

AMERICAN FAMILY INSURANCE GROUP
6000 AMERICAN PKWY
MADISON, WI 53783-0001
(608) 249-2111

04-16-2014

BROOKWOOD HOMEOWNERS ASSOCIATION
PO BOX 40241
GRAND JCT, CO 81504-0241

Policy Number: 05XU980602

Dear Policyholder:

American Family has sorted recyclables, promoted ride-share programs, used energy-efficient lighting in its offices and carried out many other environmentally friendly practices for years. Now, we're building on that foundation and taking another step toward being more green.

To achieve this "green" goal, we are streamlining the information you'll receive when your policy renews. Instead of receiving a complete copy of your policy, you'll simply receive a declaration stating your current limits and coverage. This will help our environment by saving more than 6 million pieces of paper per year!

You will continue to receive copies of forms and endorsements that have been revised since your last renewal. Unless replaced by new forms and endorsements, these documents remain in effect at each renewal and are a part of your policy.

Please contact your agent if you require a complete policy copy or have any questions regarding this notice. Thank you for insuring with American Family. We appreciate your business and look forward to building a greener future together.

Sincerely,

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

JEFF CRANDELL
2710 PATTERSON RD STE A
GRAND JUNCTION, CO 81506-4140
970-257-1160

NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY

Non-assessable policy Issued by

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

6000 American Pkwy
Madison WI 53783-0001
(608) 249-2111

Member of American Family Insurance Group

NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY

THIS POLICY CONSISTS OF:

- DECLARATIONS**
- POLICY**
- FORMS AND ENDORSEMENTS APPLYING TO THIS POLICY**

QUICK REFERENCE

DECLARATIONS

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

POLICY BOOKLET

**BEGINNING ON
PAGE**

Section I – Insuring Agreements	1
Section II - Extensions	1
Section III - Exclusions	1
Section IV – Limit Of Liability And Retention	2
Section V - Defense And Settlement	3
Section VI - Conditions	3
A Notice To Us	
B Extended Reporting Period	
C Assistance And Cooperation	
D Subrogation	
E Other Insurance	
F Assignment	
G Action Against Us	
H Representation And Severability	
I Changes In Exposure	
J Territory And Valuation	
 Section VII - Definitions	 5

ENDORSEMENTS

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

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

PLEASE READ THE POLICY CAREFULLY.

AMERICAN FAMILY MUTUAL INSURANCE COMPANY
MADISON, WISCONSIN 53783-0001
NON-PROFIT DIRECTORS AND OFFICERS LIABILITY POLICY
DECLARATIONS

POLICY NUMBER
05XU980602

CUSTOMER BILLING ACCOUNT
019-574-264 77

NOTICE THIS IS A CLAIMS-MADE POLICY. PLEASE READ THE ENTIRE POLICY CAREFULLY.

NAMED ORGANIZATION BROOKWOOD HOMEOWNERS ASSOCIATION

MAILING ADDRESS PO BOX 40241
GRAND JCT, CO 81504-0241

POLICY PERIOD FROM 03-28-2014 TO 03-28-2015
12:01 A.M. Standard Time at your mailing address shown above.

FORM OF BUSINESS CORPORATION
BUSINESS DESCRIPTION Homeowners Association

LIMIT OF LIABILITY
Aggregate for Coverage **A, B and C**, including "claims expenses" \$1,000,000

RETENTION AMOUNTS
Coverage **A** (each claim) NONE
Coverage **B** (each claim) NONE
Coverage **C** (each claim) NONE

RETROACTIVE DATE
THIS INSURANCE DOES NOT APPLY TO A "CLAIM" ARISING OUT OF A "WRONGFUL ACT" WHICH OCCURS BEFORE THE RETROACTIVE DATE, IF ANY, SHOWN BELOW.

