



April 21, 2015

Matthew Raymer  
ALLIANT INSURANCE SERVICES, INC.  
5847 SAN FELIPE STE 2750  
HOUSTON, TX 77057-0000

RE: Behavioral Health Insurance Pool, Inc.

Insuring Company: Federal Insurance Company

Dear Matthew:

Enclosed is our Health Care Portfolio Policy for the above referenced Insured.

I want to thank you for the opportunity to underwrite this account.

Please let me know if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Carlie Harper".

Carling N Harper

CHUBB SPECIALTY INSURANCE

mja



## Health Care Portfolio

### PREMIUM BILL

Insured: Behavioral Health Insurance Pool, Inc.

Date: 04/21/2015

Producer: ALLIANT INSURANCE SERVICES, INC.  
5847 SAN FELIPE STE 2750  
HOUSTON, TX 77057-0000

Company: Federal Insurance Company

THIS BILLING IS TO BE ATTACHED TO AND FORM A PART OF THE POLICY REFERENCED BELOW.

Product: Health Care Portfolio

Policy Number: 8171-1666

Policy Period: March 31, 2015 to December 31, 2015

NOTE: - PLEASE RETURN THIS BILL WITH REMITTANCE AND NOTE HEREON ANY CHANGES. BILL WILL BE RECEIPTED AND RETURNED TO YOU PROMPTLY UPON REQUEST.

PLEASE REMIT TO PRODUCER INDICATED ABOVE.

Product	Effective Date	Premium
FIDUCIARY LIABILITY	03/31/15	\$3,547.00

\* For Kentucky policies, amount displayed includes tax and collection fees.

<b>TOTAL POLICY PREMIUM</b>	\$3,547.00
<b>TOTAL INSTALLMENT PREMIUM DUE</b>	\$3,547.00

WHEN REMITTING PLEASE INDICATE POLICY OR CERTIFICATE NUMBER



## Health Care Portfolio

### PREMIUM BILL

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Date: 04/21/2015

Producer: ALLIANT INSURANCE SERVICES, INC.  
5847 SAN FELIPE STE 2750  
HOUSTON, TX 77057-0000

Company: Federal Insurance Company

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PLEASE REMIT TO PRODUCER INDICATED ABOVE.

Product	Effective Date	Commission Rate	Premium
FIDUCIARY LIABILITY	03/31/15	0.00 %	\$3,547.00

\* For Kentucky policies, amount displayed includes tax and collection fees.

<b>TOTAL POLICY PREMIUM</b>	\$3,547.00
<b>TOTAL INSTALLMENT PREMIUM DUE</b>	\$3,547.00

WHEN REMITTING PLEASE INDICATE POLICY OR CERTIFICATE NUMBER



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**POLICYHOLDER  
DISCLOSURE NOTICE OF  
TERRORISM INSURANCE COVERAGE**  
(for policies with no terrorism exclusion or sublimit)  
Insuring Company: Federal Insurance Company

You are hereby notified that, under the Terrorism Risk Insurance Act (the "Act"), this policy makes available to you insurance for losses arising out of certain acts of terrorism. Terrorism is defined as any act certified by the Secretary of the Treasury 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 an air carrier or vessel 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.

You should know that the insurance provided by your policy for losses caused by acts of terrorism is partially reimbursed by the United States under the formula set forth in the Act. Under this formula, the United States pays 85% of covered terrorism losses that exceed the statutorily established deductible to be paid by the insurance company providing the coverage. Beginning in 2016, the Federal share will be reduced by 1% per year until it reaches 80%, where it will remain.

However, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

If aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

The portion of your policy's annual premium that is attributable to insurance for such acts of terrorism is: \$ **-0-**.

If you have any questions about this notice, please contact your agent or broker.



## **IMPORTANT NOTICE TO POLICYHOLDERS**

Insuring Company: Federal Insurance Company

All of the members of the Chubb Group of Insurance companies doing business in the United States (hereinafter "Chubb") distribute their products through licensed insurance brokers and agents ("producers"). Detailed information regarding the types of compensation paid by Chubb to producers on US insurance transactions is available under the Producer Compensation link located at the bottom of the page at [www.chubb.com](http://www.chubb.com), or by calling 1-866-588-9478. Additional information may be available from your producer.

Thank you for choosing Chubb.



