Warehouse Employees Union Local No. 730 Pension Trust Fund

Fiduciary Liability Insurance

Policy Number: MFL0017705

June 24, 2024

Segal

Segal

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Memorandum

To: Alicia Cochran
Account Executive

From: Eric Lambert
Associate Consultant Insurance

Date: June 24, 2024

Re: **Fiduciary Liability Insurance**
Warehouse Employees Union Local No. 730 Pension Trust Fund
Policy Number: MFL0017705

Thank you for the opportunity to provide quotation for this year's renewal of Fiduciary Liability Insurance. We obtained renewal quotes from the incumbent carrier, Ullico/Markel, including higher limit option, as well as an optional excess quote from RLI. We recommend renewing coverage with Ullico/Markel at the expiring limit and can support a decision to bind increased limits based on the broad scope of coverage, competitive premium and continuity of coverage.

Carrier	Premium	Limit of Liability	Response
Ullico/Markel	$43,281	$10 million (current limit)	**Incumbent Options** Key decision variables: broad scope of coverage, continuity
	$56,816	$15 million	
RLI	$15,000 (Total $58,281)	$5 million excess of Ullico/Markel's $10 million ($15 million Aggregate)	**Optional Excess Quote** Key decision variables: broad scope of coverage, capacity

Additional information is available in the attached sections. If you would like samples of any quoted policy forms or endorsements, please let us know.

In addition, the following carriers were approached, below find their responses:

Carrier	Market Response
The Hartford	Declined – Not competitive
Chubb	Declined – Not competitive
Encore/Hudson	Declined – Not competitive

Kindly provide binding instructions before July 25, 2024. Binding instructions received after this date may result in changes or withdrawal of the quoted terms. Please note that insurance coverage cannot be bound or changed via email, voicemail, text or fax unless confirmed in writing by a licensed broker.

By sending us binding instructions, you consent to electronic delivery of any other documents required to be provided or disseminated by Segal to you under this agreement or applicable law, rule or regulation.

If you have any questions, please contact our client team:

- Broker

  Eric Lambert
  Associate Consultant Insurance
  959.895.0094
  elambert@segalco.com

- Lead Regional Consultant:

  Matthew Jackson, RPLU, CCIC
  Senior Vice President
  212.251.5387
  mjackson@segalco.com

Table of Contents

Premium and Coverage Summary*

Description	Expiring Terms Ullico/Markel	Renewal Option Ullico/Markel
Policy Summary		
Policy Period	07/26/2023 to 07/26/2024	07/26/2024 to 07/26/2025
Limit of Liability	$10 million	$10 million $15 million
Basic Premium	$43,187	$43,281 $56,816
Waiver of Recourse Premium	$175	$175
Retention	$0	$0
Coverages/ Endorsements		
502(c) Penalty Coverage	✓ $250,000 sublimit	✓ $250,000 sublimit
502(l) & (i) Coverages	✓	✓
Administrative Errors & Omissions	✓	✓
COBRA Coverage	✓	✓
Conduct Exclusions – Final Adjudication	✓	✓
Duty to Defend	✓	✓
Enforcement Agency Interview Coverage	✓	✓
First Party Benefit Overpayment Coverage	✓ $100,000 sublimit for mis-calculations or certain erroneous payments	✓ $100,000 sublimit for mis-calculations or certain erroneous payments
Guaranteed Renewal	×	✓
HIPAA Fines/Penalties	✓	✓
IRC 4975 Tax Coverage	✓	✓
IRC 4976 Tax Coverage	✓	✓
Managed Care E&O Coverage	✓ $2-million sublimit	✓ $2-million sublimit
Miscellaneous Regulatory Penalty Coverage	✓ $250,000 sublimit Can be excess over VCP & 502(c) sublimits	✓ $250,000 sublimit Can be excess over VCP & 502(c) sublimits
No Hammer/Settlement Clause	✓	✓
Non-Cancellable Except for non Payment	✓	✓

* These policy summaries are not an exhaustive list and are not legal interpretations of coverage. Insurance policies are legal contracts that counsel should review.

