



INSURANCE COMPANIES  
580 WALNUT STREET, CINCINNATI, OHIO 45202

**Declarations for  
Non-Profit Organization  
Executive Protection and  
Employment Practices Liability  
Insurance Policy**

Insurance is afforded by the company indicated below: (Each a capital stock corporation)

- Great American Insurance Company
- Agricultural Insurance Company
- American National Fire Insurance Company
- Other

Policy Number: AUN9426624B

Policy Form Number: D 9100 (12-99)

- Item 1. Name of **Organization**: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION  
Mailing Address: 2 TIMBER DRIVE  
City, State, Zip Code: CHESTER SPRINGS, PENNSYLVANIA 19425  
Attn:
- Item 2. **Policy Period**: From May 1, 2008 To May 1, 2010  
(Month, Day, Year) (Month, Day, Year)  
(Both dates at 12:01 a.m. Standard Time at the address of the **Organization** as stated in Item 1)
- Item 3. Limit of Liability: \$1,000,000 Aggregate Limit of Liability for Each Policy Year
- Item 4. Retention: \$10,000 Each Claim
- Item 5. Premium: y
- Item 6. Endorsements Attached:
- |   |                  |
|---|------------------|
| Pennsylvania Amendatory Endorsement                                       | D 9312 (01-97)   |
| Pennsylvania Amendatory Endorsement                                       | D 9316 (01-97)   |
| Broadcasting and Publishing Liability Exclusion                           | D 9509 (01-97)   |
| Addition of Subsidiary  | D 9705 (01-97)   |
| Amendment to Section III - Punitive Damages Coverage                      | D 9713-2 (01-97) |
| Amendment to Section IV - Third Party Claims                              | D 9714-2 (01-97) |
| Amendment to Section IV - Pollution Exclusion                             | D 9714-6         |
| Amendment to Section IV - Personal Injury with Negligent Hiring Carve-Out | D 9714-8 (01-97) |
| Amendment to Section V - Costs of Defense Subject to Retention            | D 9715-2 (08-05) |
| Amendment to Section VIII - Elite coverage Amendment                      | D 9718-7 (01-97) |
| Amendment to Declarations Page (Terrorism Premium)                        | D 9800-1 (02-03) |
| Coverage for Acts of Terrorism  | D 9876 (12-02)   |
| Policyholder Disclosure Offer of Terrorism Coverage                       | TA0001 (01-03)   |
- Item 7. Notices: All notices required to be given to the **Insurer** under this Policy shall be addressed to:  
AUSCO  
A division of Financial and Professional Risk Solutions, Inc.  
200 E. Randolph Street, Suite 1700  
Chicago, IL 60601
- Item 8. Initial Coverage Date: April 25, 2002

These Declarations along with the completed and signed Proposal Form and Non-Profit Organization Executive Protection and Employment Practices Liability Insurance Policy, shall constitute the contract between the **Insureds** and the **Insurer**.

No Countersignature Required  
*(Authorized Representative)*

*(Countersignature Date)*



**Non-Profit Organization  
Executive Protection and  
Employment Practices  
Liability  
Insurance Policy**

**PENNSYLVANIA  
AMENDATORY ENDORSEMENT**

In compliance with the insurance regulations of the state of Pennsylvania, the following provisions are hereby added to the Policy. In the event that a similar provision is already contained in the Policy, the provisions of this endorsement shall take precedence over such similar provision.

1. The Policy may be cancelled by the **Organization** at any time by written notice to the **Insurer** or by surrender of this Policy to the **Insurer**.
2. Cancellation of Policies in Effect for less than 60 days

The **Insurer** may cancel this Policy by mailing or delivering to the **Organization** written notice of cancellation at least 30 days before the effective date of cancellation.

3. Cancellation of Policies in Effect for 60 days or more

If this Policy has been in effect for 60 days or more or if this Policy is a renewal of a policy issued by the **Insurer**, then the **Insurer** may cancel this Policy only for one or more of the following reasons:

- a. The **Insured** made a material misrepresentation which affects the insurability of the risk. Notice of cancellation will be mailed at least 15 days before the effective date of cancellation.
- b. The **Insured** failed to pay a premium when due. Notice of cancellation will be mailed at least 15 days before the effective date of cancellation.
- c. A condition, factor or loss experience material to insurability has changed substantially or a substantial condition, factor or loss experience material to insurability has become known during the **Policy Period**. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

Endorsement Number: 1



**GREAT AMERICAN**

INSURANCE COMPANIES

P.O. Box 2675, Cincinnati, OH 45201

**Non-Profit Organization  
Executive Protection and  
Employment Practices  
Liability  
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**PENNSYLVANIA  
AMENDATORY ENDORSEMENT**

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- d. Loss of reinsurance or substantial decrease in reinsurance has occurred, which loss or decrease, at the time of cancellation, shall be certified to the Insurance Commissioner as directly affecting in-force policies. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- e. Material failure to comply with Policy terms, conditions or contractual duties. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- g. Other reasons that the Insurance Commissioner may approve. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

This Policy may also be cancelled from inception upon discovery that the Policy was obtained through fraudulent statements, omissions or concealment of facts material to the acceptance of the risk or to the hazard assumed by the **Insurer**.

4. Notice of Cancellation

The **Insurer** will mail or deliver the notice to the **Organization** at the last mailing address known to the **Insurer**. Notice of cancellation will state the specific reason for cancellation.