Chubb Group of Insurance  
Companies  
15 Mountain View Road  
Warren, New Jersey 07059

**Health Care Portfolio<sup>SM</sup>**  
**General Terms and Conditions Section**

**DECLARATIONS**

Policy Number: 8171-1666

**FEDERAL INSURANCE COMPANY**

A stock insurance company, incorporated under the  
laws  
of Indiana, herein called the Company

Capital Center, 251 North Illinois, Suite 1100  
Indianapolis, IN 46204-1927

THE EXECUTIVE LIABILITY, ENTITY LIABILITY, AND EMPLOYMENT PRACTICES LIABILITY, FIDUCIARY LIABILITY, AND OUTSIDE DIRECTORSHIP LIABILITY COVERAGE SECTIONS (WHICHEVER ARE PURCHASED) PROVIDE CLAIMS MADE COVERAGE, WHICH APPLIES ONLY TO "CLAIMS" FIRST MADE DURING THE "POLICY PERIOD", OR ANY EXTENDED REPORTING PERIOD. THE APPLICABLE LIMIT(S) OF LIABILITY TO PAY "LOSS" WILL BE REDUCED, AND MAY BE EXHAUSTED, BY "DEFENSE COSTS" UNLESS OTHERWISE SPECIFIED HEREIN. "DEFENSE COSTS" WILL BE APPLIED AGAINST THE RETENTION. IN NO EVENT WILL THE COMPANY BE LIABLE FOR "DEFENSE COSTS" OR OTHER "LOSS" IN EXCESS OF THE APPLICABLE LIMIT(S) OF LIABILITY. READ THE ENTIRE POLICY CAREFULLY.

Item 1. **Parent Organization:** Behavioral Health Insurance Pool, Inc.

Principal Address: 333 EAST OSBORN ROAD SUITE 300  
PHOENIX, AZ 85012

Item 2. **Policy Period:** From 12:01 A.M. on March 31, 2015  
To 12:01 A.M. on December 31, 2015  
Local time at the address shown in Item 1.

Item 3. Coverage Summary  
Description of Coverage(s) purchased:

Executive Liability and:

Optional Entity Coverage  
Optional Employment Practices Liability Coverage  
Optional Third Party Liability Coverage

Outside Directorship Liability Coverage

Fiduciary Liability Coverage

X

Crime Coverage

Kidnap/Ransom and Extortion Coverage

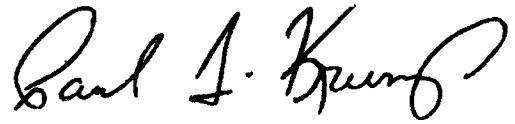
Item 4. Termination of Prior Bonds or Policies: 8171-1666

In Witness Whereof, the Company issuing this policy has caused this policy to be signed by its Authorized Officers, but it shall not be valid unless also signed by a duly Authorized Representative of the Company.

**FEDERAL INSURANCE COMPANY**



Secretary



President

04/21/2015

Date



Authorized Representative





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In consideration of payment of the premium and subject to the Declarations and the limitations, conditions, provisions and other terms of this policy, the Company and the Insureds agree as follows:

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***Territory***

1. Coverage shall extend anywhere in the world.
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***Terms and Conditions***

2. Except for these General Terms and Conditions or unless stated to the contrary in any coverage section of this policy, the terms and conditions of each coverage section shall apply only to that coverage section. If any provision in these General Terms and Conditions is inconsistent or in conflict with the terms and conditions of any coverage section, the terms and conditions of such coverage section shall control for purposes of that coverage section. Any defined term referenced in these General Terms and Conditions but defined in a coverage section shall, for purposes of coverage under that coverage section, have the meaning set forth in that coverage section.
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***Definitions***

3. When used in this policy:

**Affiliate** means any entity added as an affiliate by specific written endorsement to these General Terms and Conditions.

**Claim** shall have the meaning set forth in the applicable coverage section.

**Financial Impairment** means the status of an **Organization** resulting from:

- (a) the appointment by any state or federal official, agency or court of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage, liquidate, or rehabilitate such **Organization**; or
- (b) such **Organization** becoming a debtor in possession under the United States bankruptcy law or the equivalent of a debtor in possession under the law of any other country.

**Insured** shall have the meaning set forth in the applicable coverage section.

**Manager** means any natural person who was, now is or shall become a manager, member of the Board of Managers or equivalent executive of an **Organization** that is a limited liability company.

**Organization** shall have the meaning set forth in the applicable coverage section.

**Parent Organization** means the organization designated in Item 1 of the Declarations of these General Terms and Conditions.