RETROACTIVE DATE (Coverages **A** and **B**): 03-28-2014
RETROACTIVE DATE (Coverages **C**): 03-28-2014

PENDING OR PRIOR LITIGATION DATE
PENDING OR PRIOR DATE (Coverages **A** and **B**): 03-28-2014
PENDING OR PRIOR DATE (Coverages **C**): 03-28-2014

EXTENDED REPORTING PERIOD
ADDITIONAL PERIOD (Number of Months) None unless added by endorsement to the policy.

TOTAL DIRECTORS AND OFFICERS PREMIUM \$59.00
TOTAL ADVANCE PREMIUM \$125.00 MINIMUM

Forms and endorsements applying to and made part of this policy at time of issue:

IL 09 85 01 08	IL 09 99 01 07	IL 75 26 12 05
NP 00 00 12 05	NP 00 01 12 05	NP 00 03 04 03
NP 02 28 10 06	NP 21 10 04 03	NP 21 12 04 03
NP 21 15 06 08	NP 21 20 01 07	NP 28 02 04 03
NP 28 05 04 03	NP 28 13 01 07	NP 71 02 12 05
NP 71 03 12 05	NP 71 04 12 05	NP 71 07 12 05

AUTHORIZED REPRESENTATIVE


President


Secretary

COUNTERSIGNED LICENSED RESIDENT AGENT

AGENT 138-307
JEFF CRANDELL
2710 PATTERSON RD STE A
GRAND JUNCTION, CO 81506-4140

PHONE
970-257-1160

PAGE 01
BRANCH KJR022 NEWB
ENTRY DATE 04-16-2014

NON-PROFIT DIRECTORS & OFFICERS LIABILITY POLICY**THIS IS A CLAIMS-MADE POLICY
PLEASE READ THE ENTIRE FORM CAREFULLY**

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

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

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

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

SECTION I – INSURING AGREEMENTS**A. Coverage A – Management Liability**

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

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

B. Coverage B – Organization Reimbursement

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

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

C. Coverage C – Organization Liability

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

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

SECTION II – EXTENSIONS

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

A. Spousal Liability

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

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

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

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

B. Estates, Heirs And Legal Representatives

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

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

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

SECTION III – EXCLUSIONS

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

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

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

SECTION IV – LIMIT OF LIABILITY AND RETENTION

A. The most we will pay for all "loss" under Coverage **A**, or Coverage **B**, or Coverage **C**, separately or combined, resulting from all "claims" first made during the "policy period" and the Extended Reporting Period, if exercised, is the aggregate Limit of Liability shown in the Declarations.

If the aggregate Limit of Liability is exhausted by the payment of "loss", we will have no further obligations or liability of any kind under this policy.

- B.** All "claims" arising out of the same "wrongful act" or "interrelated wrongful acts" committed by one or more "insureds" shall be considered a single "claim". Such single "claim" shall be deemed to be first made on the date the initial "claim" arising out of such "wrongful act" or "interrelated wrongful acts" was first made pursuant to Section **VI**, Paragraph **A.1.** or notice of such "wrongful act" or "interrelated wrongful acts" was first reported pursuant to Section **VI**, Paragraph **A.2.**
- C.** Subject to Paragraph **A.** above, we will pay only that amount of "loss" which is in excess of the applicable Retention Amount shown in the Declarations. Such Retention Amount will be borne by the "insureds", uninsured and at their own risk. A single Retention Amount will apply to all "loss" resulting from all "claims" alleging the same "wrongful acts" or "interrelated wrongful acts".
- D.** If "loss" resulting from a single "claim" is covered in whole or in part under more than one Coverage, the applicable Retention Amount will be applied separately to that part of the "loss" covered by each Coverage. However, for any one "claim", the sum of the applied Retention Amounts shall not exceed the largest single applicable Retention Amount.
- E.** "Claims expenses" are part of the "loss" and are not payable by us in addition to the Limit of Liability, but are payable within the Limit of Liability shown in the Declarations, thereby reducing the Limit of Liability shown in the Declarations.

