

SOLIDARITY PROTECTION GROUP

a voluntary membership organization operating pursuant to the Liability Risk Retention Act of 1986 and whose principal office is:
4323 Warren Street, NW, Washington, DC 20016-2437

The Euclid Vanguard Fiduciary Liability Insurance Policy Certificate

THIS IS A CLAIMS-MADE POLICY WITH CLAIM EXPENSES INCLUDED WITHIN THE LIMITS OF LIABILITY.
PLEASE READ THE ENTIRE POLICY CAREFULLY.

This Policy Certificate is issued under Master Policy Number SFM31210000
issued to Solidary Protection Group

Policy Number: SFD31210503-02 **Renewal of:** SFD31210503-01

Issued By: Hudson Insurance Company
100 William Street
New York, NY 10038

ITEM 1. Insurance Representative: AmWINS Insurance Brokerage of California, LLC
Address: 444 S. Flower, Suite 450
Los Angeles, CA 90071

ITEM 2. Insured: California Public Employees' Retirement System
Plan (or Plans): California Employers' Retirement Benefit Trust Fund (CERBTF); Public Employees' Health Care Fund (HCF); Public Employees' Long Term Care Fund (LTCF); Public Employees' Contingency Reserve Agency Fund (CRF)
Address: 400 Q Street
P.O. Box 942701
Sacramento, CA 94229-2701

ITEM 3. Policy Period:
Effective Date: 04/15/2017 (12:01 a.m. local time)
Expiration Date: 04/15/2018 (12:01 a.m. local time)

ITEM 4. Limits of Liability:

(a) Aggregate Limit – Aggregate limit of liability for all Loss under this policy, including Claim Expenses	\$5,000,000
(b) Trustee Claim Expenses Sublimit – Aggregate limit of liability for all Claims Expenses in connection with Claims solely alleging Wrongful Acts as defined in Section II.R(3) of the policy (included within and not in addition to the maximum aggregate limit of liability above)	\$1,250,000
(c) Voluntary Compliance Program Expenditures Sublimit – Aggregate limit of liability for all Voluntary Compliance Program Expenditures (included within and not in addition to the maximum aggregate limit of liability above)	\$500,000
(d) ERISA 502(c) Civil Penalties Sublimit – Aggregate limit of liability for all Loss in the form of civil fines or any excise tax imposed pursuant to Section 502(c) of ERISA and the Pension Protection Act of 2006 (included within and not in addition to the maximum aggregate limit of liability above)	Not Applicable to Governmental Plan

(e) HIPAA and HITECH Fines & Penalties Sublimit – Aggregate limit of liability for all Loss in the form of civil fines and penalties imposed pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the HITECH Act of 2009 (included within and not in addition to the maximum aggregate limit of liability above)	\$1,500,000
(f) PPACA Fines & Penalties Sublimit – Aggregate limit of liability for all Loss in the form of civil fines and penalties imposed pursuant to the Patient Protection and Affordable Care Act (PPACA) (included within and not in addition to the maximum aggregate limit of liability above)	\$250,000
(g) Section 4975 Penalties Sublimit – Aggregate limit of liability for all Loss in the form of excise taxes imposed pursuant to Section 4975 of the Internal Revenue Code (included within and not in addition to the maximum aggregate limit of liability above)	\$250,000
(h) ERISA Section 502(a)(3) Relief Sublimit – Aggregate limit of liability for all Loss in the form of equitable relief imposed pursuant to Section 502(a)(3) of ERISA (included within and not in addition to the maximum aggregate limit of liability above)	Not Applicable to Governmental Plan
(i) Benefit Overpayment Sublimit – Aggregate limit of liability for all benefit overpayments as defined in Section II.H(5) of the policy (included within and not in addition to the maximum aggregate limit of liability above)	\$0
(j) Cyber Essentials – Aggregate limit of liability for Content Restoration Expenditures and Crisis Notification Expenditures as defined in Sections II.E and II.G of the policy (included within and not in addition to the maximum aggregate limit of liability above)	\$0

ITEM 5. Retention (each Claim): \$500,000

ITEM 6. Pending or Prior Proceeding Date: 01/01/2003

ITEM 7. Premium: \$169,712.00

ITEM 8. Extended Reporting Period: See AmWINS Vanguard Elite Enhancement Endorsement

ITEM 9. Endorsements:

The following schedule lists all endorsements which form a part of the policy. It is only for reference and provides no coverage. The actual endorsement(s) should be reviewed to determine the effect on coverage:

<u>Endorsement Number</u>	<u>Endorsement Name</u>
1. ESF-31230005	California Amendatory Endorsement
2. ESF-31220060B	Public Entity Fiduciary Liability Endorsement
3. ESF-31220099	CalPERS AmWINS Enhancement Endorsement

This Policy Certificate, together with Policy Form ESF-31210001 (9/2012), the endorsements indicated in ITEM 9 above, if any, and the completed and signed application(s) with any submitted attachments, complete the above-numbered policy.

April 17, 2017

Date



Authorized Representative



EUCLID SPECIALTY

The Prudent Choice

SOLIDARITY PROTECTION GROUP

a voluntary membership organization operating pursuant to the Liability Risk Retention Act of 1986 and whose principal office is:
4323 Warren Street, NW, Washington, DC 20016-2437

The Euclid Vanguard Fiduciary Liability Insurance Policy

In consideration of the payment of the premium and subject to the limits of liability and the Policy Certificate, conditions, limitations, provisions and other terms of this policy, Hudson Insurance Company (the "Insurer") and the **Insureds** agree as follows:

I. INSURING AGREEMENTS

- A.** The Insurer will pay on behalf of the **Insureds** those **Damages** and **Claim Expenses** which the **Insureds** become legally obligated to pay as a result of any **Claim** first made against them during the policy period or, if applicable, the extended reporting period.
- B.** The Insurer will pay on behalf of the **Insureds** those **Voluntary Compliance Program Expenditures** incurred by the **Insureds** as a result of their participation in any **Voluntary Compliance Program** if such participation commences during the policy period or, if applicable, the extended reporting period.
- C.** The Insurer will pay on behalf of the **Insureds** those **Content Restoration Expenditures** and **Crisis Notification Expenditures** directly resulting from a covered **Information Breach** in the **Plan's** business operations.

II. DEFINITIONS

The following terms, when set forth in this policy in bold-face type, will have the meanings set forth below:

- A. Administration** means, with respect to a **Plan**: giving advice and/or counseling to participants and beneficiaries; providing interpretations; handling records; determining and calculating **Benefits**, including the alleged failure to make timely determinations of eligibility for **Benefits**; preparing, distributing or filing required notices or documents, including but not limited to the actual or alleged failure to properly and timely provide COBRA notices or other required notices; or activities relating to enrollment, termination or cancellation of participants or beneficiaries under a **Plan**.
- B. Benefits** means any obligation under a **Plan** to a **Plan** participant or beneficiary that is a payment of money or property.
- C. Claim** means:
 - 1. a written demand for monetary damages, non-monetary damages or injunctive relief;
 - 2. a civil proceeding commenced by the service of a complaint or similar pleading;

3. a criminal proceeding commenced by the return of an indictment;
4. a formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document; or
5. a written notice by the Department of Labor or the Pension Benefit Guaranty Corporation of the commencement of an investigation;

seeking to hold an **Insured** liable or responsible for a **Wrongful Act** committed or attempted, or allegedly committed or attempted, by such **Insured** or by any person for whose **Wrongful Acts** such **Insured** is or is alleged to be legally responsible.

D. Claim Expenses means reasonable expenses and legal fees (other than regular and overtime wages, salaries or fees of the directors, officers, trustees or employees of the Insured) incurred by or on behalf of the **Insureds** in the investigation, adjustment, defense or appeal of a **Claim**, including the premium for an appeal bond.

E. Content Restoration Expenditures means reasonable and necessary costs that are extraordinary and beyond the **Plan's** normal expenditures and that are incurred by the **Plan**, subject to the Insurer's prior consent, to restore or recreate content when such content was:

1. maintained in the **Insured's** care or the care of a trusted party; and
2. damaged or destroyed as a result of an **Information Breach**.

If the content cannot be restored or recreated, the **Content Restoration Expenditures** will be the actual expenses incurred to reach that determination. The **Insured** must secure written consent from the Insurer before incurring any **Content Restoration Expenditures**.

Content Restoration Expenditures does not include:

1. the cost to restore or recreate content to a level greater than that which existed immediately before the **Information Breach**; or
2. costs incurred by the **Insured** more than twelve (12) months after the **Insured's** first discovery of an **Information Breach**.

