer** within thirty (30) days after such **Claim** is first made that such **Insureds** elect to assume the

duty to defend such **Claim**, then the **Insurer's** duty to defend such **Claim** shall irrevocably cease as of the date of such notice, subject to the following:

- A. The **Insurer** shall advance on behalf of the **Insureds** covered **Defense Costs** which the **Insureds** incur in connection with such **Claim** within ninety (90) days after receipt of itemized **Defense Costs** invoices;
- B. The **Insureds** agree that any **Defense Costs** advanced by the **Insurer** shall be repaid to the **Insurer** by the **Insureds** severally according to their respective interests if and to the extent it is finally determined that such **Defense Costs** are not covered under this Policy; and
- C. All **Defense Costs** incurred as a result of such **Claim** after the **Insurer** receives notice of such election shall be part of and shall reduce the Limit of Liability stated in Item 3 of the Declarations.

The **Insureds** shall not admit or assume any liability, enter into any settlement agreement, make any settlement offer, stipulate to any judgment, select defense counsel or incur any **Defense Costs** without the prior written consent of the **Insurer**. Only those settlements, stipulated judgments and **Defense Costs** which have been consented to by the **Insurer** shall be recoverable as **Loss** under the terms of this Policy. The **Insurer's** consent shall not be unreasonably withheld.

The **Insurer** shall have the right to effectively associate with the **Insureds** in the defense of any **Claim** that involves or appears reasonably likely to involve the **Insurer**, including but not limited to negotiating a settlement. The **Insureds** shall give the **Insurer** full cooperation and such information as the **Insurer** may reasonably require. Upon the **Insurer's** request, the **Insureds** shall attend proceedings, hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits.

The **Insurer** may, with the written consent of the **Insureds**, settle any **Claim** for a monetary amount that the **Insurer** deems reasonable. If any **Insured** refuses to consent to the settlement of a **Claim** recommended by the **Insurer** and acceptable to a claimant, then all covered **Defense Costs** incurred as a result of such **Claim** after such refusal shall be part of and shall reduce the Limit of Liability stated in Item 3 of the Declarations, and the **Insurer's** maximum liability for all covered **Loss** as a result of such **Claim** shall not exceed the sum of:

- (1) The amount of the proposed settlement plus **Defense Costs** incurred prior to such refusal; and
- (2) Seventy-five percent (75%) of **Loss** incurred as a result of such **Claim** in excess of the amount specified in (1) above.

Such payment limitation does not increase the **Insurer's** maximum liability under this Policy, as set forth in Item 3 of the Declarations.

If as a result of any **Claim** an **Insured** incurs both **Loss** covered under this Policy and loss not covered under this Policy, either because such **Claim** is made against both the **Insured** and others or because such **Claim** includes both covered and uncovered matters, then such amount shall be allocated between covered **Loss** and uncovered loss based on the relative legal and financial exposures of the parties to such covered and uncovered matters, and in the event of a settlement, also based on the relative benefit to the parties from settlement of such covered and uncovered matters.

## X. EXTENDED REPORTING PERIOD

If the **Insurer** or the **Insureds** shall refuse to renew this Policy or if the **Named Insured** cancels this Policy, the **Insureds** shall have the right, upon payment of the Extended Reporting Period Premium stated in Item 6(a) of the Declarations, to a continuation of the coverage afforded by this Policy for the Additional Period stated in Item 6(b) of the Declarations following the effective date of such nonrenewal or cancellation (herein referred to as the "Extended Reporting Period"), but only to the extent a **Claim** is first made against the **Insureds** during the Extended Reporting Period for any **Wrongful Act** occurring prior to the end of the **Policy Period** and otherwise covered by this Policy. The rights contained in this paragraph shall terminate, however, unless written notice of such election together with the additional premium due is received by the **Insurer** within thirty (30) days after the effective date of nonrenewal or cancellation.

The additional premium for the Extended Reporting Period shall be fully earned at the inception of the Extended Reporting Period. The Extended Reporting Period is not cancelable. This Section and the rights contained herein shall not apply as a result of a renewal quotation with different terms and conditions than the expiring Policy.

## XI. CANCELLATION

This Policy may be canceled by the **Named Insured** by surrender thereof to the **Insurer** or any of its authorized representatives or by mailing to the **Insurer** written notice stating when thereafter the cancellation shall be effective.

This Policy may be canceled by the **Insurer** for non-payment of premium by mailing to the **Named Insured** at the address shown in the Declarations written notice stating when not less than 10 days thereafter such cancellation shall be effective.

This Policy may be canceled by agreement of the **Insurer** and the **Named Insured**.

The time of the surrender or the effective date and hour of cancellation stated in the notice shall become the end of the **Policy Period**.

If the **Named Insured** cancels this Policy, earned premium shall be the customary short rate amount of the annual premium, and if the **Insurer** cancels this Policy, earned premium shall be the pro rata amount of the annual premium; provided, however, if at the time of cancellation the Limit of Liability has been exhausted, the entire premium shall be considered earned. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. Mailing of the **Insurer's** check or the check of its representative shall be sufficient tender of any refund of premium due to the **Named Insured**.

## XII. CHANGES IN CONTROL

### A. New Subsidiaries

If during the **Policy Period**, an **Organization**:

1. acquires securities or voting rights in another organization or creates another organization, which as a result of such acquisition or creation becomes a **Subsidiary**, or
2. acquires another organization by merger into the **Organization**,

then subject to the terms and conditions of this Section XII,

- (a) if such organization is a not-for-profit entity under any applicable state statute or the Internal Revenue Code of 1986 (as amended), such organization and its subsidiaries and their respective **Insured Persons** shall automatically be **Insureds** under this Policy, and
- (b) if such organization is a for-profit entity, such organization and its subsidiaries and their respective **Insured Persons** shall be **Insureds** under this Policy only if the **Insureds** shall give the **Insurer** full details of the transaction in writing within 60 days of such acquisition, creation or merger and the **Organization** pays any additional premium and agrees to any amendment of the provisions of this Policy required by the **Insurer**, in its absolute discretion, relating to such new **Subsidiary**.

Any coverage afforded by reason of this Section XII shall apply only with respect to **Wrongful Acts** taking place after such acquisition, creation or merger. The **Insurer** shall not be liable under this Policy for any **Wrongful Act** or any **Interrelated Wrongful Acts** of such new **Insureds** taking place in whole or in part before such acquisition, creation or merger.