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

SECTION V – DEFENSE AND SETTLEMENT

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

SECTION VI – CONDITIONS

A. Notice To Us

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

- e. The circumstances by which the "insureds" first became aware of the specific "wrongful act";

then any "claim" subsequently made against any "insured" arising out of such specific "wrongful act" shall be deemed under this policy to be a "claim" made during the "policy period" in which such specific "wrongful act" was first reported to us.

B. Extended Reporting Period

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

C. Assistance And Cooperation

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

D. Subrogation

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

1. To the "insured persons" and/or the "organization", until they are reimbursed for any "loss" that they sustain that exceeds the sum of the Limit of Liability and the Retention Amount, if any;
2. Then to us, until we are reimbursed for the payment made under this policy; and
3. Then to the "insured persons" and/or the "organization", until they are reimbursed for that part of the payment equal to the Retention Amount, if any.

E. Other Insurance

If any "loss" resulting from any "claim" is insured by any other valid policy, then this policy shall apply only in excess of the amount of any deductibles, retentions and limits of liability under such other policy whether such other policy is stated to be primary, contributory, excess, contingent or otherwise, unless such other policy is written specifically excess of this policy by reference in such other policy to this policy's policy number.

F. Assignment

No change in, modification of, or assignment of interest under this policy will be effective without our written consent.

G. Action Against Us

No action shall be taken against us unless, as a condition precedent, there shall have been full compliance with all of the terms and conditions of this policy.

No person or organization shall have the right under this policy to join us as a party to any action against any "insured" to determine the liability of any "insured", nor shall we be impleaded by the "insureds" or their legal representatives.

Bankruptcy or insolvency of the "organization", or of any "insured person" or of their estates shall not relieve us of any of our obligations under this policy.

H. Representation And Severability

The "insureds" represent that all information and statements contained in the "application" are true, accurate and complete. All such information and statements are the basis for our issuing this policy and shall be considered as incorporated into and constitute a part of this policy. In the event that the "application" contains any misrepresentation or misstatement of a material fact, this Policy shall not afford coverage to any "insured" who knew of such misrepresentation or misstatement.

I. Changes In Exposure

1. Acquisition Or Creation Of Another Non-Profit Organization

If before or during the "policy period" the "organization":

- a. Acquires or creates another non-profit entity which as a result of such acquisition or creation becomes a "subsidiary";
- b. Acquires any non-profit entity by merger into or consolidation with the "organization";
- c. Acquires all or substantially all of the assets of another non-profit entity; or
- d. Acquires voting rights representing the present right to vote for election or to appoint more than fifty (50) percent of the directors or trustees of a non-profit entity;

such entity and its "insured persons" will be covered under this policy but only with respect to "wrongful acts" which occurred after such acquisition or creation. If the annual revenues for the most recent fiscal year of any acquired entity exceed 20% of the total assets of the "named organization" as reflected in the "named organization's" most recent audited consolidated financial statements prior to such acquisition, the "named organization", as a condition precedent to coverage for any new "insured", must give written notice of such acquisition or assumption to us as soon as practicable but in no event more than ninety (90) days after the effective date of such acquisition or assumption, together with such information that we may require, and must pay any additional premium required by us.

2. Acquisition Of Named Organization

If during the "policy period" the "named organization" merges into or consolidates with another organization, such that the "named organization" is not the surviving organization; or another organization, or person or group of organizations and/or persons acting in concert acquires the right to elect, appoint or designate at least fifty (50) percent of the directors or trustees of the "named organization", then coverage under this policy will continue until the end of the "policy period", but only with respect to "claims" arising out of "wrongful acts" which occurred prior to such merger, consolidation or acquisition.

The full annual premium for the "policy period" will be deemed fully earned immediately upon the occurrence of such merger, consolidation or acquisition of the "named organization".

The "named organization" must give written notice of such merger, consolidation or acquisition to us as soon as practicable, together with such information as we may reasonably require.