F. Covered Penalties means, solely in connection with a **Plan**, and subject to the aggregate limit of the policy and the aggregate sublimit of liability set forth in the Policy Certificate:

1. civil penalties or any excise tax imposed pursuant to Section 502(c) of the Employee Retirement Income Security Act of 1974 ("ERISA") or pursuant to any other provision of ERISA or the Code that was amended by the multiemployer plan provisions of the Pension Protection Act of 2006;
2. civil penalties of up to five percent (5%) imposed pursuant to Section 502(i) of ERISA;
3. civil penalties of up to twenty percent (20%) of any settlement or judgment imposed pursuant to Section 502(l) of ERISA for breach of fiduciary duty;
4. civil fines and penalties imposed pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the HITECH Act of 2009;
5. civil fines and penalties imposed pursuant to the Patient Protection and Affordable Care Act ("PPACA");
6. the 15% or less excise tax penalty imposed pursuant to Section 4975 of the Internal Revenue Code, with respect to covered judgments; and
7. relief arising under Section 502(a)(3) of ERISA.

G. Crisis Notification Expenditures means reasonable and necessary costs that are extraordinary and beyond the **Plan's** normal expenditures and are paid by, subject to the

Insurer's prior written consent, the **Insured** within twelve (12) months of the **Insured's** first discovery of the **Information Breach** for any of the following:

1. the cost of any **Insured** to notify persons of a breach of the privacy of their personally identifiable information that was in the **Insured's** care, custody or control or in the care, custody or control of a trusted party;
2. an **Insured's** public relations activities that are solely intended to mitigate a material impact to any **Insured** arising out of an **Information Breach** which has become substantially publicized through the news media;
3. costs, including forensic and investigative expenses, billed to an **Insured** by others an **Insured** engages to determine the origin, extent and duration of an **Information Breach**; and
4. costs an **Insured** incurs for the credit monitoring services to affected persons because of an **Information Breach**.

Except for costs of efforts incurred within the first twenty-four (24) hours of the **Insured's** first discovery of an **Information Breach**, all **Crisis Notification Expenditures**, including, but not limited to, the costs to re-secure the personally identifiable information of affected persons and corporate confidential information, require the Insurer's prior written approval.

H. Damages means monetary and non-monetary damages, judgments (including pre- and post-judgment interest on a covered judgment), settlements and **Covered Penalties** which an **Insured** is legally obligated to pay as a result of a **Claim**. **Damages** shall also include reasonable and necessary fees and expenses of an Independent Fiduciary if such fiduciary is retained as a necessary measure under fiduciary standards to review a proposed settlement of a covered **Claim**.

Damages will not include:

1. civil or criminal fines or penalties other than **Covered Penalties**;
2. taxes or tax penalties other than **Covered Penalties**;
3. cleanup costs relating to hazardous materials, pollution or product defects;
4. wages, tips and commissions;
5. **Benefits**, or that portion of any settlement or award in an amount equal to such **Benefits**, unless and to the extent that recovery of such **Benefits** is based upon a covered **Wrongful Act** and is payable as a personal obligation of an **Insured Person**; provided, however, that **Damages** shall include a monetary award in, or fund for settling, a **Claim** against any **Insured** to the extent it alleges a loss to a **Plan** or loss in the actual accounts of participants in a **Plan** by reason of an alleged breach of fiduciary duty resulting in a change in value of the investments held by that **Plan**; and provided further, however, that **Damages** shall include any negligent act, error or omission committed by the **Insured** solely in the miscalculation of any **Benefit** which results in an overpayment that would otherwise not be covered by the **Plan** and cannot be recovered by the **Plan** after reasonable effort; and
6. matters that may be deemed uninsurable under the law pursuant to which this policy shall be construed.

Where permitted by law, **Damages** shall include punitive, exemplary and multiplied damages imposed upon any **Insured**, subject to this policy's other terms, conditions, and limitations, including, but not limited to, Section V.A(1) of this policy. Enforceability of this paragraph shall be governed by the applicable law that most favors coverage for such penalties and punitive, exemplary and multiplied damages.

Claims Expenses shall be provided for items specifically excluded from **Loss** pursuant to subparagraphs 1 – 6 above, subject to the other terms, conditions, and exclusions of this policy.

I. Employee Benefit Law means:

1. the Employee Retirement Income Security Act of 1974, as amended (ERISA), or any state statute or provision concerning fiduciary standards of care with respect to a **Plan**, including but not limited to the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the Newborns' and Mothers' Health Protection Act of 1996, the Mental Health Parity Act of 1996, the Women's Health and Cancer Rights Act of 1998, the Pension Protection Act of 2006, and Patient Protection and Affordable Care Act (PPACA);
2. the privacy provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH); and solely with respect to subparagraph (2) of the definition of **Wrongful Act**, unemployment insurance, Social Security, government-mandated disability benefits or similar law; and
3. Section 301 of the Labor Management Relations Act (LMRA) relating to alleged violations of collectively bargained contracts in connection with a **Plan**.

In no event shall **Employee Benefit Law**, other than as set forth in subparagraph (2) above, include any law other than ERISA which concerns workers' compensation, unemployment insurance, Social Security, government-mandated disability benefits or similar law.

J. Information Breach means the following when allegedly or actually done by the **Insured** or on the **Insureds** behalf:

1. failure to prevent exposure of, unauthorized access use of, repudiation of access to, tampering with or introduction of malicious code into data, software, firmware, systems or networks;
2. failure to prevent identity theft or credit/debit card fraud;
3. failure to prevent the theft, unauthorized or illegal exposure of a person's personally identifiable information or commercial confidential information that resides in or on an **Insureds** laptop(s), device(s) or other media containing content or in on a trusted party's laptop(s), device(s) or other media containing content; and
4. failure to prevent unauthorized access to or unauthorized use of commercial confidential information.

K. Insurance Representative means the person or organization authorized to represent the **Insureds** and designated as such in ITEM 1 of the Policy Certificate of this policy.

L. Insured means:

1. any **Plan**;
2. any natural person serving as a past, present or future trustee, committee member or employee of a **Plan** in his or her **Administration** of a **Plan** or in his or her capacity as a fiduciary or trustee of a **Plan**; and
3. any other entity or natural person designated as an additional **Insured** by written endorsement to this policy.

M. Loss means **Damages, Claim Expenses, Voluntary Compliance Program Expenditures and Information Breaches**; provided, however, that **Loss** will not include:

1. any overhead expenses or charges, salaries, wages, fees or benefits of any **Insured**;
2. any surcharges, taxes, fines or penalties other than those defined as **Covered Penalties** in Section II.F; or
3. any matter uninsurable under the law pursuant to which this policy is construed.

N. Plan means each plan or trust enumerated in ITEM 2 of the Policy Certificate of this policy.

O. Related Claims means all **Claims** based upon, arising from or in consequence of causally connected **Wrongful Acts**.

P. Voluntary Compliance Program means any voluntary compliance resolution program or similar voluntary settlement program administered by the U.S. Internal Revenue Service or the U.S. Department of Labor, including but not limited to the Employee Plans Compliance Resolution System, the Audit Closing Agreement program, the Voluntary Compliance Resolution Program, the Walk-In Closing Agreement Program, the Administrative Policy Regarding Self-Correction, the Tax Sheltered Annuity Voluntary Correction Program, the Delinquent Filer Voluntary Compliance Program and the Voluntary Fiduciary Correction Program.

Q. Voluntary Compliance Program Expenditures means:

1. reasonable costs, charges and expenses of attorneys, accountants and/or other professionals that are incurred solely in investigating and evaluating a **Plan's** actual or alleged noncompliance with any statute, rule or regulation and effecting a resolution thereof pursuant to a **Voluntary Compliance Program**; and
2. any fees, fines, penalties or sanctions paid by an **Insured** to a governmental authority pursuant to a **Voluntary Compliance Program** as a result of a **Plan's** actual or alleged inadvertent noncompliance with any statute, rule or regulation and, subject to the Insurer's approval, costs to correct a **Plan's** actual or alleged inadvertent noncompliance with any statute, rule or regulation that are incurred by the **Plan** in connection with its participation in a **Voluntary Compliance Program**.

R. Wrongful Act means:

1. any breach of the responsibilities, obligations or duties imposed upon fiduciaries of a **Plan** by an **Employee Benefit Law**;
2. any negligent act, error or omission by any **Insured** in the **Administration** of any **Plan**; and
3. with respect to **Claims Expenses** only, any negligent act, error or omission, other than a wrongful employment practice, by an **Insured** solely in such **Insured's** capacity as a trustee of a **Plan** that is not otherwise covered in subparagraphs (1) and (2) above.