**Policy Period** means the period of time specified in Item 2 of the Declarations of these General Terms and Conditions, subject to prior termination in accordance with Subsection 11 below. If this period is less than or greater than one year, then the limits of liability specified in the Declarations for each coverage section shall be the Company's maximum limit of liability under such coverage section for the entire period.

**Subsidiary** means any organization while more than fifty percent (50%) of the outstanding securities or rights representing the present right to vote for election of or to appoint directors or trustees of such organization are owned, directly or indirectly, in any combination, by one or more **Organizations**; provided that **Subsidiary** shall not include any **Affiliate**.

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**Limits of Liability and Retentions**

4. Unless stated to the contrary in any coverage section, the limits of liability and retentions shown for each coverage section are separate limits of liability and separate retentions pertaining to the coverage section for which they are shown. Unless stated to the contrary in any coverage section of this policy, the payment of a retention under one coverage section shall not constitute payment of, and shall not reduce, the applicable retention under any other coverage section.

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**Notice**

5. Any notice to the Company with respect to any coverage section shall designate the coverage section under which notice is being given and shall be treated as notice only under the coverage section(s) so designated.

Notice to the Company of a **Claim** or loss, or of circumstances which could give rise to a **Claim**, shall be given in writing addressed to:

Attn: Claims Department  
Chubb Group of Insurance Companies  
82 Hopmeadow Street  
Simsbury, Connecticut 06070-7683

All other notices to the Company shall be given in writing addressed to:

Attn: Underwriting  
Chubb Group of Insurance Companies  
82 Hopmeadow Street  
Simsbury, Connecticut 06070-7683

Any such notice shall be effective on the date of receipt by the Company at such address.

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**Valuation and Foreign Currency**

6. All premiums, limits, retentions, loss and other amounts under this policy are expressed and payable in the currency of the United States of America. Except as otherwise provided in any coverage section, if a judgment is rendered, a 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 shall be made in United States of America dollars at the rate of exchange published in The Wall Street Journal on the date the judgment becomes final, the amount of the settlement is agreed upon or the element of loss is due, respectively.

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**Subrogation**

7. In the event of any payment under this policy, the Company shall be subrogated to the extent of such payment to all the **Insured's** rights of recovery, and such **Insured** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Company effectively to bring suit or otherwise pursue subrogation rights in the name of the **Insured**.

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**Action Against the Company**

8. No action may be taken against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this policy. No person or entity shall have any right under this policy to join the Company as a party to any action against any **Insured** to determine such **Insured's** liability nor shall the Company be impleaded by such **Insured** or legal representatives of such **Insured**.

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**Parent Organization Rights and Obligations**

9. By acceptance of this policy, the **Parent Organization** agrees that it shall be considered the sole agent of, and shall act on behalf of, each **Insured** with respect to: the submission of any application; the payment of premiums and the receiving of any return premiums that may become due under this policy; the negotiation, agreement to and acceptance of endorsements; the giving or receiving of any notice provided for in this policy; the adjustment of loss amounts; and the receipt or enforcement of payment of loss (and the **Parent Organization** further agrees that it shall be responsible for application of any such payment as provided in this policy). Each **Insured** agrees that the **Parent Organization** shall act on its behalf with respect to all such matters.

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**Alteration and Assignment**

10. No change in, modification of, or assignment of interest under this policy shall be effective except when made by written endorsement to this policy which is signed by an authorized employee of Chubb & Son, a division of Federal Insurance Company.
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**Termination of Policy or Coverage Section**

11. This policy or any coverage section shall terminate at the earliest of the following times:
- (a) sixty (60) days after receipt by the **Parent Organization** of written notice of termination from the Company for any reason other than non-payment of premium;
  - (b) ten (10) days after receipt by the **Parent Organization** of written notice of termination from the Company for non-payment of premium;
  - (c) upon receipt by the Company of written notice of termination from the **Parent Organization** stating when thereafter such termination shall be effective; provided that this policy or any coverage section may not be terminated by the **Parent Organization** after the effective date of any acquisition of the **Parent Organization** as described in the Changes in Exposure subsection of the applicable coverage section of this policy;
  - (d) upon expiration of the **Policy Period** as set forth in Item 2 of the Declarations of these General Terms and Conditions; or
  - (e) at such other time as may be agreed upon by the Company and the **Parent Organization**.

