UFCW-Giant Variable Annuity Fund

Fiduciary Liability Insurance

Policy No. 82633542

June 26, 2023

Segal

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Memorandum

To: Anne-Marie Sims
Account Executive

From: Christian N. Hesse
Senior Consultant

Date: June 26, 2023

Re: **Fiduciary Liability Insurance**
UFCW-Giant Variable Annuity Fund
Policy No. 82633542

Thank you for the opportunity to provide quotes for this year's renewal of Fiduciary Liability Insurance. A quote was received from the incumbent primary carrier, Chubb, and a new excess policy quote was received from Ullico/Markel.

Chubb's renewal quote is on their new Multiemployer Plan Fiduciary Liability policy, which is applicable for single-employer collectively bargained, multiemployer, and public sector benefit plan policyholders. The streamlined renewal policy incorporates many years of coverage updates and enhancements, such as those endorsed onto your current policy. Please see the below "Premium & Coverage Summary" on page 1.

We recommend renewing coverage with Chubb based on the broad scope and continuity of coverage and giving consideration to increasing limits to $7.5-million with the new excess policy quote.

Carrier	Premium	Limit of Liability	Response
Chubb	$15,028 (0.5% increase)	$5-million	**INCUMBENT** Key decision variables: broad scope of coverage, continuity of coverage
Ullico/Markel (New)	$6,873	$2.5-million	**NEW EXCESS POLICY** Key decision variables: increased limits, broad scope of coverage
Total	**$21,901**	**$7.5-million**	

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 before July 11, 2023. 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:**

  Eric Lambert
  Associate Consultant
  959.895.0094
  elambert@segalco.com

- **Lead Regional Consultant:**

  Christian N. Hesse
  Senior Consultant
  212.251.5218
  chesse@segalco.com

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Premium & Coverage Summary[1]

Primary

	Expiring Terms	Renewal Options
Description	Chubb	**Chubb**
Policy Summary		
Policy Period	07/11/2022-07/11/2023	07/11/2023-07/11/2024
Limit of Liability	$5,000,000	$5,000,000
Basic Premium	$14,959	$15,028
Waiver of Recourse Premium	$125	$125
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	✓	✓
Definition of Insured	✓ board of trustees of any Plan	✓ board of trustees of any Plan
Definition of Plan	✓ Plan means those Plans enumerated on the Declarations Page	✓ Plan means those Plans enumerated on the Declarations Page
Enforcement Agency Interview Coverage	✓	✓
First Party Benefit Overpayment Coverage	✓ $100,000 sublimit	✓ $100,000 sublimit
HIPAA Fines/Penalties	✓	✓
IRC 4975 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.

	Expiring Terms	Renewal Options
Description	Chubb	**Chubb**
Non-cancellable except for non-payment	✓	✓
Non-Fiduciary Defense	✓ $1.25-million sublimit	✓ $1.25-million sublimit
Pending & Prior Litigation Exclusion	✓ 7-11-2022	✓ 7-11-2022
PPA Penalties	✓ $250,000 sublimit	✓ Included in 502(c) sublimit, subject to liberalization endorsement
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	✓	✓
Renewal Policy/Liberalization Endorsement	×	✓
Section 203 Bipartisan Act Penalty Coverage	✓	✓
Settlor/Plan Sponsor Coverage	✓	✓
Severability Coverage	✓	✓
Spousal Coverage	✓	✓
State Amendatory Endorsement(s)	✓	✓
Surcharge/Equitable Relief Coverage	Silent	Silent
Umbrella Penalty 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 One Reinstatement