Description	Expiring Terms Ullico/Markel	Renewal Option Ullico/Markel
Non-Fiduciary Defense	✓ $2-million sublimit	✓ $2-million sublimit
Pending and Prior Litigation Exclusion	✓ 07/26/2017	✓ 07/26/2017
PPA Penalties	✓ $250,000 sublimit	✓ $250,000 sublimit
PPACA Fines/Penalties	✓	✓
Pre-Claim Investigation Coverage	✓ DOL, PBGC, or "any other governmental enforcement entity"	✓ DOL, PBGC, or "any other governmental enforcement entity"
Prior Notice Exclusion	✓	✓
Section 203 Bipartisan Act Penalty Coverage	✓	✓
Selection of Defense Counsel	✓	✓
Settlor/Plan Sponsor Coverage	✓	✓
Severability Coverage	✓	✓
Spousal Coverage	✓	✓
State Amendatory Endorsement(s)	✓	✓
Surcharge/Equitable Relief Coverage	✓	✓
Umbrella Penalty Endorsement	✓ Miscellaneous penalty sublimit can be excess over VCP & 502(c) sublimits	✓ Miscellaneous penalty sublimit can be excess over VCP & 502(c) sublimits
Voluntary Settlement Program	✓ $250,000 sublimit One Reinstatement	✓ $250,000 sublimit One Reinstatement

Optional Excess Quote

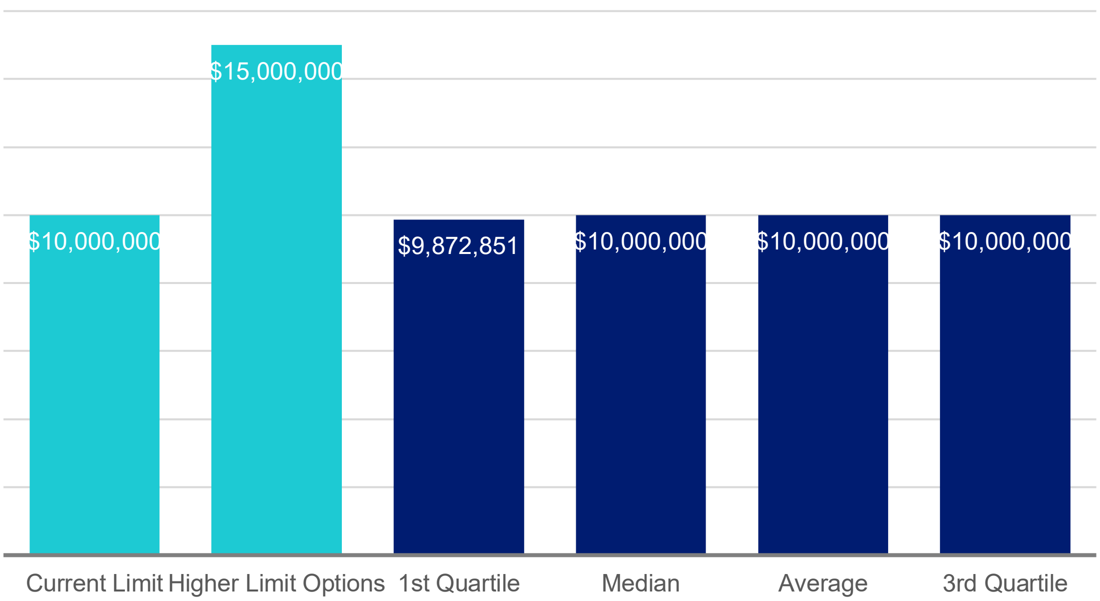
Description	Excess Renewal Quote for RLI
Policy Summary	
Policy Period	07/26/2024 to 07/26/2025
Limit of Liability	$5-million
Basic Premium	$15,000
Waiver of Recourse Premium	$175
Retention	$10-million Ullico/Markel policy
Coverages/ Endorsements	
502(c) Penalty Coverage	✓ $250,000 dropdown
First Party Benefit Overpayment Coverage	✓ $100,000 dropdown
Miscellaneous Regulatory Penalty Coverage	✓ $250,000 dropdown
Non-Fiduciary Defense	✓ $2-million dropdown
PPA Penalties	✓ $250,000 dropdown
State Amendatory Endorsement(s)	✓
Voluntary Settlement Program	✓ $250,000 dropdown

Policy Analyses

Limit of liability

Description
Ullico/Markel quoted the same $10 million limit of liability as your expiring policy, as well as a $15 million option. RLI also provided an excess quote over Ullico/Markel's policy that could also provide $15-million in total limits. Our proprietary benchmarking data illustrates below what limits similar sized funds typically purchase, however higher limits may be available upon request.