The Company shall refund the unearned premium computed at customary short rates if this policy or any coverage section is terminated by the **Parent Organization**. Under any other circumstances the refund shall be computed pro rata. Payment or tender of any unearned premium by the Company shall not be a condition precedent to the effectiveness of a notice of termination, but such payment shall be made as soon as practicable thereafter.

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**Termination of Prior Bonds or Policies**

12. Any bonds or policies issued by the Company or its affiliates and specified in Item 4 of the Declarations of these General Terms and Conditions shall terminate, if not already terminated, as of the inception of this policy.

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**Bankruptcy**

13. Bankruptcy or insolvency of any **Insured** shall not relieve the Company of its obligations nor deprive the Company of its rights or defenses under this policy.

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**Headings**

14. The descriptions in the headings and sub-headings of this policy are solely for convenience, and form no part of the terms and conditions of coverage.
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## Schedule of Forms

To be attached to and form part of  
Policy No. 8171-1666

Company: Federal Insurance Company

Issued to: Behavioral Health Insurance Pool, Inc.

### Health Care Portfolio General Terms and Conditions Section (Federal)

14-02-12705 (1/07 ed.)

14-02-9962 (12/04 ed.)

14-02-9978 (8/04 ed.)

### Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

14-02-11390 (6/13 ed.)

14-02-11681 (6/09 ed.)

14-02-11914 (3/06 ed.)

14-02-12007 (4/06 ed.)

14-02-12199 (2/09 ed.)

14-02-12308 (12/09 ed.)

14-02-12395 (2/09 ed.)

14-02-12558 (11/06 ed.)

14-02-12560 (11/06 ed.)

14-02-12751AZ (4/07 ed.)

14-02-13055 (4/07 ed.)

14-02-13562 (5/08 ed.)

14-02-13563 (5/08 ed.)

14-02-13573 (5/08 ed.)

14-02-13671 (12/07 ed.)

14-02-13761 (1/08 ed.)

14-02-14398 (7/08 ed.)

14-02-8785 (9/03 ed.)

14-02-9954 (8/04 ed.)



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio General Terms and Conditions Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 1

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND SUBSIDIARY ENDORSEMENT

In consideration of the premium charged, it is agreed that the term **Subsidiary**, as defined in Subsection 3, Definitions, of these General Terms and Conditions, is deleted and replaced with the following:

**Subsidiary** means any organization while more than fifty percent (50%) of the outstanding securities or rights representing the present right to vote for election of or to appoint directors, trustees, **Managers** or equivalent thereof, of such organization are owned, directly or indirectly, in any combination, by one or more **Organizations**; provided that **Subsidiary** shall not include any **Affiliate**.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

A handwritten signature in black ink, appearing to be 'P. M. W.', written over a horizontal line.

Authorized Representative



## ENDORSEMENT

Coverage Section: Health Care Portfolio General Terms and Conditions Section (Federal)

Effective date of  
this endorsement: March 31, 2015

Company: Federal Insurance Company

Endorsement No. 2

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND SUBSECTION 11 TERMINATION OF POLICY OR COVERAGE SECTION ENDORSEMENT

In consideration of the premium charged, it is agreed that Subsection 11 Termination of Policy or Coverage Section of these General Terms and Conditions is amended to read in its entirety as follows:

11. This policy or any coverage section shall terminate at the earliest of the following times:
- (a) twenty days after receipt by the **Parent Organization** of written notice of termination from the Company for non-payment of premium;
  - (b) upon expiration of the **Policy Period** as set forth in Item 2 of the Declarations of these General Terms and Conditions; or
  - (c) at such other time as may be agreed upon by the Company and the **Parent Organization**.

The **Insureds** acknowledge that this policy may not be terminated by the **Parent Organization** or any **Insured**, except by agreement with the Company as described in part (c) of the preceding sentence. If this policy or any coverage section of this policy is terminated by the Company for non-payment of premium as described in part (a) of the preceding sentence, the unearned portion of the premium for the policy or for such coverage section shall be computed on a pro rata basis.

The title and any headings in this endorsement are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this policy shall remain unchanged.

