



State National Insurance Company, Inc.
Administered by **Hiscox Inc.**

**NOT-FOR-PROFIT
DIRECTORS AND OFFICERS
LIABILITY PROGRAM**



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ABOUT THIS POLICY

This is a Claims Made Policy and only covers those Claims that are first made against the Insured during the Policy Period or, if exercised, during the Extended Reporting Period. Claim Expenses reduce the Limit of Liability provided. Please read the entire Policy carefully and consult with your insurance broker or advisor.

In consideration of the payment of premium and in reliance on the statements made and information provided to the Company, including but not limited to the statements made and information provided in the **Application** which is made a part of this Policy, and subject to the Limits of Liability and Retentions stated in the Declarations and all of the terms, conditions, limitations and exclusions of the Policy, the Company and the **Insured** agree as follows:

I. INSURING AGREEMENT

Insuring Agreement 1 – Individual Non- Indemnified Liability

The Company shall pay, on behalf of each of the **Insured Persons**, **Loss** for which the **Insured Person** is not indemnified by the **Organization** and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured Person**, individually or as a representative of the **Organization** or an **Outside Entity**, if the **Insured Person** is acting in an **Outside Capacity** for such **Outside Entity** with the knowledge and consent and at the request or direction of the **Organization**, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by such **Insured Person** before or during the **Policy Period**, but only if such **Claim** is reported to the Company in writing in the manner and within the time provided in the Reporting and Notice or Extended Reporting Period Sections of this Policy.

Insuring Agreement 2 - Individual Indemnified Liability:

The Company shall pay, on behalf of the **Organization**, **Loss** for which the **Organization** grants indemnification to an **Insured Person**, as permitted or required by law, and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured Person**, individually or otherwise, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by such **Insured Person** before or during the **Policy Period**, but only if such **Claim** is reported to the Company in writing in the manner and within the time provided in the Reporting and Notice or Extended Reporting Period Sections of this Policy.



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**Insuring Agreement 3 -
Organization Liability:**

The Company shall pay, on behalf of the **Organization**, **Loss** which the **Organization** becomes legally obligated to pay on account of any **Claim** first made against the **Organization** during the **Policy Period**, or if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by the **Organization** by the **Insured Persons** before or during the **Policy Period**, but only if such **Claim** is reported to the Company in writing in the manner and within the time provided in the Reporting and Notice or Extended Reporting Period Sections of this Policy.

**II. DEFENSE AND
SETTLEMENT**

- A. The Company shall have the right and the duty to defend any covered **Claim**, including but not limited to the appointment of legal counsel, subject to the Limits of Liability and Retentions stated in the Declarations and all applicable terms and conditions of this Policy, even if such **Claim** is groundless, false or fraudulent.
- B. Notwithstanding Section II.A. above, the **Insured** may appoint defense counsel to defend any covered **Claim**, but only with the prior written consent of the Company, who shall have the sole discretion to consent to such an appointment. The appointment by the **Insured** of defense counsel pursuant to this provision shall not waive or alter the rights of the Company with respect to review and determination as to the terms and conditions of retention and the reasonableness or necessity of any **Claim Expense** presented to them for payment.
- C. The Company shall have the right to investigate and to solicit settlement demands or proposals as to any covered **Claim** as the Company deems reasonable and the **Insured** shall, as a condition precedent to any right of coverage under this Policy, have the duty to cooperate with the Company in such investigation and in the solicitation of settlement demands or proposals including, but not limited to:
 - 1. upon request, submitting to examination and interrogation under oath by the Company representatives
 - 2. attending hearings, depositions and trials as requested by the Company;
 - 3. assisting in securing and giving evidence and obtaining the attendance of witnesses;
 - 4. providing written statements to the Company representatives and meeting with such representatives for the purpose of investigation and/or defense and/or settlement and/or appeal;



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all without charge to the Company.