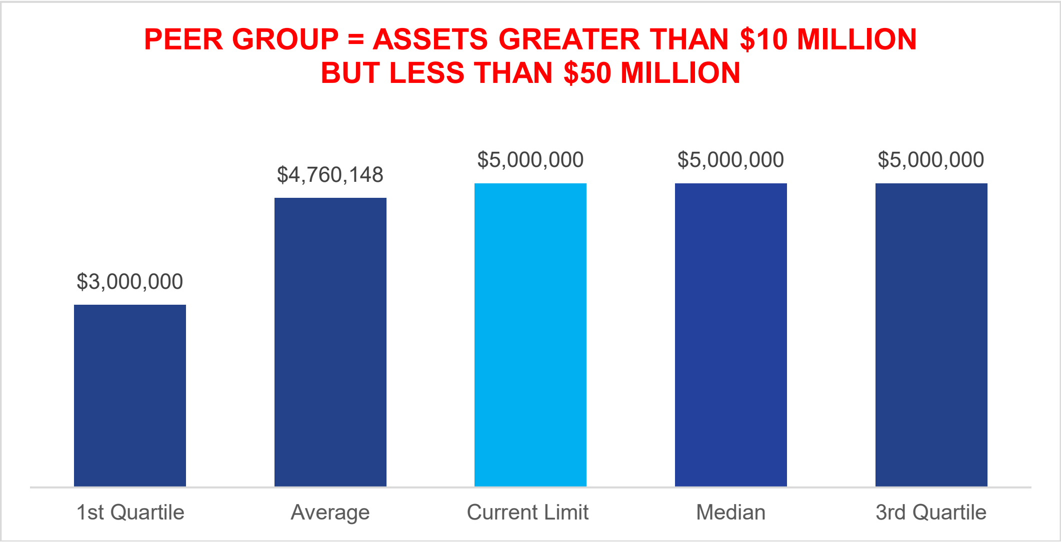
Excess Option - New

	New Excess Option
Description	**Ullico/Markel**
Policy Summary	
Policy Period	7/11/2023 to 7/11/2024
Limit of Liability	$2,500,000
Basic Premium (estimated)	$6,873
Waiver of Recourse Premium	$125
Retention	$5,000,000
Coverages/Endorsements	
502(c) Penalty Coverage	✓ $250,000 dropdown
First Party Benefit Overpayment Coverage	✓ $100,000 dropdown
Misc. Regulatory Penalty Coverage	✓ $250,000 dropdown
Non-Fiduciary Defense	✓ $1.25-million dropdown
IRS Expense	✓ $250,000 dropdown
Voluntary Settlement Program	✓ $250,000 dropdown

Policy Analyses

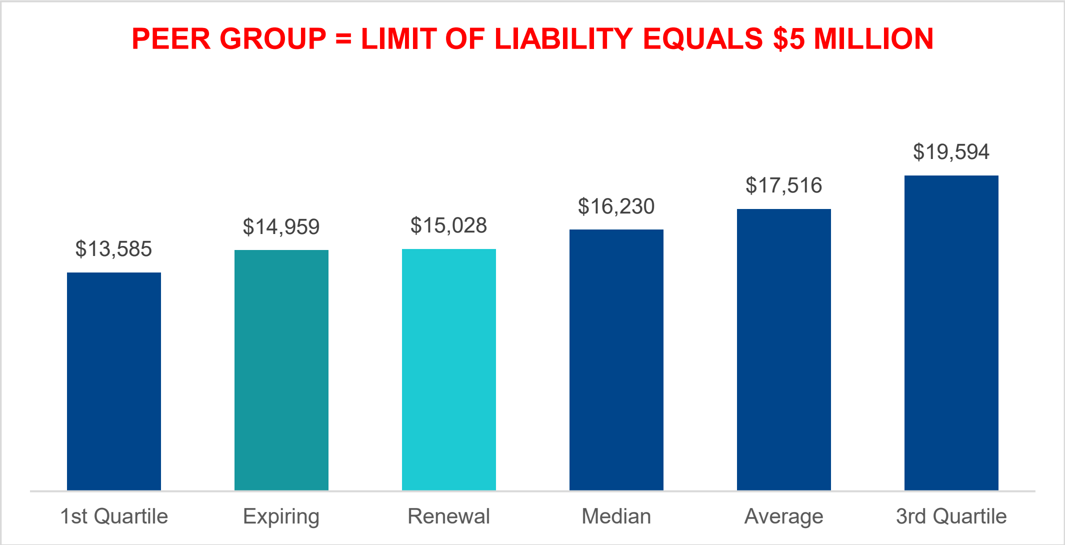
Limit of Liability

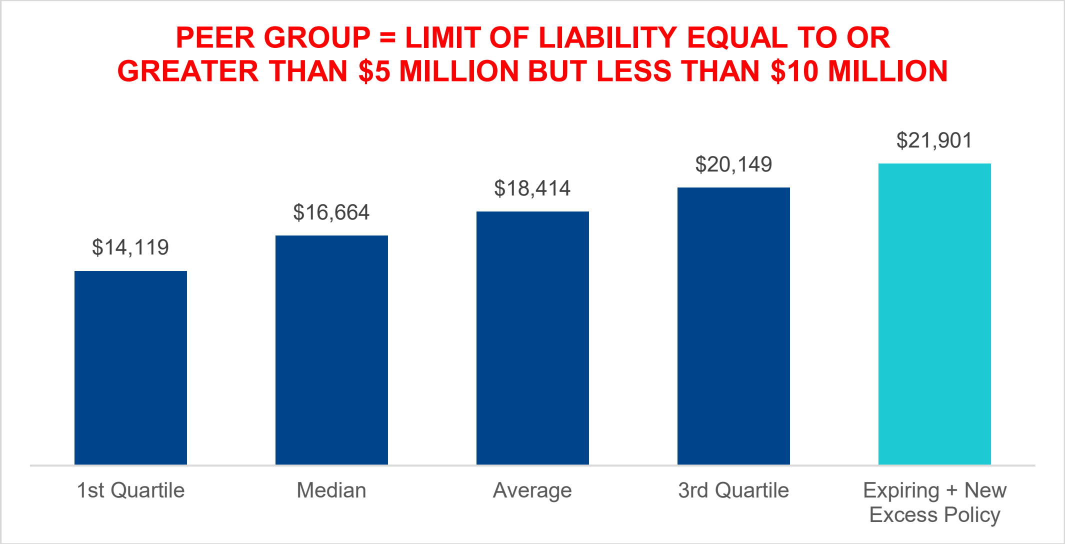
Chubb quoted the same $5,000,000 limit of liability as expiring and Ullico/Markel provided a new $2,500,000 excess quote based on the current asset size of the Fund. Our proprietary benchmarking data illustrates what similar sized funds typically purchase in limits. Higher limits may be available upon request.