### B. Change in Control of **Named Insured**

Immediately upon the occurrence of any of the following:

1. the **Named Insured** shall consolidate with or merge into, or sell all or substantially all of its assets to any other person or entity or group of persons and/or entities acting in concert;
2. any person or entity or group of persons and/or entities acting in concert shall acquire voting rights which result in control by such person(s) or group(s) of more than 50% of the outstanding voting rights representing the present right to vote for the election of directors or equivalent positions of the **Named Insured**; or
3. the appointment of a receiver, conservator, trustee, liquidator or rehabilitator or any similar official for or with respect to the **Named Insured**

(any of the above events are herein referred to as the "Transaction")

then, this Policy shall continue in full force and effect as to **Wrongful Acts** occurring prior to the effective date of the Transaction, but there shall be no coverage afforded by any provision of this Policy for any actual or alleged **Wrongful Act** occurring after the effective date of the Transaction. This Policy may not be canceled after the effective date of the Transaction and the entire premium for this Policy shall be deemed earned as of such date.

The **Named Insured** shall give the **Insurer** written notice of the Transaction as soon as practicable, but not later than thirty (30) days after the effective date of the Transaction.

### XIII. SUBROGATION

In case of payment of **Loss** by the **Insurer** hereunder, the **Insurer** shall be subrogated to the amount of such payment to the **Insured's** right of recovery against any other person or organization for such **Loss**, and the **Insured** shall execute all papers required, and shall do everything that may be necessary to secure and preserve such rights, including the execution of such documents necessary to enable the **Insurer** effectively to bring suit in the name of the **Insured**. In no event, however, shall the **Insurer** exercise its rights of subrogation against an **Insured** under this Policy unless such **Insured** has committed a deliberate criminal act, or deliberate fraudulent act, or obtained any profit or advantage to which such **Insured** was not legally entitled, and as to any of the foregoing, only as evidenced by a written statement or written admission by such **Insured** or a judgment or other final adjudication in the underlying action or in a separate action, alternative dispute resolution process (including one pursuant to Section XV) or other proceeding.

Any recovery (after payment of expenses incurred to obtain the recovery) with respect to a **Loss** shall be used to reduce the **Loss**, and so much of such recovery shall be paid to the **Insurer** as will reduce the **Loss** ultimately borne by the **Insurer** to what it would have been had the recovery preceded any payment of such **Loss** by the **Insurer**.

### XIV. OTHER INSURANCE

Such insurance as is provided by this Policy shall apply only as excess over any other valid and collectible insurance, unless such other insurance is written only as specific excess insurance over the Limit of Liability provided by this Policy. This Policy shall also be specifically excess over any other valid and collectible insurance pursuant to which any other **Insurer** has a duty to defend a **Claim** for which this Policy may be obligated to pay **Loss**.

### XV. ARBITRATION

Only if requested by the **Insured**, the **Insurer** shall submit any dispute, controversy or claim arising out of or relating to this Policy or the breach, termination or invalidity thereof to final and binding arbitration pursuant to such rules and procedures as the parties may agree. If the parties cannot so agree, the arbitration shall be administered by the American Arbitration Association in accordance with its then prevailing commercial arbitration rules. The arbitration panel shall consist of one arbitrator selected by the **Insured**, one arbitrator selected by the **Insurer**, and a third independent arbitrator selected by the first two arbitrators. In any such arbitration, each party will bear its own legal fees and expenses.

## XVI. AUTHORIZED REPRESENTATIVE

It is agreed that the **Named Insured** shall act on behalf of its **Subsidiaries** and all **Insured Persons** with respect to giving notice of **Claim**, giving and receiving notice of 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 and the exercising or declining to exercise any right to an Extended Reporting Period.

## XVII. ALTERATION, ASSIGNMENT AND HEADINGS

No change in, modification of, or assignment of interest under this Policy shall be effective except when made by a written endorsement to this Policy which is signed by an authorized representative of the **Insurer**.

The titles and headings to the various sections, subsections and endorsements of the Policy are included solely for ease of reference and do not in any way limit, expand or otherwise affect the provisions of such sections, subsections or endorsements.

## XVIII. ACTION AGAINST INSURER

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. No person or organization shall have any right under this Policy to join the **Insurer** as a party to any action against the **Insured** to determine the **Insured's** liability, nor shall the **Insurer** be impleaded by the **Insured** or his legal representative. Bankruptcy or insolvency of the **Insured** or the **Insured's** estate shall not relieve the **Insurer** of any of its obligations hereunder.

## XIX. REPRESENTATIONS

By acceptance of this Policy the **Insureds** agree that the statements in the **Application** are their agreements and representations and that this Policy is issued in reliance upon the truth of such agreements and representations, which are deemed material to the acceptance of the risk or the hazard assumed by the **Insurer** under the Policy.

The **Insureds** agree that in the event that any such agreements and representations are untrue, this Policy shall not afford any coverage with respect to any of the following **Insureds**:

- A. the **Organization**, under Insuring Agreement B, to the extent it indemnifies any **Insured Person** who knew the facts that were not truthfully disclosed in the **Application**, and
- B. the **Organization**, under Insuring Agreement C, if any **Executive Officer** knew the facts that were not truthfully disclosed in the **Application**,

whether or not such **Insured Person** or **Executive Officer** knew of such untruthful disclosure in the **Application**. No knowledge of one **Insured Person** shall be imputed to any other **Insured Person**.

Coverage under Insuring Agreement A shall not be rescinded or voided by the **Insurer** in whole or in part for any reason; provided, however, if the **Organization** is permitted or required by law to indemnify an **Insured Person** who knew the facts that were not truthfully disclosed, or to advance **Defense Costs** on behalf of such **Insured Person**, and does not in fact do so other than because of **Financial Impairment**, then this Policy shall not afford any coverage for such **Insured Person** under Insuring Agreement A.

## XX. ENTIRE AGREEMENT

This Policy, including the Declarations, **Application** and Endorsements, embodies all agreements existing between the **Named Insured** and the **Insurer** or any of its agents relating to this insurance.



