



LAKE HAVASU UNIFIED SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST
BOARD OF TRUSTEES – NOTICE OF SPECIAL TRUST MEETING

Friday, May 11, 2018 3:00 p.m.
2200 Havasupai Blvd. – Governing Board Conference Room
Lake Havasu, AZ 86403

MEMBERS OF THE LAKE HAVASU UNIFIED SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST BOARD OF TRUSTEES WILL ATTEND EITHER IN PERSON OR BY TELEPHONE CONFERENCE CALL.

The Board of Trustees (the "Board") of the Lake Havasu Unified School District Employee Benefit Trust (LHSEBT) may, by motion, recess into Executive Session for discussion and consultation with attorney(s) for the Board to receive legal advice on any item contained in this Agenda pursuant to ARS §38-431.03 (A)(3) or for discussion or consideration of records exempt by law from public inspection in accordance with ARS §38-431.03 (A)(2) on any item contained in this agenda.

AGENDA

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|---|-------------------------------|
| 1. Call to Order | Kari Thompson, Chairperson |
| 2. Roll Call | Naomi Morgan, Trust Secretary |
| 3. Pledge to the Flag | Kari Thompson, Chairperson |
| 4. Call to the Public | Kari Thompson, Chairperson |
| 5. Executive Session for Discussion of Records Exempt from Public Inspection Pursuant to A.R.S. §38-431.03(A)(2) | Kari Thompson, Chairperson |
| 6. Executive Session for General Legal Advice and Consultation on Contracts Pursuant to A.R.S. §38-431.03(A)(3) and (4) | Michael Hensley, JS&H |
| 7. Discussion and Possible Action re 2018-19 Retiree Premium Rates | Jaime Schulenberg, ECA |
| 8. Discussion and Possible Action re Fiduciary Liability Insurance | Jaime Schulenberg, ECA |
| 9. Future Agenda Items | Kari Thompson, Chairperson |
| 10. Adjourn | Kari Thompson, Chairperson |

Note: Unless Otherwise Indicated, All Agenda Items Are Potential Action Items

Pursuant to the Americans with Disabilities Act (ADA), LHSEBT endeavors to ensure the accessibility of all its programs, facilities and services to all persons with disabilities. If you need an accommodation for this meeting, please contact Michael Murray at (928) 505-6937. Requests should be made as early as possible to arrange the accommodation.

PLEASE POST NO LATER THAN 3:00 P.M., THURSDAY, MAY 10, 2018

MEMORANDUM

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**
Jaime Schulenberg, Sr. Account Manager

DATE: May 04, 2018

RE: 2018-19 Retiree Premiums

Following the April 25 Trust meeting, District staff brought to ECA's attention that the retiree premiums had been calculated differently for 2018-19 than they had in previous years.

Several retirees approached District staff to question a significant increase to the out-of-pocket cost for dependent coverage in 2018-19, which ECA calculated based on the premiums adopted by the Board. Our calculations resulted in increases ranging from 34% for Spouse Only coverage to 235% on the Child(ren) tiers in both the Gold and Silver Medical/Rx plans. On the Dental and Vision coverage, the Silver Plan rates charged were higher than the actual premiums with no explanation as to why or how those costs were determined.

For those retirees who elected Medical/Rx coverage under the Gold Plan in 2017-18, it appears that the amount due by the retiree was erroneously based on that of an Active employee, which includes a District subsidy that is not applicable to retirees.

For those retirees who elected Medical/Rx, Dental and/or Vision coverage under the Silver Plan in 2017-18, we are unable to determine how the amounts owed were derived as they do not match any of the premium figures we have been provided.

I've attached a number of documents to assist in understanding this issue:

- 1) Spreadsheet that outlines the current (2017-18) Retiree premiums and out-of-pocket costs versus what we believe those should be, including an annual cost estimate of the difference. I have also provided a calculation for 2018-19 using the same methodology as is being used today.
- 2) 2017-18 Premiums for Active Employees (Gold Plan) per District.
- 3) 2017-18 Premiums per Dave Stewart.
- 4) 2017-18 Retiree Premium Letters.
- 5) 2018-19 Premiums for Active Employees (Gold Plan) per District.
- 6) 2018-19 Retiree Premium Letters.

Trustees will be tasked with determining whether to calculate the 2018-19 premium based on the current practice, or whether to change the methodology.

If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 302 or via email at jaimes@ecollinsandassociates.com.

LHSEBT Retiree Premium Calculations

2017-18 Plan Year													
Annual							Monthly						
Gold													
	Total Premium	District Cont	ASRS Cont	Retiree Cont	Total Cont	Difference		Total Premium	Mo Premium	Stewart Spreadsheet	Retiree Ltr*	\$ Difference	% Difference
EE	\$7,284.00	\$4,000.00	\$1,800.00	\$1,484.04	\$7,284.04	\$0.00	EE	\$7,284.00	\$607.00	\$607.00	\$607.00	\$0.00	0%
ES	\$5,832.00	\$0.00	\$0.00	\$4,800.00	\$4,800.00	\$1,032.00	ES	\$5,832.00	\$486.00	\$486.00	\$400.00	\$86.00	18%
EC(1)	\$4,368.00	\$0.00	\$0.00	\$1,464.00	\$1,464.00	\$2,904.00	EC(1)	\$4,368.00	\$364.00	\$364.00	\$122.00	\$242.00	66%
EC	\$8,016.00	\$0.00	\$0.00	\$2,736.00	\$2,736.00	\$5,280.00	EC	\$8,016.00	\$668.00	\$668.00	\$228.00	\$440.00	66%
EF	\$12,396.00	\$0.00	\$0.00	\$5,592.00	\$5,592.00	\$6,804.00	EF	\$12,396.00	\$1,033.00	\$1,033.00	\$466.00	\$567.00	55%
*Based on District contributions to Active EE premiums													
Silver Medical/Rx													
	Total Premium	District Cont	ASRS Cont	Retiree Cont	Total Cont	Difference		Total Premium	Mo Premium	Stewart Spreadsheet	Retiree Ltr	\$ Difference	% Difference
EE	\$6,852.00	\$4,000.00	\$1,800.00	\$1,052.04	\$6,852.04	\$0.00	EE	\$6,852.00	\$571.00	\$571.00	\$571.00	\$0.00	0%
ES	\$5,472.00	\$0.00	\$0.00	\$4,224.00	\$4,224.00	\$1,248.00	ES	\$5,472.00	\$456.00	\$456.00	\$352.00	\$104.00	23%
EC(1)	\$4,104.00	\$0.00	\$0.00	\$1,288.20	\$1,288.20	\$2,815.80	EC(1)	\$4,104.00	\$342.00	\$342.00	\$107.35	\$234.65	69%
EC	\$7,536.00	\$0.00	\$0.00	\$2,407.68	\$2,407.68	\$5,128.32	EC	\$7,536.00	\$628.00	\$628.00	\$200.64	\$427.36	68%
EF	\$11,640.00	\$0.00	\$0.00	\$4,920.96	\$4,920.96	\$6,719.04	EF	\$11,640.00	\$970.00	\$970.00	\$410.08	\$559.92	58%

Silver Dental					Silver Vision				
	Total Premium	Premium Charged	\$ Difference	% Difference		Total Premium	remium Charge	\$ Difference	% Difference
EE	\$24.00	\$27.00	(\$3.00)	-12.50%	EE	\$5.18	\$5.18	\$0.00	0.00%
ES	\$29.00	\$45.00	(\$16.00)	-55.17%	ES	\$5.17	\$9.00	(\$3.83)	-74.08%
EC(1)	\$20.00	\$37.00	(\$17.00)	-85.00%	EC(1)	\$4.23	\$6.00	(\$1.77)	-41.84%
EC	\$46.00	\$60.00	(\$14.00)	-30.43%	EC	\$4.23	\$8.00	(\$3.77)	-89.13%
EF	\$75.00	\$105.00	(\$30.00)	-40.00%	EF	\$11.94	\$20.00	(\$8.06)	-67.50%

Annual Estimated Impact									
Gold Plan				Silver Medical/Rx Plan					
	Census	Difference	Annual Impact		Census	Difference	Annual Impact		
EE	24	\$0.00	\$0.00	EE	6	\$0.00	\$0.00		
ES	10	\$1,032.00	\$10,320.00	ES	1	\$1,248.00	\$1,248.00		
EC(1)	0	\$2,904.00	\$0.00	EC(1)	0	\$2,815.80	\$0.00		
EC	0	\$5,280.00	\$0.00	EC	0	\$5,128.32	\$0.00		
EF	0	\$6,804.00	\$0.00	EF	0	\$6,719.04	\$0.00		
TOTAL			\$10,320.00	TOTAL			\$1,248.00		
Silver Dental				Silver Vision					
	Census	Difference	Annual Impact		Census	Difference	Annual Impact		
EE	26	-\$3.00	(\$936.00)	EE	25	\$0.00	\$0.00		
ES	8	-\$16.00	(\$1,536.00)	ES	9	-\$3.83	(\$413.64)		
EC(1)	0	-\$17.00	\$0.00	EC(1)	0	-\$1.77	\$0.00		
EC	0	-\$14.00	\$0.00	EC	0	-\$3.77	\$0.00		
EF	1	-\$30.00	(\$360.00)	EF	1	-\$8.06	(\$96.72)		
TOTAL			(\$2,832.00)	TOTAL			(\$510.36)		
TOTAL ANNUAL ESTIMATED IMPACT				\$8,225.64					

LHSEBT Retiree Premium Calculations

2018-19 Plan Year											
Gold	Based on Adopted Rates					Based on 2017-18 Methodology and Census					
	Total Premium	District Cont	ASRS Cont	Retiree Cont	Monthly Retiree Cont	Total Premium	District Cont	ASRS Cont	Retiree Cont	Difference	
EE	\$8,012.40	\$4,000.00	\$1,800.00	\$2,212.40	\$184.37	EE	\$8,012.40	\$4,000.00	\$1,800.00	\$2,212.40	\$0.00
ES	\$5,832.00	\$0.00	\$0.00	\$5,832.00	\$486.00	ES	\$5,832.00	\$0.00	\$0.00	\$5,412.00	\$420.00
EC(1)	\$4,368.00	\$0.00	\$0.00	\$4,368.00	\$364.00	EC(1)	\$4,368.00	\$0.00	\$0.00	\$2,046.00	\$2,322.00
EC	\$8,256.00	\$0.00	\$0.00	\$8,256.00	\$688.00	EC	\$8,016.00	\$0.00	\$0.00	\$3,837.60	\$4,418.40
EF	\$12,396.00	\$0.00	\$0.00	\$12,396.00	\$1,033.00	EF	\$12,396.00	\$0.00	\$0.00	\$7,170.80	\$5,225.20
Silver Medical/Rx											
	Total Premium	District Cont	ASRS Cont	Retiree Cont	Monthly Retiree Cont		Total Premium	District Cont	ASRS Cont	Retiree Cont	Difference
EE	\$7,194.60	\$4,000.00	\$1,800.00	\$1,394.60	\$116.22	EE	\$7,194.60	\$4,000.00	\$1,800.00	\$1,394.60	\$0.00
ES	\$5,745.60	\$0.00	\$0.00	\$5,745.60	\$478.80	ES	\$5,745.60	\$0.00	\$0.00	\$1,321.49	\$4,424.11
EC(1)	\$4,309.20	\$0.00	\$0.00	\$4,309.20	\$359.10	EC(1)	\$4,309.20	\$0.00	\$0.00	\$2,973.35	\$1,335.85
EC	\$7,912.80	\$0.00	\$0.00	\$7,912.80	\$659.40	EC	\$7,912.80	\$0.00	\$0.00	\$5,380.70	\$2,532.10
EF	\$12,222.00	\$0.00	\$0.00	\$12,222.00	\$1,018.50	EF	\$12,222.00	\$0.00	\$0.00	\$7,088.76	\$5,133.24
Silver Dental											
	Total Premium	District Cont	Retiree Cont				Total Premium	District Cont	Retiree Cont	Difference	
EE	\$29.70	\$0.00	\$29.70			EE	\$29.70	\$0.00	\$33.41	(\$3.71)	
ES	\$31.90	\$0.00	\$31.90			ES	\$31.90	\$0.00	\$49.50	(\$17.60)	
EC(1)	\$22.00	\$0.00	\$22.00			EC(1)	\$22.00	\$0.00	\$40.70	(\$18.70)	
EC	\$50.60	\$0.00	\$50.60			EC	\$50.60	\$0.00	\$66.00	(\$15.40)	
EF	\$82.50	\$0.00	\$82.50			EF	\$82.50	\$0.00	\$115.50	(\$33.00)	
Silver Vision											
	Total Premium	District Cont	Retiree Cont				Total Premium	District Cont	Retiree Cont	Difference	
EE	\$5.70	\$0.00	\$5.70			EE	\$5.70	\$0.00	\$5.70	\$0.00	
ES	\$5.69	\$0.00	\$5.69			ES	\$5.69	\$0.00	\$9.91	(\$4.22)	
EC(1)	\$4.65	\$0.00	\$4.65			EC(1)	\$4.65	\$0.00	\$6.60	(\$1.95)	
EC	\$4.65	\$0.00	\$4.65			EC	\$4.65	\$0.00	\$8.79	(\$4.14)	
EF	\$13.13	\$0.00	\$13.13			EF	\$13.13	\$0.00	\$21.99	(\$8.86)	
Annual Estimated Impact											
Gold Plan				Silver Medical/Rx Plan							
	Census	Difference	Annual Impact		Census	Difference	Annual Impact				
EE	24	\$0.00	\$0.00		EE	6	\$0.00	\$0.00			
ES	10	\$420.00	\$4,200.00		ES	1	\$4,424.11	\$4,424.11			
EC(1)	0	\$2,322.00	\$0.00		EC(1)	0	\$1,335.85	\$0.00			
EC	0	\$4,418.40	\$0.00		EC	0	\$2,532.10	\$0.00			
EF	0	\$5,225.20	\$0.00		EF	0	\$5,133.24	\$0.00			
TOTAL			\$4,200.00		TOTAL			\$4,424.11			
Silver Dental				Silver Vision							
	Census	Difference	Annual Impact		Census	Difference	Annual Impact				
EE	26	(\$3.71)	(\$1,158.30)		EE	25	\$0.00	\$0.00			
ES	8	(\$17.60)	(\$1,689.53)		ES	9	(\$4.22)	(\$455.24)			
EC(1)	0	(\$18.70)	\$0.00		EC(1)	0	(\$1.95)	\$0.00			
EC	0	(\$15.40)	\$0.00		EC	0	(\$4.14)	\$0.00			
EF	1	(\$33.00)	(\$396.00)		EF	1	(\$8.86)	(\$106.35)			
TOTAL			(\$3,243.83)		TOTAL			(\$561.59)			
TOTAL ANNUAL ESTIMATED IMPACT						\$4,818.70					