Premium

Chubb quoted a premium increase of $69 (0.5%) for the renewal of the expiring $5-million limit, falling between the Average and 3rd Quartile for this limit of liability.





Scope of Coverage

Chubb's renewal quote is on their new Multiemployer Plan Fiduciary Liability policy, which is applicable for single-employer collectively bargained, multiemployer, and public sector benefit plan policyholders. The streamlined renewal policy incorporates many years of coverage updates and enhancements, such as those endorsed onto your current policy.

Chubb, provides similarly broad scope of coverage as expiring, including first dollar coverage. For this renewal, Chubb will include the attached Renewal Policy endorsement establishing that whichever of the renewal policy's or the expiring policy's terms and conditions is more favorable to the Insured, shall govern with respect to any loss, subject to the endorsement's terms and conditions.

Per expiring, the excess carrier will continue to 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.

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.

Subjectivities

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

Chubb:

- Nothing further is required at this time.

Ullico/Markel:

- Nothing further is required at this time.

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. David Blitzstein
2. Jason Chorpenning
3. Mark Federici
4. Michael Goble
5. Jason Paradis

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 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 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.

In our insurance broker role, Segal's primary method of compensation is indirect compensation in the form of standard commissions from insurers.

Standard commissions are based on pre-set formulas established by insurance carriers, typically expressed as a percent of the premiums paid for the insurance policy. The range of commissions (generally 15% to 20%) can vary based upon a number of factors, such as the type of insurance, whether the insurance placement is a primary or excess layer, or whether another intermediary such as a wholesaler is involved. Commissions paid by insurance carriers to Segal are pre-set, meaning they will not be increased as a result of binding coverage with a particular insurer and filed with the appropriate state's insurance regulators. These pre-set commissions are not dependent upon a minimum volume of business or profitability of the business placed. Segal has a written policy governing its receipt and use of commissions.

On an annual basis, we disclose to our clients, in writing, the amount of standard commissions we receive on their individual policies. Where we receive commissions, we do not charge any administrative or similar fees in connection with placing and servicing insurance policies and, to the extent permitted by law, will apply commissions towards "value added services" related to the insurance policy. However, in accordance with applicable insurance regulations and our written policy, we cannot return any commissions to any client, including if Segal is terminated by the client during the policy period or apply commissions to services that do not meet the definition of "value added services."

The following table describes typical ranges of commissions for the coverages we place:

Coverage Type	Primary Commission Range
Fiduciary Liability	15-20% of premium
Fidelity Bonds	15-20% of premium
Employment Practices Liability	15-20% of premium
Cyber Liability	15-20% of premium
Directors' and Officers' (D&O) Liability	15-20% of premium
Miscellaneous Errors & Omissions (E&O) Liability	15-20% of premium
Upon request, we will provide you with the commission formula that is applicable to your policy.	

Segal bases its insurance recommendations solely on client requirements and objectives and our process for analyzing proposals and recommending types and levels of coverage is objective and free from any influence by commissions or supplemental payments.

Insurance Carrier Ratings

Here is an assessment by a financial rating service of the insurance companies as provided in our proposal. All financial ratings are subject to periodic review and therefore, it is important to obtain ratings from each service. Should you desire further information concerning the financial statements of any of the insurance companies being proposed, so that you can make your own assessment of the financial strength of the companies being offered in this proposal, please contact us for this request.

The below is not a representation of the financial capacity of the insurance companies that including in this proposal as the national recognized financial rating companies provide this information.

A.M. Best Ratings	
A++ & A+	Superior
A & A-	Excellent
B++ & B+	Good
B & B-	Fair
C++ & C+	Marginal
D	Poor
E	Under Regulatory
F	In Liquidation
S	Rating Suspended
NR	Not Rated

Financial Strength Category ($ Thousands)	
Class I	Less than 1,000
Class II	1,000 to 2,000
Class III	2,000 to 5,000
Class IV	5,000 to 10,000
Class V	10,000 to 25,000
Class VI	25,000 to 50,000
Class VII	50,000 to 100,000
Class VIII	100,000 to 250,000
Class IX	250,000 to 500,000
Class X	500,000 to 750,000
Class XI	750,000 to 1,000,000
Class XII	1,000,000 to 1,250,000
Class XIII	1,250,000 to 1,500,000
Class XIV	1,500,000 to 2,000,000
Class XV	2,000,000 or greater

Rating "Not Assigned" Classifications	
NR-1	Insufficient Data
NR-2	Rating Procedure Inapplicable
NR-3	Insufficient Size and/or
NR-4	Operating Experience
NR-5	Company Request

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