5. Notice of cancellation will state the effective date of cancellation. The **Policy Period** will end on that date.

6. If the Policy is cancelled, the **Insurer** will send the **Organization** any premium refund due. If the **Insurer** cancels, the refund will be pro-rate and will be returned within 10 business days after the effective date of cancellation. If the **Organization** cancels, the refund may be less than pro rata and will be returned within 30 days after the effective date of cancellation. The cancellation will be effective even if the **Insurer** has not made or offered a refund.

7. If notice is mailed, it will be registered or first class mail. Proof of mailing will be sufficient proof of notice.



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AMENDATORY ENDORSEMENT**

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8. The following are added and supersede any provisions to the contrary:

1. Nonrenewal

If the **Insurer** decided not to renew this Policy, the **Insurer** will mail or deliver written notice of nonrenewal, stating specific reasons for nonrenewal, to the **Organization**, at least 60 days before the expiration date of the Policy.

1. If notice is mailed, proof of mailing will be sufficient proof of notice.
2. If either one of the following occurs, the **Insurer** is not required to provide written notice of nonrenewal:
3. The **Insurer** or a company within the same insurance group has offered to issue a renewal policy; or
4. The **Insured** has obtained replacement coverage or agreed in writing to do so.

2. Increase of Premium

If the **Insurer** increases the renewal premium, the **Insurer** will mail or deliver to the **Organization**:

- a. written notice of the intent to increase premium at least 60 days before the effective date of the premium increase.
- b. an estimate of the increase at least 30 days before the effective date of premium increase.

Any notice of nonrenewal or renewal premium increase will be mailed or delivered to the **Organization** at the last known address. If notice is mailed, it will be registered or first class mail. Proof of mailing will be sufficient proof of notice.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.



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**PENNSYLVANIA AMENDATORY ENDORSEMENT**

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1) It is understood and agreed that Sections II(A) and II (B) are hereby deleted in their entirety and replaced with the following:

Section II(A) If this Policy is not renewed or is cancelled, either by the **Organization** or the **Insurer**, for any reason, the **Organization** shall be entitled to acquire an additional reporting period for **Claims** first made against an Insured as set forth below, but only with respect to **Wrongful Acts** committed prior to the end of the **Policy Period**. This additional reporting period shall be referred to as the **Discovery Period**.

Section II(B) If this Policy is not renewed or is cancelled by the **Organization** or the **Insurer** for any reason and the **Organization** pays the **Insurer** any premium due, the **Discovery Period** shall be the period of ninety (90) days from the end of the **Policy Period**, and there shall be no charge for this **Automatic Discovery Period** of ninety (90) days. If prior to the end of the **Automatic Discovery Period** the **Organization** pays the **Insurer** an additional amount equal to forty percent (40%) of the annual premium of this Policy, the term of the **Discovery Period** shall be extended for an additional twelve (12) months from the end of the **Automatic Discovery Period**. The **Insured** shall have no right to purchase this extension of the **Discovery Period** at any later date.

2) It is further understood and agreed that Section II(C) is deleted in its entirety.

3) It is further understood and agreed that Sections II(D) and VIII(B) are hereby deleted in their entirety and replaced with the following:

Section II(D) If the **Insurer** provides a renewal quotation incorporating different terms, conditions, Retention, Limit of Liability or premium with respect to coverage afforded by this Policy, the **Insured** may opt to purchase the **Discovery Period**. Should the **Insured** purchase the **Discovery Period**, the **Insured** may not also accept the renewal quotation.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 2



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**PENNSYLVANIA AMENDATORY ENDORSEMENT**

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Section VIII(B)

It is agreed that the particulars and statements contained in the Proposal Forms submitted to the **Insurer** (and any material submitted therewith) are the representations of the **Insured**, and it is understood that this Policy is issued in reliance upon such representations, which are to be considered as incorporated in and constituting part of this Policy. However, this Policy shall not be voided or rescinded and coverage shall not be excluded as a result of any untrue statement in the Proposal Form, except as to the **Organization**, its **Subsidiaries** and those **Insured Persons** making such statement or having knowledge of its untruth.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, Provisions, agreements or limitations of the above mentioned Policy other than as above stated.



INSURANCE COMPANIES

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**BROADCASTING AND PUBLISHING LIABILITY EXCLUSION**

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It is understood and agreed that this Policy does not apply to any **Claim** made against any **Insured** based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving:

publishing, broadcasting, telecasting, advertising, rebroadcasting or retelevising activities or any activities related thereto.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 3



INSURANCE COMPANIES  
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**Non-Profit Organization  
Executive Protection and  
Employment Practices  
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**ADDITION OF SUBSIDIARY**

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It is understood and agreed that each of the entities listed hereinbelow is hereby expressly added as a **Subsidiary** pursuant to Section III(D) of the Policy, provided, however, that the Qualification Date listed below for each respective **Subsidiary** shall be deemed the date such entity qualified as a **Subsidiary** under the terms of this Policy.

Name

Qualification Date

LOCAL HOUSING ORGANIZATION OF PHI KAPPA  
SIGMA FRATERNITY

04/25/2002

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 4



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**Non-Profit Organization  
Executive Protection and  
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**AMENDMENT TO SECTION III**

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It is understood and agreed that Section III of the Policy is hereby amended as follows:

Section III.G. is deleted in its entirety and replaced with the following:

**G. Loss** shall mean settlements and judgments, including punitive or exemplary damages or the multiple portion of any multiplied damage award, and subject to the provisions of Section V and VI, **Costs of Defense** incurred by the **Insured**, provided always, however, **Loss** shall not include taxes, criminal or civil fines or penalties imposed by law, or any matter which may be deemed uninsurable under the law pursuant to which this Policy shall be construed. It is understood and agreed that the enforceability of the foregoing coverage shall be governed by such applicable law which most favors coverage for punitive or exemplary damages or the multiple portion of any multiplied damage award.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 5



**Non-Profit Organization  
Executive Protection and  
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**AMENDMENT TO SECTION IV**

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It is understood and agreed that Section IV of the Policy is hereby amended as follows:

Part (3) of Exclusion D shall also not apply to **Third Party Claims**.