Authorized Representative



## ENDORSEMENT

Coverage Section: Health Care Portfolio General Terms and Conditions Section (Federal)

Effective date of  
this endorsement: March 31, 2015

Company: Federal Insurance Company

Endorsement No. 3

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### ARIZONA AMENDATORY ENDORSEMENT TO THE GENERAL TERMS AND CONDITIONS SECTION

In consideration of the premium charged, it is understood and agreed that:

1. Subsection 11. Termination of Policy or Coverage Section (a) of the General Terms and Conditions Section is amended to add the following at the end of such paragraph (a):

"provided that, if this policy or the applicable coverage section is in effect for at least sixty (60) days or is a renewal, the Company may cancel this policy or such coverage section, other than for non-payment of premium, only for one or more of the following reasons:

- (1) conviction of **an Insured** of a crime arising out of acts increasing the hazard insured against;
- (2) acts or omissions by an **Insured** or his, her or its representative constituting fraud or material misrepresentation in obtaining this policy, in continuing this policy or in presenting a claim under this policy;
- (3) a substantial change in the risk assumed, except to the extent that the Company should reasonably have foreseen the change or contemplated the risk in writing this policy;
- (4) a substantial breach of contractual duties or conditions;
- (5) loss of reinsurance applicable to the risk insured against, but only if the absence of reinsurance has resulted from termination of treaty or facultative reinsurance initiated or implemented by the reinsurer or reinsurers of the Company;
- (6) a determination by the director of insurance that the continuation of this policy would place the Company in violation of the insurance laws of the state of Arizona or would jeopardize the solvency of the Company; or
- (7) acts or omissions by the **Insured** or his, her or its representative that materially increase the hazard insured against."



2. Subsection 11. Termination of Policy or Coverage Section (d) of the General Terms and Conditions Section is amended by deleting the "or" at the end of such paragraph (d) and adding the following:

"provided that, non-renewal by the Company shall be effective only upon sixty (60) days' advance written notice of non-renewal to the **Parent Organization** at the address shown in the Declarations or the last address known to the Company. Such notice shall be delivered or mailed by certified mail, with a copy to the agent or broker of record. If such notice is sent later than sixty (60) days before the expiration of the **Policy Period** but before such expiration, then coverage shall remain in effect until sixty (60) days after notice is sent, provided that the **Parent Organization** pays the premium for such extension, which shall be calculated by pro-rating the expiring **Policy Period** premium. No notice of non-renewal is required if the Company offers to renew this policy or the **Parent Organization** has obtained replacement coverage or has agreed in writing to obtain replacement coverage; or"

3. Subsection 11. Termination of Policy or Coverage Section of the General Terms and Conditions Section is amended further by adding the following paragraphs at the end of such Subsection:

"The Company will mail any notice of cancellation by certified mail to the **Parent Organization** at the address shown in the Declarations or the last known address of the **Parent Organization**, and will provide a copy of such notice to the agent or broker of record, if any. Such notice will state the reason(s) for cancellation and include a refund of any unearned premium, except a premium that has been financed.

If the Company increases premium, changes deductible or retention, reduces limits or substantially reduces coverage at renewal, the Company will deliver or mail by certified mail written notice of such change(s) at least sixty (60) days' before the expiration of this policy. If the Company does not provide such notice at least sixty (60) days before the expiration of this policy, coverage under this policy will remain in effect until notice is given or until the **Parent Organization** obtains replacement coverage."

The policy will be deemed to have been amended to the extent necessary to effect the purposes of this endorsement.

The regulatory requirements set forth in this Amendatory Endorsement shall supersede and take precedence over any provisions of the policy or any endorsement to the policy, whenever added, that are inconsistent with or contrary to the provisions of this Amendatory Endorsement, unless such policy or endorsement provisions comply with the applicable insurance laws of the state of Arizona.

All other terms, conditions and limitations of this policy shall remain unchanged.



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Authorized Representative



## Notice of Loss Control Services

Insuring Company: Federal Insurance Company

As a Chubb policyholder, there is valuable loss prevention information available to you. Chubb designs comprehensive risk management services to accurately fit a client's specific risk needs. Consequently, since the needs of different types of health care organizations vary, our risk management activities are flexible enough to adapt to specific client characteristics. Many of these "value-added" services are available to our clients at no additional fee. Below is a description of these services.