- D. The **Insured** shall not, except at its own cost, make any payment, incur any expense, admit any liability, settle any **Claim**, or assume any obligation without the prior written consent of the Company.
- E. The Company shall not settle any **Claim** without the consent of the **Insured**, which consent the **Insured** will not unreasonably withhold.
- F. If the **Insured** shall refuse to consent to any settlement recommended by the Company and shall elect to contest the **Claim** or continue any legal proceedings in connection with such **Claim**, then the Company liability for the **Claim** shall not exceed the amount for which the **Claim** could have been so settled plus **Claim Expenses** incurred up to the date of such refusal. Such amounts are subject to the Limits of Liability set forth in Sections VI.A and VI.B of this Policy and Item 4 of the Declarations.
- G. The Company shall not be obligated to settle any **Claim**, pay any **Claim Expenses**, or continue to defend any **Claim** after the Limit of Liability stated in Item 4 of the Declarations has been exhausted.

III. DEFINITIONS

- A. **Affiliate** means any person or entity which is related to any **Insured** through common ownership, control or management, but **Affiliate** shall not include any **Subsidiary**.
- B. **Application** means the signed **Application** for the Policy including any attachments and other materials or information submitted in conjunction with the signed application. The **Application** shall be attached to and become part of this Policy. If this Policy is a renewal or replacement of a previous policy or policies issued by the Company, all signed applications and other materials that were attached to and become a part of these previous policies shall be considered as part of the **Application** for this Policy.
- C. **Claim** means:
 - 1. when used in reference to the coverage provided by Insuring Agreements 1 or 2:
 - a. a demand for monetary damages or non-monetary relief;
 - b. a civil proceeding commenced by the service of a complaint or a similar pleading;
 - c. a criminal proceeding commenced by the return of an indictment; or



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- d. a formal civil administrative or civil regulatory proceeding commenced by the filing of a notice of charges or similar document, or by the entry of a formal order of investigation or similar document,
against an **Insured Person** for a **Wrongful Act**, including any appeal therefrom; or
- 2. when used in reference to the coverage provided by Insuring Agreement 3:
 - a. a demand for monetary damages or non-monetary relief;
 - b. a civil proceeding commenced by the service of a complaint or similar pleading;
 - c. a criminal proceeding commenced by the return of an indictment; or
 - d. a formal civil administrative or civil regulatory proceeding commenced by the filing of a notice of charges or similar document, or by the entry of a formal order of investigation or similar document, but only while such proceeding is also pending against an **Insured Person**,
against an **Organization** for a **Wrongful Act**, including any appeal therefrom.
- D. **Claim Expenses** means:
 - 1. all reasonable and necessary fees, costs, charges and expenses, including the fees of attorneys and experts, incurred by or on behalf of the Company in the investigation, defense, appeal and settlement of a **Claim**;
 - 2. all other reasonable and necessary fees, costs and expenses incurred by the **Insured** with the written approval of the Company; and
 - 3. premiums on appeal bonds, attachment bonds or similar bonds; however, the Company shall have no obligation to apply for or furnish any such bonds.

Claim Expenses shall not include fees and expenses incurred with respect to any criminal action or proceeding, or with regard to any salary charges of regular **employees** or officials of the Company nor salary or wages of the **Insured**.
- E. **Employee** means any natural person whose labor or service is engaged by and directed by the **Organization**, including any part-time, seasonal, leased or temporary **employees** or volunteers.
- F. **Executive** means any natural person who was, now is or shall become:
 - 1. A duly elected or appointed director, officer, manager, in-house general