**CALIFORNIA AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION AND MANAGEMENT LIABILITY INSURANCE POLICY (DUTY TO DEFEND)

It is understood and agreed that:

1. **SECTION XI, CANCELLATION**, is amended to include the following:

If this Policy has been in effect for sixty (60) days or less and it is not a renewal, this Policy may be cancelled by or on behalf of the **Insurer** by mailing or delivering to the **Named Insured** at the mailing address shown in Item 1. of the Declarations of this Policy and to the producer of record, if applicable, written notice of cancellation stating the reason for cancellation, at least ten (10) days before the effective date of cancellation if the **Insurer** is cancelling for nonpayment of premium or discovery of fraud or material misrepresentation by any **Insured** or such **Insured's** representatives in obtaining this Policy or in pursuing a **Claim** under this Policy. Notice of cancellation shall be provided at least thirty (30) days before the effective date of cancellation if the **Insurer** cancels for any other reason. If this Policy has been in effect for more than sixty (60) days or after the effective date of renewal, this Policy may only be cancelled by or on behalf of the **Insurer** for one of the following reasons:

- 1) nonpayment of premium;
- 2) discovery of fraud or material misrepresentation by any **Insured** or such **Insured's** representative in obtaining this Policy or in pursuing a **Claim** under this Policy;
- 3) a judgment by a court or an administrative tribunal that the Insured has violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against;
- 4) discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by any **Named Insured** or such **Named Insured's** representative, which materially increase any of the risks insured against;

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

|                          |                                |
|--------------------------|--------------------------------|
| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>1</b>     | POLICY NO.<br><b>ALT 61684</b> |

|  |                                    |
|--|------------------------------------|
| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

Countersigned by

  
 Authorized Representative





- 5) failure by an **Insured** or such **Insured's** representative to implement reasonable loss control requirements, agreed to by the **Named Insured** as a condition of Policy issuance, or which were conditions precedent to the **Insurer's** use of a particular rate or rating plan, if that failure materially increases any of the risks insured against;
- 6) a determination by the California Commissioner of Insurance that the loss of, or changes in, the **Insurer's** reinsurance covering all or part of the risk would threaten the **Insurer's** financial integrity or solvency or continuation of the Policy coverage would place the **Insurer** in violation of California law or the laws of the state where the **Insurer** is domiciled or threaten the **Insurer's** solvency; or
- 7) a change by any **Insured** or such **Insured's** representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

The **Insurer** shall mail or deliver written notice of cancellation, stating the reason for cancellation, to the **Named Insured** at the address shown in Item 1. of the Declarations and to the producer of record, if applicable, at least ten (10) days before the effective date of cancellation if the **Insurer** cancels for a reason listed in 1) or 2) above or thirty (30) days before the effective date of cancellation if the **Insurer** cancels for any other reason listed in 3) through 7) above. The mailing of any notice of cancellation shall be sufficient notice and the effective date of cancellation shall become the end of the **Policy Period**.

2. **SECTION XI, CANCELLATION**, is further amended by the addition of the following:

**NONRENEWAL**

Should the **Insurer** decide to nonrenew this Policy, or condition renewal upon reduction of the Policy's Limit of Liability, elimination of coverages, increase in deductibles, or increase of more than twenty five percent (25%) in the rate upon which the premium is based, then the **Insurer** shall mail or deliver to the producer of record, if applicable, and to the **Named Insured** at the address shown in Item 1. of the Declarations of this Policy written notice of nonrenewal at least sixty (60) days but not more than one hundred twenty (120) days prior to the expiration of the Policy. The notice shall include the specific reason for nonrenewal or conditional renewal.

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

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| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>1</b>     | POLICY NO.<br><b>ALT 61684</b> |

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| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

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 Authorized Representative



**WAGE AND HOUR DEFENSE COST ENDORSEMENT**

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION AND MANAGEMENT LIABILITY INSURANCE POLICY - (DUTY TO DEFEND)

It is understood and agreed that:

1. **SECTION IV, EXCLUSIONS, B. 3.** shall not apply to **Defense Costs** allocated to that portion of a covered **Claim** alleging violation of any **Wage and Hour Law**, provided the **Insurer's** maximum liability for all such **Defense Costs** shall be \$150,000, which is part of and not in addition to the Limit of Liability otherwise applicable to this Policy.
2. This Endorsement shall not apply to, and the **Insurer** shall not be liable for, any **Defense Costs** otherwise described in paragraph 1. above which are attributable to any violation of any **Wage and Hour Law** if any:
  - a. **Insured Person** within the HR or Risk Management department;
  - b. **Insured Person** with personnel or risk management responsibilities; or
  - c. **Executive Officer**,
 had actual knowledge of such violation prior to inception of the **Policy Period**.
3. Notwithstanding anything in this Policy to the contrary, any **Claim** which is covered solely by reason of this Endorsement shall be defended by the **Insureds**, not the **Insurer**. The **Insureds** and the **Insurer** shall allocate the defense costs in any such **Claim** between **Defense Costs** attributable to defense of the **Wage and Hour Law** violation and all other **Defense Costs** based on the relative legal exposure of the **Insureds** to the **Wage and Hour Law** violation and all other allegations in the **Claim**.
4. For purposes of this Endorsement, "**Wage and Hour Law**" means any federal, state, or local law or regulation governing or related to the payment of wages, including the payment of overtime, on-call

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

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| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>2</b>     | POLICY NO.<br><b>ALT 61684</b> |

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| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

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Authorized Representative



time or minimum wages, or the classification of **Insured Persons** for the purpose of determining eligibility for compensation under such law(s).

ORIGINAL

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

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| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>2</b>     | POLICY NO.<br><b>ALT 61684</b> |

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| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

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Authorized Representative



**BROAD FORM ANTI-TRUST EXCLUSION**

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION AND MANAGEMENT LIABILITY INSURANCE POLICY - (DUTY TO DEFEND)

It is understood and agreed that the **Insurer** shall not be liable under any Insuring Agreement to make any payment for **Loss** as a result of a **Claim** arising out of, based upon, or attributable to the actual or alleged violation of any state or federal anti-trust law or similar law that protects trade and commerce from unlawful restraints, price discrimination, price fixing, monopolies or other anti-competitive conduct, including but not limited to the Sherman Act, the Clayton Act, and the Robinson-Patman Act.