III. DEFENSE AND SETTLEMENT

A. The Insurer will have the right and duty to defend any **Claim** covered by this policy, even if the allegations in such **Claim** are groundless, false or fraudulent. Upon the exhaustion of the limit of liability applicable to any **Claim**, the Insurer's duty to defend such **Claim** will cease and, upon the exhaustion of the Insurer's maximum aggregate limit of liability under this policy as set forth in ITEM 4(a) of the Policy Certificate, the Insurer will thereafter have no duty or obligation to defend or to continue to defend any **Claim**.

- B. Subject to Section III.A above, the **Insureds** will have the right to select defense counsel to defend **Claims** against them, subject to the Insurer's approval, such approval not to be unreasonably withheld, and subject to such counsel's agreement to comply with applicable litigation management guidelines. The **Insureds** must, however, exercise this right in writing within thirty (30) days after first giving the Insurer notice of the **Claim** with respect to which such counsel is to be retained. If the **Insureds** do not inform the Insurer in writing of their intent to retain their own defense counsel within thirty (30) days after providing notice of a **Claim**, the Insurer will have the right to appoint defense counsel to represent the **Insureds** in connection with such **Claim** and to conduct the defense thereof.
- C. **Claim Expenses** incurred by counsel retained by the **Insureds**, or by the Insurer if the **Insureds** do not exercise their right to retain their own defense counsel, are part of and not in addition to the applicable limit of liability as set forth in ITEM 4(a) of the Policy Certificate, and the payment by the Insurer of such **Claim Expenses** will reduce, and may exhaust, the applicable limit of liability under this policy.
- D. The **Insureds** agree to provide the Insurer with all information, assistance and cooperation which the Insurer reasonably requests and the **Insureds** further agree that, in the event of a **Claim**, they will do nothing that may prejudice the Insurer's position or actual or potential rights of recovery. At the Insurer's request, the **Insureds** will assist in the conduct of actions, suits or proceedings, including but not limited to attending hearings, trials and depositions, securing and giving evidence and obtaining the attendance of witnesses, and will also assist in making settlements.
- E. The **Insureds** agree not to settle any **Claim**, incur any **Claim Expenses** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Insurer's written consent, which consent will not be unreasonably withheld. The Insurer will not be liable for any settlement, **Claim Expenses**, assumed obligation or admission to which it has not consented.
- F. The Insurer may make any investigation it deems necessary and may, with the written consent of the **Insureds**, make any settlement of a **Claim** it deems expedient.

IV. EXTENSIONS OF COVERAGE

A. Spouses, Estates and Legal Representatives

Subject to the limits of liability and the Policy Certificate, conditions, limitations, provisions and other terms of this policy, the coverage provided by this policy will extend to **Claims** made against:

1. the estate, heirs, legal representatives or assigns of any natural person **Insured** if such natural person **Insured** is deceased, or the legal representatives or assigns of any natural person **Insured** if such natural person **Insured** is incompetent, insolvent or bankrupt; and
2. the lawful spouse or domestic partner of a natural person **Insured** solely by reason of such spouse or domestic partner's status as such or such spouse or domestic partner's ownership interest in property which the claimant seeks as recovery for liability of such natural person **Insured**.

All conditions, limitations, provisions and other terms of this policy applicable to **Claims** against and **Loss** incurred by natural person **Insureds** will also be applicable to **Claims**

against and loss incurred by their estates, heirs, legal representatives, assigns, spouses and domestic partners. No coverage will be available under this Section IV.A, however, for any loss, including costs, charges or expenses of defense, arising from any act, error or omission committed or attempted, or allegedly committed or attempted, by a natural person **Insured's** estate, heir, legal representative, assign, spouse or domestic partner.

B. Extended Reporting Period

1. If this policy is terminated or not renewed for any reason other than the non-payment of premium, the **Insureds** will have the right to purchase an extension of the coverage granted by this policy for a twelve (12) month period (the "extended reporting period") after the effective date of such termination or non-renewal. The extended reporting period, if purchased, will apply only to:
 - a. **Claims** first made during the extended reporting period, and only if such **Claims** are for otherwise covered **Wrongful Acts** committed, attempted or allegedly committed or attempted before the effective date of such termination or non-renewal;
 - b. **Voluntary Compliance Program Expenditures** incurred by **Insureds** as a result of the **Insureds'** participation during the extended reporting period in a **Voluntary Compliance Program**, but only if such participation commences during the extended reporting period and involves a **Plan's** actual or alleged inadvertent noncompliance with any statute, rule or regulation before the effective date of such termination or non-renewal.
2. The additional premium for the extended reporting period will be that amount set forth in ITEM 8 of the Policy Certificate. This additional premium must be paid within thirty (30) days after the effective date of the termination or non-renewal of the policy, and will be deemed to have been fully earned immediately as of the inception of the extended reporting period.
3. The Insurer's limits of liability for **Loss** from **Claims** first made or deemed made during the extended reporting period and for **Voluntary Compliance Program Expenditures** resulting from the **Insureds** participation during the extended reporting period in a **Voluntary Compliance Program** will be part of, and not in addition to, the limits of liability stated in ITEM 4(c) of the Policy Certificate, which are applicable to all **Loss** for which this policy provides coverage.
4. The Insurer reserves the right to approve a request for a longer extended reporting period not to exceed seventy-two (72) months, for such additional premium as the Insurer may require.

V. EXCLUSIONS

A. The Insurer will not be liable for any **Loss** on account of any **Claim** against any **Insured**:

1. Arising out of, based upon or attributable to any:
 - a. profit or advantage to which the **Insured** was not legally entitled; or
 - b. deliberate criminal or deliberate fraudulent act, or any knowing or willful violation of any statute, rule or law, including, but not limited to **Employee Benefit Law**, by the **Insured**;

if established by any final, non-appealable adjudication in any action or proceeding other than an action or proceeding initiated by the **Insurer** to determine coverage under the policy;

2. For any actual or alleged libel or slander;
3. For any actual or alleged bodily injury to, or mental or emotional distress, sickness, disease or death of, any person, or damage to or destruction, loss or loss of use of any tangible property; provided, however, this exclusion shall not apply to **Claims Expenses** incurred in the defense of a **Claim** for a violation of an **Employee Benefit Law** by an **Insured**;
4. Based upon, arising from or in consequence of any liability of others assumed by any **Insured** under any contract or agreement, whether oral or written, other than an agreement or declaration of trust or similar agreement creating or establishing a **Plan**; provided, that this exclusion will not apply to the extent that an **Insured** would have been liable in the absence of such contract or agreement;
5. Based upon, arising from or in consequence of:
 - a. any act, error, omission, fact, circumstance, situation, transaction, event, decision or **Wrongful Act** if written notice thereof has been given under any policy of which this policy is a renewal or replacement if such prior policy affords coverage or, but for the exhaustion of its limit or limits or liability, would have afforded coverage for such **Loss**, in whole or in part, as a result of such notice; or
 - b. any demand, suit or other proceeding, or order, decree or judgment rendered, against any **Insured** on or prior to the Pending or Prior Proceeding Date set forth in ITEM 6 of the Policy Certificate of this policy, or the same or substantially similar facts, circumstances or situations underlying or alleged in any such demand, suit, proceeding, order, judgment or decree;
6. The Insurer will not be liable for **Loss** resulting in an **Information Breach** arising out of or in any way related to an actual or alleged:
 - a. refunds, credits, redemption, discounts, coupons, offsets, rebates or returns, including, but not limited to: licensing fees, subscription charges, access fees, royalties or any other type of fee or charge;
 - b. the cost to create a proof of **Loss** or to document a **Loss**; or
 - c. expenses the **Plan** incurs to upgrade, enhance or improve content, data, software, firmware, systems or networks to a state better than that which existed prior to the **Information Breach**.

B. Full Severability of Exclusions

No facts pertaining to or knowledge possessed by any **Insured** will be imputed to any other **Insured** to determine the application of any of the above Exclusions.