For purposes of this endorsement, the following definitions shall apply:

**Third Party Claim** shall mean any **Claim** brought by a customer, client or member of the **Organization** or any **Subsidiary** for any **Business Practices Wrongful Act**.

**Business Practices Wrongful Act** shall mean a **Wrongful Act** of discrimination, sexual harassment or the violation of an individual's civil rights related to such discrimination or sexual harassment.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 6



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**Non-Profit Organization  
Executive Protection and  
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**AMENDMENT TO SECTION IV**

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It is understood and agreed that Section IV of the Policy is hereby amended as follows:

IV. G. is hereby deleted and replaced with the following:

G. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving actual or alleged seepage, pollution, radiation, emission, contamination or irritant of any kind, including but not limited to smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, asbestos, chemicals or waste.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 7



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**Non-Profit Organization  
Executive Protection and  
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**AMENDMENT TO SECTION IV**

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It is understood and agreed that Section IV of the Policy is hereby amended as follows:

Section IV. D. is deleted and replaced with the following:

- D. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of , or any way involving: (1) bodily injury, sickness, disease or death of any person, assault, or battery; or (2) damage to or destruction of any tangible property, including the loss of use thereof; or (3) negligent hiring, retention or supervision; or (4) mental anguish or emotional distress; provided, however, that parts (3) and (4) of this exclusion shall not apply to any **Claim** brought by or on behalf of any past, present or prospective **Insured Person** for an **Employment Practices Wrongful Act** or to any **Claim** for **Personal Injury**;

For purposes of coverage provided by this endorsement the following definition shall apply:

**Personal Injury** shall mean any actual or alleged invasion of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, libel or slander.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, Provisions, agreements or limitations of the above mentioned Policy other than as above stated.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION  
Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B  
Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 8



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**Non-Profit Organization  
Executive Protection and  
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**AMENDMENT TO SECTION V**

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It is understood and agreed that Section V of the Policy is hereby amended as follows:

Section V. C. is deleted and replaced with the following:

- C. **Costs of Defense** incurred by the **Insurer** shall be in addition to the Limit of Liability, and such **Costs of Defense** shall be subject to the Retention amount. If **Costs of Defense** are incurred by the **Insured** with the **Insurer's** consent, such **Costs of Defense** shall be considered **Loss** and thus shall be subject to the Limit of Liability and Retentions

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, Provisions, agreements or limitations of the above mentioned Policy other than as above stated.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 9



**Non-Profit Organization  
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Insurance Policy**

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**AMENDMENT TO SECTION VIII**

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It is understood and agreed that Section VIII of the Policy is hereby amended as follows:

**Section VIII. Elite Coverage Amendments L.**

It is understood and agreed that the following changes are made to the Policy:

1. Section III.C. of the Policy is amended with the addition of the following:

**C. "Insured Persons"** shall also mean the lawful spouses, estates, heirs, legal representatives or assigns, in the event of their death, incapacity or bankruptcy, of all **Insured Persons** but only for **Claims** arising out of any actual or alleged **Wrongful Act(s)** of any **Insured Persons**.

2. Section III. D. of the Policy is deleted and replaced with the following wording:

**D. "Subsidiary"** shall mean: (1) any entity which qualifies as a not-for-profit organization under the Internal Revenue Code, other than a political committee organized pursuant to Section 432 of the Federal Election Campaign Act of 1971 (and amendments thereto), and for which the **Organization** controls the right to elect or appoint more than fifty percent (50%) of the Board of Directors or other governing body of such entity; (2) any similar not-for-profit organization which was subsequently created or acquired by the **Organization** after the inception date of this Policy, if the entity's total assets do not exceed twenty-five percent (25%) of the total consolidated assets of the **Organization** as of the inception date of this Policy; or (3) any other entity added as a **Subsidiary** by written endorsement to this Policy. Coverage shall apply to a **Subsidiary** only for **Wrongful Acts** committed during the time such entity so qualified as a **Subsidiary**.

3. Section III.E. of the Policy is amended with the addition of the following:

**E. "Wrongful Act"** shall also mean any matter claimed against any **Insured Persons** solely by reason of their status with the **Organization**.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 10

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**AMENDMENT TO SECTION VIII**

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4. Section III.G. of the Policy is amended with the addition of the following:

- G.** “**Loss**” shall also mean any 10% “excess benefit” tax assessed by the Internal Revenue Service against any **Insured Person** pursuant to 26 USC Section 4958 (a)(2) for participation by management in an excess benefit transaction.

“**Loss**” shall not include any 25% “excess benefit” tax assessed by the Internal Revenue Service against any **Insured Person** as a “disqualified person” or any 200% “excess benefit” tax for failure to correct the award of the “excess benefit” pursuant to 26 USC Sections 4958 (a)(1) and (b), respectively.

For purposes of this endorsement, “disqualified person”, “excess benefit” and “excess benefit transaction” shall be defined as those terms are defined in Section 4958 of the Internal Revenue Code.