EMPLOYEE COVERAGE			
	Annual	24 PAYS	18 PAYS
MEDICAL/RX	7284.00	303.50	404.67
DENTAL	324.00	13.50	18.00
VISION	62.16	2.59	3.45
LIFE	48.00	2.00	2.67
EMPLOYER CONTRIBUTION	7718.16	321.59	428.79
Contribution when Employee Declines Insurance			
	7284.00	303.50	404.67

WOW NON PARTICIPATION FEE			
		24 PAYS	18 PAYS
EMP COST	579.00	24.13	32.17
SPOUSE COST			
DIR EMP COST			
DIR SPOUSE COST	463.00	19.29	25.72

INSURANCE CHARGE FOR CERTIFIED STAFF 301

MEDICAL/RX	403.61
DENTAL	17.95
VISION	3.44
	425.00

FUND 013 INSURANCE FOR 2017/18 BEGINNING WITH NOVEMBER 301 PAY
 \$106.25 x's 12 = \$1275 per year divided by (3) 301 pays = \$425.00 per employee

VOLUNTARY DEPENDENT INSURANCE COVERAGE

	2017-18 Total Annual Cost of Insurance	EMPLOYEE PAYS		EMPLOYER CONTRIBUTIONS		
		24 PAYS	18 PAYS	24 PAYS	18 PAYS	
FAMILY COVERAGE						
MEDICAL/RX	12396.00	5592.00	233.00	310.67	6804.00	283.50
DENTAL	900.00	900.00	37.50	50.00	0.00	0.00
VISION	143.28	143.28	5.97	7.96	0.00	0.00
Combined Totals	13439.28	6635.28	276.47	368.63	6804.00	283.50
TWO OR MORE CHILDREN						
MEDICAL/RX	8256.00	2736.00	114.00	152.00	5520.00	230.00
DENTAL	552.00	552.00	23.00	30.67	0.00	0.00
VISION	50.76	50.76	2.12	2.82	0.00	0.00
Combined Totals	8858.76	3338.76	139.12	185.49	5520.00	230.00
ONE CHILD ONLY						
MEDICAL/RX	4368.00	1464.00	61.00	81.33	2904.00	121.00
DENTAL	240.00	240.00	10.00	13.33	0.00	0.00
VISION	50.76	50.76	2.12	2.82	0.00	0.00
Combined Totals	4658.76	1754.76	73.12	97.49	2904.00	121.00
SPOUSE ONLY						
MEDICAL/RX	5832.00	4776.00	199.00	265.33	1056.00	44.00
DENTAL	348.00	348.00	14.50	19.33	0.00	0.00
VISION	62.04	62.04	2.59	3.45	0.00	0.00
Combined Totals	6242.04	5186.04	216.09	288.11	1056.00	44.00

Active Employee and Dependent/COBRA members Rates Effective July 1, 2017

Self-Funded											
All Fulltime Eligible Employees											
Gold Plan EPO for Active Employees Only											
BCBS Network Only											
Medical/Life Plan Only											
	Monthly				Employee	LHS District	Net Cost to				MO COBRA
	Medical				Pd Life Per Mo.	Pays Per Mo.(2)	Employee	Yearly Cost	18 Pays	24 Pays	PREMIUMS**
Employee only	\$ 607.00				\$ 4.00	\$ 611.00	\$ -	\$ 7,332.00	\$ -	\$ -	\$ 619.14
Spouse Only	\$ 486.00					\$ 64.80	\$ 421.20	\$ 5,054.40	\$ 280.80	\$ 210.60	\$ 495.72
1 Child Only	\$ 364.00					\$ 225.10	\$ 138.90	\$ 1,666.80	\$ 92.60	\$ 69.45	\$ 371.28
Children Only	\$ 668.00					\$ 408.35	\$ 259.65	\$ 3,115.80	\$ 173.10	\$ 129.83	\$ 681.36
Spouse+Child(ren) only	\$ 1,033.00					\$ 517.45	\$ 515.55	\$ 6,186.60	\$ 343.70	\$ 257.78	\$ 1,053.66
Self-Funded											
All Fulltime Eligible Employees											
BCBS Network Only											
Medical/ Dental/Life Plan Only											
Ameritas Network	Medical	Dental	Monthly		Employee	LHS District	Net Cost to				MO COBRA
	Monthly	Per Month	Med/Den Tlt		Pd Life Per Mo.	Pays Per Mo (2)	Employee	Yearly Cost	18 Pays	24 Pays	PREMIUMS**
Employee Only	\$ 607.00	\$ 27.00	\$ 634.00		\$ 4.00	\$ 638.00	\$ -	\$ 7,656.00	\$ -	\$ -	\$ 646.68
Spouse Only	\$ 486.00	\$ 29.00	\$ 515.00			\$ 64.67	\$ 446.45	\$ 5,357.40	\$ 297.63	\$ 223.23	\$ 525.30
1 Child Only	\$ 364.00	\$ 20.00	\$ 384.00			\$ 223.10	\$ 160.90	\$ 1,930.80	\$ 107.27	\$ 80.45	\$ 391.68
Children Only	\$ 668.00	\$ 46.00	\$ 714.00			\$ 408.36	\$ 305.64	\$ 3,667.68	\$ 203.76	\$ 152.82	\$ 728.28
Spouse+Child(ren) only	\$ 1,033.00	\$ 75.00	\$ 1,108.00			\$ 520.83	\$ 587.17	\$ 7,046.04	\$ 391.45	\$ 293.59	\$ 1,130.16
Self-Funded											
All Fulltime Eligible Employees											
BCBS Network Only											
Medical/Vision/Life Plan Only											
Vision Care Direct Network	Medical	Vision	Monthly		Employee	LHS District	Net Cost to				MO COBRA
	Monthly	Per Month	Med/Vision Tlt		Pd Life Per Mo.	Pays Per Mo (2)	Employee	Yearly Cost	18 Pays	24 Pays	PREMIUMS**
Employee only	\$ 607.00	\$ 5.18	\$ 612.18		\$ 4.00	\$ 616.18	\$ -	\$ 7,394.16	\$ -	\$ -	\$ 624.42
Spouse Only	\$ 486.00	\$ 5.17	\$ 491.17			\$ 73.80	\$ 417.37	\$ 5,008.44	\$ 278.25	\$ 208.69	\$ 500.99
1 Child only	\$ 364.00	\$ 4.23	\$ 368.23			\$ 227.10	\$ 141.13	\$ 1,693.56	\$ 94.09	\$ 70.57	\$ 375.59
Children only	\$ 668.00	\$ 4.23	\$ 672.23			\$ 410.35	\$ 261.88	\$ 3,142.56	\$ 174.59	\$ 130.94	\$ 685.67
Spouse+Child(ren) only	\$ 1,033.00	\$ 11.94	\$ 1,044.94			\$ 522.45	\$ 522.49	\$ 6,269.88	\$ 348.33	\$ 261.25	\$ 1,065.84
Self-Funded											
All Fulltime Eligible Employees											
BCBS Network											
Medical/Dental/Vision/Life Plan											
Ameritas Network	Medical	Dental	Vision	Monthly	Employee	LHS District	Net Cost to				MO COBRA
Vision Care Direct Network	Monthly	Monthly	Monthly	M/D/V-Tlt	Pd Life Per Mo.	Pays Per Mo (2)	Employee	Yearly Cost	18 Pays	24 Pays	PREMIUMS**
Employee only	\$ 607.00	\$ 27.00	\$ 5.18	\$ 639.18	\$ 4.00	\$ 643.18	\$ -	\$ 7,718.16	\$ -	\$ -	\$ 651.96
Spouse Only	\$ 486.00	\$ 29.00	\$ 5.17	\$ 520.17		\$ 70.05	\$ 450.12	\$ 5,401.44	\$ 300.08	\$ 225.06	\$ 530.57
1 Child only	\$ 364.00	\$ 20.00	\$ 4.23	\$ 388.23		\$ 225.10	\$ 163.13	\$ 1,957.56	\$ 108.75	\$ 81.57	\$ 395.99
Children only	\$ 668.00	\$ 46.00	\$ 4.23	\$ 718.23		\$ 413.63	\$ 304.60	\$ 3,655.20	\$ 203.07	\$ 152.30	\$ 732.59
Spouse+Child(ren) only	\$ 1,033.00	\$ 75.00	\$ 11.94	\$ 1,119.94		\$ 522.45	\$ 597.49	\$ 7,169.88	\$ 398.33	\$ 298.75	\$ 1,142.34

** Life Premums excluded.

Members can take the medical without the dental or vision for dependents, but they cannot apply for dental or vision without taking the medical.

(2) Rates include life insurance premiums

Active Employee and Dependent/COBRA members/WOW Pairs Rates Effective July 1, 2017									
Self-Funded									
Silver Plan EPO For Retirees Only									
BCBS Network Only	Medical/Life Plan Only								
	Monthly Medical	Monthly Med Total			Employee Pd Life Per Mo.	LHS District Pays Per Mo.	Net Cost to Employee	Yearly Cost	MO COBRA PREMIUMS
Employee only	\$ 571.00	\$ 571.00			\$ 1.16	\$ 483.33	\$ 88.83	\$ 1,065.96	\$ 582.42
Spouse Only	\$ 456.00	\$ 456.00					\$ 456.00	\$ 5,472.00	\$ 465.12
1 Child Only	\$ 342.00	\$ 342.00					\$ 342.00	\$ 4,104.00	\$ 348.84
Children Only	\$ 628.00	\$ 628.00					\$ 628.00	\$ 7,536.00	\$ 640.56
Spouse+Child(ren) only	\$ 970.00	\$ 970.00					\$ 970.00	\$ 11,640.00	\$ 989.40
Self-Funded	All Fulltime Eligible Employees								
BCBS Network Only	Medical/ Dental/Life Plan Only								
Ameritas Network	Monthly Medical	Dental Per Month	Monthly Med/Den Total		Employee Pd Life Per Mo.	LHS District Pays Per Mo	Net Cost to Employee	Yearly Cost	MO COBRA PREMIUMS
Employee Only	\$ 571.00	\$ 27.00	\$ 598.00		\$ 1.16	\$ 483.33	\$ 115.83	\$ 1,389.96	\$ 609.96
Spouse Only	\$ 456.00	\$ 29.00	\$ 485.00				\$ 446.45	\$ 5,357.40	\$ 494.70
1 Child Only	\$ 342.00	\$ 20.00	\$ 362.00				\$ 362.00	\$ 4,344.00	\$ 369.24
Children Only	\$ 628.00	\$ 46.00	\$ 674.00				\$ 674.00	\$ 8,088.00	\$ 687.48
Spouse+Child(ren) only	\$ 970.00	\$ 75.00	\$ 1,045.00				\$ 1,045.00	\$ 12,540.00	\$ 1,065.90
Self-Funded	All Fulltime Eligible Employees								
BCBS Network Only	Medical/Vision/Life Plan Only								
Vision Care Direct Network	Monthly Medical	Vision Per Month	Monthly Med/Vision Tlt		Employee Pd Life Per Mo.	LHS District Pays Per Mo	Net Cost to Employee	Yearly Cost	MO COBRA PREMIUMS
Employee only	\$ 571.00	\$ 5.18	\$ 576.18		\$ 1.16	\$ 483.33	\$ 94.01	\$ 1,128.12	\$ 587.70
Spouse Only	\$ 456.00	\$ 5.17	\$ 461.17				\$ 461.17	\$ 5,534.04	\$ 470.39
1 Child only	\$ 342.00	\$ 4.23	\$ 346.23				\$ 346.23	\$ 4,154.76	\$ 353.15
Children only	\$ 628.00	\$ 4.23	\$ 632.23				\$ 632.23	\$ 7,586.76	\$ 644.87
Spouse+Child(ren) only	\$ 970.00	\$ 11.76	\$ 981.76				\$ 981.76	\$ 11,781.12	\$ 1,001.40
Self-Funded	All Fulltime Eligible Employees								
BCBS Network	Medical/Dental/Vision/Life Plan								
Ameritas Network	Monthly Medical	Dental Monthly	Vision Monthly	Monthly M/D/V-Tlt	Employee Pd Life Per Mo.	LHS District Pays Per Mo	Net Cost to Employee	Yearly Cost	MO COBRA PREMIUMS
Vision Care Direct Network									
Employee only	\$ 571.00	\$ 24.00	\$ 5.18	\$ 600.18	\$ 1.16	\$ 483.33	\$ 118.01	\$ 1,416.12	\$ 612.18
Spouse Only	\$ 456.00	\$ 29.00	\$ 5.17	\$ 490.17			\$ 490.17	\$ 5,882.04	\$ 499.97
1 Child only	\$ 342.00	\$ 20.00	\$ 4.23	\$ 366.23			\$ 366.23	\$ 4,394.76	\$ 373.55
Children only	\$ 628.00	\$ 46.00	\$ 4.23	\$ 678.23			\$ 678.23	\$ 8,138.76	\$ 691.79
Spouse+Child(ren) only	\$ 970.00	\$ 75.00	\$ 11.76	\$ 1,056.76			\$ 1,056.76	\$ 12,681.12	\$ 1,077.90

** Life Premums excluded.

- (1) Members can take the medical without the dental or visions, but they cannot apply for dental or vision without taking the medical.
- (2) Rates include \$20K of life insurance premiums

Lake Havasu Unified School District No. 1

DISTRICT OFFICE

2200 Havasupai Boulevard, Lake Havasu City, AZ 86403-3798
 928.505-6900 FAX 928.505.6999 www.havasus.k12.az.us

June 1, 2017

To: Lake Havasu Unified School District #1 EBT Retirees
 From: Lake Havasu Unified School District #1 Payroll/Benefits Department
 Subject: 2017-18 Employee Benefit Trust Payments

Effective July 1, 2017, all retirees covered by the Lake Havasu Unified School District #1 employee benefit trust will have the option of either a **GOLD or SILVER PLAN**. A comparison of the two plans is enclosed.