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- counsel, or duly constituted committee member of any **Organization** chartered in the United States of America; or
2. A holder of a position equivalent to any position described in Section III.F.1 above in any **Organization** that is chartered in any jurisdiction other than the United States of America.
- G. **Insured** means the **Organization** set forth in Item 1. of the Declarations and any **Insured Person**.
- H. **Insured Capacity** means the position or capacity of an **Insured Person** that causes him or her to meet the definition of **Insured Person**. **Insured Capacity** does not include any position or capacity held by an **Insured Person** in any organization other than the **Organization**, even if the **Organization** directed or requested the **Insured Person** to serve in such position or capacity in such other organization.
- I. **Insured Person** means any natural person who was, now is or shall become a duly elected or appointed director, officer, trustee, duly constituted committee member or **Employee** of any **Organization**.
- J. **Loss** means the amount that any **Insured** becomes legally obligated to pay on account of any covered **Claim**, including but not limited to:
1. damages (including punitive or exemplary damages, if and to the extent that such punitive or exemplary damages are insurable under the law of the jurisdiction most favorable to the insurability of such damages provided such jurisdiction has a substantial relationship to the relevant **Insureds**, to the Company, or to the **Claim** giving rise to the damages);
 2. judgments;
 3. settlements;
 4. pre- and postjudgment interest;
 5. **Claim Expenses**.
- Loss** does not include:
1. any amount not indemnified by the **Organization** for which an **Insured Person** is absolved from payment by reason of any covenant, agreement or court order;
 2. any costs incurred by the **Organization** to comply with any order for injunctive or other non-monetary relief, or to comply with an agreement to provide such relief;
 3. any amount incurred by an **Insured** in the defense or investigation of any action, proceeding or demand that is not then a **Claim** even if (i) such amount also benefits the defense of a covered **Claim**, or (ii) such action,



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proceeding or demand subsequently gives rise to a **Claim**.

4. taxes, fines or penalties, or the multiple portion of any multiplied damage award, except as provided above with respect to punitive or exemplary damages;
 5. any amount deemed uninsurable under the law pursuant to which this insurance shall be construed.
- K. **Organization** means the Not-for-Profit Organization named In Item 1 of the Declarations and any **Subsidiary** listed in the **Application** as of the Inception Date of this Policy stated in Item 3. of the Declarations that has been accepted by the Company.
- L. **Outside Capacity** means service by an **Insured Person** in the position of director, officer, trustee, regent, or governor (or any equivalent executive position) of an **Outside Entity**, but only during the time that such service is with the knowledge and consent or at the request of the **Organization**.
- M. **Outside Capacity Wrongful Act** means any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by an **Insured Person** in his or her **Outside Capacity**.
- N. **Outside Entity** means:
1. any not-for-profit organization, community chest, fund or foundation that is not included in the definition of the **Organization** and that is exempt from federal income tax as an organization described in Section 501 (c) (3) of the Internal Revenue code of 1986, as amended;
 2. any other entity organized for a religious or charitable purpose under any not-for-profit organization act or statute; and
 3. if specifically added as an **Outside Entity** by written endorsement attached to this Policy, any other non-profit entity or any for-profit entity, but does not include any **Subsidiary** or **Affiliate**.
- O. **Personal Injury** means any actual or alleged:
1. false arrest, wrongful detention or imprisonment;
 2. malicious prosecution;
 3. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of premises that a person occupies, committed by or on behalf of its owner, landlord, or lessor;
 4. oral or written publication of material that slanders, libels or defames a person or organization or disparages the goods, products or services of a



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- person or organization; or
5. oral or written publication or material that violates a person's right of privacy.
- P. **Policy Period** means the period of time specified in Item 3. of the Declarations.
- Q. **Pollutants** means any solid, liquid, gaseous or thermal irritant, contaminant or toxin, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals, metals, silica, lead, lead compounds or materials containing lead, radon, asbestos, electromagnetic radiation, or waste of any like substances. In addition to pollutants to be disposed of, waste also includes materials to be recycled, reconditioned or reclaimed.
- R. **Related Claims** means all **Claims** for **Wrongful Acts** based upon, arising from, or in consequence of the same or related facts, circumstances, situations, transactions or events or the same or related series of facts, circumstances, situations, transactions or events.
- S. **Securities Laws** means the Securities Act of 1933, Securities Exchange Act of 1934, Investment Company Act of 1940, any state "blue sky" securities law, or any other federal, state or local securities law or any amendments thereto or any rules or regulations promulgated thereunder or any other provision of statutory or common law used to impose liability in connection with the offer to sell or purchase, or the sale or purchase, of securities.
- T. **Subsidiary** means any not-for-profit entity during any time in which the **Organization** owns or controls, directly or through one or more **Subsidiaries**, the present right to elect or appoint more than fifty percent (50%) of such entity's directors, officers or trustees.
- U. **Third Party Discrimination** means any actual or alleged discrimination or sexual harassment of a client, customer or vendor of, or visitor to, the **Organization**, or violation of that person's civil rights relating to such discrimination or sexual harassment.
- V. **Wrongful Act** means:
1. any error, misstatement, misleading statement, act, omission, neglect or breach of duty committed, attempted, or allegedly committed or attempted by an **Insured Person** in his or her **Insured Capacity**, including **Wrongful Employment Practices, Personal Injury or Third Party Discrimination**, or, for purposes of coverage under Insuring Agreement 3, by the **Organization**;
 2. any other matter claimed against an **Insured Person** solely by reason of his or her serving in an **Insured Capacity**; or