5. Section IV.A. is hereby deleted and replaced with the following:

- A.** brought about or contributed to by: (1) any **Insured** gaining any profit, advantage or remuneration to which the **Insured** was not legally entitled; or (2) the fraudulent, dishonest or criminal acts of any **Insured**; provided, however, this exclusion shall only apply if it is finally adjudicated that such conduct in fact occurred; and the **Wrongful Act** of an **Insured Person** shall not be imputed to any other **Insured Person** for the purpose of determining the applicability of this exclusion;

6. Section IV.B. is hereby deleted and replaced with the following:

- B.** to the extent it is insured under any other valid and collectible policy or policies, whether such insurance is stated to be primary, contributory, excess, contingent or otherwise, and regardless of whether or not any **Loss** in connection with such **Claim** is recoverable under such other policy or policies; provided, however, this exclusion shall not apply to the amount of **Loss** which is in excess of the amount of any deductible or retention amounts and the limit of liability of such other policy or policies where such **Claim** is otherwise covered by the terms and conditions of this Policy;

7. Section IV.E. is hereby deleted and replaced with the following:

- E.** for any actual or alleged violation of the Employment Retirement Income Security Act of 1974 (or any regulations promulgated thereunder) or similar provision of any statutory or common law;

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**AMENDMENT TO SECTION VIII**

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8. Section VI.B. is deleted and replaced with the following:

- B.** The **Insurer** has the right to investigate and settle any **Claim**, as it deems expedient. In the event the **Insurer** recommends a settlement and the **Insured** refuses to consent thereto, the **Insurer's** liability for such **Claim** is limited to the amount in excess of the Retention which the **Insurer** would have contributed to the settlement had the **Insured** consented to settlement, the **Costs of Defense** covered by the Policy and incurred prior to the date of such refusal to settle, and seventy percent (70%) of any additional covered **Loss**, including **Costs of Defense**, incurred subsequent to such refusal and subject to the Limit of Liability.

In the event the **Insured** refuses to consent to a settlement as contemplated above then Section V.C. of the Policy is hereby deleted and replaced with the following:

- C.** **Costs of Defense** incurred by the **Insurer** shall be in addition to the Limit of Liability, and such **Costs of Defense** shall be subject to the Retention amount. If **Costs of Defense** are incurred by the **Insured** with the **Insurer's** consent, such **Costs of Defense** shall be considered **Loss** and thus shall be subject to the Limit of Liability and Retentions

9. It is understood and agreed that Section VII.A. is deleted and replaced with the following:

- A.** The **Insureds** shall, as a condition precedent of their rights under this Policy, give the Insurer notice in writing of any **Claim** made, as soon as practicable from the date the Chairman, President, Executive Director, Chief Financial Officer, General Counsel or equivalent has knowledge of the **Claim**, and in no event later than ninety (90) days after the end of the **Policy Period**.

10. It is understood and agreed that Section VIII.A.(2) is deleted and replaced with the following:

- (2) This Policy may only be cancelled by the **Insurer** if the **Organization** does not pay the premium when due.

11. It is understood and agreed that Section VIII. is amended by the addition of the following:

**VIII. M. Territory**

The insurance provided by this Policy applies to **Wrongful Acts** anywhere in the world, provided that a **Claim** is brought against the **Insured** within the United States of America, its territories or possessions or Canada.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, Provisions, agreements or limitations of the above mentioned Policy other than as above stated.



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**AMENDMENT TO DECLARATIONS PAGE**

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It is understood and agreed that the Declarations is hereby amended by the addition of the following:

Item 9. **Act of Terrorism** Premium: \$ 0.00

It is further understood and agreed form TA0001 Policyholder Disclosure Offer of Terrorism Coverage is attached to and is to be considered as incorporated in and constituting a part of this Policy.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 11



**Non-Profit Organization  
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**COVERAGE FOR ACTS OF TERRORISM**

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It is understood and agreed that Section VIII. General Conditions of the Policy is hereby amended by the addition of the following:

Section VIII. General Conditions

**K. Act of Terrorism Coverage**

Subject to all other terms and conditions of this Policy, coverage is available for **Loss** caused by an **Act of Terrorism** as defined below.

**"Act of Terrorism"** means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States. -

- (i) to be an act of terrorism;
- (ii) to be a violent act or an act that is dangerous to -
  - (I) human life;
  - (II) property; or
  - (III) infrastructure;
- (iii) to have resulted in damage within the United States, or outside of the United States in the case of -
  - (I) an air carrier or vessel described in Section (5)(B) of the Terrorism Risk Insurance Act of 2002; or
  - (II) the premises of a United States mission; and
- (iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

With respect to any one or more **Acts of Terrorism** under the Terrorism Risk Insurance Act of 2002, we will not pay any amounts for which we are not responsible under the terms of that Act (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

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Insured: PHI KAPPA SIGMA FRATERNITY/ PHI KAPPA SIGMA FOUNDATION

Policy Period: May 1, 2008 to May 1, 2010 Policy Number: AUN9426624B

Countersigned by: \_\_\_\_\_ Endorsement Effective Date: May 1, 2008  
*Authorized Representative*

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Endorsement Number: 12



INSURANCE COMPANIES

580 Walnut Street, Cincinnati, OH 45202

## **POLICYHOLDER DISCLOSURE OFFER OF TERRORISM COVERAGE**

The Terrorism Risk Insurance Act of 2002 (the Act) establishes a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an Act of Terrorism. The Act provides that, to be certified, an Act of Terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States.