3. Cessation Of Subsidiaries

If before or during the "policy period" an organization ceases to be a "subsidiary", coverage with respect to such "subsidiary" and its "insured persons" will continue until the end of the "policy period" but only with respect to "claims" arising out of "wrongful acts" occurring prior to the date such organization ceased to be a "subsidiary".

4. Change In Named Organization Status To For-Profit

If the "named organization":

- a. Changes its status and/or form of organization to become a for-profit entity; or
- b. The "named organization" is deemed to be a for-profit entity by any governmental authority;

coverage with respect to such "named organization" and its "insured persons" will continue until the end of the "policy period" but only with respect to "claims" arising out of "wrongful acts" occurring prior to the date of such change in status and/or form of organization.

The full annual premium for the "policy period" will be deemed fully earned immediately upon the effective date of such change in status and/or form of organization.

J. Territory And Valuation

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

SECTION VII – DEFINITIONS

- A. "Application" means all signed applications for this policy, including any attachments and other materials submitted in conjunction with the signed application(s).
- B. "Claim" means:
 1. A written demand for monetary damages against any "insured";
 2. A civil proceeding against any "insured" commenced by the service of a complaint or similar pleading;
 3. A criminal proceeding against any "insured person" commenced by a return of an indictment; or
 4. A formal administrative or regulatory proceeding against any "insured" commenced by the filing of a notice of charges, formal investigative order or similar document; for a "wrongful act", including any appeal therefrom.
- C. "Claims expenses" means that part of a "loss" consisting of reasonable and necessary fees (including attorneys' and experts' fees), expenses incurred in the defense or appeal of a "claim", and the premium for appeal, attachment or similar bonds (without any obligation on our part to provide such bonds), excluding the wages, salaries, benefits or expenses of any "insured person".
- D. "Financial insolvency" means the status of the "organization" resulting from:
 1. The appointment of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to control, supervise, manage or liquidate the "organization"; or
 2. The "organization" becoming a debtor in possession.
- E. "Insured" means the "organization" and the "insured persons".
- F. "Insured person" means any former, present or future director, officer, trustee, employee, volunteer or member of the staff, faculty or any duly constituted committee of the "organization".
- G. "Interrelated wrongful act" means all causally connected "wrongful acts".
- H. "Loss" means "claims expenses", compensatory damages, settlement amounts, legal fees and costs awarded pursuant to judgments. "Loss" does not include:
 1. Civil or criminal fines or penalties imposed by law;
 2. Punitive or exemplary damages;
 3. The multiplied portion of multiplied damages;
 4. Taxes; or,
 5. Matters that are uninsurable pursuant to applicable law.
- I. "Named organization" means the non-profit organization named in the Declarations as the named organization.
- J. "Organization" means the "named organization" and/or any "subsidiary".
- K. "Policy period" means the period of time from the inception date of this policy shown in the Declarations to the expiration date shown in the Declarations, or its earlier cancellation or termination date.
- L. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- M. "Subsidiary" means any organization:
 1. Which qualifies as a non-profit organization under the Internal Revenue Code, other than a political committee organized pursuant to Section 432 of the Federal Election Campaign Act of 1971 (and amendments thereto), or exempt from federal income tax; and
 2. For which the "named organization" controls rights representing the present right to elect or to appoint more than fifty (50) percent of the directors or trustees of such non-profit organization:
 - a. On or before the effective date of this policy; or
 - b. After the effective date of this policy by reason of being created or acquired by the "organization" after such date.
- N. "Wrongful act" means:
 1. With respect to the "insured persons", any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by the "insured persons" in their insured position or capacity for the "organization"; or any matter claimed against them solely by reason of their serving in such insured position or capacity. This does not apply to a position or capacity in any entity other than the "organization", even if the "organization" directed or requested the "insured person" to serve in such other position or capacity.
 2. With respect to the "organization", any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by the "organization".
- O. "Wrongful employment practices act" means any actual or alleged:
 1. Wrongful dismissal, discharge or termination of employment;
 2. Breach of any actual, implied or express employment contract;
 3. Employment-related misrepresentation;
 4. Violation of any federal, state, or local statute, regulation, ordinance, or common law concerning employment or discrimination in employment;