GOLD PLAN

	Annual rate	District pays annually	ASRS pays annually	Retiree pays annually	Retiree pays monthly
Medical only \$607/mo	7284.00	4000.00	1800.00	1484.00	123.67
Medical & dental \$634/mo	7608.00	4000.00	1800.00	1808.00	150.67
Medical & vision \$612.18/mo	7346.16	4000.00	1800.00	1546.16	128.85
Medical/dental/vision \$639.18/mo	7670.16	4000.00	1800.00	1870.16	155.85

SILVER PLAN

Medical only \$571.00/mo	6852.00	4000.00	1800.00	1052.00	87.67
Medical & dental \$598/mo	7176.00	4000.00	1800.00	1376.00	114.67
Medical & vision \$576.18/mo	6914.16	4000.00	1800.00	1114.16	92.85
Medical/dental/vision \$600.18/mo	7202.16	4000.00	1800.00	1402.16	116.85

Retirees will make monthly payments or may pay the full amount up front. If your premium is not received by the 28th of the month, your coverage could be terminated retroactive to the first of the month in which the premium was due.

**PLEASE SELECT YOUR PLAN OPTION BELOW AND RETURN A COPY WITH
YOUR FIRST PAYMENT**

PLEASE PRINT YOUR NAME_____

GOLD PLAN_____ **Monthly payment \$155.85**

SILVER PLAN_____ **Monthly payment \$116.85**

SIGNED:_____

DATE:_____/_____/_____

Please contact me if you have any questions.

Sincerely,

**Cheri Tropple
Payroll & Benefits Administrative Asst.
ctropple@havas.k12.az.us
928-505-6930**

Lake Havasu Unified School

District#1

DISTRICT OFFICE

2200 Havasupai Boulevard, Lake Havasu City, AZ 86403-3798
 928.505-6900 FAX 928.505.6999 www.havasus.k12.az.us

June 1, 2017

Attention Retirees

Effective July 1, 2017, the dependent rates are as follows:

GOLD PLAN:

	<u>Monthly Total</u>
- SPOUSE ONLY: Medical = \$400.00, Dental = \$29.00, Vision = \$5.17:	\$434.17
- ONE CHILD: Medical = \$122.00, Dental = \$20.00, Vision = \$4.23:	\$146.23
- CHILDREN: Medical = \$228.00, Dental = \$46.00, Vision = \$4.23:	\$278.23
- FAMILY: Medical = \$466.00, Dental = \$75.00, Vision = \$11.94:	\$552.94

SILVER PLAN:

- SPOUSE ONLY: Medical = \$352.00, Dental = \$45.00, Vision = \$9.00:	\$406.00
- ONE CHILD: Medical = \$107.35, Dental = \$37.00, Vision = \$6.00:	\$150.35
- CHILDREN: Medical = \$200.64, Dental = \$60.00, Vision = \$8.00:	\$268.64
- FAMILY: Medical = \$410.08, Dental = \$105.00, Vision = \$20.00:	\$535.08

If you are electing dependent coverage, please circle your choices above, print your name and dependent(s) below and return a copy to me with your first payment. Please note that you cannot choose dental and/or vision only. You must elect the medical coverage and then opt for dental/vision.

If you have elected the dependent premium benefit with ASRS, subtract that amount from your monthly premium total to determine the amount you send to LHUSD EBT. Please mail or deliver your premium payments to the District Office, Attention: Cheri Tropple. I am happy to assist if you have any questions.

Sincerely,

Cheri Tropple
 Payroll & Benefits Administrative Asst.
ctropple@havasus.k12.az.us
 (928)505-6930

RETIREE NAME _____

DEPENDENT NAME _____

**LHUSD #1 - EBT Contributions
2018-2019
M/V/D Premiums**

EMPLOYEE COVERAGE				
	17-18	18-19	24 PAYS	18 PAYS
MEDICAL/RX	7284.00	8012.40	333.85	445.13
DENTAL	324.00	356.40	14.85	19.80
VISION	62.16	68.38	2.85	3.80
LIFE	48.00	52.80	2.20	2.93
EMPLOYER CONTRIBUTION	7718.16	8489.98	353.75	471.67
Contribution when Employee Declines Insurance	7284.00	8012.40	333.85	445.13

VOLUNTARY DEPENDENT INSURANCE COVERAGE

	2017-18			Total Annual Cost of Insurance	2018-19			EMPLOYER CONTRIBUTIONS			
	Total Annual Cost of Insurance	Employee Pays	Employer Contributions		EMPLOYEE PAYS						
					Total	24 PAYS	18 PAYS	Total	24 PAYS	18 PAYS	
FAMILY COVERAGE											
MEDICAL/RX	12396.00	5592.00	6804.00	13635.60	7171.80	298.83	398.43	6463.80	269.33	359.10	Annual Increase
DENTAL	900.00	900.00	0.00	990.00	990.00	41.25	55.00	0.00	0.00	0.00	
VISION	143.28	143.28	0.00	157.61	157.61	6.57	8.76	0.00	0.00	0.00	
Combined Totals	13439.28	6635.28	6804.00	14783.21	8319.41	346.64	462.19	6463.80	269.33	359.10	1684.13
TWO OR MORE CHILDREN						24 PAYS	18 PAYS	ER COST	24 PAYS	18 PAYS	
MEDICAL/RX	8256.00	2736.00	5520.00	9081.60	3837.60	159.90	213.20	5244.00	218.50	291.33	Annual Increase
DENTAL	552.00	552.00	0.00	607.20	607.20	25.30	33.73	0.00	0.00	0.00	
VISION	50.76	50.76	0.00	55.84	55.84	2.33	3.10	0.00	0.00	0.00	
Combined Totals	8858.76	3338.76	5520.00	9744.64	4500.64	187.53	250.04	5244.00	218.50	291.33	1161.88
ONE CHILD ONLY						24 PAYS	18 PAYS	ER COST	24 PAYS	18 PAYS	
MEDICAL/RX	4368.00	1464.00	2904.00	4804.80	2046.00	85.25	113.67	2758.80	114.95	153.27	Annual Increase
DENTAL	240.00	240.00	0.00	264.00	264.00	11.00	14.67	0.00	0.00	0.00	
VISION	50.76	50.76	0.00	55.84	55.84	2.33	3.10	0.00	0.00	0.00	
Combined Totals	4658.76	1754.76	2904.00	5124.64	2365.84	98.58	131.44	2758.80	114.95	153.27	611.08
SPOUSE ONLY						24 PAYS	18 PAYS	ER COST	24 PAYS	18 PAYS	
MEDICAL/RX	5832.00	4776.00	1056.00	6415.20	5412.00	225.50	300.67	1003.20	41.80	55.73	Annual Increase
DENTAL	348.00	348.00	0.00	382.80	382.80	15.95	21.27	0.00	0.00	0.00	
VISION	62.04	62.04	0.00	68.24	68.24	2.84	3.79	0.00	0.00	0.00	
Combined Totals	6242.04	5186.04	1056.00	6866.24	5863.04	244.29	325.72	1003.20	41.80	55.73	677.00

Lake Havasu Unified School District No. 1

DISTRICT OFFICE

2200 Havasupai Boulevard, Lake Havasu City, AZ 86403-3798
 928.505-6900 FAX 928.505.6999 www.havasu.k12.az.us

April 20, 2018

To: Lake Havasu Unified School District #1 EBT Retirees
 From: Lake Havasu Unified School District #1 Payroll/Benefits Department
 Subject: 2018-19 Employee Benefit Trust Payments

Effective July 1, 2018, all retirees covered by the Lake Havasu Unified School District #1 Employee Benefit Trust will have the option of either a **GOLD or SILVER PLAN**. A comparison of the two plans is enclosed.

GOLD PLAN

	Annual rate	District pays annually	ASRS pays annually	Retiree pays annually	Retiree pays monthly
Medical Only \$667.70/mo	\$8,012.40	\$4,000.00	\$1,800.00	\$2,212.40	\$184.37
Medical & Dental \$697.40/mo	\$8,368.80	\$4,000.00	\$1,800.00	\$2,568.80	\$214.07
Medical & Vision \$612.18/mo	\$8,080.78	\$4,000.00	\$1,800.00	\$2,280.78	\$190.07
Medical/Dental/Vision \$703.10/mo	\$8,437.18	\$4,000.00	\$1,800.00	\$2,637.18	\$219.77

SILVER PLAN

Medical Only \$599.55/mo	\$7,194.60	\$4,000.00	\$1,800.00	\$1,394.60	\$116.22
Medical & Dental \$629.25/mo	\$7,551.00	\$4,000.00	\$1,800.00	\$1,751.00	\$145.92
Medical & Vision \$605.25/mo	\$7,262.98	\$4,000.00	\$1,800.00	\$1,462.98	\$121.92
Medical/Dental/Vision \$634.95/mo	\$7,619.38	\$4,000.00	\$1,800.00	\$1,819.38	\$151.62

Retirees will make monthly payments or may pay the full amount up front. **Payments are now due the 1st of each month. If it is not received by the 15th of the month your coverage may be terminated retroactive to the first of the month in which the premium was due.**

PLEASE SELECT YOUR PLAN OPTION BELOW AND RETURN A COPY WITH YOUR FIRST PAYMENT. THE MONTHLY AMOUNTS SHOWN ARE FOR MEDICAL, DENTAL AND VISION COVERAGE.

PLEASE PRINT YOUR NAME_____

GOLD PLAN_____ **Monthly payment \$219.77**

SILVER PLAN_____ **Monthly payment \$151.62**

SIGNED:_____

DATE:_____/_____/_____

Please contact me if you have any questions.

Sincerely,

**Cheri Tropple
Payroll & Benefits Administrative Assistant
cheri.tropple@lhusd.org
928-505-6930**

Lake Havasu Unified School

District#1

DISTRICT OFFICE

2200 Havasupai Boulevard, Lake Havasu City, AZ 86403-3798
 928.505-6900 FAX 928.505.6999 www.havasu.k12.az.us

April 20, 2018

Attention Retirees

Effective July 1, 2018, the dependent rates are as follows:

GOLD PLAN:

		<u>Monthly Total</u>
- SPOUSE ONLY:	Medical = \$534.60, Dental = \$31.90, Vision = \$5.69	\$572.19
- ONE CHILD:	Medical = \$400.40, Dental = \$22.00, Vision = \$4.65	\$427.05
- CHILDREN:	Medical = \$756.80, Dental = \$50.60, Vision = \$4.65	\$812.05
- FAMILY:	Medical = \$1,136.30, Dental = \$82.50, Vision = \$13.13	\$1,231.93

SILVER PLAN:

- SPOUSE ONLY:	Medical = \$478.80, Dental = \$31.90, Vision = \$5.69	\$516.39
- ONE CHILD:	Medical = \$359.10, Dental = \$22.00, Vision = \$4.65	\$385.75
- CHILDREN:	Medical = \$659.40, Dental = \$50.60, Vision = \$4.65	\$714.65
- FAMILY:	Medical = \$1,018.50, Dental = \$82.50, Vision = \$13.13	\$1,196.63

If you are electing dependent coverage, please circle your choices above, print your name and dependent(s) below and return a copy to me with your first payment. Please note that you cannot choose Dental and/or Vision only. You must elect the Medical coverage and then opt for Dental/Vision.

If you have elected dependent coverage, please deduct the \$110.00 ASRS premium benefit from your monthly premium total to determine the amount you send to LHUSD EBT. Please mail or deliver your premium payments to the District Office, Attention: Cheri Tropple. Please contact me if you have any questions.

Sincerely,

Cheri Tropple
 Payroll & Benefits Administrative Asst.
cheri.tropple@lhusd.org
 (928)505-6930

RETIREE NAME _____

DEPENDENT NAME _____

MEMORANDUM

TO: **LHSEBT Trustees**

FROM: **ERIN P. COLLINS & ASSOCIATES, INC. (ECA)**
Jaime Schulenberg, Sr. Account Manager

DATE: May 07, 2018

RE: Trustee Fiduciary Liability Insurance

One of the items ECA was tasked with upon our appointment as Broker/Consultant was to procure fiduciary liability insurance to protect Trustees from claims that arise as a result of their service on the Board.

We worked with the District's local broker, Mike Carr at NFP, to obtain the attached quote from RLI Insurance Company, an A+ admitted carrier. The quote provides coverage up to \$1,000,000 with a \$10,000 retention. There is a potential to place this coverage retroactive to May 01, 2018 through June 30, 2019 at a cost of \$3,862; if the carrier refuses the retro effective date, we can implement June 01, 2018 through July 30, 2019 at a premium to be determined, but which will be between \$3,309 and \$3,862.