VI. CONDITIONS

A. Limits of Liability and Retention

1. Regardless of the number of **Claims**, the number of persons or entities included within the definition of **Insured**, the number of **Insureds** included in a particular **Claim** or the number of claimants who may make **Claims** against the **Insureds**, the amount stated in ITEM 4(a) of the Policy Certificate will be the Insurer's maximum aggregate limit of liability under this policy for all **Loss** for which this policy provides coverage, and the retention stated in ITEM 5 of the Policy Certificate will apply separately to each **Claim**.
2. **Claim Expenses** are part of and not in addition to the limit of liability set forth in ITEM 4(a) of the Policy Certificate, and payment of **Claim Expenses** by the Insurer will reduce, and may exhaust, that limit of liability.
3. The Insurer will have no obligation to pay **Loss**, including **Claim Expenses**, or to defend or continue to defend any **Claim**, after the limit of liability set forth in ITEM 4(a) of the Policy Certificate has been exhausted.
4. The amount set forth in ITEM 4(b) of the Policy Certificate will be the Insurer's maximum limit of liability under this policy for **Claim Expenses** only in connection with **Claims** solely alleging **Wrongful Acts** as defined in Section II.R(3) of this policy, and such amount will be part of and not in addition to the Insurer's maximum aggregate limit of liability for all **Loss** under this policy as stated in ITEM 4(a) of the Policy Certificate.
5. The amount set forth in ITEM 4(c) of the Policy Certificate will be the Insurer's maximum limit of liability under Section I. Insuring Agreement B for all **Voluntary Compliance Program Expenditures** incurred in connection with the **Insureds** participation in **Voluntary Compliance Programs**, and such amount will be part of and not in addition to the Insurer's maximum aggregate limit of liability for all **Loss** under this policy as stated in ITEM 4(a) of the Policy Certificate.
6. The amount set forth in ITEM 4(d) of the Policy Certificate will be the Insurer's maximum limit of liability under this policy for **Loss** in the form of civil penalties or excise tax imposed pursuant to Section 502(c) of ERISA and the Pension Protection Act of 2006, and such amount will be part of and not in addition to the Insurer's maximum aggregate limit of liability for all **Loss** under this policy as stated in ITEM 4(a) of the Policy Certificate.
7. The amount set forth in ITEM 4(e) of the Policy Certificate will be the Insurer's maximum limit of liability under this policy for **Loss** in the form of civil fines and penalties imposed pursuant to HIPAA and the HITECH Act, and such amount will be part of and not in addition to the Insurer's maximum aggregate limit of liability for all **Loss** under this policy as stated in ITEM 4(a) of the Policy Certificate.
8. The amount set forth in ITEM 4(f) of the Policy Certificate will be the Insurer's maximum limit of liability under this policy for civil fines and penalties imposed pursuant to the Patient Protection and Affordable Care Act (PPACA), and such amount will be part of and not in addition to the Insurer's maximum aggregate limit of liability for all **Loss** under this policy as stated in ITEM 4(a) of the Policy Certificate.
9. The amount set forth in ITEM 4(g) of the Policy Certificate will be the Insurer's maximum limit of liability under this policy for excise taxes imposed pursuant to Section 4975 of the Internal Revenue Code, and such amount will be part of and not in addition to the Insurer's maximum aggregate limit of liability for all **Loss** under this policy as stated in ITEM 4(a) of the Policy Certificate.

10. The amount set forth in ITEM 4(h) of the Policy Certificate will be the Insurer's maximum limit of liability under the policy for relief imposed pursuant to Section 502(a)(3) of ERISA, and such amount will be part of and not in addition to the Insurer's maximum aggregate limit of liability for all **Loss** under this policy as stated in ITEM 4(a) of the Policy Certificate.
11. The amount set forth in ITEM 4(i) of the Policy Certificate will be the Insurer's maximum limit of liability under the policy for miscalculation of benefits resulting in the overpayment of a benefit that would otherwise not be covered by the **Plan**, and such amount will be part of and not in addition to the Insurer's maximum aggregate limit of liability for all **Loss** under this policy as stated in ITEM 4(a) of the Policy Certificate.
12. The amount set forth in ITEM 4(j) of the Policy Certificate will be the Insurer's maximum limit of liability under Section I. Insuring Agreement C for all **Loss** resulting from an **Information Breach**, and such amount will be part of and not in addition to the Insurer's maximum aggregate limit of liability for all **Loss** under this policy as stated in ITEM 4(a) of the Policy Certificate.
13. The obligations of the Insurer to pay **Loss**, including **Claim Expenses**, will only be in excess of any applicable retention as stated in ITEM 5 of the Policy Certificate, which amount will be borne by the **Insureds** at their own expense. The Insurer will have no obligation whatsoever, either to the **Insureds** or to any other person or entity, to pay all or any portion of any applicable retention amount on behalf of any **Insured**, although the Insurer will, at its sole discretion, have the right and option to do so, in which event the **Insureds** agree to repay the Insurer any amounts so paid.

B. Notice

1. As a condition precedent to exercising their rights under Section I. Insuring Agreement A of this policy, the **Insureds** must give the Insurer written notice as soon as practicable of any **Claim** made against them.
2. As a condition precedent to exercising their rights under Section I. Insuring Agreement B of this policy, the **Insureds** must give the Insurer written notice as soon as practicable of their participation or intent to participate in a **Voluntary Compliance Program**; provided, that the Insurer will not be liable under Section I. Insuring Agreement B for any **Voluntary Compliance Program Expenditures** incurred in connection with any **Voluntary Compliance Program** before such written notice has been given to the Insurer.
3. As a condition precedent to exercising their rights under Section I. Insuring Agreement C of this policy, the **Insureds** must give the Insurer written notice as soon as practicable of an **Information Breach** discovered by the **Insured** or a trusted party. When an Information Breach is discovered that may reasonably be expected to result in a covered **Loss**, the **Insured** must:
 - a. immediately, upon the first discovery of the **Information Breach**, notify the Insurer in writing or by email. This notification must include a description of the **Information Breach**, a description of how, when and where the **Information Breach** or circumstances happened and copies of all available information relating to the **Information Breach** and its duration;

- b. promptly authorize the Insurer to obtain records and other information and provide the Insurer with records and information as requested by the Insurer;
 - c. promptly cooperate with and assist the Insurer in the investigation of the **Information Breach** and any **Loss**; and
 - d. promptly assist the Insurer, upon request, in enforcing all rights of contribution or indemnity that any **Insured** or the person affected may have against all persons or entities.
4. If during the policy period or, if exercised, the extended reporting period an **Insured** becomes aware of circumstances that could give rise to a **Claim** or an **Information Breach** and gives the Insurer written notice of such circumstances, then any **Claims** or **Information Breaches** subsequently arising from such circumstances will be considered to have been made during the policy period or, if exercised, the extended reporting period in which such circumstances were first reported to the Insurer.
 5. As a condition precedent to exercising their rights under this policy, the **Insureds** must give the Insurer such information and cooperation as the Insurer may reasonably require, including but not limited to a description of any **Claim** or circumstances that could give rise to a **Claim**, the nature of any **Wrongful Acts** actually or allegedly committed or attempted, the nature of the alleged or potential damage, the identities of actual or potential claimants, and the manner in which the **Insureds** first became aware of any such **Claim** or circumstances that could give rise to a **Claim**.

C. Coverage Territory

The insurance afforded by this policy applies anywhere in the world.

D. Related Claims

All **Related Claims** will be deemed to be a single **Claim** which will be deemed to have been first made at the earlier of the following times:

1. When the earliest of such **Related Claims** was first made, or
2. At the earliest time at which notice was given under any policy of insurance of any act, error, omission, fact, circumstance, situation, transaction, event, decision or **Wrongful Act** underlying any such **Related Claim**.

E. Related Information Breaches

All **Information Breaches** that result in **Loss** covered by this Policy that are the same, continuous, repeated or in a series of interrelated **Information Breaches** or are temporally, logically or causally connected by facts, circumstances, situations, transactions, events, utterances or decisions shall be deemed to be a single **Information Breach** happening at the time of the earliest of those **Information Breaches** during the policy period.

F. Changes in Exposure

1. If, during the policy period, a **Plan** merges into or consolidates with another plan not enumerated in ITEM 2 of the Policy Certificate, written notice thereof must be provided to the Insurer as soon as practicable. Coverage under this policy will continue in full force and effect with respect to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted before such event by such **Plan**, by any natural

person **Insureds** with respect to any **Plan** or by any person for whose **Wrongful Acts** any such **Insured** is legally responsible, and for the **Insureds'** participation in **Voluntary Compliance Programs** in respect of any such **Plan's** actual or alleged noncompliance with any statute, rule or regulation before such event. However, coverage under this policy will cease with respect to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted after such event by any such **Insured** or by any person for whose **Wrongful Acts** any such **Insured** is legally responsible and for the **Insureds'** participation in **Voluntary Compliance Programs** in respect of any such **Plan's** actual or alleged noncompliance with any statute, rule or regulation after such event.