The United States Government, Department of Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

In accordance with the Terrorism Risk Insurance Act of 2002, we are required to offer you coverage for losses resulting from an act of terrorism that is certified pursuant to the Terms of the Act as an Act of Terrorism committed by an individual(s) acting on behalf of a foreign person or foreign interest. All other provisions of this policy will still apply to such an act. That is, a loss will not be excluded or covered just because it was caused by an Act of Terrorism.

The portion of the annual premium that is attributable to coverage for Acts of Terrorism that are certified under the Terrorism Risk Insurance Act of 2002 is \$ 0.00 .

All other terms or conditions of the policy remain unchanged.

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Non-Profit Organization Executive  
Protection and Employment Practices  
Liability Insurance Policy

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In consideration of the payment of the premium and in reliance upon all statements made and information furnished to the company shown in the Declarations (a stock insurance company, hereinafter called the **Insurer**), including the statements made in the Proposal Form and subject to all terms, conditions and limitations of this Policy, the **Insured** and **Insurer** agree:

### Section I. Insuring Agreement

If during the **Policy Period** or the **Discovery Period** any **Claim** is first made against an **Insured** for a **Wrongful Act**, including an **Employment Practices Wrongful Act**, the **Insurer** shall pay on their behalf **Loss** resulting from such **Claim**. The **Insurer** has the right and duty to defend any **Claim** to which this insurance applies, even if the allegations of the **Claim** are groundless, false or fraudulent.

### Section II. Discovery Period

- A. If this Policy is not renewed or is cancelled, either by the **Organization** or the **Insurer**, for any reason other than non-payment of premium, the **Organization** shall be entitled to acquire an additional reporting period for **Claims** first made against an **Insured** as set forth below, but only with respect to **Wrongful Acts** committed prior to the end of the **Policy Period**. This additional reporting period shall be referred to as the **Discovery Period**.
- B. If this Policy is not renewed or is cancelled by the **Insurer** for any reason other than non-payment of premium, the **Discovery Period** shall be the period of ninety (90) days from the end of the **Policy Period**, and there shall be no charge for this **Automatic Discovery Period** of ninety (90) days. If prior to the end of the **Automatic Discovery Period** the **Organization** pays the **Insurer** an additional amount equal to forty percent (40%) of the annual premium of this Policy, the term of the **Discovery Period** shall be extended for an additional twelve (12) months from the end of the **Automatic Discovery Period**. The **Insured** shall have no right to purchase this extension of the **Discovery Period** at any later date.
- C. If this Policy is not renewed or cancelled by the **Organization**, the **Organization** may purchase a **Discovery Period** of twelve (12) months from the end of the **Policy Period**, provided that the **Organization** pays the **Insurer** an additional amount equal to forty percent (40%) of the annual premium of this Policy within thirty (30) days of the end of the **Policy Period**. The **Organization** shall have no right to purchase this **Discovery Period** at any later date.
- D. A renewal quotation by the **Insurer** incorporating different terms, conditions, Retention, Limit of Liability or premium with respect to the coverage afforded by this Policy shall not be deemed to constitute a refusal to renew by the **Insurer** for the purpose of determining the right to the **Discovery Period**.
- E. The fact that this Policy may be extended by virtue of the **Discovery Period** shall not in any way increase the Limit of Liability stated in Item 3 of the Declarations. For purposes of the Limit of Liability, the **Discovery Period** is considered to be part of and not in addition to the last **Policy Year**.

### Section III. Definitions

- A. "**Organization**" shall mean the entity named in Item 1 of the Declarations.
- B. "**Insured**" shall mean the **Organization** and any **Subsidiary** and all **Insured Persons**.
- C. "**Insured Persons**" shall mean all persons who were, now are, or shall be directors, trustees, officers, employees, volunteers or staff members of the **Organization** or its **Subsidiaries**, including any executive board members and committee members whether salaried or not.

- D. "**Subsidiary**" shall mean any entity which qualifies as a not-for-profit organization under the Internal Revenue Code, other than a political committee organized pursuant to Section 432 of the Federal Election Campaign Act of 1971 (and amendments thereto), and for which the **Organization** has or controls the right to elect or appoint more than fifty percent (50%) of the Board of Directors or other governing body of such entity, or any other entity added as a **Subsidiary** by written endorsement to this Policy. Coverage shall apply to a **Subsidiary** only for **Wrongful Acts** committed during the time such entity so qualified as a **Subsidiary**.
- E. "**Wrongful Act**" shall mean any actual or alleged error, misstatement, misleading statement, act or omission, neglect or breach of duty, or **Employment Practices Wrongful Act** by the **Organization**, and/or a **Subsidiary**, and/or any **Insured Persons** acting in their capacity with the **Organization** or a **Subsidiary**.
- F. "**Employment Practices Wrongful Act**" shall mean: (1) wrongful dismissal, discharge or termination of employment, whether actual or constructive; (2) employment related misrepresentation; (3) violation of employment laws; (4) sexual or workplace harassment of any kind; (5) discrimination; (6) wrongful failure to employ or promote; (7) wrongful discipline; (8) wrongful deprivation of career opportunity including a wrongful failure to hire or promote; (9) failure to grant tenure; (10) negligent evaluation; (11) retaliation; and/or (12) failure to provide adequate workplace or employment policies or procedures.
- G. "**Loss**" shall mean settlements and judgments, and subject to the provisions of Section V and Section VI, **Costs of Defense** incurred by the **Insured**, provided always, however, **Loss** shall not include taxes, criminal or civil fines or penalties imposed by law, punitive or exemplary damages, or the amount of any multiple damage award which is in excess of the damage award which was so multiplied, or any matter which may be deemed uninsurable under the law pursuant to which this Policy shall be construed.
- H. "**Costs of Defense**" shall mean any reasonable and necessary legal fees and expenses incurred in defense of any **Claim** and appeals therefrom, and cost of attachment or similar bonds (but without any obligation on the part of the **Insurer** to apply for or furnish such bonds); provided, however, **Costs of Defense** shall not include: (1) salaries, wages, overhead or benefit expenses associated with any **Insured**; and (2) any amounts incurred in defense of any **Claim** which any other insurer has a duty to defend, regardless of whether or not such other insurer undertakes such duty.
- I. "**Policy Year**" shall mean the period of one year following the effective date and hour of this Policy or the period of one year following any anniversary date thereof falling within the **Policy Period**; or if the time between the effective date or any anniversary date and the termination of this Policy is less than one year, such lesser period. Any **Discovery Period** shall be considered part of and not in addition to the last **Policy Year**.
- J. "**Policy Period**" shall mean the period from the inception of this Policy to the Policy expiration date stated in Item 2 of the Declarations or its earlier termination, if any.
- K. "**Claim**" shall mean: (1) any proceeding initiated against an **Insured**, including any appeals therefrom, before (a) any governmental body which is legally authorized to render an enforceable judgment or order for money damages or other relief against such **Insured**, or (b) the Equal Employment Opportunity Commission, or any similar governmental body whose purpose is to address employment practices; or (2) any written demand seeking money damages for a **Wrongful Act**.