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3. any **Outside Capacity Wrongful Act**.

W. **Wrongful Employment Practices** means any actual or alleged:

1. wrongful dismissal or discharge or termination of employment whether actual or constructive;
2. employment related misrepresentations;
3. violation of any federal, state or local law concerning employment or discrimination in employment, including but not limited to Americans with Disabilities Act of 1992, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights act of 1964(as amended), the Pregnancy Discrimination Act of 1978, the Civil Rights Acts of 1866, the Family Medical Leave Act of 1993, the Older Workers Benefit Protection Act of 1990, the Fifth and Fourteenth Amendments of the United States Constitution, or any rule or regulation promulgated thereunder;
4. sexual or other harassment in the workplace;
5. wrongful demotion or wrongful deprivation of career opportunity, employment or promotion; or
6. wrongful hiring, retention, discipline or evaluation or failure to adopt adequate employment or workplace policies and procedures.

**IV. EXTENSIONS
OF COVERAGE**

A. **Estates, Heirs, and Legal Representatives**

In the event of the death or incapacity of an **Insured Person**, or the bankruptcy of an **Insured**, any **Claim** made against any of the heirs, executors, administrators, trustees in bankruptcy, assignees or legal representatives of any **Insured**, based upon actual or alleged **Wrongful Acts** of such **Insured**, shall be deemed to be a **Claim** against such **Insured** for the purposes of this Policy.

B. **Spousal Liability**

If a **Claim** is asserted against the lawful spouse of any **Insured Person** solely as a result of:

1. the status of the spouse as a spouse of any **Insured Person**; or
2. the ownership interest of the spouse in property which the claimant seeks as recovery for actual or alleged **Wrongful Acts** of any **Insured Person**,



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then such **Claim** shall be deemed a **Claim** against the **Insured Person** for the purpose of this Policy; provided, however, that, subject to all of the terms, conditions, limitations and exclusions of this Policy, coverage shall only apply to **Claims** for actual or alleged **Wrongful Acts** of the **Insured** and no coverage will be provided for any **Claim** for any actual or alleged **Wrongful Acts** of the Spouse.

V. EXCLUSIONS

Applicable to all Insuring Agreements

This Policy does not apply to any **Claim**:

- A. based upon, arising from, or in consequence of any fact, circumstance, situation, transaction, event or **Wrongful Act** that, before the Inception Date set forth in Item 3 of the Declarations, was the subject of any notice given under any policy of which this Policy is a direct or indirect renewal or replacement;
- B. based upon, arising from, or in consequence of any demand, suit or other proceeding pending against, or order, decree or judgment entered for or against any **Insured**, on or prior to the Pending or Prior Litigation Date set forth in Item 6 of the Declarations, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;
- C. brought or maintained by or on behalf of any **Insured** in any capacity against any other **Insured**, provided that this Exclusion V.C shall not apply to:
 1. a **Claim** brought or maintained derivatively on behalf of the **Organization** by one or more security holders of the **Organization** or persons who are not **Insured Persons**, provided such **Claim** is brought and maintained without any active assistance or participation of, or solicitation by, any **Executive**;
 2. a **Claim** brought or maintained by an **Insured Person** for contribution or indemnity, if such **Claim** directly results from another **Claim** covered under this Policy;
 3. a **Claim** brought by an **Executive** who has not served as an **Executive** of the **Organization** for at least four (4) years prior to the date such **Claim** is first made and who brings and maintains such **Claim** without any active assistance or participation of, or solicitation by, the **Organization** or any other **Executive** who is serving or has served as an **Executive** within such four (4) year period; or
 4. a **Claim** brought or maintained by **Employees** who are not past or present **Executives** of an **Organization** if such **Claim** is brought and maintained without any active assistance or participation of, or solicitation