2. If, during the policy period, the responsibility for the administration of a **Plan** is fully assumed by another person, entity or group of persons or entities, written notice thereof must be provided to the Insurer as soon as practicable. Coverage under this policy will continue in full force and effect with respect to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted before such event by any natural person **Insureds** with respect to such **Plan** prior to such transfer of responsibilities or by any person for whose **Wrongful Acts** any such **Insured** is legally responsible, and for such natural person **Insureds'** participation in **Voluntary Compliance Programs** in respect of any such **Plan's** actual or alleged noncompliance with any statute, rule or regulation before such event. However, coverage under this policy will cease with respect to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted after such event by any such natural person **Insured** or by any person for whose **Wrongful Acts** any such **Insured** is legally responsible and for such natural person **Insureds'** participation in **Voluntary Compliance Programs** in respect of any such **Plan's** actual or alleged noncompliance with any statute, rule or regulation after such event.
3. If any **Plan** is terminated, whether before or during the policy period, written notice thereof must be provided to the Insurer as soon as practicable. Coverage under this policy will continue to apply to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted before such event by such **Plan**, by any natural person **Insureds** with respect to such **Plan** or by any person for whose **Wrongful Acts** any such **Insured** is legally responsible, and to the **Insureds'** participation in **Voluntary Compliance Programs** in respect of any such **Plan's** actual or alleged noncompliance with any statute, rule or regulation before such event. No coverage will be available under this policy, however, with respect to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted after such event by any such **Insured** or by any person for whose **Wrongful Acts** any such **Insured** is legally responsible, or for **Voluntary Compliance Program Expenditures** in connection with **Voluntary Compliance Programs** in respect of any such **Plan's** actual or alleged noncompliance with any statute, rule or regulation after such event.

G. Other Insurance

All **Loss** payable under this policy will be specifically excess of and will not contribute with any other valid and collectible insurance, whether such other insurance is stated to be primary, contributing, excess (except insurance specifically in excess of this policy), contingent or otherwise.

H. Allocation

If, in connection with a **Claim**, both **Loss** covered by this policy and loss not covered by this policy are incurred, either because the **Claim** contains both covered and uncovered matters or because the **Claim** is made in part against persons or entities not insured hereunder, the **Insureds** and the Insurer will use their best efforts to determine a fair and appropriate allocation of amounts incurred in connection with such **Claim** as between **Loss** covered under this policy and loss not covered under this policy. The **Insureds** and the Insurer agree that, in determining such a fair and appropriate allocation, the parties will take into account the relative legal and financial exposures associated with any such covered and uncovered matters, as well as the relative legal and financial exposures of, and the relative benefits obtained in connection with the defense and/or settlement of any **Claim** by, the **Insureds** and other persons or entities not insured hereunder. If an agreement between the **Insureds** and the Insurer as to a fair and appropriate allocation cannot be reached, then the Insurer will pay or advance that portion of those amounts incurred in connection with such **Claim** which the **Insureds** and the Insurer agree constitutes **Loss** covered under this policy until a final allocation is agreed upon or determined pursuant to the provisions of this policy and applicable law.

I. Subrogation; Waiver of Right of Recourse

1. In the event of payment under this policy, the Insurer will be subrogated to, and will be entitled to an assignment of, all of the **Insureds'** rights of recovery therefor. The **Insureds** will execute all papers and do everything necessary to secure such rights, including the execution of any documents necessary to enable the Insurer effectively to pursue and enforce such rights and to bring suit in the name of the **Insureds**.
2. If any premium for this policy is paid out of the assets of a **Plan**, the Insurer will have the right of recourse required by Section 410(b)(1) of ERISA, unless an **Insured** other than a **Plan** shall have paid the additional waiver of recourse premium set forth in ITEM 7(b) of the Policy Certificate.

J. Termination of Policy; No Obligation to Renew

1. This policy may not be cancelled or rescinded by the Insurer except for non-payment of premium.
2. This policy will terminate at the earliest of the following times:
 - a. Upon receipt by the Insurer of written notice of termination from the **Insurance Representative**;
 - b. Subject to Section IV.B, above, upon expiration of the policy period, as set forth in ITEM 3 of the Policy Certificate; or
 - c. At such other time as the Insurer and the **Insurance Representative** may agree.
3. If the policy is terminated by the **Insurance Representative**, the Insurer will refund any unearned premium computed at customary short rates. Under all other circumstances, unearned premium, if any, will be computed pro rata. Refund of any unearned premium will be made either at the time of termination or as soon as practicable thereafter, but payment or tender by the Insurer of any unearned premium is not a condition of termination.

4. The Insurer will not be required to renew this policy upon its expiration. The offer of renewal terms and conditions or premiums different from those in effect prior to renewal will not constitute refusal to renew.

K. Representations and Severability

1. The **Insureds** represent that the Policy Certificate and statements contained in the written application for this policy are true, accurate and complete, and agree that this policy is issued in reliance on the truth of that representation, and that such Policy Certificate and statements, which are deemed to be incorporated into and to constitute a part of this policy, are the basis of this policy and are material to the Insurer's acceptance of this risk.
2. Such written application for coverage will be considered as a separate application for coverage by each **Insured** and, with respect to the Policy Certificate and statements contained in such written application for coverage, no declaration or statement in the application or knowledge possessed by any **Insured** will be imputed to any other **Insured** for the purpose of determining whether coverage is available.

L. No Action Against the Insurer

No action may be taken against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy. No person or entity will have any right under this policy to join the Insurer as a party to any **Claim** to determine the liability of any **Insured**; nor may the Insurer be impleaded by an **Insured** or his, her or its legal representative in any such **Claim**.

M. Bankruptcy or Insolvency of Insured

The Insurer will not be relieved of any of its obligations under the policy by the bankruptcy or insolvency of any of the **Insureds** or their estates.

N. Authorization and Notices

1. By acceptance of this policy, the **Insurance Representative** agrees to act on behalf of all **Insureds** with respect to all matters under this policy, including but not limited to the payment of premiums and the receipt of any return premiums, the giving and receiving of notices of **Claim** and of circumstances that may give rise to a **Claim** and all other notices and communications (except notices to effect the purchase of any extended reporting period), the effecting or accepting of any endorsements to or termination or non-renewal of this policy and the **Insureds** agree that the **Insurance Representative** will act on their behalf.
2. All notices to the Insurer of **Claims**, of circumstances that may give rise to **Claims** or of the **Insureds'** intent to participate in a **Voluntary Compliance Program** or any other notice required under the policy must be given in writing via mail, fax or email to:

Euclid Specialty Managers, LLC
380 Maple Avenue West, Suite 302
Vienna, VA 22180
(571) 730-4813 (fax)
professionalclaims@euclidspecialty.com

O. Alteration and Assignment

No change in, modification of or transfer or assignment of interest under this policy will be effective unless made by written endorsement to this policy signed by an authorized representative of the Insurer or a designated affiliate thereof.

P. Valuation and Foreign Currency

All premiums, limits, retentions, **Loss** and other amounts under this policy are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or any element of **Loss** under this policy is stated in a currency other than United States of America dollars, payment under this policy will be made in United States of America dollars at the rate of exchange published in the Wall Street Journal on the date such final judgment is reached, the amount of such settlement is agreed upon or such element of **Loss** is due, respectively.

Q. Entire Agreement

The **Insureds** agree that this policy, including the application and any endorsements, constitutes the entire agreement between them and the Insurer or any of its agents relating to this insurance.

IN WITNESS WHEREOF, Hudson Insurance Company has caused this policy to be signed by its President and Corporate Secretary at 100 William Street, New York, NY 10038 but this policy will not be effective unless the Insurer shall have issued a Policy Certificate as part of this policy.



President



Secretary

Policy Number: SFD31210503-02
Endorsement Number: 1
Endorsement Effective Date:04/15/2017 (12:01 a.m. local time)

California Amendatory Endorsement

It is agreed that the above-numbered policy is amended as follows:

Section VI.J Termination of Policy; No Obligation to Renew is amended by adding the following wording which supersedes any provision to the contrary:

1. If this policy has been in effect for more than sixty (60) days, or if this is a renewal policy of the Insurer, this policy may be canceled by the Insurer only upon the occurrence, after the effective date of the policy, of one or more of the following:
 - a. Non-payment of premium, including payment due on a prior policy issued by the Insurer and due during the current policy term covering the same risks;
 - b. Discovery of fraud or material misrepresentation by:
 1. Any **Insured** or their **Insurance Representative** in obtaining this insurance; or
 2. Any **Insured** or their **Insurance Representative** in pursuing a **Claim** under this policy;
 - c. A judgment by a court or an administrative tribunal that any **Insured** has violated a California or federal law, having as one of its necessary elements an act which materially increases any of the risks insured against;
 - d. Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by any **Insured** or their Insurance Representative, which materially increase any of the risks insured against;
 - e. Failure by the **Insured** or their Insurance Representative to implement reasonable loss control requirements, agreed to by the **Insured** as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against;
 - f. A determination by the Commissioner of Insurance that the:
 1. Loss of or change in the Insurer's reinsurance covering all or part of the risk would threaten the Insurer's financial integrity or solvency; or
 2. Continuation of the policy coverage would place the Insurer in violation of California law, or the laws of the state where the Insurer is domiciled, or threaten the solvency of the Insurer;
 - g. A change by the **Insured** or their **Insurance Representatives** in the activities or property of the commercial or industrial enterprise which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
2. If this policy is canceled by the Insurer based on one or more of the above reasons it shall mail a written notice of cancellation stating the reason(s) for cancellation to the **Insured** shown in ITEM 2 of the Policy Certificate, and to the **Insurance Representative** shown in ITEM 1 of the Policy Certificate, at least:
 - a. Ten (10) days before the effective date of cancellation if the policy is canceled for reasons (a) or (b) stated above; or
 - b. Thirty (30) days before the effective date of cancellation if the policy is canceled for any other of the above reasons.
3. Subject to the provisions of the following paragraph, if the Insurer elects not to renew this policy it will mail or deliver a written notice of non-renewal stating the reason for non-renewal to the **Insured** shown in ITEM 2 of the Policy Certificate, and to the **Insurance Representative** shown in ITEM 1 of the Policy Certificate, at least sixty (60) days but not more than one hundred twenty

(120) days before the anniversary or expiration date of this policy. Non-renewal notice will be mailed or delivered to the addresses shown in the Policy Certificate.