- L. "Related Wrongful Acts" shall mean **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event or decision.

#### Section IV. Exclusions

This Policy does not apply to any **Claim** made against any **Insured**:

- A. brought about or contributed to in fact by: (1) any **Insured** gaining any profit, advantage or remuneration to which the **Insured** was not legally entitled; or (2) the fraudulent, dishonest or criminal acts of any **Insured**; however, the **Wrongful Act** of an **Insured Person** shall not be imputed to any other **Insured Person** for the purpose of determining the applicability of this exclusion;
- B. to the extent it is insured under any other valid policy or policies, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, and regardless of whether or not any **Loss** in connection with such **Claim** is recoverable under such other policy or policies; provided, however, this exclusion shall not apply to the amount of **Loss** which is excess of the amount of any deductible or retention amounts and the limit of liability of such other policy or policies where such **Claim** is otherwise covered by the terms and conditions of this Policy;
- C. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving:
- (1) any **Wrongful Act** or any fact, circumstance or situation which is the subject of any notice given by any **Insured** during the policy period or any extension thereof of any prior policy providing coverage similar to that provided herein, or which has been the subject of any **Claim** made prior to the effective date of this Policy; or
  - (2) any prior and/or pending civil, criminal, administrative or investigative proceeding initiated against any **Insured** as of the date stated in Item 8 of the Declarations;
- D. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or any way involving: (1) bodily injury, sickness, disease or death of any person, assault, or battery; or (2) damage to or destruction of any tangible property, including the loss of use thereof; or (3) mental anguish, emotional distress, invasion of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, libel or slander; provided, however, that part (3) of this exclusion shall not apply to any **Claim** brought by or on behalf of any past, present or prospective **Insured Person** for an **Employment Practices Wrongful Act**;
- E. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged violation of the Employee Retirement Income Security Act of 1974 (or any regulations promulgated thereunder) or similar provision of any statutory or common law;
- F. for any wrongful act of an **Insured Person** in their capacity as a director, officer or employee of an entity other than the **Organization** or a **Subsidiary**, even if directed or requested to serve such other entity, except where this Policy has been specifically endorsed to provide such extension of coverage;
- G. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving actual or alleged seepage, pollution, radiation, emission or contamination of any kind;
- H. by, or for the benefit of, or at the behest of the **Organization** or a **Subsidiary** or any entity which controls, is controlled by, or is under common control with the **Organization** or a **Subsidiary**, or any person or entity which succeeds to the interest of the **Organization** or a **Subsidiary**;
- I. for any actual or alleged liability of any **Insured** under any contract or agreement, express or implied, written or oral, except for employment related obligations which would have attached absent such contract or agreement;

- J. for any obligation of the **Organization** or a **Subsidiary** to modify any building or property in order to affect compliance with municipal, state or federal law.

#### Section V. Limit of Liability

- A. The **Insurer** shall be liable to pay one hundred percent (100%) of **Loss** in excess of the Retention stated in Item 4 of the Declarations. The **Insurer's** maximum Limit of Liability for the aggregate amount of **Loss** resulting from all **Claims** deemed to have been made in a **Policy Year** shall be the amount shown in Item 3 of the Declarations.
- B. More than one **Claim** involving the same **Wrongful Act** or **Related Wrongful Acts** of one or more **Insureds** shall be considered a single **Claim**, and only one Retention shall be applicable to such single **Claim**. All such **Claims**, constituting a single **Claim** shall be deemed to have been made on the earlier of the following dates: (1) the earliest date on which any such **Claim** was first made; or (2) the earliest date on which any such **Wrongful Act** or **Related Wrongful Act** was reported under this Policy or any other policy providing similar coverage.
- C. **Costs of Defense** incurred by the **Insurer** shall be in addition to the Limit of Liability, and such **Costs of Defense** shall not be subject to the Retention amount. If **Costs of Defense** are incurred by the **Insured** with the **Insurer's** consent, such **Costs of Defense** shall be considered **Loss** and thus shall be subject to the Limit of Liability and Retention.
- D. With respect to all **Claims** deemed to have been made in a **Policy Year**, should the Limit of Liability be exhausted by payment of **Loss** resulting from one or more of such **Claims**, the **Insurer's** duty to defend shall cease and any and all obligations of the **Insurer** hereunder shall be deemed to be completely fulfilled and extinguished and the **Insurer** shall have no further obligations hereunder of any kind or nature.