ORIGINAL

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

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| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>3</b>     | POLICY NO.<br><b>ALT 61684</b> |

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| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

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**FIDUCIARY EXTENSION (INCLUDING HIPAA)**

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION AND MANAGEMENT LIABILITY INSURANCE POLICY - (DUTY TO DEFEND)

It is understood and agreed that the insurance afforded under this Policy is extended as follows:

1. **COVERAGE.** Subject to the Sublimit of Liability set forth in paragraph 6. below, the **Insurer** will pay on behalf of the **Insureds** a **Loss** which the **Insureds** shall become legally obligated to pay as a result of a **Claim** first made during the **Policy Period** or Extended Reporting Period, if applicable, against any **Insureds** for a **Wrongful Act** which takes place during or prior to the **Policy Period**.
2. **DEFINITIONS.** Solely with respect to coverage afforded by this Endorsement, the following definitions apply:

**"Administration"** means:

- a. advising, counseling or giving notice to employees, participants or beneficiaries with respect to any **Covered Plan**;
- b. providing interpretations with respect to any **Covered Plan**; or
- c. handling of records or effecting enrollment, termination or cancellation of employees, participants or beneficiaries under any **Covered Plan**.

**"Covered Plan"** means:

- a. any **Sponsored Plan**; and
- b. any government-mandated insurance program for workers' compensation, unemployment, social security or disability benefits for employees.

**"Insureds"** means the **Insured Persons**, the **Organization**, the **Covered Plan**, all regular salaried

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

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| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>4</b>     | POLICY NO.<br><b>ALT 61684</b> |

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|--|------------------------------------|
| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
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or hourly employees of the **Organization**, and any other natural person acting as a past, present or future fiduciary of any **Covered Plan**, including the estates, heirs or legal representatives of any deceased or legally incompetent **Insureds**.

**"Sponsored Plan"** means:

- a. any Employee Benefit Plan, Pension Benefit Plan or Welfare Benefit Plan, as each are defined in ERISA, which is operated by the **Organization** solely for the benefit of the employees or **Executive Officers** of the **Organization** located anywhere in the world and which existed on or before the inception date of the **Policy Period** or which is created or acquired after such inception date; provided (i) any coverage with respect to any such Plan created or acquired during the **Policy Period** shall apply only for **Wrongful Acts** committed or allegedly committed after the effective date of such creation or acquisition and, (ii) as a condition precedent to coverage of such created or acquired plan, the **Insureds** shall give the **Insurer** full details in writing of such creation or acquisition within sixty (60) days of such creation or acquisition (thirty (30) days in the case of an employee stock ownership plan ("ESOP")) and shall pay within that time any additional premium and agree to any amendment of the provisions of this Policy required by the **Insurer**, in its absolute discretion, relating to such created or acquired plan.
- b. any other employee benefit plan or program not subject to ERISA which is sponsored solely by the **Organization** for the benefit of the employees or **Executive Officers**, including any fringe benefit or excess benefit plan;
- c. any other plan or program otherwise described in paragraphs a. or b. above while such plan or program is being actively developed, formed or proposed by the **Organization** prior to the formal creation of such plan or program; provided, however, no coverage is afforded under this coverage for any **Claim** against an **Insured** in a settlor or similar uninsured capacity with respect to any plan or program; and
- d. any other plan, fund, or program specifically included as a **Sponsored Plan** by endorsement to this coverage section.

**Sponsored Plan** shall not include any ESOP created or acquired by the **Organization** during the **Policy Period** (except as provided in a. above) or any multi-employer plan created before or during the **Policy Period**.

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

|                          |                                |
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| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>4</b>     | POLICY NO.<br><b>ALT 61684</b> |

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| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

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**"Wrongful Act"** means:

- a. any actual or alleged breach of the responsibilities, obligations or duties imposed upon fiduciaries of a Covered Plan (i) by the Employee Retirement Income Security Act of 1974 ("ERISA"); the Health Insurance Portability and Accountability Act of 1996 ("HIPPA"); or by any common or statutory law of the United States, any State or other jurisdiction to the extent such law is similar to ERISA or HIPPA.
- b. any other matter claimed against any **Insureds** solely because of the **Insured's** service as a fiduciary of any **Covered Plan**; or
- c. any negligent act, error or omission in the **Administration** of any **Covered Plan**.

Solely with respect to coverage afforded by this Endorsement, the term **"Insured Persons"** wherever it appears in this Policy is deleted and replaced with the term **"Insureds"** as defined in this Endorsement.

3. **SECTION IV, EXCLUSIONS**, A. 9. and 10. shall not apply to coverage afforded by this Endorsement. Exclusion B. 2. shall not apply to coverage afforded by this Endorsement for any actual or alleged violation of HIPAA. All of the other Exclusions in **SECTION IV** of this Policy shall apply to coverage afforded by this Endorsement, regardless of whether such Exclusions otherwise apply to all or only some Insuring Agreements under this Policy. In addition to such other Exclusions, the **Insurer** shall not be liable under this Endorsement to make any payment for **Loss** as a result of a **Claim** made against an **Insured**:

- a. for the failure to fund or collect contributions owed to a **Covered Plan** from the **Organization** unless such failure is due to the negligence of the **Insured**;
- b. for the return or reversion of any contributions or assets to the **Organization**; provided this exclusion shall not apply to **Defense Costs**;
- c. arising out of, based upon or attributable to any **Covered Plan** investing in, owning or holding 25% or more of any class of any **Organization's** securities; or
- d. for benefits due or to become due under the terms of a **Covered Plan** or benefits which would be due under a **Covered Plan** if such **Covered Plan** complied with all applicable laws, unless,

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

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| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>4</b>     | POLICY NO.<br><b>ALT 61684</b> |

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|--|------------------------------------|
| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

Countersigned by

  
Authorized Representative



and to the extent that, (1) such **Insured** is a natural person and such benefits are payable as a personal obligation by such person, and (2) recovery for such benefits is based upon a covered **Wrongful Act**; provided this exclusion shall not apply to **Defense Costs**.