We would recommend that Trustees approve the procurement of the fiduciary liability insurance and authorize the Chairperson to bind the coverage.

If you have any questions between now and the date of the meeting, I can be reached at (928) 753-4700 ext. 302 or via email at jaimes@ecollinsandassociates.com.

PROPERTY & CASUALTY
PROPOSAL FOR

**LAKE HAVASU
UNIFIED SCHOOL
DISTRICT #1
EMPLOYEE BENEFIT
TRUST**

1115 Stockton Hill Road
Kingman, AZ 86401



Prepared by:
Mike Carr

T: (928) 302-2835
Email: mcarr@nfp.com

May 1, 2018



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IMPORTANT INFORMATION

Please review the proposal carefully as terms and conditions may differ from your current insurance program and also differ from the insurance specifications submitted by you or your representative.

All premiums and proposed are based on information provided by you at the time of quotation and are subject to adjustment. Rates are those offered at the time of quotation and may be subject to change based on carrier considerations prior to policy inception. Electing to buy or renew only some of the types of coverage may result in changes to the terms, conditions and premiums of the remaining insurance lines.

When this proposal contains references to liability limits, please note that other limits may be available. Please advise us if you would like premium indications for alternate liability limits. Please note that limits may extend through excess and/or umbrella policies and this should be factored into your decision concerning the appropriate limits.

When this proposal contains references to property limits it is understood that it is the insured's responsibility to determine the replacement cost of such property and to select an appropriate limit. We would be pleased to assist in helping to determine property values however the ultimate decision on limits purchased is the insured's.

INSURANCE COMPENSATION DISCLOSURE

As an insurance broker/agent, NFP Property & Casualty Services, Inc. (NFP P&C) is licensed as an insurance broker/agent, in all fifty states. Our insurance producers are authorized by their license to confer with the insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

NFP P&C may receive compensation in the form of commissions of either a specific dollar amount or a percentage of premium set at the time of the purchase, renewal or servicing of a particular insurance policy; therefore, the amount of commissions we receive will depend on the policies and the insurance company you select. We may also receive contingent commissions based on the volume of business placed with the insurance company, the profitability of that business and other factors. We generally do not know if a contingent payment will be made, or the amount of any such contingent payment, at the time the insurance contract is placed with an insurance company. In addition to the compensation that NFP P&C receives, our corporate parent or affiliates may receive contingent payments from insurance companies based on factors that are not client-specific, such as the performance or size of the overall book of business produced with an insurance company. We may also participate in insurer-sponsored events such as trips, seminars, and advisory council meetings, based on the volume of business placed with the insurance company you select.

You may receive information about NFP P&C's expected compensation on the policy or policies you select and about any policies we have presented to you which you did not select by asking for the information.

Should this proposal recommend the use of surplus lines carriers, please be aware that these carriers may not be eligible for financial insolvency protection in the same manner that admitted carriers could be protected. This could lead to potentially uninsured exposure. Also, please be aware that NFP P&C is under no obligation to monitor any financing obligation of your premium or any matter related to premium billing conducted directly by any carrier(s).



SERVICE TEAM MEMBERS

TEAM MEMBER CONTACT INFORMATION

RESPONSIBILITIES

MIKE CARR

ACCOUNT EXECUTIVE

Phone: (928) 302-2835
 Fax: (928) 855-8609
 Email: mcarr@nfp.com

Ultimately responsible for your satisfaction with our service. Represents your firm's interest and exposures to the insurance community. Coordinates the services provided by your team members and ensures that the services are delivered in a fashion that meets or exceeds the expectation of our clients.

JULIE MARSHALL

ACCOUNT MANAGEMENT

Phone: (928) 302-2832
 Fax: (928) 855-8609
 Email: jmarshall@nfp.com

Responsible for the day-to-day administrative insurance needs. Manages the execution of your Certificates of Insurance. Oversees quality control services by verifying your policies are accurate and in accordance with binders, endorsement requests etc.

CLAIMS COORDINATOR

Phone:
 Fax:
 Email:

Responsible for the coordination of claims reporting for our insureds to the insurance company. Educates and assists our insureds with the entire claims process.

ASSISTANT ACCOUNT MANAGER

Phone:
 Fax:
 Email :

Support staff for back-up on certificates of Insurance – responsible for the day-to-day account servicing needs when your primary Account Manager is out of the office.



PREMIUM SUMMARY

COVERAGE	CARRIER	AM BEST RATING	ADMITTED	EXPIRING PREMIUM	PROPOSED PREMIUM
Package				\$	\$
Property				\$	\$
General Liability				\$	\$
Business Auto				\$	\$
Inland Marine				\$	\$
Umbrella				\$	\$
Workers' Compensation				\$	\$
Fiduciary Liability	RLI	A	Yes	\$	\$3,309.00
Directors and Officers				\$	\$
Taxes and Fees				\$	\$
Terrorism – Optional				\$	\$
TOTAL ESTIMATED ANNUAL PREMIUM				\$	\$3,309.00

Terrorism Option – Due to the Terrorism Risk Insurance Act of 2002, you now have the right to purchase coverage for losses arising out of the Acts of Terrorism, as defined in Section 102 (1) of the act. Under Federal Law you may purchase this terrorism coverage for an additional premium not included in this quote. We will require written confirmation at the time of binding if you elect or reject this coverage.

PAYMENT OPTIONS

- Full payment payable to NFP prior to binding

BINDING REQUIREMENTS

- On your letterhead: no litigation in past 3 years that would have triggered coverage
To eliminate the loss run requirement

Note – This is a coverage summary, not a legal contract. This summary is provided to assist in your understanding of your insurance program. Please refer to the actual policies for specific terms, conditions, limitations and exclusions that will govern in the event of a loss. Specimen copies of all policies are available for review prior to the binding of coverage.

In evaluating your exposure to loss, we have been dependent upon information provided by you. If there are other areas that need to be evaluated prior to binding of coverage, please bring these areas to our attention. Should any of your exposures change after coverage is bound, such as your beginning new operation, hiring employees in new states, buying additional property, etc., please let us know so proper coverage(s) can be discussed.

Higher limits may be available. Please contact us if you would like a quote for higher limits.



LAKE HAVASU UNIFIED SCHOOL DISTRICT #1 EMPLOYEE BENEFIT TRUST COVERAGE CHECKLIST

E=Exposure May Exist C=Coverage Exists Q=Obtain Quote *Note if Increased Limits Desired on any Coverage* Indicators: Y=Yes or N=No

PROPERTY	E	C	Q
Buildings			
Contents			
Improvements and Betterments			
Property of Others			
Property Off Premises			
Outdoor Property/Underground Property			
Computer Equipment/Software			
Bus. Income/Extra Expense/Rental Income			
Backup Sewer/Drain			
Spoilage			
Mortgage/Leasehold Interest			
Boiler and Machinery/Equipment Breakdown			
Building Ordinance or Law			
Earthquake			
Flood			
Wind			
Off Premises Power Interruption			
Overhead Transmission Lines			
Glass/Signs			
Fencing			
CRIME			
Employee Dishonesty – 1st Party			
Employee Dishonesty – 3rd Party			
ERISA			
Money and Securities			
Forgery or Alteration			
Valuable Papers			
Accounts Receivable			
Computer Fraud			
INLAND MARINE			
Contractors Equipment			
Builders Risk			
Installation Floater			
Mobile Equipment			
Rented or Leased Equipment			
Employee Tools			
Bailee Coverage			
Property in Transit			
Motor Truck Cargo			
Ocean Cargo			
PROFESSIONAL/MANAGEMENT LIABILITY			
Directors and Officers Liability			
Fiduciary Liability	Y	Y	
Cyber Liability			
Professional Liability Errors and Omissions			
Employment Practices Liability/Incl. 3 rd Party			

LIABILITY	E	C	Q
General Liability			
Products Liability			
Employee Benefits Liability			
Liquor Liability			
3rd Party Discrimination			
Pollution Liability			
Products Recall			
Warehouse Legal Liability			
Watercraft Liability			
Excess Liability/Umbrella			
Owners/Contractors Liability			
AUTOMOBILE			
Auto Liability			
Uninsured/Underinsured Motorist			
Hired-Non Owned Auto Liability			
Hired Auto Physical Damage			
Drive Other Car Liability			
Drive Other Car Physical Damage			
Rental Reimb. – Private Pass Vehicles			
Personal Injury Protection (PIP)			
Garage Liability			
Garage Keepers Liability			
Garage Dealers Physical Damage			
Truckers Liability			
WORKERS' COMPENSATION			
Workers' Compensation			
Other States			
Owners Included			
Stop Gap Liability			
USL&H			
Jones Act			
MISCELLANEOUS			
International Exposure			
Kidnap and Ransom			
Credit Insurance			
Travel Accident			
Mold/Fungi			
Subsidence			
EFIS			
Terrorism			
Aircraft Owned/Non-owned			
Surety (Bonds)			

Discussed with: _____

Place Performed: _____

Producer Signature: _____



2250 McCulloch Boulevard, Lake Havasu City, AZ 86403 • (928) 855-3081 • NFP.com

Page 6

For informational purposes only. This document does not amend, extend, or alter coverage. Please refer to any actual policy(s) for specific terms, conditions, limitations, and exclusions. Insurance services provided by NFP Property & Casualty Services, Inc. (NFP P&C), a subsidiary of NFP Corp. (NFP) and related NFP subsidiary companies. In California, NFP P&C does business as NFP Property & Casualty Insurance Services, Inc. License #0F15715. Neither NFP nor its subsidiaries provide tax or legal advice.

Date/Time:



BEST'S FINANCIAL STRENGTH RATING GUIDE

A Best's Financial Strength Rating (FSR) is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. An FSR is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In addition, an FSR may be displayed with a rating identifier, modifier or affiliation code that denotes a unique aspect of the opinion.

Best's Financial Strength Rating (FSR) Scale

Rating Categories	Rating Symbols	Rating Notches*	Category Definitions
Superior	A+	A++	Assigned to insurance companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
Excellent	A	A-	Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
Good	B+	B++	Assigned to insurance companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Fair	B	B-	Assigned to insurance companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
Marginal	C+	C++	Assigned to insurance companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
Weak	C	C-	Assigned to insurance companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
Poor	D	-	Assigned to insurance companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.

*Each Best's Financial Strength Rating Category from "A+" to "C" includes a Rating Notch to reflect a gradation of financial strength within the category. A Rating Notch is expressed with either a second plus "+" or a minus "-".

Financial Strength Non-Rating Designations

Designation Symbols	Designation Definitions
E	Status assigned to insurance companies that are publicly placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal ongoing insurance operations; an impaired insurer.
F	Status assigned to insurance companies that are publicly placed in liquidation by a court of law or by a forced liquidation; an impaired insurer.
S	Status assigned to rated insurance companies to suspend the outstanding FSR when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.
NR	Status assigned to insurance companies that are not rated; may include previously rated insurance companies or insurance companies that have never been rated by AMBRs.

Rating Disclosure – Use and Limitations

A Best's Credit Rating (BCR) is a forward-looking independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness. The opinion represents a comprehensive analysis consisting of a quantitative and qualitative evaluation of balance sheet strength, operating performance, business profile and enterprise risk management or, where appropriate, the specific nature and details of a security. Because a BCR is a forward-looking opinion as of the date it is released, it cannot be considered as a fact or guarantee of future credit quality and therefore cannot be described as accurate or inaccurate. A BCR is a relative measure of risk that implies credit quality and is assigned using a scale with a defined population of categories and notches. Entities or obligations assigned the same BCR symbol developed using the same scale, should not be viewed as completely identical in terms of credit quality. Alternatively, they are alike in category (or notches within a category), but given there is a prescribed progression of categories (and notches) used in assigning the ratings of a much larger population of entities or obligations, the categories (notches) cannot mirror the precise subtleties of risk that are inherent within similarly rated entities or obligations. While a BCR reflects the opinion of A.M. Best Rating Services, Inc. (AMBRs) of relative creditworthiness, it is not an indicator or predictor of defined impairment or default probability with respect to any specific insurer, issuer or financial obligation. A BCR is not investment advice, nor should it be construed as a consulting or advisory service, as such; it is not intended to be utilized as a recommendation to purchase, hold or terminate any insurance policy, contract, security or any other financial obligation, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. Users of a BCR should not rely on it in making any investment decision; however, if used, the BCR must be considered as only one factor. Users must make their own evaluation of each investment decision. A BCR opinion is provided on an "as is" basis without any expressed or implied warranty. In addition, a BCR may be changed, suspended or withdrawn at any time for any reason at the sole discretion of AMBRs.