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by, any such **Executives**;

D. based upon, arising from, or in consequence of:

1. any actual, alleged, or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, escape, treatment, removal or disposal of any **Pollutants**; or
2. any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutants** or any action taken in contemplation or anticipation of any such regulation, order, direction or request;

including but not limited to any **Claim** for financial loss to the **Organization**, to any member, security holder, or creditor of the **Organization**, to any **Outside Entity**, or to any member, security holder, or creditor of an **Outside Entity** based upon, arising from, or in consequence of any matter set forth in clause 1 or 2 of this Exclusion V.D.

E. for bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof whether or not it is damaged or destroyed. To the extent a **Claim** is made for **Wrongful Employment Practices** or **Third Party Discrimination**, mental anguish and emotional distress are deleted from this exclusion;

F. for an actual or alleged violation of the responsibilities, obligations or duties imposed on fiduciaries by the Employee Retirement Income Security Act of 1974, 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;

G. brought or maintained by or on behalf of any **Outside Entity** or any director, officer, trustee, governor or equivalent executive of an **Outside Entity** in any capacity; provided that this Exclusion V.G shall not apply to:

1. a **Claim** brought or maintained derivatively on behalf of an **Outside Entity** by one or more security holders or members of the **Outside Entity** who are not **Insured Persons** and are not directors, officers, trustees, governors, or equivalent executives of the **Outside Entity** and who bring and maintain such **Claim** without the solicitation, assistance or participation of an **Insured Person** of any director, officer, trustee, governor or equivalent executive of the **Outside Entity**; or
2. a **Claim** brought or maintained by a director, officer, trustee, governor or equivalent executive of an **Outside Entity** for contribution or indemnification, if such **Claim** directly results from another **Claim** covered under this Policy;



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- H. for **Wrongful Acts** of an **Insured Person** in his or her capacity as a director, officer, manager, trustee, regent, governor or employee of any entity other than the **Organization**, even if the **Insured Person's** service in such capacity is with the knowledge and consent or at the request of the **Organization**, provided, however that this Exclusion V.H shall not apply to service in an **Outside Capacity**;
- I. based on any **Wrongful Act** which is, or is alleged to be, an assault and/or battery, a willful or reckless violation of any statute or regulation, or any conduct which is dishonest, willful, malicious, fraudulent or otherwise intended to cause damage or injury to persons or property. However, notwithstanding the foregoing, the **Insureds** shall be protected under the terms of this Policy as to any **Claims** made against them by reason of any alleged dishonesty on the part of the **Insureds** unless a judgment or other final adjudication thereof adverse to such **Insureds** shall establish that acts of active deliberate dishonesty committed by such **Insureds** were material to the cause of action so adjudicated;
- J. made against a **Subsidiary** or **Affiliate** or an **Insured Person** of such **Subsidiary** or **Affiliate** for any **Wrongful Act** committed, attempted, or allegedly committed or attempted during any time when such entity was not a **Subsidiary** or **Affiliate**;
- K. made against any **Insured** based upon, arising from, or in consequence of:
 - 1. the committing of any deliberately fraudulent act or omission or any willful violation of any statute or regulation by such **Insured** as evidenced by a final and non-appealable judgment or adjudication, or by any plea of guilty, nolo contendere or no contest, or by an *Alford* plea pursuant to *North Carolina v. Alford*, 400 U.S. 25 (1970); or
 - 2. such **Insured** having gained in fact any profit, remuneration or advantage to which such **Insured** was not legally entitled;
- L. based upon, arising from, or in consequence of the actual or alleged violation of any **Securities Laws**; provided that this Exclusion V. part L. shall not apply to the extent that such **Claim** is based upon, arises from or is in consequence of the **Organization's** offer or sale of debt securities of the **Organization** in a transaction that is (or in a series of transactions that are) exempt from registration under the Securities Act of 1933, as amended, and under the rules and regulations promulgated thereunder;