4. **OTHER PROVISIONS.** Solely with respect to coverage afforded by this Endorsement, the definition of **Loss** shall include:
  - a. the five percent (5%) or less, or the twenty percent (20%) or less, civil penalties imposed upon an **Insured** as a fiduciary under Section 502(i) or (l), respectively, of the Employee Retirement Income Security Act of 1974, as amended; or
  - b. any civil money penalties imposed upon an **Insured** for violation of the privacy provisions of HIPAA, provided the **Insurer's** maximum aggregate liability for all such civil money penalties on account of all **Claims** first made during the **Policy Period** shall be \$25,000. Such amount shall be part of and not in addition to the sublimit set forth in Item 6. of this endorsement. Any such civil money penalties paid by the **Insurer** pursuant to this paragraph shall reduce the aggregate Limit of Liability for all Insuring Agreements under this Policy as set forth in Item 3. of the Declarations.
5. **RETENTION.** Solely with respect to coverage afforded by this Endorsement, the Retention: \$1,000 for **Loss** arising from each **Claim** and all **Claims** alleging the same **Wrongful Act** or **Interrelated Wrongful Acts**.
6. **SUBLIMIT.** The **Insurer's** maximum aggregate liability for all **Loss** covered under this Endorsement as a result of all **Claims** first made against the **Insureds** during the **Policy Period** and the Extended Reporting Period (if applicable) shall be \$100,000. Such amount shall be part of and not in addition to the aggregate Limit of Liability for all Insuring Agreements under this Policy as set forth in Item 3. of the Declarations. Any **Loss** paid by the **Insurer** under this Endorsement shall reduce the aggregate Limit of Liability for all **Loss** under this Policy as set forth in Item 3. of the Declarations.

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

|                          |                                |
|--------------------------|--------------------------------|
| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>4</b>     | POLICY NO.<br><b>ALT 61684</b> |

|  |                                    |
|--|------------------------------------|
| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

Countersigned by

  
Authorized Representative





**NUCLEAR EXCLUSION**

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION AND MANAGEMENT LIABILITY INSURANCE POLICY - (DUTY TO DEFEND)

It is understood and agreed that the **Insurer** shall not be liable to make any payment as a result of a **Claim** arising out of, based upon or attributable to any nuclear reaction, radiation or contamination.

ORIGINAL

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

|                          |                                |
|--------------------------|--------------------------------|
| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>5</b>     | POLICY NO.<br><b>ALT 61684</b> |

|  |                                    |
|--|------------------------------------|
| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

Countersigned by

  
Authorized Representative



**PRODUCT LIABILITY EXCLUSION**

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION AND MANAGEMENT LIABILITY INSURANCE POLICY - (DUTY TO DEFEND)

It is understood and agreed that the **Insurer** shall not be liable under any Insuring Agreement to make any payment for **Loss** as a result of a **Claim** alleging, arising out of, based upon, or attributable to the design, manufacture, distribution, sale or promotion of allegedly defective, deficient, inadequate or dangerous products, including, but not limited to, the **Insured's** failure to maintain products liability insurance.

ORIGINAL

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

|                          |                                |
|--------------------------|--------------------------------|
| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>6</b>     | POLICY NO.<br><b>ALT 61684</b> |

|  |                                    |
|--|------------------------------------|
| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

Countersigned by

Authorized Representative



**PROFESSIONAL HEALTHCARE SERVICES EXCLUSION**

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION AND MANAGEMENT LIABILITY INSURANCE POLICY - (DUTY TO DEFEND)

It is understood and agreed that the **Insurer** shall not be liable under any Insuring Agreement to make any payment for **Loss** as a result of a **Claim** alleging, arising out of, based upon, or attributable to the providing of or failure to provide health care or medical services, including the furnishing of food or beverage in connection with such services. Such health care or medical services include but are not limited to: furnishing or dispensing of drugs, or medical, dental or surgical supplies or appliances; the handling or treatment of deceased human bodies, including autopsies, organ donation or other procedures; and services performed in connection with formal accreditation, standards review, or similar professional boards or committees, including execution of the orders of such boards or committees.

ORIGINAL

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

|                          |                                |
|--------------------------|--------------------------------|
| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>7</b>     | POLICY NO.<br><b>ALT 61684</b> |

|  |                                    |
|--|------------------------------------|
| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

Countersigned by

  
Authorized Representative



**TERRORISM ENDORSEMENT**

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION AND MANAGEMENT LIABILITY INSURANCE POLICY – (DUTY TO DEFEND)

It is understood and agreed:

1. The Insurer acknowledges that **Loss** otherwise covered under this Policy which is in connection with any **Claim** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving an Act of Terrorism is not per se excluded from **Loss** provided however, the Insurer shall not be liable for such **Loss** to the extent such **Loss** constitutes an amount for which the Insurer is not responsible under the terms of the federal Terrorism Risk Insurance Act of 2002, as amended (including subsequent acts of Congress pursuant to such Act).
2. For the purpose of this endorsement, an Act of Terrorism means an act (including but not limited to the use or threat of force, violence, dangerous acts and/or the interference or disruption of electronic, communications, information or mechanical systems) by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes, including the intention to influence, intimidate, coerce or disrupt any government, the economy and/or the public or any segment of the public. Without limiting the foregoing, an Act of Terrorism shall include 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 of 2002, as amended ("Certified Act of Terrorism").

You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been 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

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

|                          |                                |
|--------------------------|--------------------------------|
| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>8</b>     | POLICY NO.<br><b>ALT 61684</b> |

|  |                                    |
|--|------------------------------------|
| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

Countersigned by

  
Authorized Representative



Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is: \$0 and does not include any charges for the portion of losses covered by the United States government under the Act.

ORIGINAL

*All other terms and conditions of this policy remain unchanged.*

*This endorsement is a part of the policy and takes effect on the effective date of the policy, unless another effective date is shown below.*

|                          |                                |
|--------------------------|--------------------------------|
| <i>Must be Completed</i> |                                |
| ENDT NO.<br><b>8</b>     | POLICY NO.<br><b>ALT 61684</b> |

|  |                                    |
|--|------------------------------------|
| <i>Complete Only When This Endorsement is Not Prepared with the Policy<br/>Or Is Not to be Effective with the Policy</i> |                                    |
| ISSUED TO  | EFFECTIVE DATE OF THIS ENDORSEMENT |

Countersigned by

  
 Authorized Representative



**ARCH INSURANCE COMPANY**

A Missouri Corporation

This application should be submitted to:

ALTRU, Inc.  
3975 Erie Avenue  
Cincinnati, OH 45208

**ALTRU  
RENEWAL APPLICATION FOR NON-PROFIT ORGANIZATION AND  
MANAGEMENT LIABILITY INSURANCE**

**NOTICE: EXCEPT AS OTHERWISE PROVIDED IN THE POLICY, THE POLICY SHALL ONLY APPLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER IN ACCORD WITH THE PROVISIONS OF THE POLICY. EXCEPT AS OTHERWISE PROVIDED IN THE POLICY, THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS MAY BE REDUCED AND MAY BE TOTALLY EXHAUSTED BY AMOUNTS INCURRED AS DEFENSE COSTS. PLEASE READ THIS APPLICATION AND THE POLICY CAREFULLY.**

**Instructions for Completing This Application**

Please read carefully. Fully answer all questions and submit all requested information. Terms appearing in **bold** in this Renewal Application are defined in the Policy and have the same meaning in this Renewal Application as in the Policy. The term "Prior Application" as used herein shall mean the Application submitted for the Policy which the Applicant seeks to renew through this Renewal Application. This Renewal Application consists of the information contained herein, all materials submitted herewith and any other information or materials included within the definition of Application in the Policy. All such materials shall be held in confidence.