5. Sexual harassment (as that term is defined by the federal Equal Employment Opportunity Commission) or other illegal workplace harassment;
6. Wrongful failure to employ or promote;
7. Wrongful reference, demotion, evaluation, reassignment, discipline or deprivation of a career opportunity;
8. Failure to grant tenure or adopt adequate workplace or employment policies and procedures;
9. Illegal retaliatory treatment;
10. Wrongful, illegal or negligent drug testing;
11. "Wrongful act" arising from strikes, walkouts or other acts related to collective bargaining and labor disputes;
12. Wrongful administration or management of employee benefits plans or the failure to provide benefits;
13. Employment related defamation, invasion of privacy, false imprisonment or infliction of emotional distress; or
14. Failure to fulfill employer obligations under any workers compensation, unemployment insurance, Social Security, Employee Retirement Income Security Act (ERISA) or any similar federal state or local statute or ordinance.

POLICY NUMBER: 05XU980602

IL 09 85 01 08

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

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts) \$ _____

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

Additional information, if any, concerning the terrorism premium:

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

A. Disclosure Of Premium

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

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

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

C. Cap On Insurer Participation In Payment Of Terrorism Losses

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

POLICY NUMBER: 05XU980602

IL 09 99 01 07

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

**DISCLOSURE OF PREMIUM AND ESTIMATED PREMIUM FOR CERTIFIED ACTS OF TERRORISM COVERAGE
(PURSUANT TO TERRORISM RISK INSURANCE ACT)**

SCHEDULE	
SCHEDULE – PART I	
Terrorism Premium (Certified Acts)	
(A) Premium through end of year (12/31) \$	
(B) Estimated Premium beyond the date specified above \$	
(Refer to Paragraph C. in this endorsement.)	
This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s):	
Additional information, if any, concerning the terrorism premium:	
IF THIS POLICY PROVIDES COVERAGE FOR CERTIFIED ACTS OF TERRORISM, THE PREMIUM FOR CERTIFIED ACTS OF TERRORISM IS SHOWN ON THE POLICY DECLARATIONS. THIS PREMIUM IS AN ANNUAL PREMIUM AND IS SUBJECT TO CHANGE DEPENDING ON MODIFICATION TO OR TERMINATION OF THE FEDERAL PROGRAM.	
SCHEDULE – PART II	
Federal share of terrorism losses	% Year: 20 _____
(Refer to Paragraph B. in this endorsement.)	
Federal share of terrorism losses	% Year: 20 _____
(Refer to Paragraph B. in this endorsement.)	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Disclosure Of Premium

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

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. For losses occurring in 2006, the federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. For losses occurring in 2007, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. If the federal program is extended beyond 2007, the applicable percentage is shown in Part II of the Schedule of this endorsement or in the policy Declarations.

C. Possibility Of Additional Or Return Premium

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate at the end of the year specified in Part I of the Schedule of this endorsement, unless extended by the federal government. If the federal program terminates or if the level or terms of federal participation change, the estimated premium shown in (B) in Part I of the Schedule may not be appropriate.

If this policy contains a Conditional Exclusion, continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this policy does not contain a Conditional Exclusion, coverage for certified acts of terrorism will continue. In either case, when disposition of the federal program is determined, we will recalculate the premium shown in (B) in Part I of the Schedule and will charge additional premium or refund excess premium, if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

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

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
BUSINESSOWNERS POLICY
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA POLICY
COMMERCIAL PROPERTY COVERAGE PART
CONDOMINIUM DIRECTORS AND OFFICERSLIABILITY POLICY
EMPLOYEE BENEFIT LIABILITY COVERAGE PART
GARAGE COVERAGE FORM
LIQUOR LIABILITY COVERAGE PART
NON-PROFIT DIRECTORS AND OFFICERSLIABILITY POLICY
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

Any endorsement made a part of this policy, whether at the time of issue or during the policy period, amends the terms of the policy. Where the policy terms differ from similar terms in any endorsement, the endorsement will prevail.

