

Smithbucklin Client Insurance Program

Summary of Insurance Coverages (2024-25)

Smithbucklin has developed an insurance program for its association management clients (“Program”). Upon a client’s election to participate, Smithbucklin will enroll such association (including its chapters, if such coverage is selected) in the Program and confirm participation in the annual Attachment II of such client’s service agreement with Smithbucklin.

Executive Directors should annually collaborate with their client’s board of directors and attorney to evaluate the association’s operational risks and determine the right types and amounts of insurance to procure for such risks. While the Program contains the basic coverages that all associations should maintain, **the Program may not possess all the right policies and coverage amounts to cover all of a client organization’s risks and additional policies or enhanced coverage limits may need to be purchased.** Please contact Michele Brown or Michael Silverman if additional policies or increased coverage limits are needed.

The following is a summary of the policies and coverages of the Program:

I. **Directors and Officers Liability:**

Non-profit organization liability insurance for full-service associations, while being managed by SmithBucklin Corporation (“Smithbucklin”) (and their chapters, if such coverage is elected) is provided with a minimum limit of \$1,000,000 and a \$2,500 deductible for all claims other than those involving Employment Practices Liability (EPL). Each association has a policy with its own limit of liability. Some associations carry higher limits of liability and/or deductibles. ***Terms & conditions might vary by association.***

The policy covers the following:

A. **Insured Persons:**

- (1) The Entity (non-profit association or corporation) including non-profit subsidiaries owned and controlled more than 50% by the Entity.
- (2) Any individual who was, now is, or shall be a past, present, or future duly elected or appointed director, officer, trustee, manager, committee member or in-house counsel; and past, present, or future employee, or volunteer, or any person acting as an agent with respect to the scope of such agent’s authorized activities for the Entity.
- (3) Coverage is also extended to lawful spouses/domestic partners.
- (4) Outside Directorship: Executive position held by an Insured Person at the specific request of the Organization in any Outside 501(c)(3) of Internal Revenue Code of 1986 or amended Entity, and held by an Insured Person with the approval of any Organization as a director, officer, governor, trustee, or committee member of Outside Entity.
- (5) Estate, heir, legal representative or assigns in the event of death, incapacity or bankruptcy

B. Wrongful Acts – Any actual or alleged negligent act, error or omission, misstatement, misleading statement, or breach of duty by an insured while performing the Association’s business.

C. Defense Costs – Pays all legal costs incurred in the course of defending a covered lawsuit. A \$1,000,000 defense limit outside of the limit of liability is provided. This is subject to the liability limit not being exhausted in the settlement of a claim. .

- D. **Publisher’s Liability** – Claims arising out of defamation, including but not limited to libel or slander, or a publication or utterance in the course of or related to advertising, broadcasting, or telecasting activities conducted by or on behalf of the Entity. This coverage is designed for newsletters and other printed material by members. It is not intended for an association’s magazine publishing as it does not contemplate some of the issues relating to the publishing of a magazine. It is limited to infringement of copyright or trademark or unauthorized use of title; or plagiarism or misappropriation of ideas.

- E. **Personal Injury** – Claims arising out of false arrest, wrongful detention or imprisonment or malicious prosecution; libel, slander, defamation of character, or publication of material in violation of an individual’s right to privacy; or, wrongful entry or eviction or the right to privacy.

- F. **Employment Practice Liability including 3rd-Party Employment Practices Liability** – Wrongful dismissal, discharge or termination; sexual or workplace harassment; employment related retaliation; and wrongful failure to employ or promote.

- G. **Anti-Trust Coverage** – No affirmative coverage; subject to policy exclusions.

- H. **Claim** –
 - (1) Written demand for monetary damages;
 - (2) Civil proceeding commenced by the service of a complaint or similar pleading;
 - (3) Criminal proceeding commenced by the return of an indictment; or
 - (4) Formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigation order or similar document.

- I. **Loss** – Amount legally liable to pay on account of any claim made against the insuree for Wrongful Acts for which the insurance applies, including, but not limited to:
 - (1) Damages (including punitive or exemplary damages, if and to the extent that such punitive or exemplary damages are insurable under the law of the jurisdiction most favorable to the insurability of such damages provided such jurisdiction has a substantial relationship to the relevant Insureds, to the Insurer, or to the claim giving rise to the damages);
 - (2) Judgments;
 - (3) Settlements;
 - (4) Pre-judgment and post-judgment interest;
 - (5) Excess benefit transaction excise taxes; and
 - (6) Defense costs.

- J. **Punitive Damages** – Where insurable under law, most favorable jurisdiction.