**GENERAL INFORMATION**

1. The Applicant Company, which is to be the entity named in Item 1. of the Declarations (the "Applicant"):

Blood Centers of California

Principal Address: Post Office Box 2569

City: Sacramento State: Ca Zip Code: 95812

2. Officer designated to receive correspondence and notices from the Insurer:

Lydia Bourne

(Name of Officer)

Administrator

(Title)

3. Please provide the following information with respect to the Applicant:

a. Is the Applicant exempt from Federal income tax?  Yes  No

b. Has there been any dispute regarding the Applicant's tax exempt status?  Yes  No

- c. Is the Applicant applying for insurance for any entity other than the Applicant?  
 Yes  No

If "Yes," please provide the following information for each:

Name of Entity                      Non-profit or For Profit                      Type of Operation or Business

**FINANCIAL INFORMATION**

1. Please provide the following information for the past fiscal year:

| Fiscal year-ended | Total Gross Revenue | Net Revenue      | Total Assets    | Net Assets        |
|-------------------|---------------------|------------------|-----------------|-------------------|
| <u>2009</u>       | <u>\$81,536</u>     | <u>\$ 17,580</u> | <u>\$ _____</u> | <u>\$ 186,276</u> |
| <u>_____</u>      | <u>\$ _____</u>     | <u>\$ _____</u>  | <u>\$ _____</u> | <u>\$ _____</u>   |

2. Based upon the Applicant's financial condition, has anyone questioned within the last year whether the Applicant will continue as a going concern?  Yes  No
3. Please attach the Applicant's CPA-prepared financial statements or IRS Form 990 for the last fiscal year if any of the following apply to the Applicant for the last fiscal year:
- Total gross revenues exceeded \$2,000,000
  - Total assets exceeded \$5,000,000
  - Either net revenues or net worth were negative
  - The answer to 2 above is "Yes."

**EMPLOYMENT INFORMATION**

Please provide the following information for the Applicant and any **Subsidiary** for which coverage is requested:

1. Number of employees (stated in full-time equivalents): none one contract employee
2. Does the Applicant employ a full-time Human Resource Manager?  Yes  No
3. Does the Applicant utilize an employee handbook?  Yes  No
4. Does the Applicant distribute to all employees written policy statements regarding:
- anti-discrimination  Yes  No n/a
  - anti-sexual harassment  Yes  No n/a

**LOSS/CLAIMS HISTORY**

1. Has any insurer cancelled or refused to renew any insurance, whether primary or excess, within the past year?  Yes  No

2. Within the past year, has any Claim been made against any proposed Insured which would have been within the scope of coverage afforded by the proposed Policy?  
 Yes  No (If "Yes," please attach a summary description of each Claim and any loss payments by any Insureds or insurers).
3. Within the past year, has any person or entity for whom this insurance is intended given notice under the provisions of any other similar primary or excess insurance policy of any facts or circumstances which may give rise to a Claim?  Yes  No (If "Yes," please attach complete details).

IT IS UNDERSTOOD AND AGREED THAT WITH RESPECT TO QUESTIONS 2 AND 3 ABOVE, IF SUCH CLAIMS OR NOTICE OF FACTS OR CIRCUMSTANCES EXIST, THEN THOSE CLAIMS AND ANY OTHER CLAIMS ARISING FROM SUCH CLAIMS OR NOTICED FACTS OR CIRCUMSTANCES ARE EXCLUDED FROM THE PROPOSED INSURANCE.

The person signing this Renewal Application declares that to the best of his or her knowledge the statements set forth herein and the information in the materials submitted herewith are true and correct and that reasonable efforts have been made to obtain sufficient information from all Insured(s) to facilitate the proper and accurate completion of this Renewal Application for the proposed Policy. Signing of this Renewal Application does not bind the undersigned to purchase the insurance, but it is agreed that this Renewal Application shall be the basis of the contract should a Policy be issued.

It is agreed by all concerned that the particulars and statements contained in this Renewal Application and the information in the materials submitted herewith or incorporated herein are true and shall be deemed material to the decision of the Insurer to issue the insurance.

The undersigned agrees that if after the date of this Renewal Application and prior to the effective date of any Policy based on this Renewal Application, any occurrence, event or other circumstance should render any of the information contained in this Renewal Application or the information in the materials submitted herewith or incorporated herein inaccurate or incomplete, then the undersigned shall notify the Insurer of such occurrence, event or circumstance and shall provide the Insurer with information that would complete, update or correct such information. Under such circumstances, any outstanding quotations may be modified or withdrawn at the sole discretion of the Insurer.

This Renewal Application and any material submitted herewith shall be maintained on file by the Insurer, shall be deemed attached as if physically attached to the proposed Policy and shall be considered as incorporated into and constituting a part of the proposed Policy.

The information requested in this Renewal Application is for underwriting purposes only and does not constitute notice to the Insurer under any policy of a Claim or potential Claim. All such notices must be submitted to the Insurer pursuant to the terms of the Policy, if and when issued.

#### **Fraud Prevention - General Warning**

**NOTICE:** Any person who knowingly, or knowingly assists another, files an application for insurance or claim containing any false, incomplete or misleading information for the purpose of defrauding or attempting to defraud an Insurance Company may be guilty of a crime and may be subject to criminal and civil penalties and loss of insurance benefits.

**NOTICE TO ARKANSAS, LOUISIANA AND NEW MEXICO APPLICANTS:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit, or knowingly presents false information in an application for insurance is guilty of a crime and may be subject



to fines and confinement in prison.

