UFCW Unions and Participating Employers Retiree Health and Welfare Plan

Fidelity Bond Coverage

Policy Number: J06116000

December 13, 2025

Segal

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Memorandum

To: Jeff Ianniello
Fund Administrator

From: Eric Lambert
Associate Consultant

Date: December 13, 2025

Re: **Fidelity Bond Coverage**
UFCW Unions and Participating Employers Retiree Health and Welfare Plan
Policy Number: J06116000

Thank you for the opportunity to provide quotations for this year's renewal of Fidelity Bond coverage. We received a 1-year quote from Chubb, the incumbent carrier, as well as a 3-year proposal from Zurich. We can support renewing coverage with the incumbent carrier, Chubb based on the broad scope of coverage, competitive Non-ERISA retentions of $2,500 and continuity of coverage. Consideration can be given to Zurich's quote based on the three year term, premium savings and scope of coverage; however, Zurich's quote imposes a $5,000 Non-ERISA retention, which would negate the premium savings in the event of a covered claim.

Carrier	Premium	Limit of Liability	Response
Chubb	$1,575 1 year Annualized decrease (5.00%)	$1-million	**Incumbent Option** broad scope of coverage, and Non-ERISA retentions of $2,500 and continuity of coverage. Social Engineering Fraud sublimit of $100,000 with a $10,000 retention.
Zurich	$ 3,669 prepaid in full 3 years	$1-million	**Alternate Option** Key decision variables: premium savings, three-year term and scope of coverage. Non-ERISA retentions of $5,000. Social Engineering Fraud sublimit of $250,000 with a $50,000 retention.

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

Kindly provide binding instructions before December 31, 2025. 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

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Premium & Coverage Summary*

Primary

Description	Expiring Terms Chubb	Renewal Quote Chubb	Renewal Quote Zurich
Policy Summary			
Policy Period	01/01/2023 – 01/01/2026	01/01/2026 – 01/01/2027	01/01/2026 – 01/01/2029
Limit of Liability	$1 million	$1 million	$1 million
Basic Premium	$4,978	$1,575 (1 year)	$3,669 (3 years)
Deductible for ERISA coverage	$0	$0	$0
Deductible for Non-ERISA coverages **only**	$2,500	$2,500	$5,000
Coverages/ Endorsements			
ERISA Fraud & Dishonesty	✓	✓	✓
Outside Agents Coverage	✓ "natural person handling ERISA Plan assets and required to be bonded by ERISA"	✓ "natural person handling ERISA Plan assets and required to be bonded by ERISA"	✓ "natural person responsible for managing [Insured] assets…who is required to be bonded by ERISA"
Social Engineering Fraud Coverage	✓ $100,000 sublimit $10,000 retention	✓ $100,000 sublimit $10,000 retention	✓ $250,000 sublimit $50,000 retention
Non-ERISA 3rd Party Computer Fraud	✓	✓	✓
Non-ERISA 3rd Party Forgery	✓	✓	✓
Non-ERISA 3rd Party Funds Transfer Fraud	✓	✓	✓
Investigative Expense Coverage	✓ $10,000 Sublimit $0 retention	✓ $10,000 Sublimit $0 retention	✓ $25,000 Sublimit $0 retention
Duties in the event of Loss	As soon as practicable, proof of loss within six (6) months	As soon as practicable, proof of loss within six (6) months	As soon as practicable, proof of loss within six (6) months
Extended Discovery Period	One year	One year	One year
Inflation Guard	✓	✓	✓

* 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 Chubb	Renewal Quote Chubb	Renewal Quote Zurich
Loss Discovered	✓	✓	✓
Telecommunications Fraud Coverage	×	× (Available up to $1,000,000, for additional premium)	✓ ($1,000,000 $5,000 retention)
Termination as to Any Employee	✓ $25,000 or more threshold committed prior to such Employee's service with any Insured	✓ $25,000 or more threshold committed prior to such Employee's service with any Insured	✓ $25,000 or more threshold committed prior to such Employee's service with any Insured

Proposal Analyses

Scope of coverage

Chubb's definition of "Employee" continues to automatically include employees, Trustees, and "any other natural person who handles Employee Benefit Plan assets" and who is required to be bonded by Title 1 of ERISA while in the service to any Insured Plan. If coverage for losses caused by these Outside Agents (e.g., TPA, Investment Managers, etc.) is desired, the Chubb bond does not require maintaining a list of these Outside Agents.

We support the continued purchase of coverage for common non-ERISA 3rd Party exposures: Forgery, Computer Fraud, and Funds Transfer Fraud. These coverages are not required by ERISA and are quoted with a per loss deductible. However, the policies continue to provide first dollar coverage ($0 retention) for ERISA-required Fraud & Dishonesty coverage and the aforementioned broad definition of "Employee."

The carriers also provide a sublimit for Expense coverage for costs incurred to establish the existence and amount of covered loss.

Lastly, the carriers' quotes include Social Engineering Fraud coverage. This enhancement covers losses resulting from an "Employee" (as defined in the policy) relying on fraudulent instructions to voluntarily part with money or securities given by someone purporting to be a Fund trustee, employee, or vendor. Carriers impose sublimits and retentions that apply specifically for this coverage, and coverage may be subject to additional underwriting questionnaires and special conditions in the policy that should be reviewed by Counsel.

Limit of liability

Since the inception of ERISA, new technology has been introduced, risk issues have evolved, and assets have increased. Further, inflation has devalued ERISA's original bond limit requirement of 10 percent of handled assets up to $500,000. A DOL Field Assistance Bulletin, available here, confirms that nothing precludes a Fund from purchasing a higher bond limit than what is required.

Most bonds provide coverage on a "per occurrence" basis, which means that the bond's limits of liability apply anew to each unrelated loss discovered during the bond's term. If more than one Fund is covered on the same bond, the limit must equal at least the sum of each Fund's individual required limit.

Premium

Chubb quoted an annualized decrease of $84 (5.06%) for the 1-year policy period for this renewal due to updated rating factors.

Carrier services

As a Chubb Fidelity Bond policyholder, you have access to Chubb's Crime Loss Prevention Program, which includes complimentary and discounted services. More information is available here.

Carrier Subjectivities

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

Chubb

There are no subjectivities at this time.

Zurich

There are no subjectivities at this time.

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 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.

View a copy of Segal’s firm-wide ERISA Section 408(b)(2) fee disclosure.

NY Regulation 194

View a copy of Segal’s firm-wide NY Regulation 194 disclosure.

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 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