#### Section VI. Costs of Defense and Settlements

- A. No **Insured** shall admit liability, offer to settle, or incur **Costs of Defense** in connection with any **Claim** without the **Insurer's** prior written consent. Such consent shall not be unreasonably withheld. The **Insured** shall provide the **Insurer** with full cooperation and all information which would reasonably be required in order to allow the **Insurer** to reach a decision as to such consent. Any **Costs of Defense** incurred and/or settlements agreed to prior to the **Insurer's** consent thereto shall not be covered hereunder.
- B. The **Insurer** has the right to investigate and settle any **Claim**, as it deems expedient. In the event the **Insurer** recommends a settlement and the **Insured** refuses to consent thereto, the **Insurer** shall be released from any obligation to further defend such **Claim**. Subject to the Limit of Liability, the **Insurer's** liability for such **Claim** is limited to the amount in excess of the Retention which the **Insurer** would have contributed to the settlement had the **Insured** consented to settlement, plus **Costs of Defense** covered by the Policy incurred prior to the date of such refusal to settle.

#### Section VII. Notice of Claim

- A. The **Insureds** shall, as a condition precedent of their rights under this Policy, give the **Insurer** notice in writing of any **Claim** made, as soon as practicable.
- B. If during the **Policy Period** or **Discovery Period** the **Insured** first becomes aware of a specific **Wrongful Act**, and if the **Insured** gives written notice to the **Insurer** as soon as practicable of (1) the specific **Wrongful Act**; (2) the injury or damage which has or may result therefrom; and (3) the circumstances by which the **Insured** first became aware thereof; then any **Claim** arising out of such **Wrongful Act** which is subsequently made against the **Insured** and not otherwise excluded by the terms of the Policy shall be deemed to have been made at the time the **Insurer** received such written notice from the **Insured**.

- C. In addition to furnishing the notice as provided in Section VII A or B the **Insured** shall, as soon as practicable, furnish the **Insurer** with copies of reports, investigations, pleadings and other papers in connection therewith.
- D. Notice to the **Insurer** as provided in Section VII A or B shall be given to:

**AUSCO**  
**A DIVISION OF FINANCIAL AND PROFESSIONAL**  
**RISK SOLUTIONS, INC.**  
**200 E. RANDOLPH STREET, SUITE 1700**  
**CHICAGO, IL 60601**

**Section VIII. General Conditions**

**A. Cancellation or Non-Renewal**

- (1) This Policy may be cancelled by the **Organization** at any time by written notice to the **Insurer**. Upon cancellation, the **Insurer** shall retain the customary short rate portion of the premium.
- (2) This Policy may be cancelled by or on behalf of the **Insurer** by delivering to the **Organization** at the address stated in Item 1 of the Declarations, written notice stating when, not less than ninety (90) days thereafter, the cancellation shall be effective. The delivery of such notice shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice. Upon cancellation, the **Insurer** shall retain the pro-rata portion of the premium. Payment or tender of any unearned premium by the **Insurer** shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.
- (3) If the **Insurer** elects not to renew this Policy, the **Insurer** shall provide the **Organization** with not less than ninety (90) days advance notice thereof.

**B. Proposal Form**

It is agreed that the particulars and statements contained in Proposal Forms submitted to the **Insurer** (and any material submitted therewith) are the representations of the **Insured**, and it is understood that such representations are material and that this Policy is issued in reliance upon such representations, which are to be considered as incorporated in and constituting part of this Policy. However, this Policy shall not be voided or rescinded and coverage shall not be excluded as a result of any untrue statement in the Proposal Form, except as to the **Organization**, its **Subsidiaries** and those **Insured Persons** making such statement or having knowledge of its untruth.

**C. Action Against the Insurer**

- (1) No action shall be taken against the **Insurer** unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy, and until the **Insured's** obligation to pay shall have been finally determined by an adjudication against the **Insured** or by written agreement of the **Insured**, claimant and the **Insurer**.
- (2) No person or organization shall have any right under this Policy to join the **Insurer** as a party to any **Claim** against any **Insured** nor shall the **Insurer** be impleaded by any **Insured** or their legal representative in any such **Claim**.

**D. Conversion to Run-Off Coverage**

If prior to the end of the **Policy Period**, another organization acquires substantially all of the assets of the **Organization**, or the **Organization** merges into another organization, or the **Organization** ceases to qualify as a not-for-profit organization under the Internal Revenue Code (such events hereinafter referred to as **Transaction**), then:

- (1) the **Organization** must give written notice of such **Transaction** to the **Insurer** within thirty (30) days after the effective date of such **Transaction**, and provide the **Insurer** with such information as the **Insurer** may deem necessary; and
- (2) this Policy, including the **Discovery Period** if elected, shall apply, but only with respect to any **Wrongful Act** committed prior to the effective date of such **Transaction**.

**E. Subrogation**

In the event of any payment under this Policy, the **Insurer** shall be subrogated to all of the rights to recovery of the **Insured** and the **Insured** shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents as may be necessary to enable the **Insurer** to effectively bring suit in the name of any **Insured**.