- K. **Major Exclusions** include, but are not limited to claims based upon, alleging or arising out of:
 - (1) Gaining of any personal profit or advantage to which the insured is not legally entitled; subject to final and non-appealable judgment or adjudication.
 - (2) Committing any deliberate or intentional criminal, malicious, fraudulent or dishonest acts, subject to final and non-appealable judgment or adjudication.
 - (3) Bodily injury, sickness, diseases, or death; and property damage including loss of use.
 - (4) Fiduciary capacity with respect to employee benefits plans, including ERISA.
 - (5) Violation of statute or ordinance with knowledge or consent of insured.
 - (6) Pollution.

- (7) Capacity or business enterprise other than with the organization.
- (8) Criminal proceedings.
- (9) Contractual liability; except liability insured has in the absence of an agreement or contract.
- (10) Any written, oral, express, or implied contract or agreement, except Employment Practices Liability, and that part of a claim that is defense costs.
- (11) Professional services including Medical Malpractice.
- (12) Violation of work-related Acts; except Equal Pay Act.
- (13) Civil or criminal fines or penalties; taxes.
- (14) Any matter deemed uninsurable under law.
- (15) Pending and prior litigation.
- (16) Nuclear.
- (17) Insured versus insured.
- (18) Anti-Trust, peer review and credentialing.
- (19) Certification, Accreditation or Standard Setting.
- (20) Biometric Information Privacy Act (BIPA).
- (21) Breach of contract.
- (22) Intellectual property/trademark.
- (23) Infringement of patent or misappropriation of intellectual property, ideas or trade secrets, except publishers liability wrongful act. Defense only in some situations.
- (24) COBRA, OSHA, FLSA (except Equal Pay Act), WARN, NLRA, except retaliation.
- (25) ERISA of 1974 and similar acts, except employment claim for retaliation.
- (26) Publishing/broadcasting.
- (27) Prior knowledge and/or prior to effective date coverage.
- (28) Privacy and Breach, Side-A Carveback.
- (29) Securities act or sky blue laws, etc.
- (30) Workers compensation and other related laws.
- (31) Other than defense costs for:
 - Benefits due or become due or equivalent value of such benefits, except employment claims for wrongful termination.
 - Americans with disability act, civil rights act of 1964, or amended; non-monetary relief.

L. Coverage Territory – Worldwide.

M. 12-Month Discovery Period – Provides a 12-calendar month extension, following the cancellation or non-renewal of the Association’s coverage, for reporting only those claims with a loss date prior to the cancellation/expiration date of the policy. An additional cost would apply; which is a percentage of the annual premium. Written notice of the association’s intention and payment of the additional premium must be provided to the insurance company within 30-days of the cancellation or non-renewal. This discovery period does not increase the limit of liability.

For an additional premium, designated chapters of an association can be added. They would share in the liability limit of this coverage for the association.

The following summarizes additional coverages provided to associations enrolled in the Program. For general liability policies, the limits below are combined limits for all associations and Smithbucklin.

II. Coverage Anywhere in the World

A. Commercial General Liability – 3rd party liability claims arising out of negligent acts, resulting in injury or damage, committed at meetings, trade shows, and conventions run by Smithbucklin on behalf of a managed or controlled Association. Protects Smithbucklin, associations, and volunteers.

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| (1) | Bodily injury (accidental injury, sickness or disease), or Property Damage (to tangible property of others) combined | \$1,000,000 per occurrence |
| (2) | Personal & Advertising injury (false arrest, libel, slander) | \$1,000,000 each offense |
| (3) | Damage to rented premises
<i>(fire, explosion, sprinkler breakage)</i> | \$1,000,000 per occurrence |
| (4) | Premises Medical Expense
(resulting from injury caused by an occurrence) | \$10,000 per person in U.S.;
\$25,000 per person overseas |
| (5) | Annual Aggregate other than Products & Completed Operations
(maximum payable during the policy period) | \$2,000,000 |
| (6) | Annual Aggregate – Products & Completed Operations
(maximum payable during the policy period) | Included in #5 |
| (7) | Combined Total Aggregate | \$6,000,000 |
| (8) | Blanket Contractual Liability (i.e. lease agreements) | |
| (9) | Host Liquor Liability (liability caused by a person served alcohol beverages) | |
| (10) | Employees and volunteers as Insureds | |
| (11) | (for liability claims arising from your duties in the association) | |
| (12) | Incidental Malpractice (Good Samaritan coverage for non-medical professionals) | |

B. Hired & Non-Owned Automobile Liability – Covers Smithbucklin and its employees and the association (entity only) \$1,000,000 each accident