BCRs are distributed via the AMBRs website at www.ambest.com. For additional information regarding the development of a BCR and other rating-related information and definitions, including outlooks, modifiers, identifiers and affiliation codes, please refer to the report titled "Understanding Best's Credit Ratings" available at no charge on the AMBRs website. BCRs are proprietary and may not be reproduced without permission. Copyright© 2017 by A.M. Best Company, Inc. and/or its affiliates. ALL RIGHTS RESERVED. Version 072817



April 30, 2018

Attn: Mike Carr
NFP Property and Casualty Insurance

Re: LAKE HAVASU UNIFIED SCHOOL DISTRICT #1 EMPLOYEE BENEFIT TRUST
2200 HAVASUPAI BLVD
LAKE HAVASU CITY, AZ 86403

Thank you for the opportunity to offer terms on the above captioned account. I am pleased to offer the following program, subject to the terms and conditions outlined below:

EXECUTIVE PRODUCTS GROUP – QUOTATION

Issuing Company:	RLI Insurance Company, A+ Admitted	Admitted Paper. Claims Made Coverage. Full Prior Acts Included.
Policy Period:	July 01, 2018 to June 30, 2019	P&P Litigation date will be as of policy inception if no prior Fiduciary Insurance was carried.
Discovery Period:	1 year(s) at 150% of the annual premium	
Coverage:	Labor Management Trust	
Policy Form:	LMT 100 (03/04) / LMT 101 (03/04)	
Limit of Liability:	\$1,000,000 aggregate	
Retention (each Claim):	\$10,000	
Endorsements:	LMTA 402 (06/04) - Arizona Amendatory Endorsement LMT 604 (07/09) - Waiver of Recourse Endorsement LMT 605 (07/09) - Marital or Domestic Partner Extension LMT 608 (11/10) - Amend Definition Of Administration LMT 612 (11/10) - Representations; Severability Endorsement LMT 614 (11/10) - Waiver Of Retention For Nonindeminifiable Loss LMT 616 (10/14) - 502(c) ERISA Penalty Coverage With Sublimit LMT 624 (10/14) - Amend Personal Profit/Fraud Exclusion LMT 625 (10/14) - Penalty Coverage Endorsement (Health Care Reform Laws) LMT 626 (10/14) - Tax Penalty Endorsement (4975 IRC) MNU-LMT 004 (10/13) - Amend Definition of Claim	

MNU-LMT 010 (10/13) - Order of Payments
MNU-LMT 022 (10/13) - Amend Notice/Claim Reporting Provision Endorsement (II)
RIL 200 (10/00) - Attention Policyholder
UW 20342 (03/12) - Policyholder Notice - OFAC
ILF 0001C (04/16) - Signature Page - Commercial Lines
MNU-LMT-057 Amend Severability of Exclusions - Executive Director, GC impute or CFO impute to entity
MNU-LMT-058 Amend Definition of Loss - add Pre/post judgment interest, back pay, front pay, multiple damages, defense carveback for 502(i) civil penalties, English Pension Scheme, HIPAA violation (sub-limit - \$100K) and taxes or tax penalties;
MNU-LMT-059 Amend Definitions - Employee Benefit Law
MNU-LMT-060 Amend Exclusions 4. a. remove [the multiple portion of any multiplied damage award] and adds defined term [Employee Benefit Law] at end of sentence
MNU-LMT-061 Amend Exclusion 4 (b) - [For] Wording
MNU-LMT-065 Waive Retention for Non-indemnified Loss (Advancement of Defense Expenses when the Entity Fails to Respond and/or Indemnify within 60 Days)
VARIABLES:
LMT 616 Amend Def of Loss - 502c ERISA penalties - \$100K
LMT 625 Penalty Coverage for ACA - \$100K
LMT 626 Tax Penalty Endorsement - IRC 4975 - \$100K
MNU-LMT-022 Amend Section 8. Notice/Claim Reporting - Risk Manager or CFO

Prior or Pending Date: TBD
Premium: \$3,159
Waiver: \$150 (0% commission)
Surcharges: \$0.00 (0% commission)
Total Premium and Surcharges: \$3,309.00

THIS PROPOSAL IS VALID UNTIL: July 1, 2018

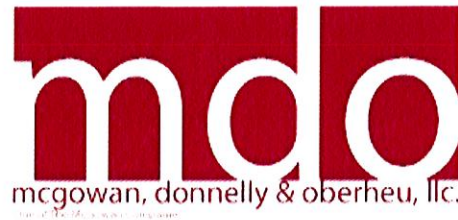
BINDING IS SUBJECT TO OUR RECEIPT AND ACCEPTANCE OF THE FOLLOWING ADDITIONAL INFORMATION:

Loss runs

Further, these terms are strictly conditioned upon there being no material change in the risk between the date of this letter and the inception date of the proposed policy. If we determine such material change has occurred, we reserve the right to modify the terms, up to and including withdrawal of the terms.

RLI Insurance Company is rated "A+" (Superior) by A.M. Best and "A+" by Standard & Poor's.

Again, thank you for the opportunity to consider this account. If you have any questions, please don't hesitate to call.



THE TERMS AND CONDITIONS OF THIS INDICATION MAY NOT COMPLY WITH THE SPECIFICATIONS SUBMITTED FOR CONSIDERATION. PLEASE READ THIS OFFER CAREFULLY AND COMPARE IT AGAINST YOUR SPECIFICATIONS.

IN ACCORDANCE WITH THE INSTRUCTIONS OF THE ABOVE NOTED INSURER, WHO HAS ACTED IN RELIANCE UPON THE STATEMENTS MADE IN THE RETAIL BROKER'S SUBMISSION FOR THE INSURED, THE ABOVE NON-BINDING TERMS ARE BEING PRESENTED.

UNLESS OTHERWISE SPECIFIED, THIS OFFER IS CONSIDERED VALID FOR 30 DAYS OR UNTIL THE CURRENT POLICY EXPIRES, WHICHEVER IS LESS. THIS INSURANCE INDICATION WILL BE TERMINATED AND SUPERSEDED UPON DELIVERY OF A REVISED INDICATION, THE FORMAL QUOTATION OR POLICY(IES) ISSUED TO REPLACE IT.

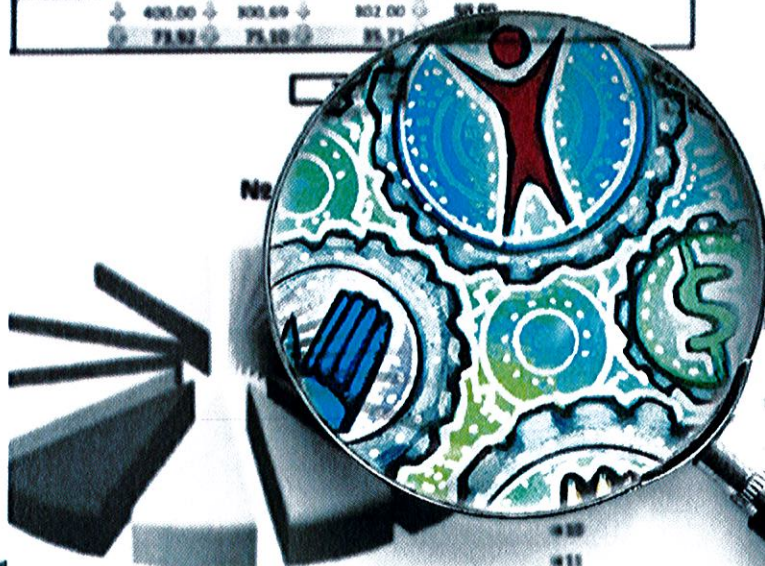
THIS INDICATION IS ISSUED BASED UPON THE INSURER'S AGREEMENT TO OFFER TERMS AND IS ISSUED BY MCGOWAN, DONNELLY & OBERHEU, LLC (MDO) WITHOUT ANY LIABILITY WHATSOEVER AS AN INSURER.

THIS INDICATION MAY BE WITHDRAWN OR AMENDED BY THE INSURER AT ANY TIME PRIOR TO BINDING.

All insurance is negotiated by and placed through McGowan & Company, Inc.

866.20	59.12	32.34	33.88	4.18	9.26	504.96	228.44
329.36	52.83	33.90	43.38	7.86	10.14	477.49	181.54
315.87	29.11	34.59	39.09	4.04	12.90	435.60	115.85

3043.55	473.92	375.79	137.71	53.84	54.89	4337.26
400.00	300.69	802.00	80.00			
79.92	79.92	85.73				



OUR FINANCIAL STRENGTH MAKES US DIFFERENT. DIFFERENT WORKS.

As you guide your insureds to purchase our insurance, RLI knows financial strength is at the core of that decision. We believe our strength and stability to be the proof that our promises will be fulfilled when called upon. **Insurance is indeed a promise.**

FINANCIAL STRENGTH RATINGS

RLI Insurance Company	A.M. Best: A+ (Superior)
	Standard & Poor's: A+ (Strong)
	Moody's: A2 (Good)
Mt. Hawley Insurance	A.M. Best: A+ (Superior)
	Standard & Poor's: A+ (Strong)
	Moody's: A2 (Good)
Contractors Bonding and Insurance Company	A.M. Best: A+ (Superior)
	Standard & Poor's: A+ (Strong)
	Moody's: A2 (Good)



The ratings also reflect RLI's superior capitalization, sustained long-term operating profitability and excellent business profile as one of the leading specialty property/casualty insurance organizations in the United States.

— A.M. Best Press Release (September 29, 2017)

RLICORP.COM

RLI®
DIFFERENT WORKS

RLI-MK500-01/18

Financial Products Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer: **RLI Insurance Company**

Effective date of
this endorsement:

To be attached to and form part of
Policy No:

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND SEVERABILITY OF EXCLUSIONS (II)

The Exclusion Severability Provision which follows subsections 4, 5, 6 and 7 is deleted in its entirety and replaced with the following:

To determine the applicability of the foregoing Exclusions: (i) no **Wrongful Act** of any **Insured Person** will be imputed to any other **Insured Person**, and (ii) only **Wrongful Acts** of any past, present or future **Executive** of any **Insured Plan** will be imputed to any **Insured Plan**.

For purposes of this Endorsement, "**Executive**" means the <variable> of the **Insured Plan(s)**.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Financial Products Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer: **RLI Insurance Company**

Effective date of
this endorsement:

To be attached to and form part of
Policy No:

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

AMEND DEFINITION OF LOSS (III)

It is hereby understood and agreed that the definition of "**Loss**" in Section 3. of this Policy is deleted in its entirety and replaced with the following:

"**Loss**" means damages, judgments (including pre/post-judgment interest), , settlements, including but not limited to punitive, exemplary or multiple damages where insurable under applicable law, and **Defense Expenses** which the **Insureds** are legally obligated to pay as a result of a covered **Claim** under Insuring Clause 1.

The law of the jurisdiction most favorable to the insurability of those punitive, exemplary or multiple damages shall control whether such damages are insurable, provided that such jurisdiction is where:

- i) those damages were awarded or imposed;
- ii) any **Wrongful Act** occurred for which such damages were awarded or imposed; or
- iii) the Insurer is incorporated or has a principal place of business

Loss under Insuring Clause 1. shall not include the following, other than covered **Defense Expenses** attributed thereto:

- i) civil or criminal fines or penalties imposed by law, except (1) civil penalties imposed by the Pension Ombudsman appointed by the United Kingdom Secretary of State for Social Services or by the United Kingdom Occupational Pensions Regulatory Authority, pursuant to the English Pension Scheme Act 1993, the English Pensions Act 1995, or rules or regulations thereunder; provided any coverage for such civil penalties is subject to the other terms, conditions and exclusions of this Policy and applies only if the funds or assets of the subject **Insured Plan** are not used to fund, pay or reimburse the premium for this Policy, or (2) any civil money penalties imposed upon an **Insured** for violation of the privacy provisions of the Health Insurance Portability and Accountability Act ("HIPAA"); provided the Insurer's maximum aggregate liability for all such HIPAA civil money penalties on account of all **Claims** first made during the **Policy Period** or during the Discovery Period (if purchased) shall be <variable>, which is a sublimit that further limits and does not increase the Insurer's maximum liability under this Policy;
- ii) taxes or tax penalties;
- iii) fees, costs or expenses to amend, restructure, administer or terminate an **Insured Plan** or any remedial fees costs, expenses or other remedial payment(s);
- iv) stock options;
- v) any amount for which an **Insured** is not financially liable or which is without legal recourse to the **Insured**;
- vi) matters uninsurable under the law pursuant to which this Policy shall be construed, except as provided above.

Solely for purposes of coverage under Insuring Clause 2., **Loss** means **Compliance Fees**.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

Financial Products Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer: **RLI Insurance Company**

Effective date of
this endorsement:

To be attached to and form part of
Policy No:

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

AMEND DEFINITIONS - ADD EMPLOYEE BENEFIT LAW

It is hereby understood and agreed that **DEFINITIONS**, Subsection 3, is amended by the following:

1. The definition of "**ERISA**" is deleted in its entirety.
2. Any additional reference to **ERISA** within the attached policy or endorsements is replaced with the term "**Employee Benefit Law**."
3. The following is added to **DEFINITIONS**, Subsection 3.:

"**Employee Benefit Law**" means any applicable statutory law or regulations thereunder of the United States, Canada, or any state or province thereof (including but not limited to the Federal Employees' Retirement System Act of 1986, the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Newborns and Mothers Health Protection Act of 1996, and the Women's Health and Cancer Rights Act of 1998), setting forth the obligations, responsibilities, or duties imposed upon **Fiduciaries of Insured Plans** sponsored by public entities or governmental entities and to which the **Insured Plan** is subject. **Employee Benefit Law** shall not include any law concerning fair employment, workers' compensation, unemployment insurance, Social Security, statutorily or administratively-mandated disability benefits or similar law.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

Financial Products Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer: **RLI Insurance Company**

Effective date of
this endorsement:

To be attached to and form part of
Policy No:

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND EXCLUSIONS 4. a)

It is hereby understood and agreed that **EXCLUSIONS**, subsection 4.a) is deleted in its entirety and replaced with the following:

"4. The Insurer shall not be liable to make any payment for that part of **Loss**, other than **Defense Expenses**:

- a) which constitutes civil or criminal fines or penalties, taxes, other than the five percent (5%) or less penalties, or the twenty percent (20%) or less penalties, or the daily civil penalties imposed upon an **Insured** as a **Fiduciary** under Section 502(i) or (l) or (c) respectively, of ERISA or **Employee Benefit Law**;

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Financial Products Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer: **RLI Insurance Company**

Effective date of
this endorsement:

To be attached to and form part of
Policy No:

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND EXCLUSION 4. b)

It is agreed that **EXCLUSIONS**, Subsection 4. b) is deleted in its entirety and replaced with the following:

- b) for the failure to collect from employers any contributions owed to an **Insured Plan** or the failure to fund an **Insured Plan**, unless the failure is because of the negligence of an **Insured**;

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Financial Products Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer: **RLI Insurance Company**

Effective date of
this endorsement:

To be attached to and form part of
Policy No:

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF RETENTION FOR NONINDEMNIFIABLE LOSS

It is agreed that **CONDITIONS**, Section 10., **Limit of Liability and Retention** is amended by adding the following:

No Retention shall apply to **Loss** incurred by any **Insured Person** for which the **Insured** or **Insured Plan** is not permitted or required by law to indemnify. The respective Retention for indemnifiable **Loss** set forth in Item 4. of the Declarations for this Policy shall apply to all other **Loss**, except as otherwise provided in the next succeeding paragraph. For purposes of this Section 10., the certificate of incorporation, charter, articles of association or other organizational documents, such as bylaws and resolutions, of the **Insured** or the **Insured Plans** shall be deemed to provide indemnification for **Loss** to the fullest extent permitted by law.