Applicable to Insuring Agreement 3 Only

- M. The Company shall not be liable under Insuring Agreement 3 for **Loss**, other than **Claim Expenses**, on account of any **Claim** based upon, arising from, or in consequence of any actual or alleged liability of an **Organization** under any written or oral contract or agreement, provided that this Exclusion V. part M.



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shall not apply to the extent that the **Organization** would have been liable in the absence of such contract or agreement.

- N. The Company shall not be liable under Insuring Agreement 3 for **Loss** on account of any **Claim** based upon, arising from, or in consequence of any actual or alleged infringement of patent, copyright or trademark, or misappropriation of intellectual property, ideas or trade secrets.
- O. The failure to procure or maintain adequate insurance or bonds.

**VI. LIMITS OF
LIABILITY AND
RETENTION**

- A. The Company's obligation to pay **Loss** and **Claim Expenses** because of all **Claims** first made against the **Insured** during the **Policy Period** is subject to and shall never exceed the amount of the Company's Limit of Liability stated in Item 4 of the Declarations. Any payment of **Loss** and/or **Claim Expenses** by the Company will reduce the stated Limit of Liability. Once the Limit of Liability is exhausted by such payments, the Company will have no further obligations under this Policy to pay **Loss** and **Claim Expenses**.
- B. The Company's liability under this Policy shall apply only to that part of covered **Loss** on account of each **Claim** which is excess of the applicable Retention set forth in Item 5 of the Declarations. Such Retention shall be depleted only by **Loss** otherwise covered under this Policy, and shall be borne by the **Insureds** uninsured and at their own risk.
- C. If different parts of a single **Claim** are subject to different retentions, the applicable retentions will be applied separately to each part of such **Claim**, but the sum of such retentions shall not exceed the largest applicable Retention.
- D. All **Related Claims** shall be treated as a single **Claim** first made on the date the earliest of such **Related Claims** were first made, or on the date the earliest of such **Related Claims** is treated as having been made, regardless of whether such date is before or during the **Policy Period**.
- E. The Limit of Liability available during the Extended Reporting Period (if exercised) shall be part of, and not in addition to, the Company's maximum aggregate Limit of Liability stated in Item 4 of the Declarations.

**VII. EXTENDED
REPORTING
PERIOD**

- A. If the Company or the **Organization** cancels or non-renews this Policy then the **Organization** shall have the right, upon payment of an additional premium



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to an extension of the coverage granted by this Policy for the period offered by the Company. Such extension of coverage shall be referred to as the Extended Reporting Period and shall commence upon the effective date of cancellation or non-renewal. The Extended Reporting Period will apply only to **Claims** first made against the **Insured** during the Extended Reporting Period for or based upon **Wrongful Acts** committed or allegedly committed prior to such effective date of cancellation or non-renewal and otherwise covered by the Policy. The right to purchase the Extended Reporting Period shall not apply if this Policy is cancelled by the Company for reasons of nonpayment of premium.