C. Workers Compensation – Covers Smithbucklin employees Statutory Benefits

D. Employee Dishonesty – Covers Smithbucklin employees \$1,000,000 each loss

E. Umbrella (excess) Liability – over and above all General Liability, Auto Liability and Employers Liability coverages. This limit is the most the insurance company will pay during the policy period for all associations combined. \$25,000,000

III. Coverage in the U.S., its Territories and Possessions: Canada & Puerto Rico

A. Hired Physical Damage – Covers Smithbucklin and its employees and the association (entity only) (CDW does not need to be purchased from the rental company for business use of the vehicle. Policy will not protect in the event of an accident outside of business use), per accident.
[Actual Cash Value]

B. Miscellaneous Property – at a meeting, trade show, or convention (incidental materials): \$250,000 each loss.

- C. **Money and Securities** – at any meeting, trade show or convention: \$50,000 each loss

IV. **Coverage Anywhere in the World Except the U.S., its Territories and Possessions: Canada & Puerto Rico**

- A. **Hired Auto Physical Damage** – Covers Smithbucklin and its employees and the association (entity only), per accident/policy limit of \$50,000.

- B. **Foreign Personal Property** – at any location \$100,000

- C. **Chapter General Liability** – General Liability Insurance can be purchased to cover accidental injury exposures that may occur during regular meetings, or any special event (i.e., conventions, conferences, outings, festivals) for chapters of associations managed and controlled by Smithbucklin Corporation. The same limit of liability and coverages applies as in Section II, A on page 3.

V. **Cyber / Privacy Liability (applicable only when procured by a client as an elective enhancement to the Program)**

\$1,000,000 limit (aggregate limit for all coverages) and \$2,500 retention

A. **First-Party Coverages**

(1) Breach Response Costs and Services

Coverage provides breach response costs resulting from an actual or suspected security failure or data breach first discovered by you during the policy period (Data and Legal Forensics, Breach Coach, etc.)

(2) Crisis Management Event Expenses and Public Relations

Coverage provides crisis management costs resulting from a public relations event first discovered by you during the policy period.

(3) Cyber and E-Commerce Extortion

Coverage provides cyber extortion expenses resulting from cyber extortion first discovered by you during the policy period.

(4) Business Interruption and Audit Expenses

Coverage provides business interruption loss and extra expenses that you incur during the indemnity period directly resulting from the partial or complete interruption of computer systems for a period longer than the waiting period caused by a security failure or systems failure first discovered by you during the policy period.

(5) Computer Program and Digital Asset Restoration

Coverage provides restoration costs that you incur because of the alteration, destruction, damage, theft, loss, or inability to access digital assets directly resulting from a security failure first discovered by you during the policy period.

(6) Funds Transfer Fraud and E-Co

Coverage provides direct funds transfer loss that you incur resulting from a funds transfer fraud first discovered by you during the policy period.

(7) Security Breach Remediation and Notification Expenses

Coverage provides up to 1,000,000 notified persons.

B. Third-Party Liability Coverages

(1) Network and Information Security Liability

Coverage provides claim expenses and damages that you become legally obligated to pay resulting from a claim against you for a security failure, data breach, or privacy liability.

(2) Regulatory Defense Expense and Penalties

Coverage provides claim expenses and regulatory penalties that you become legally obligated to pay resulting from a claim against you in the form of a regulatory proceeding for a security failure or data breach.

(3) Communication and Multimedia Content Liability

Coverage provides claim expenses and damages that you become legally obligated to pay resulting from a claim against you for a multimedia wrongful act.

(4) PCI Fines and Assessments

Coverage provides PCI fines and assessments that you become legally obligated to pay resulting from a claim against you for a security failure or data breach compromising payment card data.

C. Expenses

Expenses associated with notifying up to \$1,000,000 persons will NOT erode the aggregate limit of liability.

D. Additional Insured

Additional insured includes any organization that the association has agreed to insure pursuant to a written contract.

This is only intended to be a summary of the coverages provided under the Program. Please refer to the actual insurance policies themselves for the specific terms, conditions, or exclusions of the insurance coverage contained in this program. The actual policy terms will control in all respects.

Smithbucklin reserves the right to modify any of the coverages outlined herein at its discretion in conjunction with an annual renewal and with 30-days advance notice of any such changes. As requested, Smithbucklin will assist any client with securing replacement coverage if it should elect to opt-out of the Smithbucklin Client Insurance Program.

Smithbucklin makes no representation that the Program's policy types and coverage limits are sufficient to cover all of a client's operational risks.