If the **Insured** or **Insured Plan** is permitted or required by law to indemnify the **Insured Persons** for any **Loss**, or to advance **Defense Expenses** on their behalf, and does not in fact do so after sixty (60) days from the date the **Insured** or **Insured Plan** received written request for indemnification of such **Loss** by the **Insured**, then the Insurer will advance **Defense Expenses** only. Any advancement of such

Defense Expenses by the Insurer shall not be subject to any Retention amount, but the **Insured Plan** shall reimburse and hold harmless the Insurer for such **Loss** up to the applicable Retention amount set forth in Item 4. of the Declarations for this Policy. If **Loss** resulting from a **Claim** is subject in part to no Retention and in part to the Retention for indemnifiable **Loss**, the Retention for indemnified **Loss** shall be applied only to that part of the **Loss** otherwise subject to such Retention.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Policy Number:

SIGNATURE PAGE

[Faint, large, diagonal watermark text reading "DRAFT" is visible across the page.]

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

Corporate Secretary

President & COO

Labor Management Trust
Fiduciary Liability Policy
Declarations

9025 North Lindbergh Drive
Peoria, Illinois 61615
Phone: (309) 692-1000

THIS COVERAGE IS WRITTEN ON A CLAIMS MADE BASIS AND COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. PLEASE READ YOUR POLICY CAREFULLY.

Item 1. Policy Number:

Item 2. Policy Period:

Item 3. Aggregate Limit of Liability (inclusive of Defense Expenses) for all Claims, including all Voluntary Compliance Programs: \$ 0

Item 4. Retentions:

(a) Each Claim: \$ 0

Premium: \$ 0

Florida HCF & FIGA Surcharge: \$ 0 (included in above premium)

Item 5. Insurance Representative name and address:

Item 6. Insured Plans and any other additional Insureds:

Item 7. Discovery Period:

(a) Discovery Period Premium: \$

(b) Discovery Period:

Item 8. Prior or Pending Date:

Item 9. Aggregate Sublimit of Liability for all Compliance Fees: \$ 0

Item 10. Endorsements Effective at Inception:

Date:

Authorized Company Representative

Labor Management Trust Fiduciary Liability Policy

In consideration of the payment of the premium, and in reliance upon the statements made to the Insurer in the Application forming a part hereof and its attachments and the material incorporated therein, , herein called the "Insurer," and the Insureds agree as follows:

INSURING CLAUSES

1. The Insurer will pay on behalf of the **Insureds**, **Loss** which the **Insureds** are legally obligated to pay as a result of **Claims** first made during the Policy Period, or during the Discovery Period (if purchased), against the **Insureds** for a **Wrongful Act** by the **Insureds** or by any natural person for whose **Wrongful Act** the **Insureds** are legally responsible.
2. The Insurer will indemnify the **Insureds** for all **Compliance Fees** incurred by the **Insureds** as a result of any **Voluntary Compliance Program** initiated during the Policy Period, or during the Discovery Period (if purchased).

DEFINITIONS

3. When used in this Policy:

"**Administration**" means:

- i) giving advice, counsel or interpretation to participants regarding an **Insured Plan**, or
- ii) affecting enrollment, termination, or cancellation of participants under an **Insured Plan**.

"**Claim**" means:

- i) a written demand for monetary or non-monetary relief against any **Insured**, or
- ii) a civil proceeding against any **Insured** commenced by the service of a complaint or similar pleading, or
- iii) a criminal proceeding against any **Insured Person** commenced by the return of an indictment, or
- iv) an administrative or regulatory proceeding against any **Insured Person** commenced by the filing of a notice of charges, formal investigative order, or similar document, or
- v) a formal civil, criminal, administrative or regulatory investigation against any **Insured Person** commenced by the service upon or other receipt by the **Insured Person** of a written notice or subpoena from the investigating authority identifying specific **alleged Wrongful Acts** by such **Insured Person**;

including any appeal thereof.

Solely for purposes of coverage under Insuring Clause 2., **Claim** means a **Voluntary Compliance Program** initiated by or against an **Insured**.

"**Compliance Fees**" means VCR compliance fees, compliance correction fees and Audit CAP sanctions paid to the IRS by any **Insured** in connection with any **Voluntary Compliance Program** involving the actual or alleged noncompliance by any **Insured Plan** with any statute, rule or regulation. **Compliance Fees** does not include any other costs, charges, expenses, fees, penalties, sanctions, assessments, taxes or damages.

"**Defense Expenses**" means reasonable and necessary fees and expenses (including without limitation attorneys' fees and experts' fees) incurred in the defense or appeal of a **Claim** after notice of such **Claim** is given to the Insurer. **Defense Expenses** shall not include salaries, wages, overhead or benefit expenses of any trustee, director, officer or employee of any **Insured Plan**.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Fiduciary**" means a fiduciary (as defined in **ERISA**) of an **Insured Plan**, or a person or entity who exercises discretionary control with respect to the management of an **Insured Plan** or the disposition of its assets.

"**Insurance Representative**" means the person or organization authorized to represent the **Insureds** and designated in Item 5. of the Declarations.

"**Insured**," either in the singular or plural, means:

- i) the **Insured Plan(s)**,
- ii) the **Insured Person(s)**, and
- iii) any other organization, plan or natural person listed in Item 6. of the Declarations for this Policy.

"**Insured Person**," either in the singular or plural, means:

- i) any natural persons who were, now are, or shall become duly elected or appointed trustees, directors, officers, or participants of any **Insured Plan**, in his or her capacity as a **Fiduciary** or trustee, of an **Insured Plan** or as a person performing **Administration** of an **Insured Plan**, and
- ii) any other natural person who was, now is, or shall become a **Fiduciary** of an **Insured Plan** and is named in Item 6. of the Declarations for this Policy.

In the event of the death, incapacity or bankruptcy of an **Insured Person**, any **Claim** against the estate, heirs, legal representatives or assigns of such **Insured Person** for a **Wrongful Act** of such **Insured Person** will be deemed to be a **Claim** against such **Insured Person**.

"**Insured Plan**," either in the singular or plural, means only those plans or trusts specifically enumerated in Item 6. of the Declarations or those plans or trusts specifically enumerated by endorsement to this Policy.

"**Loss**" means monetary damages, judgments, settlements, including but not limited to punitive or exemplary damages where insurable under applicable law, and **Defense Expenses** which the **Insureds** are legally obligated to pay as a result of a covered **Claim** under Insuring Clause 1.

The law of the jurisdiction most favorable to the insurability of those punitive or exemplary damages shall control whether such damages are insurable, provided that such jurisdiction is where:

- i) those damages were awarded or imposed;
- ii) any **Wrongful Act** occurred for which such damages were awarded or imposed; or
- iii) the **Insurer** is incorporated or has its principal place of business.

Loss under Insuring Clause 1. shall not include the multiple portion of multiplied damages, taxes, civil or criminal fines or penalties imposed by law, any amount not indemnified by an **Insured Plan** for which the **Insured** is absolved from payment, or matters uninsurable under the law pursuant to which this Policy shall be construed.

Solely for purposes of coverage under Insuring Clause 2., **Loss** means **Compliance Fees**.

"**Pollutants**" means any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by the United States Environmental Protection Agency or a state, county, municipality or locality counterpart thereof. Such substances shall include, but not be limited to, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials. **Pollutants** shall also mean any other air emissions, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products, electric or magnetic or electromagnetic fields and any noise.

"**Related Claims**" means all **Claims** for **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.

"Voluntary Compliance Program" means:

- i) the Audit Closing Agreement Program (Audit CAP), the Voluntary Compliance Resolution Program, the Walk-in Closing Agreement Program or the Administrative Policy Regarding Self-Correction, as described in the Employee Plans Compliance Resolution System, IRS Rev. Proc. 98-22, as amended; and
- ii) the Tax Sheltered Annuity Voluntary Correction Program, as described in IRS Rev. Proc. 95-24, as amended.

"Wrongful Act" means:

- i) any actual or alleged breach of the responsibilities, obligations or duties imposed upon **Fiduciaries** of any **Insured Plan** by **ERISA** or by the common or statutory law of the United States or any state or other jurisdiction anywhere in the world;
- ii) any other matter claimed against an **Insured Person** solely because of his or her service as **Fiduciary** of any **Insured Plan**; or
- iii) any negligent act, error or omission solely in the **Administration** of any **Insured Plan**.

EXCLUSIONS

4. The Insurer shall not be liable to make any payment for that part of **Loss**, other than **Defense Expenses**:

- a) which constitutes civil or criminal fines or penalties, taxes or the multiple portion of any multiplied damage award, other than the five percent (5%) or less penalties, or the twenty percent (20%) or less penalties, or the daily civil penalties imposed upon an **Insured** as a **Fiduciary** under Section 502(i) or (l) or (c) respectively, of **ERISA**;
- b) which is based upon, arises out of, directly or indirectly results from, or is in consequence of, the failure to collect from employers any contributions owed to an **Insured Plan** or the failure to fund an **Insured Plan**, unless the failure is because of the negligence of an **Insured**;
- c) which constitutes benefits due or to become due under the terms of an **Insured Plan**, or benefits which would be due under the terms of an **Insured Plan** if such terms complied with all applicable law, unless and to the extent that (i) the **Insured** is a natural person and the benefits are payable by such **Insured** as a personal obligation, and (ii) recovery for the benefits is based upon a covered **Wrongful Act**; or
- d) for the return of any contributions to any employer if such amounts are or could be chargeable to any **Insured Plan**.

5. The Insurer shall not be liable for **Loss** on account of any **Claim** made against any **Insured**:

- a) for libel, slander, bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or any damage to or destruction of any tangible property including loss of use thereof;
- b) for liability of others assumed by the **Insured** under any oral, written or implied contract or agreement; however, this exclusion shall not apply to the extent (i) the **Insured** would have been liable in the absence of such contract or agreement; or (ii) the liability was assumed in accordance with or under the trust agreement or equivalent document pursuant to which the **Insured Plan** was established;
- c) for such **Insured** gaining in fact any profit, remuneration or advantage to which such **Insured** was not legally entitled; or
- d) for discrimination in violation of any law other than **ERISA**.

6. The Insurer shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any of the **Insureds** based upon, arising out of, directly or indirectly resulting from, or in consequence of:

- a) any fact, circumstance, situation, transaction, event or **Wrongful Act** which was the subject of any notice given under any prior policy for fiduciary liability or other similar insurance, of which this Policy is a direct or indirect renewal or replacement;

- b) the actual, alleged or threatened discharge, release, escape or disposal of **Pollutants** into or on real or personal property, water or the atmosphere; or any direction or request that the **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so; including but not limited to any **Claim** for financial loss to any **Insured Plan**, its participants, beneficiaries, or creditors based upon, arising out of, directly or indirectly resulting from, or in consequence of, the matters described in this exclusion;
 - c) any litigation or administrative or regulatory proceeding against any **Insured** pending on or before the Prior or Pending Date set forth in Item 8. of the Declarations for this Policy, or any actual or alleged fact, circumstance, situation, transaction, event or **Wrongful Act** underlying or alleged therein;
 - d) any **Wrongful Act** committed or allegedly committed by the **Insured** with respect to an **Insured Plan**, if when such **Wrongful Act** occurred no **Insured Person** was a **Fiduciary** of or was responsible for the **Administration** of, the **Insured Plan**;
 - e) an actual or alleged obligation of any **Insured** under any law governing workers compensation, unemployment insurance, social security, disability benefits or similar law, except the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, or the Health Insurance Portability and Accountability Act of 1996, as amended, or
 - f) any deliberately fraudulent or dishonest act or omission or any willful violation of any statute or regulation by such **Insured**; however, this Exclusion shall not apply unless a judgment or other final adjudication adverse to such **Insured** establishes such a deliberately fraudulent or dishonest act or omission or willful violation.
7. The Insurer shall not be liable to make any payment for **Compliance Fees** on account of any matter relating to an **Insured Plan** which, as of the earlier of inception of this Policy or inception of the first policy in an uninterrupted series of policies issued by the Insurer of which this Policy is a renewal or replacement, any **Fiduciary** knew to be actually or allegedly noncompliant with any applicable statute, rule or regulation.

To determine the applicability of the foregoing Exclusions: (i) no **Wrongful Act** of any **Insured Person** will be imputed to any other **Insured Person**, and (ii) only **Wrongful Acts** of any past, present or future officer, director or trustee of any **Insured Plan** will be imputed to any **Insured Plan**.

CONDITIONS

8. Notice/Claim Reporting Provisions

If, during the Policy Period, or the Discovery Period (if purchased):

- i) an **Insured** first becomes aware of a **Wrongful Act** which may subsequently give rise to a **Claim**,
- ii) the **Insureds** give the **Insurer** written notice of such **Wrongful Act**, including a description of the **Wrongful Act**, the identities of the potential claimants, the consequences which have resulted or may result from such **Wrongful Act** and the circumstances by which the **Insured** first became aware of such **Wrongful Act**, and
- iii) the **Insureds** request coverage under this Policy for any subsequent **Claim** arising from such **Wrongful Act**,

then the Insurer will treat any such subsequent **Claim** as if it had been first made during the Policy Period.