All other terms remain unchanged.

NON-PROFIT DIRECTORS & OFFICERS LIABILITY
NP 00 03 04 03**COMMON POLICY CONDITIONS**

The following conditions apply.

A. Cancellation

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

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

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

E. Premiums

The "named organization" shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

NON-PROFIT DIRECTORS & OFFICERS LIABILITY
NP 02 28 10 06

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

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

A. Paragraph **2.** of the **Cancellation** Common Policy Conditions is replaced by the following:

2. If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the "Named Organization" written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.

B. The following is added to the **Cancellation** Common Policy Conditions:

7. Cancellation Of Policies In Effect For 60 Days Or More

- a. If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy by mailing through first-class mail to the "Named Organization" written notice of cancellation:

- (1) Including the actual reason, at least 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) At least 45 days before the effective date of cancellation if we cancel for any other reason.

We may only cancel this policy based on one or more of the following reasons:

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

C. The following is added and supersedes any other provision to the contrary:

NONRENEWAL

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

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

D. The following condition is added:

INCREASE IN PREMIUM OR DECREASE IN COVERAGE

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

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
FUNGI OR BACTERIA EXCLUSION ENDORSEMENT

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

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

We will not pay for any "loss" resulting from any "claim" based upon, attributable to, or arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any "insured person" or the "organization".

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

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
(Broad Form)

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

1. The insurance does not apply:

A. To liability:

- (1) With respect to which the "insured persons" and/or the "named organization" under the policy are also insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be insured under any such policy but for its termination upon exhaustion of its Limit Of Liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "named organization" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. To liability resulting from "hazardous properties" of "nuclear material", if:

- (1) The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, any "insured person" and/or the "named organization", or **(b)** has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of the "insured persons" and/or the "named organization"; or
- (3) The liability arises out of the furnishing by any "insured person" and/or the "named organization" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";
- (c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of any "insured person" and/or the "named organization" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

NON-PROFIT DIRECTORS AND OFFICERS LIABILITY
NP 21 15 06 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM
COMMITTED OUTSIDE THE UNITED STATES**

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

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

We will not pay for any "loss" resulting from any "claim" based upon, attributable to, or arising directly or indirectly, out of a "certified act of terrorism" or out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico). However, with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in US dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ; or
3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added to the **Definitions** Section:

1. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
 - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
 - b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
 - c. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
2. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a "certified act of terrorism".

Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

C. In the event of any incident of a "certified act of terrorism" or an "other act of terrorism" that is not subject to this exclusion, coverage does not apply to any "loss" resulting from any "claim" that is otherwise excluded under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**CONDITIONAL EXCLUSION OF TERRORISM
(RELATING TO DISPOSITION OF FEDERAL TERRORISM
RISK INSURANCE ACT)**

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

A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. However, if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.
 - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Part; or
 - b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
 - (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
 - (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
 - (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Coverage Part.
2. If the provisions of this endorsement become applicable, such provisions:
 - a. Supersede any terrorism endorsement already endorsed to this Coverage Part that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to an incident(s) of terrorism (however defined) which results in a "claim" first being made against an "insured person" or the "company" on or after the date when the provisions of this endorsement become applicable; and
 - b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this Coverage Part, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

- B. The following definition is added to the **Definitions** Section and applies under this endorsement wherever the term terrorism is enclosed in quotation marks:
 1. "Terrorism" means activities against persons, organizations or property of any nature:
 - a. That involve the following or preparation for the following:
 - (1) Use or threat of force or violence; or
 - (2) Commission or threat of a dangerous act; or
 - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 - b. When one or both of the following applies:
 - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