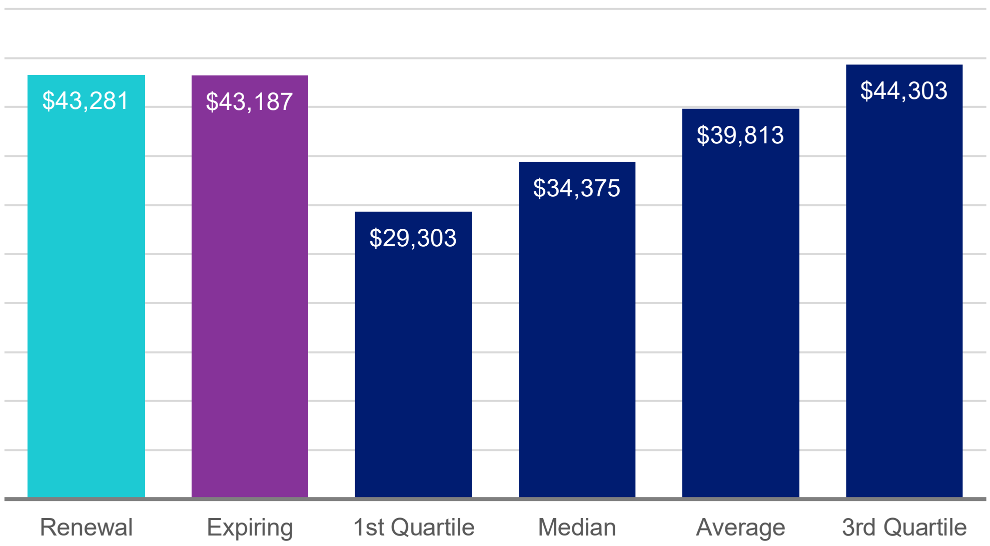
Peer Group = Assets Greater than $100 Million but less than $150 Million



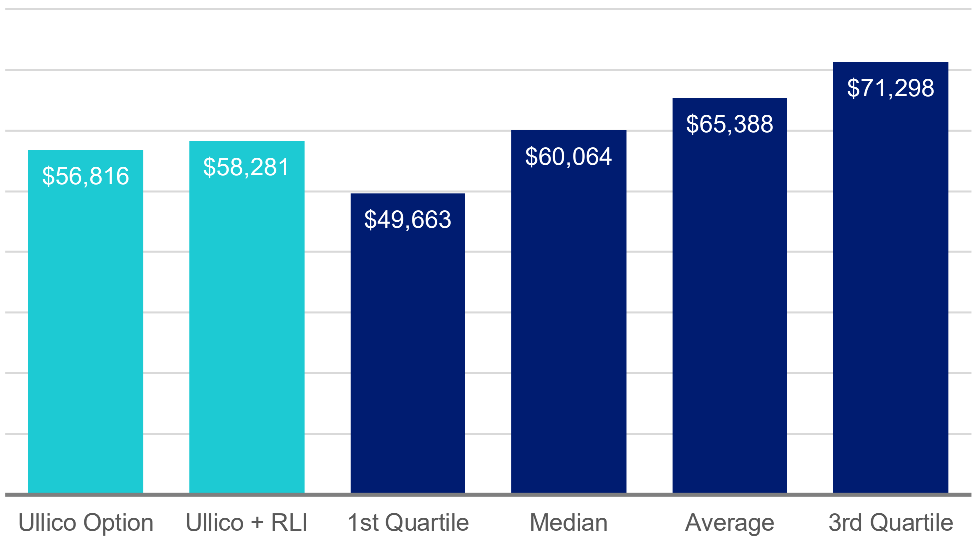
Premium

Description
Ullico/Markel has quoted a premium increase of $94 (0.2%) for this renewal, remaining between the Average and 3rd Quartile for a $10-million limit of liability based on our proprietary benchmarking data. Ullico/Markel and RLI have also provided options that can increase the limit of liability to $15-million. The quoted premiums would fall below the Median and Average for a $15-million limit and are both competitive in the current market.

