Bakers Union & FELRA Health & Welfare Fund

Fiduciary Liability Insurance

Policy No. CH81690546

December 2, 2020

Segal

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Memorandum

To: Dawn R Welch
Account Executive

From: Candice Germain
Senior Broker

Date: December 2, 2020

Re: **Fiduciary Liability Insurance**
Bakers Union & FELRA Health & Welfare Fund
Policy No. CH81690546

Thank you for the opportunity to provide a quotation for this year's renewal of Fiduciary Liability Insurance. We marketed coverage to multiple carriers this year but did not receive alternative quote options. We recommend renewing coverage with the incumbent carrier, Chubb, based on the broad scope of coverage, competitive premium and continuity of coverage.

Carrier	Premium	Limit of Liability	Response
Chubb	$3,572	$2-million	**INCUMBENT OPTIONS** Key decision variables: broad scope of coverage, competitive premium and continuity

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

Please provide binding instructions at your earliest convenience, but no later than December 30, 2020. 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 by a licensed broker.

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

- **Broker:**

  Candice Germain
  Senior Broker
  212.251.5052
  cgermain@segalco.com

- **Lead Regional Consultant:**

  Matthew Jackson, RPLU, CCIC
  Senior Vice President
  212.251.5387
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Premium & Coverage Summary[1]

	Expiring Terms	Renewal Options
Description	**Chubb**	**Chubb**
Policy Summary		
A.M. Best Rating[2]	A++	A++
Policy Period	1/1/2020 – 1/1/2021	1/1/2021 – 1/1/2022
Limit of Liability	$2-million	$2-million
Basic Premium	$3,409	$3,572
Waiver of Recourse Premium	$100	$100
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	✓ $100,000 sublimit
HIPAA Fines/Penalties	✓	✓
IRC 4975 Tax Coverage	✓	✓
IRC 4976 Tax Coverage	✓	✓
Managed Care E&O Coverage	✓	✓
Misc. Regulatory Penalty Coverage	✓ $250,000 sublimit	✓ $250,000 sublimit
No Hammer/Settlement Clause	✓	✓

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

[2] Segal can recommend insurance carriers with an A.M. Best rating of "A" or better.

	Expiring Terms	Renewal Options
Description	**Chubb**	**Chubb**
Non-cancellable except for non-payment	✓	✓
Non-Fiduciary Defense	✓ $500,000 sublimit	✓ $500,000 sublimit
Pending & Prior Litigation Exclusion	✓ 1/1/2002	✓ 1/1/2002
Pending & Prior Litigation Exclusion for Increased Limits	✓ 1/1/2011	✓ 1/1/2011
PPA Penalties	✓ $250,000 sublimit	✓ $250,000 sublimit
PPACA Fines/Penalties	✓	✓
Pre-Claim Investigation Coverage	✓ DOL, PBGC, IRS. IRS only subject to $250,000 sublimit/$5,000 retention	✓ DOL, PBGC, IRS. IRS only subject to $250,000 sublimit/$5,000 retention
Prior Notice Exclusion	✓	✓
Section 203 Bipartisan Act Penalty Coverage	✓	✓
Selection of Defense Counsel	✓ Except for “Mass/Class Action”	✓ Except for “Mass/Class Action”
Settlor/Plan Sponsor Coverage	✓	✓
Severability Coverage	✓	✓
Spousal Coverage	✓	✓
State Amendatory Endorsement(s)	✓	✓
Umbrella/Penalty Box Endorsement	✓ $250,000 sublimit Excess over all quoted penalty sublimits	✓ $250,000 sublimit Excess over all quoted penalty sublimits
Voluntary Settlement Program	✓ $250,000 sublimit	✓ $250,000 sublimit

Policy Analyses

Scope of Coverage

At this renewal, Chubb will provide the broad scope of coverage as expiring.

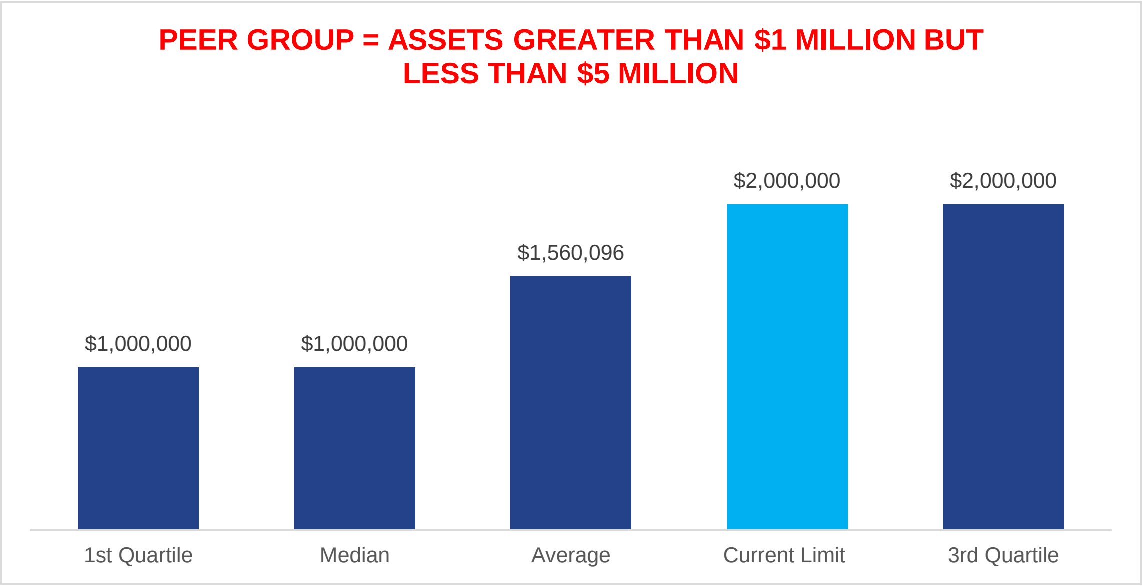
Continuity of Coverage

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. The policy in force when a claim is made will determine whether coverage is or is not 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, any additional policy exclusions, new Pending & Prior Litigation dates, and/or new Prior Acts dates should be reviewed.

