UFCW and Safeway Variable Annuity Pension Fund

Fiduciary Liability Insurance

August 25, 2023

Segal

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Memorandum

To: Anne-Marie Sims
Account Executive

From: Christian N. Hesse
Senior Consultant

Date: August 25, 2023

Re: **Fiduciary Liability Insurance**
UFCW and Safeway Variable Annuity Pension Fund

Thank you for the opportunity to provide a renewal quotation of Fiduciary Liability Insurance. A quote was received from Chubb. Chubb's renewal quote is on their new Multiemployer Plan Fiduciary Liability policy, which is mainly for 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 of coverage and continuity. Higher limits may be available upon request. Please note the information requested by the carrier in the below, Subjectivities section on page 5.

Carrier	Premium	Limit of Liability	Response
Chubb	$9,996 (0.1% increase)	$3-million	**RECOMMENDED** Key decision variables: broad scope of coverage, continuity.

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

Carrier	Market Response
Euclid/Hudson	No response to date
Ullico	No response to date

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.

We have secured a soft extension until September 8th, 2023. Please provide binding instructions before this date. 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:**

  Christian N. Hesse
  Senior Consultant, New York Region
  212.251.5218
  chesse@segalco.com

- **Lead Regional Consultant:**

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

Table of Contents

Premium & Coverage Summary[1]

	Expiring	Renewal
Description	**Chubb**	**Chubb**
Policy Summary		
Policy Period	9/2/2022 to 9/2/2023	9/2/2023 to 9/2/2024
Limit of Liability	$3,000,000	$3,000,000
Basic Premium	$9,985	$9,996
Waiver of Recourse Premium	$150	$150
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	✓	✓
Misc. Regulatory Penalty Coverage	✓ $250,000 sublimit	✓ $250,000 sublimit
No Hammer/Settlement Clause	✓	✓
Non-cancellable except for non-payment	✓	✓
Non-Fiduciary Defense	✓ $750,000	✓ $750,000
Pending & Prior Litigation Exclusion	✓ At inception	✓ At inception

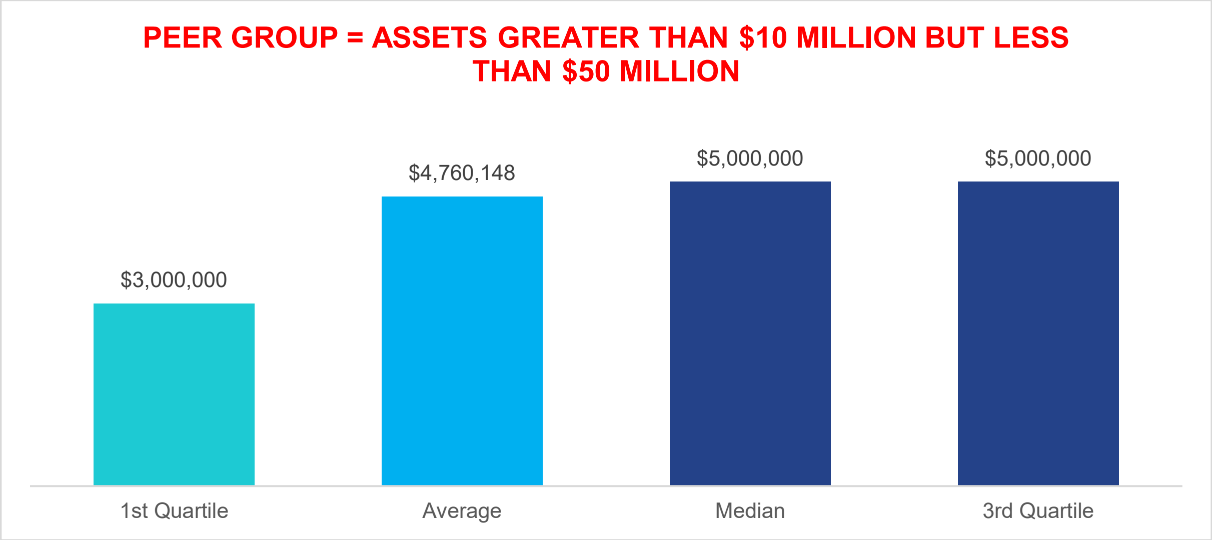
1 These policy summaries are not an exhaustive list and are not legal interpretations of coverage. Insurance policies are legal contracts that counsel should review.