4. The Insurer is not required to send notice of non-renewal in the following situations:
 - a. If the transfer or renewal of a policy without any changes in terms, conditions or rates, is between the Insurer and a company within the same insurance group;
 - b. If the policy has been extended for ninety (90) days or less, provided that notice has been given in accordance with the time periods specified in the preceding paragraph;
 - c. If the **Insured** shown in ITEM 2 of the Policy Certificate has obtained replacement coverage, or if the **Insured** has agreed in writing within sixty (60) days of the termination of the policy to obtain that coverage;
 - d. If the policy is for a period of no more than sixty (60) days and the **Insured** shown in ITEM 2 of the Policy Certificate is notified at the time of issuance that it will not be renewed; or
 - e. If the **Insured** requests a change in the terms and conditions or risks covered by the policy within sixty (60) days of the end of the policy period.

Nothing contained herein shall vary, alter or extend the terms, conditions and limitations of the policy except as stated above.

This endorsement is part of the above-numbered policy and is effective as of the Endorsement Effective Date shown above. It is not binding unless signed by an authorized representative of the Insurer.

HUDSON INSURANCE COMPANY



Authorized Representative

Policy Number: SFD31210503-02
Endorsement Number: 2
Endorsement Effective Date: 04/15/2017 (12:01 a.m. local time)

Public Entity Fiduciary Liability Endorsement

In consideration of the premium charged it is agreed that the above-numbered policy is amended as follows:

1. Section II. Definitions C is deleted in its entirety and replaced with the following wording:

C. **Claim** means:

1. a written demand for monetary damages, non-monetary damages or injunctive relief;
2. a civil proceeding commenced by the service of a complaint or similar pleading;
3. a criminal proceeding commenced by the return of an indictment;
4. a formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document, other than an administrative or dispute resolution proceeding handled internally by a governmental entity, body, agency or subdivision;

seeking to hold an **Insured** liable or responsible for a **Wrongful Act** committed or attempted, or allegedly committed or attempted, by such **Insured** or by any person for whose **Wrongful Acts** such Insured is or is alleged to be legally responsible.

2. Section II. Definitions A is deleted in its entirety and replaced with the following wording:

- A. **Administration** means, with respect to a **Plan**: giving advice and/or counseling to participants and beneficiaries; providing interpretations; handling records; determining and calculating **Benefits**, including the alleged failure to make timely determinations of eligibility for **Benefits**; preparing, distributing or filing required notices or documents, including but not limited to the actual or alleged failure to properly and timely provide COBRA notices or other required notices; activities relating to enrollment, termination or cancellation of participants or beneficiaries under a **Plan**; or any act, error or omission committed, attempted or allegedly committed or attempted by an **Insured** solely in such **Insured's** settlor capacity with respect to establishing, amending, terminating, or funding a **Plan**.

3. ITEM 5. Retention (each **Claim**) in the Policy Certificate is deleted in its entirety and replaced with the following:

Retention (each **Claim**):

- (a) Non-Indemnifiable **Loss**: \$0.00
- (b) Indemnifiable **Loss**: amount indicated on the Policy Certificate

The Insurer's liability hereunder shall apply to that part of **Loss** which is excess of the retention set forth in the ITEM 5 of the Policy Certificate, as amended in paragraph (3) of this endorsement, and such retention shall be borne by the **Insured** at its own risk. The retention for Non-Indemnifiable **Loss** set forth in ITEM 5(a) of the Policy Certificate shall apply to **Loss** for which the **Insured** is not permitted or required to indemnify, or is permitted or required to indemnify but does not do so by reason of financial impairment. The **Insured** shall be deemed permitted or required to indemnify any natural person **Insured**. The retention amount for Indemnifiable **Loss** as set forth in ITEM 5(b) of the Policy Certificate, as amended by this Endorsement, shall apply to all other **Loss**.

If a single **Loss** is subject to more than one retention amount, the largest retention amount shall be the maximum retention amount applicable to such **Loss**. **Loss** arising out of the same **Wrongful Act** of any **Insured** shall be deemed one **Loss** and only one retention amount shall apply to such **Loss**.

4. Section V. Exclusions is amended by adding the following new section:
 - C. The Insurer will not be liable for any **Loss**, other than **Claim Expenses**, on account of any **Claim** against any **Insured**:
 1. For failure to fund a **Plan** in accordance with any applicable **Employee Benefit Law** or the **Plan** instrument, or for failure to collect contributions owed to a **Plan**; provided, that this exclusion will not apply to that portion of **Loss** payable solely as the personal obligation of such natural person **Insured**;
 2. Which constitute the return to any employer, public entities or governmental authorities of any contributions if such amounts are or could be chargeable to a **Plan**.
5. Section VI.I. Subrogation; Waiver of Right of Recourse is deleted in its entirety and replaced with the following:
 - A. In the event of payment under this policy, the Insurer will be subrogated to, and will be entitled to an assignment of, all the **Insureds'** rights of recovery therefor. The **Insureds** will execute all papers and do everything necessary to secure such rights, including the execution of any documents necessary to enable the Insurer effectively to pursue and enforce such rights and to bring suit in the name of the **Insureds**.
 - B. In consideration of payment by the **Plan** of the premium, the Insurer agrees to waive its right of recourse against the **Insureds**. Notwithstanding this provision, the Insurer still maintains the right to seek recovery against an **Insured** of any **Loss** paid out under the policy if Section V. Exclusions 1(a) and/or 1(b) is established by any final, non-appealable adjudication.

Nothing contained herein shall vary, alter or extend the terms, conditions and limitations of the policy except as stated above.

This endorsement is part of the above-numbered policy and is effective as of the Endorsement Effective Date shown above. It is not binding unless signed by an authorized representative of the Insurer.

HUDSON INSURANCE COMPANY



Authorized Representative

Policy Number: SFD31210503-02
Endorsement Number: 3
Endorsement Effective Date: 04/15/2017 (12:01 a.m. local time)

CalPERS AmWINS Enhancement Endorsement

In consideration of the premium charged it is agreed that the above-numbered policy is amended as follows:

1. **AMEND II. DEFINITION A. Administration**

The definition of **Administration** in Section II. DEFINITIONS A. of the policy is deleted and replaced with the following:

A. Administration means:

- a. handling records, giving advice, counsel or interpretation to participants or beneficiaries regarding a **Plan**; or
- b. affecting enrollment, termination, or cancellation of participants or beneficiaries under an **Plan**; or
- c. complying with the privacy provision of HIPAA, or any similar statute, rule or regulation, regarding a **Plan**; or
- d. any matter claimed against an **Insured** solely by reason of serving as an administrator of a **Plan**; or
- e. determining and calculating benefits regarding a **Plan**, including making determinations of eligibility, calculation of benefits or payment of benefits; or
- f. supervising, reviewing, recommending or directing payment or denial of payment under a **Plan**; or
- g. determining eligibility or coverage for or under a **Plan**; or
- h. distributing or filing required notices or documents; or
- i. complying with the notice provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

2. **AMEND II. DEFINITION C. Claim**

The definition of **Claim** in Section II. DEFINITIONS C. of the policy is deleted and replaced with the following:

C. Claim means:

1. written demand for:
 - a. monetary or non-monetary (including injunctive) relief; or
 - b. arbitration, mediation or other alternative dispute resolutionagainst an **Insured** for a **Wrongful Act**, commenced by the first receipt of such demand by an **Insured**.
2. proceeding, including any appeal therefrom, against an **Insured** for a **Wrongful Act**, commenced by:
 - a. the service of a civil complaint or similar pleading;

- b. the filing of a notice of charges or the entry of a formal order of investigation in connection with a formal civil administrative or formal regulatory proceeding;
 - c. solely with respect to a criminal proceeding, an arrest or the return of an indictment, information or similar document;
3. written notice of commencement of a fact-finding investigation by the U.S. Department of Labor or the U.S. Pension Benefit Guaranty Corporation, against any **Insured** for a **Wrongful Act**.
 4. investigation of an **Insured Person**, solely in his or her fiduciary capacity with respect to any **Plan**, for a **Wrongful Act**, commenced by the **Insured Person's** receipt of a written document from an **Enforcement Unit** identifying such **Insured Person** as the target of an investigation, including a Wells Notice, target letter, search warrant, civil investigation demand or subpoena.
 5. written notice of commencement of a **Pre-Claim Investigation** or **Benefit Claim Denial**, if, at the **Insured's** option, it is reported to the Insurer in writing during the policy period; or
 6. a notice of participation in a **Voluntary Compliance Program**, solely with respect to the **Voluntary Compliance Program** coverage in Insuring Agreement I.B.