As a condition precedent to any right to payment in respect of any **Claim**, the **Insured** must give the Insurer written notice of such **Claim**, with full details, as soon as practicable after it is first made.

Notice to any **Insured** may be given to the **Insurance Representative** at the address as shown in Item 5. of the Declarations.

Notice to the Insurer of any **Claim** under this Policy shall be given to:

9025 North Lindbergh Drive
Peoria, Illinois 61615
Attention: Claim Department

All other notices to the Insurer under this Policy shall be given to the same addressee but to the attention of the Underwriting Department. Notice given as described above shall be deemed to be received and effective upon actual receipt thereof by the addressee or one day following the date such notice is sent, whichever is earlier.

9. **Defense Coverage**

The Insurer shall have the right and duty to defend any **Claim** covered under Insuring Clause 1. of this Policy, even if any of the allegations are groundless, false or fraudulent. The Insurer's duty to defend shall cease upon exhaustion of the Limit of Liability set forth in Item 3. of the Declarations.

The **Insureds** agree to provide the Insurer with all information, assistance and cooperation which the Insurer reasonably requests, including without limitation attendance at hearings and trials, assistance in effecting settlements, obtaining and giving evidence and obtaining the attendance of witnesses, copies of records, investigations and pleadings. In the event of a **Claim** the **Insureds** will do nothing that may prejudice the Insurer's position or its potential or actual rights of **recovery**. The Insurer may make any investigation it deems necessary.

The **Insureds** agree not to settle or offer to settle any **Claim**, incur any **Defense Expenses** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Insurer's written consent, which shall not be unreasonably withheld. The Insurer shall not be liable for any settlement, **Defense Expenses**, assumed obligation or admission to which it has not consented.

10. **Limit of Liability and Retention**

The amount stated in Item 3. of the Declarations for this Policy shall be the maximum aggregate liability of the Insurer under this Policy for all **Loss** and **Compliance Fees** from all **Claims** for which this Policy provides coverage, regardless of the time of payment by the Insurer, and regardless of whether such **Claims** are made or initiated during the Policy Period or during any Discovery Period (if purchased). The amount stated in Item 9. of the Declarations for this Policy will be the maximum aggregate liability of the Insurer for all **Compliance Fees** covered under Insuring Clause 2. which are incurred by the **Insureds** as a result of all **Voluntary Compliance Programs** for which this Policy provides coverage, regardless of the time of payment by the Insurer, and regardless of whether such **Voluntary Compliance Programs** were initiated during the Policy Period, or during the Discovery Period (if purchased). The amount stated in Item 9. of the Declarations for this Policy is a sublimit which further limits and does not increase the Insurer's maximum liability under this Policy.

All **Related Claims** will be treated as a single **Claim** made when the earliest of such **Related Claims** was first made, regardless of whether such date is before or during the Policy Period. The applicable Retention shall apply only once to each such single **Claim**.

The Insurer's liability with respect to all **Loss** resulting from each **Claim**, including all **Compliance Fees** resulting from any **Voluntary Compliance Program**, shall apply only to that part of **Loss** which is excess of the applicable Retention set forth in Item 4. of the Declarations for this Policy, which shall be borne by the **Insureds** uninsured and at their own risk.

Defense Expenses will be part of and not in addition to the Limit of Liability, and payment of **Defense Expenses** by the Insurer will reduce its Limit of Liability.

If the Limit of Liability is exhausted by the payment of **Loss**, the premium will be fully earned, all obligations of the Insurer under this Policy will be completely fulfilled and exhausted, and the Insurer will have no further obligations of any kind or nature whatsoever under this Policy.

11. **Acquisition or Creation of Another Plan**

If during the Policy Period the **Insured** acquires or creates an **Insured Plan** or otherwise becomes a **Fiduciary** of or responsible for the **Administration** of an **Insured Plan**, no coverage shall be afforded to said **Insured Plan** or its **Insureds** unless the Insurer, by specific endorsement, agrees to afford such coverage. Any such coverage shall be at the terms and conditions and for the premium set forth in such endorsement.

12. Change of Control

If an **Insured Plan** merges into or consolidates with another plan or trust not enumerated in Item 6. of the Declarations, coverage under this Policy for such **Insured Plan** or the **Insureds** thereof who were **Insureds** prior to such merger or consolidation shall continue until termination of this Policy but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted prior to such merger or consolidation.

If the responsibilities for the **Administration** of, or the fiduciary responsibilities with respect to, an **Insured Plan** are fully assumed by one or more other persons or entities, coverage under this Policy for such **Insured Plan** and the **Insureds** thereof who were **Insureds** prior to such assumption of responsibilities shall continue until termination of this Policy but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted prior to such assumption of responsibilities.

13. Termination of Insured Plan

If the **Insured(s)** terminate any **Insured Plan** before or after the inception date of the Policy Period, coverage under this Policy with respect to such terminated **Insured Plan** shall continue until termination of this Policy for those who were **Insureds** at the time of such **Insured Plan** termination, or who would have been **Insureds** at the time of such termination if this Policy had been in effect, with respect to **Wrongful Acts** occurring prior to or after the date of such **Insured Plan** termination. The **Insureds** shall give written notice to the Insurer of such **Insured Plan** termination as soon as is practicable together with such information as the Insurer may require.

14. Marital Estate

Subject otherwise to the terms hereof, this Policy shall cover **Loss** arising from any **Claim** made against the lawful spouse (whether such stature is derived by reason of statutory law, common law or any other applicable law of any jurisdiction in the world) of an **Insured Person** for **Claims** arising solely out of his or her capacity as the spouse of an **Insured Person**, including such **Claims** that seek damages recoverable from marital community property, property jointly held by the **Insured Person** and the spouse; or property transferred from the **Insured Person** to the spouse; provided, however, this extension shall not afford coverage for **Wrongful Acts** of the spouse. All terms, conditions and other provisions of this Policy, inclusive of any provision relative to the applicable retention, which would be applicable to **Loss** incurred by the **Insured Person** in such **Claim** shall also apply to **Loss** incurred by the spouse in such **Claim**.

15. Discovery Period

- If:
- a) the **Insurance Representative** cancels this Policy,
 - b) either the Insurer or the **Insurance Representative** refuses or declines to renew this Policy for any reason, or
 - c) a Transaction described in subsection 12. occurs, and

within thirty (30) days after the end of the Policy Period the **Insurance Representative** elects to purchase the Discovery Period by paying the additional premium set forth in Item 7. (a) of the Declarations for this Policy, then the coverage otherwise afforded by this Policy will be extended for the period set forth in Item 7. (b) of the Declarations for this Policy but only for **Wrongful Acts** occurring before the end of the Policy Period or the date of any Transaction under subsection 12., whichever is earlier. The Limit of Liability for the Discovery Period (if purchased) shall be part of, and not in addition to, the Limit of Liability for the Policy Period.

As a condition precedent to the right to exercise the Discovery Period, the total premium for this Policy must have been paid in full.

If the Discovery Period is purchased, the entire premium for the Discovery Period shall be deemed fully earned at its commencement.

Subject to all the terms and conditions of this subsection 15., the Insurer shall, upon request, provide the **Insurance Representative** with a quotation for a three (3) year Discovery Period.

16. Representations; Severability

The **Insureds** represent the particulars and statements contained in the Application are true, accurate and complete, and agree that this Policy is issued in reliance on the truth of those representations, and agree that such particulars and statements, which are deemed to be incorporated into and to constitute a part of this Policy, are the basis of this Policy. In the event any of the particulars or statements in the Application are untrue, this Policy will be void with respect to any **Insured** who knew the facts that were not truthfully disclosed or to whom such knowledge is imputed, whether or not such **Insured** knew the Application contained the untruthful disclosure. No knowledge or information possessed by any **Insured Person** will be imputed to any other **Insured Person** except for material facts or information known to the person or persons who signed the Application.

17. Action Against the Insurer

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Policy, nor until the amount of the **Insureds'** obligation to pay shall have been finally determined either by judgment against the **Insureds** after actual trial or by written agreement of the **Insureds**, the claimant and the Insurer.

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

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

18. Cancellation and Nonrenewal

This Policy shall terminate at the earliest of the following times:

- a) the effective date of termination specified in a prior written notice by the **Insurance Representative** to the Insurer, provided this Policy may not be terminated by the **Insurance Representative** if the Policy Period is more than eighteen (18) months,
- b) ten (10) days after the receipt by the **Insurance Representative** of a written notice of termination from the Insurer based upon failure to pay premium due, unless such premium is received by the Insurer prior to such tenth (10th) date,
- c) at such other time as may be agreed upon by the Insurer and the **Insurance Representative**, or
- d) upon expiration of the Policy Period as set forth in Item 2. of the Declarations of this Policy.

The Insurer shall refund the unearned premium computed at customary short rates if this Policy is terminated by the **Insurance Representative**. Under any other circumstances the refund shall be computed pro rata. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable. If the Policy Period is more than eighteen (18) months, the premium charged for this Policy shall be fully earned at inception of the Policy Period.

The Insurer shall not be required to renew this Policy upon its expiration.

19. Other Insurance

If any **Loss** is insured under any other valid policy(ies), prior or current, then this Policy shall cover such **Loss**, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such **Loss** is in excess of the amount of payment from such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limits of Liability provided in this Policy. This Policy will not be subject to the terms of any other insurance.

20. Assignment

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

21. Investigation and Settlement

The Insurer may make any investigation it deems necessary and may, with the written consent of the **Insureds**, make any settlement of a **Claim** the Insurer deems expedient. If the **Insureds** withhold consent to such settlement, the Insurer's liability for all **Loss** on account of such **Claim** shall not exceed the amount for which the Insurer could have settled such **Claim** plus **Defense Expenses** accrued as of the date such settlement was proposed in writing by the Insurer to the **Insured**.

22. Subrogation and Waiver of Recourse

In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the **Insureds'** rights of recovery, including without limitation rights of recovery against other **Insureds** if this Policy is purchased by the **Insured Plan(s)**. The Insurer shall have no such rights of recovery against any **Insured** if this Policy is purchased by an **Insured** other than the **Insured Plan(s)**. The **Insured** shall execute and deliver all instruments and papers and do whatever else is necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to bring suit in the name of the **Insured**.

23. Changes

The terms and conditions of this Policy shall not be waived or changed, except by endorsement issued to form a part of this Policy.

24. Headings

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

25. Entire Agreement

The **Insureds** agree this Policy, including the Application and any endorsements, constitutes the entire agreement between the **Insureds** and the Insurer or any of its agents relating to this insurance. This Policy is signed for the Insurer by its authorized officers. It is countersigned on the Declarations, where required by law, by a duly authorized agent of the Insurer.

26. Worldwide Territory

Coverage under this Policy shall extend anywhere in the world.


27. Valuation and Foreign Currency

All premiums, limits, retentions/deductibles, loss and other amounts under this Policy are expressed and payable in the currency of the United States of America. Except as otherwise provided, if judgment is rendered, settlement is denominated or another element of loss under this Policy is stated in a 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 reached, the amount of the settlement is agreed upon or the other element of loss is due, respectively.

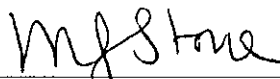
28. Authorization

It is agreed that the **Insurance Representative** shall act on behalf of all **Insureds** with respect to the giving and receiving of notice of **Claim** or **Loss**, cancellation or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the negotiation, agreement to and acceptance of any endorsements issued to form a part of this Policy, and the exercising or declining to exercise any right to a Discovery Period.

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



Corporate Secretary



President & COO

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability Policy**

Insurer:

Effective date of
this endorsement:

To be attached to and form part of
Policy No.

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA AMENDATORY ENDORSEMENT

- 1) Section 18. of the Policy, entitled **Cancellation and Nonrenewal**, is deleted in its entirety and replaced as follows:

"Cancellation, Nonrenewal, and Notice of Premium or Coverage Changes

18. This Policy shall terminate at the earliest of the following times:

- a) the effective date of termination specified in a prior written notice by the **Insurance Representative** to the Insurer, provided this Policy may not be terminated by the **Insurance Representative** if the Policy Period is more than eighteen (18) months;
- b) ten (10) days after the Insurer has mailed to the **Insurance Representative**, by certified mail to the address shown in the Policy or to the last known address of the **Insurance Representative** a written notice of termination, stating therein that the grounds for cancellation is nonpayment of premium.
- c) at such other time as specified in a prior written agreement between the Insurer and the **Insurance Representative**, or
- d) upon expiration of the Policy Period as set forth in Item 2. of the Declarations of this Policy.

The Insurer shall refund the unearned premium computed at customary short rates if this Policy is terminated by the **Insurance Representative**. Under any other circumstances the refund shall be computed pro rata. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable. If the Policy Period is more than eighteen (18) months, the premium charged for this Policy shall be fully earned at inception of the Policy Period.

The Insurer shall not be required to renew this Policy upon its expiration. However, no nonrenewal shall be effective unless the Insurer mails a copy of the notice of nonrenewal to the **Insurance Representative's** agent and mails by certified mail written notice to the **Insurance Representative** at the address shown in the policy or to the last known address of the **Insurance Representative**, at least sixty (60) days before the end of the Policy Period, expressing its intention not to renew the Policy. Notice of nonrenewal is not required if the Insurer or an affiliate has offered to renew the Policy or if the **Insurance Representative** has obtained, or agreed in writing to obtain, replacement coverage. If notice of nonrenewal is mailed less than sixty (60) days before expiration, coverage remains in effect until sixty (60) days after the notice is mailed. Earned premium for any period of coverage that extends beyond the expiration date shall be pro rata based on the previous Policy Period's rate."