1. "Terrorism" means activities against persons, organizations or property of any nature:
 - a. That involve the following or preparation for the following:
 - (1) Use or threat of force or violence; or
 - (2) Commission or threat of a dangerous act; or
 - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 - b. When one or both of the following applies:
 - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

- C. The following exclusion is added to the **Exclusions** Section:

EXCLUSION OF TERRORISM

We will not pay for any "loss" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Any "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such "loss". **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or

- b. Protracted and obvious physical disfigurement; or
- c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph **C.5.** or **C.6.** are exceeded.

With respect to this Exclusion, Paragraphs **C.5.** and **C.6.** describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to any "loss" that is otherwise excluded under this Coverage Part.

NON-PROFIT DIRECTORS & OFFICERS LIABILITY
NP 28 02 04 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
CALCULATION OF PREMIUM

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

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this Policy, we will compute the premium in accordance with our rates and rules then in effect.

NON-PROFIT DIRECTORS & OFFICERS LIABILITY
NP 28 05 04 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
EXTENDED REPORTING PERIOD CHANGES

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

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

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

NON-PROFIT DIRECTORS & OFFICERS LIABILITY
NP 28 13 01 07

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
EXTENDED REPORTING PERIOD FOR TERRORISM COVERAGE**

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

The following provision is added and supersedes any provision to the contrary when an exclusion of terrorism contained in a Conditional Exclusion of Terrorism endorsement attached to this Policy goes into effect.

If:

- a. An incident of "terrorism" occurred before the conditional exclusion went into effect, but not before November 26, 2002;
- b. A "loss" resulting from a "claim" arising out of that incident would have been covered under the provisions of this insurance had the "claim" been made and reported to us prior to the conditional exclusion taking effect; and
- c. That "claim" is arising out of the incident of "terrorism" and it is made within 5 years after the date the conditional exclusion went into effect;

that "claim" will be considered to have been first made prior to the time that the conditional exclusion went into effect.

This provision does not apply to claims covered by subsequent insurance you purchase, or that would have been covered but for the exhaustion of the amount of insurance applicable to such claims.

The phrase, incident of "terrorism", means any incident of "terrorism" as defined in the Conditional Exclusion of Terrorism endorsement.

NON-PROFIT DIRECTORS & OFFICERS LIABILITY
NP 71 02 12 05

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS
OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION**

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

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

We will not pay for any "loss" resulting from any "claim" based upon, attributable to, any "wrongful act" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

NON-PROFIT DIRECTORS & OFFICERS LIABILITY
NP 71 03 12 05

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – COMPUTER-RELATED PROBLEMS

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

The following exclusion is added to Section III - Exclusions:

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

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

NON-PROFIT DIRECTORS & OFFICERS LIABILITY
NP 71 04 12 05

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR EXCLUSION

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

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

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

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

NON-PROFIT DIRECTORS & OFFICERS LIABILITY
NP 71 07 12 05

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
ASBESTOS EXCLUSION

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

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

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

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


Special Provisions for American Family Mutual Insurance Company Policyholders

You are a member of the American Family Mutual Insurance Company of Madison, Wisconsin, and are entitled to one vote either in person or by proxy at its meetings. The Annual Meetings are held at its Home Office in Madison, Wisconsin, on the first Tuesday of March at 2:00 P.M. Notice printed in this policy shall be your notification of the time and place.

This policy is non-assessable. You are not subject to any assessment beyond the premiums we require for each policy period.

If any dividends are distributed, you will share in them according to law and under conditions set by the Board of Directors.

This policy is signed at Madison, Wisconsin, on our behalf by our President and Secretary. If it is required by law, it is countersigned on the declarations by our authorized representative.



David R. Schultz
President



Secretary

This is not a complete and valid contract without accompanying DECLARATIONS properly executed