Peer Group = Limit of Liability Equals $10 Million



Peer Group = Limit of Liability Equals $15 Million



Scope of coverage

At this renewal, Ullico/Markel will provide the same scope of coverage as the expiring policy.

Ullico/Markel will also bind coverage for two years via a Guaranteed Renewal endorsement. The premium would be payable in equal annual installments, and the second year of coverage will be subject to the terms and conditions contained within that endorsement. While there is no break in premium for doing so, we still recommend the endorsement in order to lock in premium and because no additional underwriting information would be required for at least one additional year.

If the RLI excess option is purchased, RLI will dropdown and match certain sublimits in the primary policy (e.g., 502(c), Voluntary Settlement Program, etc.), increasing the total amount available for those coverages.

Waiver of recourse

ERISA provides insurers that issue fiduciary liability policies the ability to recover money that was paid to or on behalf of fiduciaries for breaches of fiduciary duty, a process known as recourse. Because recourse is generally not allowed by insurance law, ERISA allows insurers to offer waiver of recourse as a provision to fiduciary liability policies. They charge an additional annual premium for the provision that's calculated at each renewal.

Crucially, the premium must be paid with non-plan assets and the sources are typically the related union, employer association or the trustees themselves.

Employers can use corporate assets to pay the premium for the waiver of recourse provision, but multiemployer plans must recover the cost from the trustees.

When reviewing the waiver of recourse provision, consider:

- The language, which varies substantially among insurers, even within the same insurer; requires legal review.
- Who is covered (e.g., employees who may perform periodic fiduciary duties or past fiduciaries).
- For multiemployer plans, how much to bill trustees to cover the premium costs given that ERISA is unclear on whether the premium be evenly divided.

Continuity of coverage

Continuity is a concept addressing the scope of coverage provided by a renewal policy from the incumbent carrier or a new policy from a new carrier. When a claim is made the policy in force will determine whether coverage is provided. When renewing coverage with the incumbent or moving coverage to a new carrier, the insured should determine whether the renewal (or new) policy will provide at least the same scope of coverage as the expiring policy. In particular, a new carrier may wish to limit coverage in some fashion.

To maintain continuity, review any additional policy exclusions, new Pending & Prior Litigation dates, and/or new Prior Acts dates.

Subjectivities

This section summarizes the additional information the carrier will require to bind coverage.