- B. As a condition precedent to the right to purchase the Extended Reporting Period the total premium of the Policy must have been paid. The right to purchase the Extended Reporting Period shall lapse unless a written notice of the election of the Extended Reporting Period, together with full payment of the additional premium for the Extended Reporting Period, is received by the Company within 30 days after the effective date of cancellation or the non-renewal of the Policy. In the event such written notice of election and the payment of the additional premium are not received by the Company within such 30-day period, there shall be no right to purchase the Extended Reporting Period at a later date.
- C. If the Extended Reporting Period is purchased, the entire premium shall be deemed earned at its commencement without any obligation by the Company to later return any portion thereof.
- D. The Limits of Liability available during the Extended Reporting Period shall be the remaining available Limits of Liability under this cancelled or non-renewed Policy. There shall be no separate or additional Limit of Liability available for the Extended Reporting Period and the purchase of the Extended Reporting Period shall in no way increase the Limit of Liability set forth in Item 4 of the Declarations.
- E. The **Organization** shall have continued coverage granted by this Policy for a period of 60 days following the effective date of such termination or non-renewal, but only for **Claims** first made during such 60 days and arising from **Wrongful Acts** taking place prior to the effective date of such termination or non-renewal. This Automatic Extended Reporting Period shall immediately expire upon the purchase of replacement coverage by the **Organization**.

VIII. CONDITIONS

A. Reporting and Notice

In the event a **Claim** is first made against an **Insured**, the **Organization**, as a condition precedent to any right to coverage under this Policy, shall give written notice to the Company of any such **Claim** as soon as practicable but



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in no event later than sixty (60) days after the end of the **Policy Period** or, if applicable, during the Extended Reporting Period.

The **Organization** shall thereafter forward to the Company any and all documents relating to the **Claim**, including every demand, notice, summons or other applicable information received by the **Insured** or by the **Insured's** representatives.

B. Notice of potential Claims

If, during the **Policy Period** an **Insured** first becomes aware of a **Wrongful Act** to which this Insurance applies and which might subsequently give rise to a **Claim**, the **Insured** may give written notice to the Company of a potential **Claim** during the **Policy Period**. Such notice must include:

1. the identity of the potential claimant;
2. the identity of the person(s) who allegedly committed the **Wrongful Act**;
3. the date of the alleged **Wrongful Act**;
4. specific details of the alleged **Wrongful Act**; and
5. any written notice from the potential claimant describing the **Wrongful Act**.

If this notice is received by the Company during the **Policy Period**, then any **Claim** that is subsequently made against the **Insured** arising from the **Wrongful Act** about which notice was given to the Company shall be deemed for the purpose of this Policy to have been first made during the **Policy Period**. This provision shall not apply to, nor shall the reporting of potential **Claims** be permitted during the Extended Reporting Period.

If the potential Claim is not reported to the Company during the Policy Period, there is no further right to report such potential Claims and any Claim arising from such potential Claims shall not be covered.

C. Acquisition/Creation of Another Organization

1. If before or during the **Policy Period** any **Organization**:
 - a. 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
 - b. acquires another organization by merger into or consolidation with the **Organization** such that the **Organization** is the surviving entity,

then coverage shall be provided for such other organization, and its **Insured Persons**, only with respect to any **Wrongful Acts** committed, attempted, or allegedly committed or attempted after the effective date of such acquisition or creation unless the Company agrees, after presentation of a complete **Application** and all other appropriate information, to provide coverage by endorsement for **Wrongful Acts** committed, attempted, or allegedly committed or attempted by such



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Insured Persons before the effective date of such acquisition or creation.

2. If, at the time of an acquisition or creation the total assets of any such acquired or created organization exceed twenty-five percent (25%) of the total assets of the **Organization** (as reflected in the most recent audited consolidated financial statements of such organization and the **Organization**, respectively, as of the date of such acquisition or creation), then the **Organization** shall give written notice of such acquisition or creation to the Company as soon as practicable, but in no event later than thirty (30) days after the date of such acquisition or creation, together with such other information as the Company may require and shall pay any reasonable additional premium required by the Company.

If the **Organization** fails to give such notice within the time specified in the preceding sentence, or fails to pay the additional premium required by the Company, coverage for such acquired or created organization and its **Insured Persons** shall terminate with respect to **Claims** first made more than thirty (30) days after such acquisition or creation. Coverage for any acquired or created organization described in this paragraph, and for its **Insured Persons**, shall be subject to such additional or different terms, conditions and limitations of coverage as the Company in its sole discretion may require.