The following definitions S. and T. are added to Section II. DEFINITIONS of the policy:

- S. Benefit Claim Denial** means an appeal of an adverse determination by an **Insured** pursuant to the U.S. Department of Labor's claim procedure regulation 29 C.F.R. Section 2560.503-1(h) or any similar claim procedures pursuant to applicable law.
- T. Pre-Claim Investigation** means a fact-finding investigation which does not contain any allegation of a **Wrongful Act** in writing, commenced by the U.S. Department of Labor or the U.S. Benefit Guaranty Corporation.

3. **AMEND II. DEFINITION L. Insured**

The definition of **Insured** in Section II. DEFINITIONS L. of the policy is deleted and replaced with the following:

L. Insured means:

1. any **Plan**;
2. any natural person serving as a past, present or future trustee, committee member, employee, director, officer, general counsel, governor, general partner, management committee member, member of the board of managers, fiduciary, in-house administrator or public official of a **Plan** in his or her **Administration** of a **Plan** or in his or her capacity as a fiduciary or trustee of a **Plan**.
3. any other entity or natural person designated as an additional **Insured** by written endorsement to this policy.

4. **AMEND II. DEFINITION R. Wrongful Act**

The definition of **Wrongful Act** in Section II. DEFINITIONS R. is deleted in its entirety and replaced with the following:

R. Wrongful Act means:

1. any breach of the responsibilities, obligations or duties imposed upon fiduciaries of a **Plan** by an **Employee Benefit Law**;
2. any negligent act, error or omission by any **Insured** in the **Administration** of any **Plan**;
3. with respect to **Claims Expenses** only, any negligent act, error or omission, other than a wrongful employment practice, by an **Insured** solely in such **Insured's** capacity as a trustee of a **Plan** that is not otherwise covered in subparagraphs (1) and (2) above, or subparagraph (4) below;
4. any act, error or omission committed, attempted or allegedly committed or attempted by an **Insured**, solely in such **Insured's** settlor capacity with respect to establishing, amending, terminating or funding a **Plan**; and
5. any failure to comply with the provisions of HIPAA, the Health Information Technology for Economic and Clinical Health Act (HITECH) of 2009, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 with respect to a **Plan**.

5. **ADD II. DEFINITION U. Non-Indemnifiable Loss**

Definition U. **Non-Indemnifiable Loss** is added to Section II. DEFINITIONS and states as follows:

U. Non-Indemnifiable Loss means **Loss** incurred by a natural person **Insured** that the **Plan** has not paid, advanced or indemnified to the natural person **Insured** due to financial insolvency of the **Plan**, or because the **Plan** has provided written notice of refusal to pay, advance or indemnify to the natural person **Insured** after written request or demand by the natural person **Insured** for payment, advancement or indemnification. The **Plan** shall be deemed permitted or required to pay, advance or indemnify **Loss** to a natural person **Insured**.

6. **AMEND III. DEFENSE AND SETTLEMENT**

The following is added to Section III. DEFENSE AND SETTLEMENT:

Notwithstanding any of the foregoing, if all **Insureds** are able to dispose of all **Claims** that are subject to one retention amount (as set forth in ITEM 5. of the Policy Certificate) for an amount not exceeding such retention amount (inclusive of **Claim Expenses**) then the Insurer's consent shall not be required for such disposition.

7. **AMEND V. EXCLUSIONS A.1.**

Section V. EXCLUSIONS A.1. is deleted in its entirety and replaced with the following:

A. The Insurer will not be liable for any **Loss** on account of any **Claim** against any **Insured**:

1. Arising out of, based upon or attributable to any:

- a. personal profit or financial advantage to which the **Insured** was not legally entitled; or
- b. deliberately criminal or deliberately fraudulent act;

if established by any final, non-appealable adjudication in the underlying action or proceeding other than an action or proceeding initiated by the **Insurer** to determine coverage under the policy;

8. **AMEND V. EXCLUSIONS A.5.**

Section V. EXCLUSIONS A.5. is deleted in its entirety and replaced with the following:

A. The Insurer will not be liable for any **Loss** on account of any **Claim** against any **Insured**:

5. Based upon, arising from or in consequence of:

- a. any act, error, omission, fact, circumstance, transaction, event, decision or **Wrongful Act** if written notice thereof has been given and accepted under any policy of which this policy is a renewal or replacement if such prior policy affords coverage or, but for the exhaustion of its limit or limits or liability, would have afforded coverage for such **Loss**, in whole or in part, as a result of such notice; or
- b. any demand, suit or other proceeding, or order, decree or judgment rendered, against any **Insured** of which the **Insured** had notice on or prior to the Pending or Prior Proceeding Date set forth in ITEM 6 of the Policy Certificate of this policy, or the same or substantially similar facts or circumstances underlying or alleged in any such demand, suit, proceeding, order, judgment or decree;

9. **AMEND V. EXCLUSIONS A.4.**

Section V. EXCLUSIONS A.4. is deleted in its entirety and replaced with the following:

Based upon, arising from or in consequence of any liability of others assumed by any **Insured** under any contract or agreement; however, this exclusion shall not apply: (i) to **Claim Expenses**; and (ii) to the extent that liability would have attached to the **Insured** in the absence of such contract or agreement; or (iii) to the extent the liability was assumed in accordance with or under the **Plan's** declaration of trust or equivalent document pursuant to which the **Plan** was established.

10. **AMEND V. EXCLUSIONS B. Full Severability of Exclusions**

Section V. EXCLUSIONS B. is deleted in its entirety and replaced with the following:

B. Full Severability of Exclusions

No facts pertaining to or knowledge or information possessed by any **Insured** will be imputed to any other **Insured** to determine the application of any of the above Exclusions.

11. **AMEND VI. CONDITIONS A.13. Limits of Liability and Retentions**

Section VI. CONDITIONS A.13. Limits of Liability and Retentions is deleted in its entirety and replaced with the following:

13. The obligations of the Insurer to pay **Loss**, including **Claim Expenses**, will only be in excess of any applicable retention as stated in ITEM 5 of the Policy Certificate as amended by this Endorsement. If a single **Loss** is subject to more than one retention amount, the largest retention amount shall be the maximum retention amount applicable to such **Loss**. **Loss** arising out of the same **Wrongful Act** of any **Insured** shall be deemed one **Loss** and only one retention amount shall apply to such **Loss**.

If (including, but not limited to insolvency) the **Plan** fails or refuses to advance, pay or indemnify covered **Claims Expenses** of any natural person **Insured(s)** within the retention for all **Loss** as to any natural person **Insured(s)**, then the Insurer shall advance covered **Claim Expenses** on a current basis, but no later than sixty (60) days after the receipt by the Insurer of properly itemized and detailed **Claim Expenses** invoices, on behalf of the natural person **Insured(s)** until either (i) the **Plan** has agreed to make such payments, or (ii) the retention for all **Loss** as to any natural person **Insured(s)** has been satisfied. In no event shall any such advancement by the Insurer relieve the **Plan** of any duty it may have to provide advancement, payment or indemnification to any natural person **Insured**. The natural person **Insured(s)** agree that such advancement amounts shall be repaid to the Insurer by the natural person **Insured(s)** severally according to their respective interests if and to the extent it is finally established that any such natural person **Insured(s)** shall not be entitled under the terms and conditions of this Policy to coverage for such **Claim Expenses**. Advancement, payment or indemnification of a natural person **Insured(s) Claim Expenses** by the **Plan** is deemed "failed" if it has been requested by a natural person **Insured** in writing and has not: (i) been provided; (ii) agreed to be provided; or (iii) acknowledged as an obligation by the **Plan** within forty-five (45) days of such request. Advancement, payment or indemnification by the **Plan** is deemed "refused" if the **Plan** gives a written notice of the refusal to the natural person **Insured**. Advancement, payment or indemnification of a natural person **Insured(s) Claim Expenses** by the **Plan** shall only be deemed "failed" or "refused" to the extent such advancement, payment or indemnification is not: (i) provided; (ii) agreed to be provided; or (iii) acknowledged by and collectible from the **Plan**. Any payment or advancement by the Insurer within the retention for all **Loss** as to any natural person **Insured(s)** shall apply toward the exhaustion of the limit of liability set forth in ITEM 4(a) of the Policy Certificate.