**NOTICE TO COLORADO APPLICANTS:** It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an Insurance Company for the purpose of defrauding or attempting to defraud the Company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any Insurance Company or agent of an Insurance Company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

**NOTICE TO DISTRICT OF COLUMBIA APPLICANTS:** Warning, it is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

**NOTICE TO FLORIDA APPLICANTS:** Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony in the third degree.

**NOTICE TO KENTUCKY APPLICANTS:** Any person who knowingly and with the intent to defraud any Insurance Company or other person files an application for insurance containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

**NOTICE TO MAINE APPLICANTS:** It is a crime to provide false, incomplete or misleading information to an Insurance Company for the purpose of defrauding the Company. Penalties may include imprisonment, fines or a denial of insurance benefits.

**NOTICE TO NEW JERSEY APPLICANTS:** Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

**NOTICE TO NEW YORK APPLICANTS:** Any person who knowingly and with intent to defraud any Insurance Company or other person files an application for insurance or statement of claims containing any materially false information, or conceals for the purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

**NOTICE TO OHIO APPLICANTS:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

**NOTICE TO OKLAHOMA APPLICANTS:** WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

**NOTICE TO PENNSYLVANIA APPLICANTS:** Any person who knowingly and with the intent to defraud any Insurance Company or other person files an application for insurance or statement of claim containing any fact materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

**NOTICE TO TENNESSEE & VIRGINIA APPLICANTS:** It is a crime to knowingly provide false, incomplete or misleading information to an Insurance Company for the purpose of defrauding the Company.. Penalties include imprisonment, fines and denial of insurance benefits.

This Renewal Application must be signed by the Chalman of the Board, President or Executive Director of the Applicant.

Date: 12/14/10

Signature: 

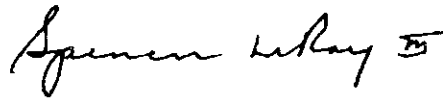
Print Name and Title: Roger Svoboda, President

A POLICY CANNOT BE ISSUED UNLESS THE APPLICATION IS PROPERLY SIGNED AND DATED.

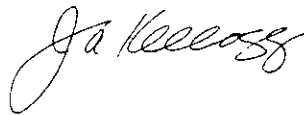
INSURANCE IS PROVIDED BY  
THE COMPANY DESIGNATED ON THE DECLARATIONS PAGE

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

**OLD REPUBLIC INSURANCE COMPANY**  
133 Oakland Avenue  
Greensburg, Pennsylvania 15601  
A Stock Company

A handwritten signature in cursive script, appearing to read "Spencer McKay", followed by a small square notary seal.

Secretary

A handwritten signature in cursive script, appearing to read "J. A. Keenan".

President

# **OLD REPUBLIC**

**Corporate Offices**  
**307 North Michigan Avenue**  
**Chicago, Illinois 60601**  
**(312) 346-8100**

## **(Q & A)**

### **1. What risk management program is offered by Old Republic Insurance Company/Chicago Underwriting Group & ALTRU, LLC?**

To assist companies insured by Old Republic Insurance Company to reduce the risk of employment claims by employees, Chicago Underwriting Group & ALTRU, LLC have developed a valuable and cost-free risk management program. We have developed this program in conjunction with Jackson Lewis LLP, a national law firm with 47 offices and over 600 attorneys across the United States. For over 50 years, Jackson Lewis has assisted employers in developing preventive programs and to defend workplace law claims when they arise. Jackson Lewis represents employers in all aspects of workplace law, including employment litigation, disability and leave management, reductions in force, affirmative action, benefits, immigration, wage-hour, trade secrets and restrictive covenants, drug testing and labor relations. The firm maintains a website providing comprehensive information about these and other workplace law topics. To access that website, go to [www.jacksonlewis.com](http://www.jacksonlewis.com). The website is only the first step of this program. In addition, Jackson Lewis is joining with Chicago Underwriting Group & ALTRU, LLC to provide a call-in “hotline” for companies insured by Old Republic Insurance Company to ask questions about workplace concerns. To contact the hotline, call **1-866-758-6874**.

### **2. When I use the hotline, how should I identify myself?**

To verify that callers are insured by Old Republic Insurance Company, a caller must provide his or her name and the name of the company insured by the policy number, as well as the caller’s e-mail address, mailing address and telephone number. After obtaining this information, a representative of Jackson Lewis will ask you succinctly to state your question and to provide a brief description of the facts which relate to your question.

### **3. After I call the hotline, when can I expect to receive a response?**

Callers often will receive a response the same day, but almost always within 24 hours of placing a call. While there may be slight delays due to a particular attorney’s trial or travel schedule or other commitments, Jackson Lewis’ long-standing policy is to return calls on the day they are received or within 24 hours of receipt of that call. That firm policy will apply to hotline calls.

### **4. If there is any problem or delay in receiving a hotline call, what should I do?**

We have spoken with a senior Jackson Lewis partner, Paul J. Siegel, who will oversee management of the hotline. You can contact Mr. Siegel if you have any questions about the hotline or any problems with regard to any concern about how a question you presented has been addressed. You can reach Mr. Siegel at 631-247-4605 or at [siegelp@jacksonlewis.com](mailto:siegelp@jacksonlewis.com). Mr. Siegel has been an employment attorney for almost 30 years and has been a partner at Jackson Lewis for more than 20 years. Mr. Siegel is an experienced employment attorney and has managed hotlines and other risk management programs for many years.

**5. What questions are appropriately presented through the hotline (and which are not)?**

The hotline is not intended to provide a determinative answer as to whether any specific adverse personnel action should be taken. Before a decision is made as to whether to discharge an employee, deny reinstatement after a leave of absence, take any action after receiving a complaint of harassment or taking any other adverse personnel action, your company should consult with experienced employment counsel. To provide advice as to what to do in a particular instance, retained counsel would require information as to what the company has done when similarly situated workers engaged in comparable acts of misconduct; a review of that individual's personnel file (and perhaps the file of the "victim"); interviews of potential witnesses; interviews of supervisors and others with knowledge of the facts underlying the contemplated adverse personnel action; review of applicable personnel policies and procedures; analysis of demographic information; an understanding of your Company's long term and short term operational and employment strategies; and, numerous other facts. The hotline is not designed for such an in-depth analysis.

In contrast, the hotline provides an excellent opportunity to obtain general information about a broad range of subjects. For example, while the hotline cannot be used to determine whether it would be discriminatory for a particular individual to be denied a promotion, you can ask about the factors to consider when evaluating possible claims relating to denial of promotion. Similarly, while the hotline cannot be used to determine whether a particular individual must be reinstated after a medical or family and medical leave, it can be used to provide information about when the law requires that a medical or Family Medical Leave Act ("FMLA") covered leave be granted and factors to consider when evaluating reinstatement. Simply sated, the hotline is for a general legal overview, not "can I fire this guy?" or similar adverse actions.