	Expiring	Renewal
Description	**Chubb**	**Chubb**
Continuity Date / Pending or Prior Litigation Exclusion	✓ 9/2/2022	✓ 9/2/2022
PPA Penalties	✓ $250,000 sublimit	✓ Included in 502(c) 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	✓	✓
Renewal Policy / Liberalization Endorsement	×	✓
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)	✓	✓
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

Policy Analyses

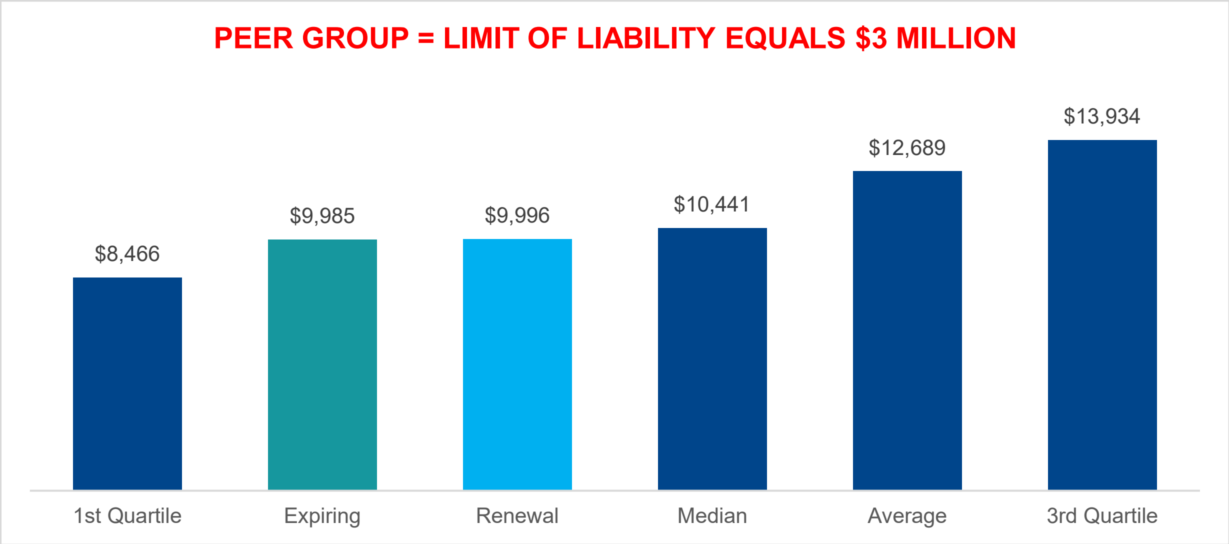
Limit of Liability

Chubb quoted the same $3,000,000 limit of liability as expiring. Our proprietary benchmarking data illustrates what similar sized funds typically purchase in limits. Higher limits may be available upon request.



Premium

The premium for the $3-million limit falls below the Average and Median for this peer group.



Scope of Coverage

Chubb's renewal quote is on their new Multiemployer Fiduciary Liability policy, which is mainly for 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.

The primary carrier, Chubb, provides similarly broad scope of coverage as expiring, including first dollar coverage. For this first renewal on its new form, Chubb will include the attached Renewal Policy endorsement establishing that whichever of the renewal policy's or the expiring policy's terms and conditions are more favorable to the Insured, shall govern with respect to any loss, subject to the endorsement's terms and conditions. The Specimen Endorsement is attached for review.

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:

- Please confirm whether or not the plan received a determination letter from the IRS that states that the plan follows the applicable requirement under Section 401(a) of the IRC and is, therefore, exempt from federal income taxes under the provisions of Section 501(a). If not, what is the status of the application?

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. Daniel Dosenbach
4. Mark Federici
5. William Wescott
6. Joan Williams

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

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. Client 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.

FACTA

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.

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.

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