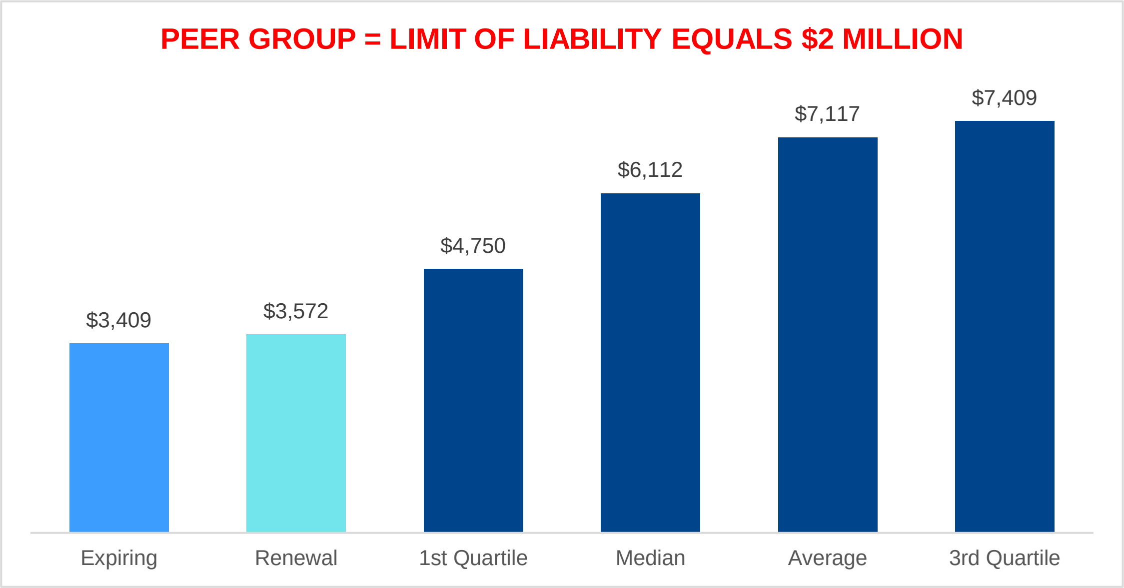
Limit of Liability

Chubb quoted the same $2-million limit of liability as expiring. Our proprietary benchmarking data illustrates what similar sized funds typically purchase in limits. Our proprietary benchmarking data illustrates what similar sized funds typically purchase in limits.



Premium

Chubb quoted a premium increase of $163 (4.8%) for this renewal, in part due to market conditions and updated rating factors. Despite the increase, the renewal premium remains below the 1st Quartile and Average for this limit of liability.



Subjectivities

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

Chubb:

- Reconfirm Trustee List
- Confirmation all Additional Insured Plans should remain as Insureds – this may require additional applications for which we can assist you in completing.

Important Note

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 (i) coverage is bound or (ii) 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 (i) the date of the quotation or the date coverage is bound or (ii) 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.

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. Mike Goble

2. Leslie Jones

3. Gary Oskoian

4. Stephanie Ridore

Supplemental Information

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 counsel review all insurance policies.

Notice of Claim or Circumstances

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

Services and Compensation

For more information about Segal and our services, visit us online at segalco.com. Information about how we are compensated is available here.

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 and exclusions 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.

In evaluating your exposures for loss, we have depended upon the information provided by you. If there are other areas that you think need to be evaluated prior to binding coverage, please bring these items to our attention as soon as possible.

Protecting Your Funds From Various Risks

Benefits funds and their trustees have various risk exposures because of the many functions they perform. One of the mechanisms to help manage risk is the purchase of insurance protection that permits the transfer of fund and trustee risk to an insurance carrier.

Core products for funds of all types

Fiduciary liability insurance

Protects Plans and trustees from allegations of breach of fiduciary duty and certain administrative errors

Fidelity bond

Protection from costs associated with employee dishonesty, theft and third party crime losses

Cyber liability insurance

Protects funds from costs associated with cyber risks

Employment practices liability insurance (EPLI)

Protection for allegations of employment wrongdoing

Does the fund own property, host events, and conduct travel?

Property & casualty insurance

Protects and provides liability in case the fund is found legally responsible causing injuries or damages to others

Event cancellation insurance

Protects from unforeseen losses related to hosting events

Travel accident insurance

Protects for losses due to accidental death and dismemberment during business travel

Does the fund provide service to others?

Miscellaneous E&O insurance

Protects against allegations of errors and omissions

Employed lawyers insurance

Protects a funds' in-house attorneys from legal advice allegations

Medical professional insurance

Protects for allegations of wrongful practices and services

Retiree representatives insurance

Errors and omissions protection designed for MPRA retiree representatives

Does the fund manage training facilities?

Educators liability insurance

Protects against claims alleging improper or insufficient training

Directors and officers insurance

Protects for various operational exposures related to managing a training facility

Media liability insurance

Protects against various personal injury allegations

Student accident insurance

Responds to injury of students, volunteers or participants

To learn more

about Segal's insurance brokerage services, visit our website at www.segalco.com or contact Diane McNally, Senior Vice President, Senior Consultant and Principal at 212.251.5146, dmcnally@segalco.com.

Segal