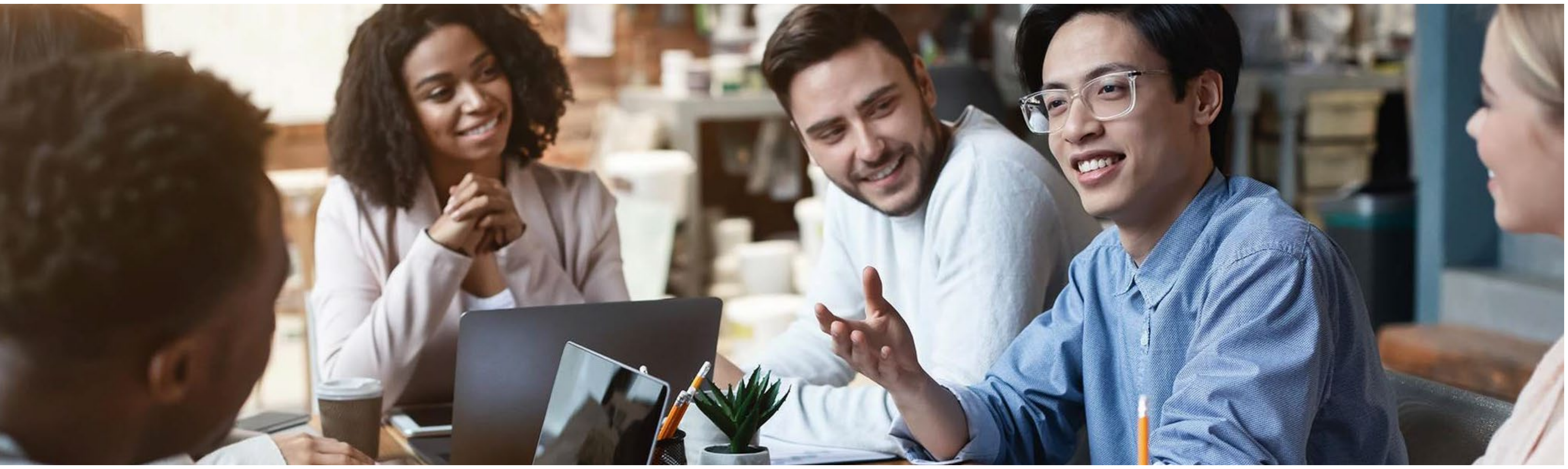
Ullico/Markel

- Updated Trustee List.

Trustee List

Please review the accuracy of the attached list, which is used in determining the elimination/waiver of recourse premium. If there are any discrepancies, please contact us immediately to avoid any billing problems.

1. Richie Brooks
2. Mike Bull
3. William Davis
4. Michael Goble
5. Mohamed Kamara
6. Frank Myers
7. Jason Paradis



Services and Compensation Disclosure

Segal acknowledges that it is a “covered service provider” within the meaning of Section 408(b)(2) of ERISA when providing Services and will disclose any fees and other compensation it receives in accordance with the requirements of with ERISA Section 408(b)(2). Upon request, Segal will provide an annual statement describing the indirect compensation it received in the previous plan year. The insured agrees and acknowledges that it has received a copy of this Agreement for review reasonably in advance of entering into this Agreement and that the designation of Segal as a service provider, and any other transactions contemplated by this Agreement, are consistent with and permissible under the plan documents.

A copy of Segal’s firm-wide ERISA Section 408(b)(2) fee disclosure is available at http://www.segalco.com/disclosure-of-compensation.

NY Regulation 194

A copy of Segal’s firm-wide NY Regulation 194 disclosure is available at http://www.segalco.com/disclosure-of-compensation.

FATCA

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Segal does not provide tax advice so please contact your tax consultant for your obligation regarding to FATCA.

Supplemental Information & Disclosures

While many insurance policies may follow a similar format, substantial differences exist between carriers. Segal recommends Insureds familiarize themselves with the policy's basic coverage features, especially those that require action on their part, and that legal counsel review all insurance policies.

Notice of incident, claim or circumstances

Please carefully review any incident reporting instructions. Failure to timely and properly report a claim may jeopardize coverage for expenses or claims. In addition, you should retain copies of all insurance policies and coverage documents as well as incident reporting instructions after termination of the policies because in some cases you may need to report an incident after termination of a policy.

Disclosure in an application does not meet these terms and conditions. All regulatory audits or investigations should be treated as a claim and noticed to the insurance carrier as soon as the first written communication from a regulatory agency is received.

Notice must be in accordance with the policy's terms and conditions and must be sent to a designated address. All electronic claim notifications to be processed by Segal must be sent to claims@segalco.com. Please copy your broker team on any notification, but Segal is not responsible for the processing of any electronic claim notification if it is not addressed to claims@segalco.com.

Extended reporting period

Should consideration be made to move coverage from one carrier to another, or there is a material change in terms and conditions, the Insured may also consider purchasing an Extended Reporting Period (ERP), commonly known as "Tail Coverage." An ERP provides the Insured additional time to report claims or circumstances that occurred up to the date of the policy's expiration. This coverage is available for an additional premium and period to be determined by the carrier. Some policies may also offer an automatic ERP for no additional premium. Please review your policy for specific terms and conditions.

Insured's obligation to notify the insurer

In addition to an obligation to notice the insurer of any claim or circumstance as soon as practicable, the policy will, or may, obligate the Insured to provide notice to the insurer in other instances.

Insurance carrier ratings

Insurance brokers rely on financial rating services such as A.M Best and Standard & Poor's. All financial ratings are subject to periodic review and therefore, it is important to obtain ratings from each service. If you need information about the financial statements of any of the insurance companies being proposed so you can make your own assessment of the financial strength of the companies being offered in this proposal, please contact us.