**F. Assignment**

Assignment of interest under this Policy shall not bind the **Insurer** until its consent is endorsed hereon.

**G. Conformity to Law**

Any terms of this Policy which are in conflict with the terms of any applicable laws are hereby amended to conform to such laws.

**H. Entire Agreement**

By acceptance of this Policy, the **Insured** and the **Insurer** agree that this Policy (including the Proposal Forms submitted to the **Insurer** and any materials submitted therewith) and any written endorsements attached hereto constitute the entire agreement between the parties.

**I. Organization Represents Insured**

By acceptance of this Policy, the **Organization** shall be designated to act on behalf of the **Insureds** for all purposes including, but not limited to, giving and receiving of all notices and correspondence, the cancellation or non-renewal of this Policy, the payment of premiums, and the receipt of any return premiums that may be due under this Policy.

**J. Representative of the Insurer**

**AUSCO, A division of Financial and Professional Risk Solutions, Inc., 200 E. Randolph Street, Suite 1700, Chicago, Illinois 60601** shall act on behalf of the **Insurer** for all purposes including, but not limited to, the giving and receiving of all notices and correspondence.

In witness whereof the **Insurer** has caused this Policy to be signed by its President and Secretary and countersigned, if required, on the Declarations page by a duly authorized agent of the **Insurer**.

GREAT AMERICAN INSURANCE COMPANIES

  
 Secretary

  
 President

**Non-Profit Organization  
Executive Protection and  
Employment Practices Liability  
Insurance Renewal Proposal  
Short Form**

1. Name of Organization Phi Kappa Sigma Fraternity & Foundation <sup>Phi Kappa Sigma</sup>  
Principal Address 2 Timber Dr  
City Chester Springs State Pa Zip Code 19425  
Contact Hamilton F. Smith Title Executive Director
2. Number of Employees 4 Turnover rate in past 12 months Net - 2
3. Annual Salary/Wages Expense \$ 208,449 (FYE 7-31-07)
4. Total Assets \$ 1,067,752
5. Has there been any change in the Organization's legal structure, purpose(s), tax status or the nature of operations during the past 12 months? If "Yes", please attach details.  Yes  No
6. Is the Organization or any of its Subsidiaries involved in or presently considering any merger, consolidation, acquisition, divestment or sale of a portion of its business or has a similar transaction been considered or completed during the past 12 months? If "Yes", please attach details.  Yes  No
7. Has there been during the last year, or are there now pending, any civil, criminal, administrative or arbitration proceedings (including any proceeding initiated before the Equal Employment Opportunity Commission) brought against the Organization or any of its Subsidiaries, or any proposed Insured?  Yes  No  
If "Yes" to any of the above, provide details in an attachment to this Proposal Form including the total defense costs, judgments and/or settlements.

**NOTICE TO ARKANSAS APPLICANTS:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit, or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

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

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

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

Also provide: Agent name \_\_\_\_\_ License number \_\_\_\_\_

APS 2/11/08  
1

IOWA APPLICANTS:

Submitted by \_\_\_\_\_ Date \_\_\_\_\_  
(PRODUCER)

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

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

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

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

NOTICE TO NEW YORK APPLICANTS: Any person who, knowingly and with intent to defraud any insurance company or other person, files an application for insurance containing any materially false information, or conceals for the purpose of misleading and fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty not to exceed five thousand dollars (\$5,000.00) and the stated value for each such violation.

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

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

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

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

The undersigned President (or Executive Director) declares that to the best of his/her knowledge the statements set forth herein are true and correct and that reasonable efforts have been made to obtain sufficient information from each and every proposed Insured to facilitate the proper and accurate completion of this Proposal Form. The undersigned further agrees that if any significant adverse change in the condition of the applicant is discovered between the date of this Proposal Form and the effective date of the Policy, which would render this Proposal Form inaccurate or incomplete, notice of such change will be reported in writing to the Insurer immediately. The signing of this Proposal Form does not bind the undersigned to purchase the insurance, but it is agreed that this Proposal Form and any material submitted therewith are the representations of the proposed Insureds and are material. It is further agreed that this Proposal Form and any material submitted therewith shall be the basis of the contract should a Policy be issued, and this Proposal Form and any attachments thereto will be attached to and become a part of the Policy.

*MJS - 2/11/08*

It is represented that the particulars and statements contained in this Proposal Form are true and are the basis of the Policy and are to be considered as incorporated in and constituting part of the Policy. However, the Policy shall not be voided or rescinded and coverage shall not be excluded as a result of any untrue statement in this Proposal Form, except as to the Organization, its Subsidiaries and those Insured Persons making such untrue statement or having knowledge of its untruth.

By Hamilton F. Smith Date 2/11/08  
SIGNATURE OF PRESIDENT OR EXECUTIVE DIRECTOR

Title Executive Director

**A POLICY CANNOT BE ISSUED UNLESS THE PROPOSAL FORM IS PROPERLY SIGNED AND DATED.**

**PLEASE NOTE: A copy of the Organization's latest annual report or annual audit/examination or internal financial statement must be provided at the time the completed Proposal Form is submitted. This Proposal Form, including any material submitted therewith, shall be treated in strictest confidence.**

Please submit this Proposal Form including documentation to:

AUSCO, A division of,  
Financial and Professional Risk Solutions, Inc.  
200 East Randolph Street, 17<sup>th</sup> Floor  
CHICAGO, ILLINOIS 60601  
Ph (312) 381-2920 Fx (312) 381-6246

*Handwritten initials and date:* HFS 2/11/08