D. **Acquisition by Another Organization**

If:

1. the **Organization** merges into or consolidates with another organization and the **Organization** is not the surviving entity; or
2. another organization or person or group of organizations and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by the other organization(s) or person(s) of more than fifty percent (50%) of the outstanding securities of the **Organization**;

then coverage under this Policy shall continue until termination of the Policy but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted by the **Insured Persons** before such merger, consolidation or acquisition. The entire premium shall be deemed fully earned. The **Organization** shall give written notice of such merger, consolidation or acquisition to the Company as soon as practicable, but in no event later than thirty (30) days after the date of such merger, consolidation or acquisition, together with such other information as the Company may require. Upon receipt of such notice and information and at the request of the **Organization**, the Company may provide to the **Organization** a quotation for an extension of coverage (for such period as may be negotiated between the Company and the **Organization**) with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted by the **Insureds** after such merger, consolidation or acquisition. Any coverage extension pursuant to such quotation shall be subject to such additional or different



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terms, conditions and limitations of coverage, and payment of such additional premium, as the Company in their sole discretion may require.

E. **Cessation of Subsidiary**

In the event an organization ceases to be a **Subsidiary** before or during the **Policy Period**, then coverage under this Policy with respects to such former **Subsidiary** and its **Insureds** shall continue until termination of this Policy, but only with respects to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted while such organization was a **Subsidiary**.

F. **Subrogation**

In the event of any payment under this Policy, the Company shall be subrogated to the extent of such payment to all the **Insured's** rights of recovery, and such **Insured** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Company effectively to bring suit or otherwise pursue subrogation rights in the name of the **Insured**.

G. **Action Against the Company**

No action may be taken against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy. No person or entity shall have any right under this Policy to join the Company as part to any action against any **Insured** to determine such **Insured's** liability nor shall the Company be impleaded by such **Insured** or legal representatives of such **Insured**.

H. **Representation and Severability**

1. In granting coverage to the **Insureds** under this Policy, the Company has relied upon the declarations and statement in the **Application**. Such declarations and statements are the basis of the coverage granted in this Policy and shall be considered as incorporated in and constituting part of this Policy.
2. The **Application** shall be construed as a separate application for coverage by each **Insured Person**, and no fact pertaining to the knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** for the purpose of determining if coverage is available.
3. The statements and representations in the **Application** will be deemed to have been made by all **Organizations**. For the purpose of determining if coverage is available, facts pertaining to and knowledge possessed by:
 - a. the Chief Financial Officer, President, Executive Director, Chief Executive Officer or Chairperson of an **Organization** shall be imputed only to that **Organization** and its **Subsidiaries**; and
 - b. any individual signing the **Application** shall be imputed to all **Organizations, Subsidiaries and Affiliates**.



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I. **Notice of cancellation**

This Policy may be cancelled by the **Organization** by giving advance written notice to the Company stating when thereafter such cancellation shall be effective. This Policy may also be cancelled by the Company by mailing to the **Organization** by registered, certified or other first class mail, at the **Organization** address shown in Item 2 of the Declarations, written notice stating when not less

than sixty (60) days thereafter (or fifteen (15) days thereafter when cancellation is due to non-payment of premium), the cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice. If this Policy shall be cancelled by the **Organization**, the Company shall retain the customary short rate proportion of the premium. If this Policy shall be cancelled by the Company, any return premium shall be calculated pro rata. Payment or tender of any unearned premium by the Company shall not be a condition precedent to the effectiveness of the cancellation, but such payment shall be made as soon as practicable.

J. **Bankruptcy and Insolvency**

Bankruptcy or insolvency of an **Insured** shall not relieve the Company of any of their obligations under this Policy.

K. **Alteration and Assignment**

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

L. **Titles**

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

M. **Compliance With Applicable Trade Sanction Laws**

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit the Company from providing insurance.

IN WITNESS WHEREOF, the Company has executed and attested these presents, but this Policy shall not be valid unless countersigned on the Declarations by a duly appointed representative of the Company.

Secretary

President