12. **AMEND ITEM 5. Retention (each Claim) in the Policy Certificate**

ITEM 5. Retention (each **Claim**) in the Policy Certificate is deleted in its entirety and replaced with the following:

Retention (each **Claim**):

- (a) **Non-Indemnifiable Loss** as to any natural person **Insured**:
\$0.00
- (b) All **Loss** as to any natural person **Insured**:
Amount indicated in ITEM 5. of the Policy Certificate
- (c) All **Loss** as to the **Plan** or any other entity designated as an additional **Insured** by written endorsement to this policy:
Amount indicated in ITEM 5. of the Policy Certificate

13. **AMEND VI. CONDITIONS I. Subrogation; Waiver of Right of Recourse**

Section VI. CONDITIONS I. Subrogation; Waiver of Right of Recourse is deleted in its entirety and replaced with the following:

In the event of any payment under this policy, the Insurer shall be subrogated to the extent of such payment to all the **Insured(s)** right of recovery. Unless required pursuant to any **Employee Benefit Law**, in no event shall the Insurer exercise its rights of subrogation against an **Insured** unless Exclusion A.1. or Exclusion A.5 is triggered with respect to such **Insured**. If this policy is purchased by the **Plan** and if the Insurer pays **Loss** under this policy, then the Insurer shall have a right of recovery for such **Loss** against any **Insured** that caused or contributed to such **Loss**, other than the **Plan**. However, if this policy is purchased in whole or in part by an **Insured** other than the **Plan**, the Insurer shall have no right of recovery against an **Insured**. With respect to any **Insured** that ceases to be an **Insured** before or during the policy period, this waiver of recourse will continue to apply with respect to such **Insured** until the end of the policy period and in subsequent policy period(s). The **Insured(s)** shall execute and deliver all instruments and papers and do whatever else is necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to bring suit in the name of the **Insured**.

14. **AMEND IV. EXTENSIONS OF COVERAGE B. Extended Reporting Period**

Section IV. EXTENSIONS OF COVERAGE B. Extended Reporting Period is deleted in its entirety and replaced with the following:

1. If this policy is terminated or not renewed for any reason other than the non-payment of premium, the **Insureds** will have the right to purchase an extension of the coverage granted by this policy (the "extended reporting period") after the effective date of such termination or non-renewal by paying the additional premium shown below:

<u>Extended Reporting Period</u>	<u>Premium</u>
One (1) Year	100% of original premium
Two (2) Years	175% of original premium
Three (3) Years	200% of original premium

This additional premium must be paid within thirty (30) days after the effective date of the termination or non-renewal of the policy, and will be deemed to have been fully earned immediately as of the inception of the extended reporting period.

2. The extended reporting period, if purchased, will apply only to:

- a. **Claims** first made during the extended reporting period, and only if such **Claims** are for otherwise covered **Wrongful Acts** committed, attempted or allegedly committed or attempted before the effective date of such termination or non-renewal;
 - b. **Voluntary Compliance Program Expenditures** incurred by **Insureds** as a result of the **Insureds'** participation during the extended reporting period in a **Voluntary Compliance Program**, but only if such participation commences during the extended reporting period and involves a **Plan's** actual or alleged inadvertent noncompliance with any statute, rule or regulation before the effective date of such termination or non-renewal.
3. The Insurer's limits of liability for **Loss** from **Claims** first made or deemed made during the extended reporting period and for **Voluntary Compliance Program Expenditures** resulting from the **Insureds** participation during the extended reporting period in a **Voluntary Compliance Program** will be part of, and not in addition to, the limits of liability stated in ITEM 4(c) of the Policy Certificate, which are applicable to all **Loss** for which this policy provides coverage.
 4. The Insurer reserves the right to approve a request for a longer extended reporting period not to exceed seventy-two (72) months, for such additional premium as the Insurer may require.

15. **INTERVIEW COVERAGE**

The following is added to Section III. Defense and Settlement of the policy:

G. Interview Coverage

1. The Insurer will pay, on behalf of an **Insured Person**, **Claim Expenses** incurred solely by such **Insured** on account of an **Interview** first made during the policy period, except to the extent that such **Claim Expenses** have been paid or indemnified.
2. The Insurer will pay, on behalf of a **Plan**, **Claim Expenses** incurred solely by an **Insured Person** on account of an **Interview** first made during the policy period, to the extent the **Plan** pays or indemnifies such **Claim Expenses**; provided that the coverage afforded pursuant to this paragraph 3(G)(2) shall be subject to the retention set forth in ITEM 5 of the Policy Certificate.

With respect to **Interview Coverage**, the Insurer will not be liable for **Claim Expenses** on account of any **Interview**: (1) based upon, arising from or in consequence of any circumstance if written notice of such circumstance has been given and accepted under any policy of which this policy is a renewal or replacement; or (2) based upon, arising from or in consequence of any written demand, suit or other proceeding pending, or order, decree or judgment rendered against any **Insured** on or prior to the Pending or Prior Proceeding Date set forth in ITEM 6 of the Policy Certificate, or the same or substantially similar fact, circumstance or situation underlying or alleged therein.

For purposes of **Interview Coverage** only as provided in this Endorsement, the following definitions are added to Section II. Definitions of the policy:

Insured Person means any natural person serving as a past, present, or future trustee, committee member or employee of a **Plan**, provided that **Insured Person** shall not include any leased employees, independent contractors or third-party service providers.

Interview means a request for an interview or meeting with, or a sworn statement from, an **Insured Person** by:

1. an **Enforcement Unit** in connection with: (i) such **Insured Person** acting solely in his or her capacity as a fiduciary of a **Plan**; or (ii) a **Plan's** business activities;
2. a **Plan** in connection with an inquiry or investigation of the **Plan** by an **Enforcement Unit** commenced by the first receipt of such request by such **Insured Person**;

provided that **Interview** does not include: (i) any request for document production or discovery; (ii) any request by an **Enforcement Unit** that is part of any routine or regularly scheduled **Enforcement Unit** oversight, compliance, audit, inspection or examination; or (iii) any request that is part of an employment-related investigation or claim.

Enforcement Unit means any federal, state, local or foreign law enforcement or governmental authority (including, the U.S. Department of Justice, the U.S. Securities and Exchange Commission and any attorney general) or the enforcement unit of any securities exchange or similar self-regulatory body; however, the **Enforcement Unit** shall not include the U.S. Department of Labor, the U.S. Pension Benefit Guaranty Corporation, or any similar governmental authority located outside the United States, including the Pensions Ombudsman appointed by the United Kingdom Secretary of State for Work and Pensions or by the United Kingdom Occupational Pensions Regulatory Authority or any successor thereto.

With respect to **Interview Coverage**, the following exclusions shall apply:

The Insurer will not be liable for **Claim Expenses** on account of any **Interview**: (a) based upon, arising from or in consequence of any circumstance if written notice of such circumstance has been given and accepted under any policy of which this policy is a renewal or replacement; (b) based upon, arising from or in consequence of any written demand, suit or other proceeding pending, or order, decree or judgment rendered against any **Insured** on or prior to the Pending or Prior Proceeding Date set forth in ITEM 6 of the Policy Certificate, or the same or any substantially similar fact, circumstance or situation underlying or alleged therein.

Nothing contained herein shall vary, alter or extend the terms, conditions and limitations of the policy except as stated above.

This endorsement is part of the above-numbered policy and is effective as of the Endorsement Effective Date shown above. It is not binding unless signed by an authorized representative of the Insurer.

HUDSON INSURANCE COMPANY

Dan Aronowitz

Authorized Representative

**Policyholder Disclosure
Notice of Terrorism Insurance Coverage**

Coverage for acts of terrorism is included in this policy. You (the Insured) are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of terrorism has changed. As defined in Section 102(1) of the Act: the term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$0.00 and does not include any charges for the portion of losses covered by the United States Government under the Act.

Nothing contained herein shall vary, alter or extend the terms, conditions and limitations of the policy except as stated above.

HUDSON INSURANCE COMPANY



Authorized Representative