2) Section 16., **Representations; Severability** is deleted in its entirety and replaced as follows:

“Representations; Severability

The **Insured Persons** represent the particulars and statements contained in the Application are true, accurate and complete, and agree that this Policy is issued in reliance on the truth of those representations, and agree that such particulars and statements, which are deemed to be incorporated into and to constitute a part of this Policy, are the basis of this Policy. In the event any of the particulars or statements in the Application are untrue, they shall not prevent a recovery under the Policy unless:

1. Fraudulent,
2. Material either to the acceptance of the risk, or to the hazard assumed by the Insurer, or
3. The Insurer in good faith would either not have issued the Policy, or would not have issued the Policy in as large an amount, or would not have provided coverage with respect to the hazard resulting in the loss, if the true facts had been made known to the Insurer as required either by the Application for the Policy or otherwise.

In such event, recovery shall be prevented as to any **Insured Person** who knew the facts that were not truthfully disclosed or to whom such knowledge is imputed, whether or not such **Insured Person** knew the Application contained the untruth. No knowledge or information possessed by any **Insured Person** will be imputed to any other **Insured Person** except for material facts or information known to the person or person who signed the Application.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Policy Number:

Peoria, Illinois 61615

ATTENTION POLICYHOLDER:

KEEP THIS NOTICE WITH YOUR INSURANCE PAPERS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false, incomplete, or misleading information, or conceals information concerning any material fact thereto, commits a fraudulent insurance act, which is a crime punishable by incarceration, and shall also be subject to civil penalties.

SPECIMEN

Peoria, Illinois 61615

NOTICE TO POLICYHOLDERS

REGARDING THE UNITED STATES TREASURY DEPARTMENT – OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

This Policyholder Notice does not provide coverage nor can it be construed to replace any provisions of your policy. Please read your policy carefully to determine your rights, duties, and what is and what is not covered by your policy. This Notice should only be used to provide information concerning the possible impact of your insurance coverage as it relates to directives issued by OFAC.

PLEASE READ THIS NOTICE CAREFULLY.

OFAC administers and enforces economic and trade sanctions and places restrictions on certain transactions. OFAC acts pursuant to Executive Orders of the President of the United States and specific legislation. OFAC has identified and named numerous foreign agents, front organizations, terrorists, terrorist organizations, and narcotics traffickers, among others, as "Specially Designated Nationals and Blocked Persons." The complete list can be found on the United States Treasury website – <http://www.treas.gov/ofac>.

Various trade or economic sanctions and other laws or regulations prohibit us from providing insurance in certain circumstances. In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance contract is considered a blocked or frozen contract and will be considered null and void. When an insurance policy is considered to be a blocked or frozen contract, all provisions of this insurance will be immediately subject to OFAC, and neither payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments may also apply.

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer:

Effective date of
this endorsement:

To be attached to and form part of
Policy No.

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF RECOURSE ENDORSEMENT

It is agreed Section 22., **Subrogation and Waiver of Recourse**, is amended by deleting the second sentence in its entirety and replacing it with the following wording:

The Insurer shall have no such rights of recovery against any **Insured Person** if the Waiver of Recourse premium is paid to the Insurer by or on behalf of the **Insured Persons** from funds that are not assets of the **Insured Plan(s)**.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer:

Effective date of
this endorsement:

To be attached to and form part of
Policy No.

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARITAL OR DOMESTIC PARTNER EXTENSION ENDORSEMENT

It is agreed that Section 14., **Marital Estate**, is deleted in its entirety and replaced with the following wording:

14. Marital or Domestic Partner Extension

Subject otherwise to the terms and conditions hereof, this Policy shall cover **Loss** arising from any **Claim** made against the lawful spouse or domestic partner (whether such stature is derived by reason of statutory law, common law, or any other applicable law of any jurisdiction in the world) of an **Insured Person** for **Claims** arising solely out of his or her capacity as the spouse or domestic partner of an **Insured Person**, including such **Claims** that seek damages recoverable from marital community property, property jointly held by the **Insured Person** and the spouse or domestic partner; or property transferred from the **Insured Person** to the spouse or domestic partner; provided, however, this extension shall not afford coverage for **Wrongful Acts** of the spouse or domestic partner. All terms, conditions and other provisions of this Policy, inclusive of any provision relative to the applicable retention, which would be applicable to **Loss** incurred by the **Insured Person** in such **Claim** shall also apply to **Loss** incurred by the spouse or domestic partner in such **Claim**.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer:

Effective date of
this endorsement:

To be attached to and form part of
Policy No.

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND DEFINITION OF ADMINISTRATION

It is hereby understood and agreed that the definition of "**Administration**" in **DEFINITIONS**, Section 3., is amended by adding the following:

"iii) supervising, reviewing, recommending, or directing payment or denial of payment under an **Insured Plan**."

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer:

Effective date of
this endorsement:

To be attached to and form part of
Policy No.

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REPRESENTATIONS; SEVERABILITY ENDORSEMENT

It is hereby understood and agreed that Section 16. **Representations; Severability**, of this Policy shall be deleted in its entirety and replaced with the following:

"The **Insureds** represent that the particulars and statements contained in the Application are true, accurate and complete, and agree that this Policy is issued in reliance on the truth of those representations, and agree that such particulars and statements, which are deemed to be incorporated into and to constitute a part of this Policy, are the basis of this Policy. In the event any of the particulars or statements in the Application are untrue, this Policy will be void with respect to any **Insured** who knew the facts that were not truthfully disclosed, whether or not such **Insured** knew the Application contained the untruthful disclosure. No knowledge or information possessed by any **Insured Person** will be imputed to any other **Insured Person**."

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer:

Effective date of
this endorsement:

To be attached to and form part of
Policy No.

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF RETENTION FOR NONINDEMNIFIABLE LOSS

It is hereby understood and agreed that **CONDITIONS, Section 10., Limit of Liability and Retention** is amended by adding the following:

"No Retention shall apply to **Loss** incurred by any **Insured Person** for which the **Insured** or **Insured Plan** is not permitted or required by common or statutory law to indemnify. ~~The respective Retention~~ for indemnifiable **Loss** set forth in Item 4. of the Declarations for this Policy shall apply to all other **Loss**, except as otherwise provided in the next succeeding paragraph. For purposes of this Section 10., the certificate of incorporation, charter, articles of association or other organizational documents, such as bylaws and resolutions, of the **Insured** or the **Insured Plans** shall be deemed to provide indemnification for **Loss** to the fullest extent permitted by law.

If the **Insured** or **Insured Plan** is permitted or required by law to indemnify the **Insured Persons** for any **Loss**, or to advance **Defense Expenses** on their behalf, and does not in fact do so, then any payment of such **Loss** or any advancement of such **Defense Expenses** by the Insurer shall ~~not be~~ subject to any Retention amount, but the **Insured** shall reimburse and hold harmless the Insurer for such **Loss** up to the applicable Retention amount set forth in Item 4. of the Declarations for this Policy.

If **Loss** resulting from a **Claim** is subject in part to no Retention and in part to the Retention for indemnifiable **Loss**, the Retention for indemnified **Loss** shall be applied only to that part of the **Loss** otherwise subject to such Retention."

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer:

Effective date of
this endorsement:

To be attached to and form part of
Policy No.

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

502(c) ERISA PENALTY COVERAGE WITH SUBLIMIT

It is hereby understood and agreed that the definition of **Loss** is amended in part to include the civil penalties imposed on an **Insured** under Section 502(c) of ERISA as a result of a covered **Claim(s)**.

It is further understood and agreed that solely with respect to the coverage provided by this endorsement, the maximum limit of the Insurers' liability for all such civil penalties in the aggregate shall be \$ _____ ("Sublimit of Liability for 502(c) Civil Penalties"). This Sublimit of Liability for 502(c) Civil Penalties shall be part of and not in addition to the aggregate Limit of Liability stated in Item 3. of the Declarations and shall in no way serve to increase the Insurer's Limit of Liability as stated therein.

Solely with respect to this endorsement, it is also understood and agreed that the Insurer shall not be liable to make any payment for **Loss** in connection with any **Claim** made against an **Insured** alleging any **Wrongful Act** occurring prior to the Policy Period or the Discovery Period (if purchased) or after the end of the Policy Period. This endorsement only provides coverage for **Wrongful Acts** occurring during the Policy Period or the Discovery Period (if purchased) and otherwise covered by this coverage section. Loss arising out of the same or related **Wrongful Act** shall be deemed to arise from the first such same or related **Wrongful Act**.

It is further understood and agreed that solely with respect to this endorsement, the Insurer shall not be liable to make any payment for **Loss** in connection with any **Claim(s)**, or any circumstance or situation that could give rise to a **Claim**, that the **Insured** knew of prior to the Policy Period or the Discovery Period (if purchased).

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer:

Effective date of
this endorsement:

To be attached to and form part of
Policy No.

Issued to:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND PERSONAL PROFIT/FRAUD EXCLUSION

It is hereby understood and agreed that subsection 5. c) of this Policy is deleted in its entirety and replaced with the following:

- c) for such **Insured** gaining any profit, remuneration or advantage to which such **Insured** is not legally entitled if a non-appealable judgment or final adjudication in any underlying proceeding or action adverse to such **Insured** establishes that such **Insured** gained such profit, remuneration or advantage; or such **Insured** committing any deliberately fraudulent or criminal **Wrongful Act** or any willful violation of law if a final and non-appealable judgment or adjudication in any underlying proceeding or action adverse to such **Insured** in any proceeding establishes that such **Insured** committed such **Wrongful Act** or willful violation; or

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer:

Effective date of
this endorsement:

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PENALTY COVERAGE ENDORSEMENT (HEALTH CARE REFORM LAWS)

It is hereby understood and agreed that the exclusion in the definition of **Loss** for **fines or penalties** shall not apply to civil penalties for inadvertent violations of the Patient Protection and Affordable Care Act or the Health Care and Education Reconciliation Act of 2010, both as amended, provided the Insurer's maximum aggregate liability under this coverage section for all such penalties shall be \$ _____. Such amount does not apply to non-indemnified loss, HIPAA penalties or compliance fees is a sublimit which further limits and does not increase the Insurer's maximum aggregate liability under this coverage section.

It is further agreed that no retention will be applicable to this coverage extension.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer:

Effective date of
this endorsement:

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TAX PENALTY ENDORSEMENT (\$4975 IRC)

It is hereby understood and agreed that the exclusion in the definition of **Loss** for fines or penalties shall not apply to the fifteen percent (15%) or less tax penalty imposed upon an **Insured** under Section 4975 of the Internal Revenue Code of 1986, as amended, for an inadvertent prohibited transaction, provided the Insurer's maximum aggregate liability under this coverage section for all such tax penalties shall be \$ _____. Such amount does not apply to non-indemnified loss, HIPAA penalties or compliance fees and is a sublimit which further limits and does not increase the Insurer's maximum aggregate liability under this coverage section.

It is further agreed that no retention will be applicable to this coverage extension.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

Coverage Section: **Labor Management Trust
Fiduciary Liability**

Insurer:

Effective date of
this endorsement:

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Policy No.

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AMEND DEFINITION OF CLAIM ENDORSEMENT (II)

It is agreed that the definition of "**Claim**" in Section 3. is deleted in its entirety and replaced by the following:

"**Claim**" means:

- i) a written demand for monetary or non-monetary relief against any **Insured**; or
- ii) a civil proceeding against any **Insured** commenced by the service of a complaint or similar pleading, or a demand for arbitration; or
- iii) a criminal proceeding against any **Insured Person** commenced by the return of an indictment; or
- iv) an administrative or regulatory proceeding against any **Insured Person** commenced by the filing of a notice of charges, formal investigative order, or similar document; or
- v) a formal or informal civil, criminal, administrative or regulatory investigation against any **Insured Person** commenced by the service upon or other receipt by the **Insured Person** of a written notice or subpoena from the investigating authority identifying specific alleged **Wrongful Acts** by such **Insured Person**; or
- vi) a written request received by an **Insured** to toll or waive a statute of limitations relating to a potential **Claim** described in i) through v) above;

including any appeal thereof.

Solely for the purposes of coverage under Insuring Clause 2., **Claim** means a **Voluntary Compliance Program** initiated by or against an **Insured**.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

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ORDER OF PAYMENTS

1. It is agreed that the following is added to the Policy:

29. Order of Payments

If **Loss**, other than **Defense Expenses**, from any **Claim** exceeds the remaining applicable Limit of Liability as set forth in Item 3. of the Declarations:

- a) the Insurer will first pay such **Loss** for such **Claim** for which the **Insured** is not permitted by law to indemnify any **Insured Person**, or is permitted or required to indemnify such **Insured Person** but does not do so by reason of **Financial Insolvency**, then
- b) to the extent that any amount of the applicable limit of liability remains available, the Insurer will pay such **Loss** for such **Claim** incurred by the **Insured** directly or through indemnification.

Upon written request of the **Insured** by and through any **Insured Representative**, the Insurer will either pay or withhold payment of **Loss** from such **Claim** pursuant to the order of payments set forth herein, as applicable. In the event of a written request to withhold payment, the Insurer will make any future payment only for unindemnified **Loss** from any such **Claim** as specified above, unless otherwise so instructed upon written request by and through an **Insured Representative** of the **Insured**.

2. It is further agreed that Section 3., is amended by adding the following:

"Financial Insolvency" means, with respect to the **Insured**, the appointment of a receiver, conservator, liquidator, trustee, or similar official; or the inability of the **Insured** financially to indemnify the **Insured Persons**.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Labor Management Trust Fiduciary Liability Policy

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AMEND NOTICE/CLAIM REPORTING PROVISION ENDORSEMENT (II)

It is hereby understood and agreed that Section 8. i) is deleted in its entirety and replaced with the following:

- i) the _____ first becomes aware of a **Wrongful Act** which may subsequently give rise to a **Claim**,

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.