Both A.M. Best and Standard & Poor's websites can provide the publicly available information collected to enable you to make an informed decision to accept or reject a particular carrier. To learn more, please visit them at www.ambest.com and www.spglobal.com.

Proposal advisory

This quote memo is a summary of coverage forms, limits of insurance, endorsements and other terms and conditions of the carrier quotations. Please review quotes and policies with legal counsel for specific terms, conditions, limitations, exclusions or the calculation of premiums that will govern in the event of a loss.

This quote memo does not amend, or otherwise affect, the provisions of coverage of any resulting insurance policy issued by any insurance company to you. It is your responsibility to check the policy or policies being purchased for accuracy.

This proposal is not a representation that coverage does or does not exist for any particular claim or loss under any policy. Coverage depends on the applicable provisions of the actual policy issued, the facts and circumstances involved in each claim or loss, and any applicable law.

You, the proposed Insured, represent and warrant that the information provided by you in connection with the application for insurance is complete and accurate through the later of the date that (1) coverage is bound or (2) coverage becomes effective. You agree to immediately notify Segal, in writing, if any of the information included in the application changes between the date the application for quotation/insurance coverage is submitted and the later of (1) the date of the quotation or the date coverage is bound or (2) the effective date of coverage. You understand and acknowledge that the quoting insurance carriers may reserve the right to withdraw or amend any outstanding quotations based upon such changes and that Segal will not have any liability whatsoever for the decisions of any quoting insurance carriers based on any such changes.

Your Organization May Need a Range of Insurance Coverage

Type of Insurance	Protection
Fiduciary liability coverage	Allegations of breach of fiduciary duty and administrative errors
Cyber liability coverage	Data incidents, breach events, ransomware or malware attacks and social engineering fraud at your organization or at one of your vendors
Employment practices liability	Allegations of harassment or discrimination in employment made by an employee or a third party (non-employee)
Fidelity bond (mandated by ERISA or LMRDA)	Losses related to employee to fraud, dishonesty, and/or third-party crime
Crime coverage	Losses related to theft and forgery, such as fraudulent electronic funds transfer coverage, manipulation of computer systems, including by employees and third-party losses, such as social engineering fraud
Educators' liability coverage	Allegations of improper or insufficient training or hiring practices including libel, slander, plagiarism and trademark/copyright violations
Directors' and officers' or union liability coverage	Allegations of malpractice (wrongful errors and omissions, fair representation or personal injury) against a board of directors or union officers, respectively
Employed lawyers coverage	Allegations of legal malpractice by in-house attorneys and legal assistants, including when "moonlighting" and providing pro bono legal services
Medical professional coverage	Allegations of wrongful medical professional practices and services including exposures to HIPAA proceedings
Errors and omissions (E&O) or managed care E&O coverage	Protection for acts of your professional services specifically tailored to meet the client services provided
Media insurance	Coverage for traditional electronic and print media as well as coverage crafted for social media, including defamation and copyright infringement
Student accident	Injury of students, volunteers or other participants in formal instruction or training programs
Travel accident coverage	Accidental death and dismemberment during business travel or available to students learning on the job
Workplace violence/ active shooter coverage	Indemnify for specific expenses, business interruption and third-party legal liability for a covered event
Business property coverage	Structural damage to owned, leased or rented property from fire, vandalism or theft
Business personal property coverage	Office equipment resulting from a covered loss on or off premises
Business income/ extra expense coverage	Forced closure due to direct physical loss or damage to premises resulting from a covered cause of loss
Business liability coverage	Business found legally responsible for causing injuries or damages to third parties
Business auto coverage	Owned or leased vehicles used for business purposes
Non-owned auto coverage	Employees using their personal vehicles for business purposes
Hired auto coverage	Autos leased, hired or borrowed by employees in the short term for business purposes

Type of Insurance	Protection
Umbrella liability coverage	Liability coverage in excess of primary liability policies including customized coverage
Flood and earthquake coverage	Property damage from a flood resulting from hurricanes, tropical storms and heavy rains as well as natural disasters such as earthquakes
Equipment breakdown coverage	Equipment failure due to a breakdown
Employee tools and equipment coverage	Tools and equipment used for training or business
Event cancellation	Unforeseen losses related to hosting cancelled or postponed covered events to protect your investment