**6. Can the hotline be used to inquire about sexual or other forms of harassment?**

Yes. Hotline questions can address such issues as what the Equal Employment Opportunity Commission and courts generally consider to be harassment. Also, you can inquire about appropriate steps to take when investigating reports of harassment, including suggestions for witness interviews; documentation of a complaint and witness interviews; development of a sexual harassment policy; and, other preventive actions. (The hotline is not the appropriate vehicle for determining what to do after the investigation is conducted. Consideration of adverse personnel actions should be addressed with counsel.)

**7. Can the hotline be used to discuss what the company believes are acts of insubordination and refusal to comply with a supervisor's instructions?**

Yes. An overview of your company's rights can be obtained with respect to the types of actions it could consider when an individual fails or refuses to perform his or her job duties. However, as noted above, the hotline is not appropriate for use in determining whether an individual can be discharged because he or she did not perform a specific task. That analysis

requires far more information and involvement by counsel than the hotline is intended to provide.

**8. How long can I speak to the attorney during a hotline call?**

Most hotline calls last about 10 to 15 minutes. If a call requires more time, additional time will be allotted. While you can call as often as you wish, the hotline is not a substitute for a relationship with counsel. Only your counsel will have access to personnel policies, personnel files, past practice information and similar information needed to make recommendations about what should be done. The hotline is an excellent place to initiate a risk management decision or program. It is not intended to replace the relationship your company should develop with experienced employment counsel.

**9. Can wage hour issues be discussed during a hotline call?**

The hotline provides a limited opportunity to inquire about when wages must be paid under state law; what sort of records should be maintained; and, the like. The hotline is not intended, however, to provide a determination as to whether your company is complying with wage hour laws or the manner in which any particular individual should be paid. Those issues are best left to the relationship your company has with its employment counsel.

**10. Can we ask questions about leaves of absence and when they should be given?**

Yes. However, as noted above, whether a particular individual is entitled to leave or reinstatement after a leave is a matter that requires evaluation of an employer's past practices and its own personnel policies. Nonetheless, determination of whether the FMLA or state leave laws apply to your company and how they generally should be administered are appropriate subjects to discuss during a hotline call. Similarly, whether employees on leave can be required to use accumulated paid time off (e.g., sick days, vacation days, personal days, etc.) also can be addressed during a hotline call.

**11. Can we use the hotline call to discuss development of policies to preserve the at-will nature of employment?**

Yes. Almost all states presume that employment is terminable on an at-will basis unless the employer has adopted personnel policies that limit the right to discharge on an at-will basis. However, whether your company has, intentionally or unintentionally, entered into an employment agreement or other limitation upon the right to discharge on an at-will basis, is beyond the scope of the hotline. Limitations on the at-will status of employment may arise from personnel policies, handbook provisions, offer letters or other corporate actions. The firm can provide sample receipt or acknowledgement forms for an employee handbook, which confirm that at-will status of employment. If you would like a sample document to discuss with your counsel, please send an e-mail to Paul Siegel, the Hotline Coordinator, at [siegelp@jacksonlewis.com](mailto:siegelp@jacksonlewis.com).

**12. Can I use the hotline to inquire about how benefits programs should be administered or how immigration processes operate?**

No. The hotline is for employment related issues, not benefits, fiduciary or immigration law questions. Those questions are beyond the scope of the hotline. However, we have negotiated discounted rates with Jackson Lewis for benefits and immigration-related representation. As a company insured by Old Republic Insurance Company, you will receive a 10% discount if you retain Jackson Lewis to address benefits or immigration issues.

**13. Can I use the hotline to inquire about whether our Company is a government contractor or subcontractor that must maintain an affirmative action plan (or how such a plan must be developed)?**

Yes. Jackson Lewis maintains an affirmative action/government contracts practice group, which will be available through the hotline, to address inquiries about the circumstances under which an employer is considered a federal contractor or subcontractor that must develop an affirmative action plan. However, what your company must do in a particular instance is beyond the scope of the hotline. For example, if your company is a government contractor or subcontractor with respect to a contract in excess of \$50,000, it is likely to be required to develop an affirmative action plan, if it employs at least 50 employees. However, if your company lacks such a federal contract, but is part of a larger entity and a subsidiary or division of that parent company has a federal contract, government contractor or subcontractor status still may exist. Determination of that status (and the obligation to prepare an annual affirmative action plan) is subject to complex tests enunciated by the United States Department of Labor, Office of Federal Contract Compliance Programs. Such a determination, like the determination as to whether an individual should or should not be discharged, is beyond the scope of the hotline.

**14. Can I use the hotline to inquire about employment law issues relating to workers who are engaged by our company outside the United States?**

No. Jackson Lewis limits its practice to employment law solely within the United States. However, the firm may be able to provide an introduction to counsel practicing in the foreign country if the issue exists.

**15. Can the hotline be used to report a discrimination claim or a lawsuit?**

No. The hotline is for receiving a general overview about human resources and employment issues. It is not to be used to report the filing of administrative charges, arbitration demand letters, service of lawsuits or other notices of claim. Providing such information to Jackson Lewis does not obligate the firm to provide notice in your Company's behalf to Chicago Underwriting Group. It is your responsibility to notify Chicago Underwriting Group in accordance with the terms of the insurance policy. If you have any questions about how to report a claim, you should contact Joanne Heniades at Chicago Underwriting Group, whose telephone number is 312-750-8803.



**16. Will the questions that I ask and the answers that I receive be disclosed to Old Republic Insurance Company/Chicago Underwriting Group & ALTRU, LLC?**

No. Each month, the insurance company will receive from Jackson Lewis a narrative statement which will indicate, for each call, the name of the caller and his or her company, the policy number and the time spent on that call. We will not be advised of the discussion during that telephone call (e.g., inquiry about harassment, at-will status, wage-hour issues, etc.).

**17. Will my use of the hotline result in a higher premium if I use it more than another company uses the hotline?**

No. The hotline is intended to provide risk management services and to assist your company to avoid claims and workplace disputes. We encourage you to use the hotline. No company will be penalized for its use of the hotline when renewal discussions take place. (However, as we have explained above, the hotline is not a substitute for a relationship with experienced employment counsel. While you can call to obtain general information and an overview of issues to consider, you should not use the hotline as a substitute for a relationship with counsel.)