### Directors and Officers (D&O) Liability Loss Prevention Services

- **Booklets**

- ***Readings in Health Care Governance Booklet***

- Written by a collection of Chubb authors, *Readings in Health Care Governance* provides an overview of Health Care D&O legal fiduciary duties and discusses general principles governing and potential exposures for health care directors and officers. To order *Readings in Health Care Governance*, simply call **1.866.282.9001**, order 14-01-0788, and provide your mailing address or view it online at <http://www.chubb.com/businesses/csi/chubb3821.pdf>

- ***Directors and Officers Liability Loss Prevention Guidelines for Privately Held Organizations Booklet***

- Written by Dan S. Bailey of Bailey Cavalieri, LLC provides an overview of directors and officers legal duties and risk mitigation tactics for privately held companies. To order *Directors and Officers Liability Loss Prevention Guidelines for Privately Held Organizations*, simply call **1.866.282.9001**, order 14-01-1104, and provide your mailing address or view it online at <http://www.chubb.com/businesses/csi/chubb16265.pdf>

- **ChubbWorks<sup>SM</sup> for Health Care Organizations** – The Health Care Zone<sup>SM</sup> on ChubbWorks is a free online resource containing health care specific loss prevention information for employment practices liability, directors and officers (D&O) liability, and fiduciary liability exposures. To gain immediate access to ChubbWorks go to [www.chubbworks.com](http://www.chubbworks.com) and register using your policy number.
- **Health Care D&O Loss Prevention Consultant Services**  
Chubb provides reimbursement for health care directors and officers training and education consultant services. Chubb will reimburse customers for 50% of the cost of the qualified services, up to 10% of the customer's D&O liability insurance premium. To learn more about the Health Care D&O consultant services program, go to Chubb Health Care Risk Management site at <http://www.chubb.com/businesses/csi/chubb4006.html>.

### Employment Practices Liability (EPL) Loss Prevention Services

- **Chubb EPL Loss Prevention Web Site**  
For information about the program, as well as a way to access many of our available services, go to <http://csi.chubb.com/epllossprevention>.
- **ChubbWorks.com ChubbWorks<sup>SM</sup> for Health Care Organizations** – The Health Care Zone<sup>SM</sup> on ChubbWorks is a web-based platform that offers multiple services including overviews of employment laws, sample employment policies and procedures, and on-line training as well as information on directors and officers (D&O) liability and fiduciary liability exposures. To gain immediate access to ChubbWorks go to [www.chubbworks.com](http://www.chubbworks.com) and register using your policy number.

- **Employment Practices Loss Prevention Guidelines Manuals**  
***For Private For-Profit Organizations***

Written by Seyfarth Shaw exclusively for Chubb this manual provides an overview of key employment issues for private for-profit organizations and offers proactive ideas for avoiding employment lawsuits. To order the *Employment Practices Loss Prevention Guidelines*, simply call 1.866.282.9001 order 14-01-0061, and provide your mailing address. or view it online at <http://www.chubb.com/businesses/csi/chubb2215.pdf>

- ***For Not-for-Profit Organizations***

Written by Baker & Hostetler exclusively for Chubb, this manual provides an overview of key employment issues for not-for-profit corporations and offers proactive ideas for avoiding employment lawsuits. To order the *Employment Practices Loss Prevention Guidelines*, simply call **1.866.282.9001**, order 14-01-0107, and provide your mailing address or view it online at [www.chubb.com/businesses/csi/chubb2216.pdf](http://www.chubb.com/businesses/csi/chubb2216.pdf)

- **EPL Loss Prevention Consultant Services**

Chubb has developed a network of more than 120 law firms, human resources consulting firms, and labor economist/statistical firms that offer specialized services for employment issues. In addition to preferred rates for customers, Chubb will reimburse customers for 50% of the cost of the qualified services, up to 10% of the customer's insurance premium. To access the network of consultants and learn more about the consultant services program, go to Chubb's EPL Loss Prevention Web site at <http://csi.chubb.com/epllossprevention>.

- **Toll-free Hot Line**

Have a question on how to handle an employment situation? Simply call **1.888.249.8425** to access the nationally known employment law firm of Jackson Lewis, P.C.. We offer customers an unlimited number of calls to the hot line at no additional charge.

If you have any questions on the EPL Loss Prevention program, simply consult <http://csi.chubb.com/epllossprevention> or email [csi-info@chubb.com](mailto:csi-info@chubb.com).

### **Fiduciary Liability Loss Prevention Services**

- **Fiduciary Liability Loss Prevention Manual**

Written by Dan A. Bailey exclusively for Chubb, *Fiduciary Liability Loss Prevention* discusses general principles governing fiduciary liability and reviews potential exposures. To order *Fiduciary Liability Loss Prevention*, simply call **1.866.282.9001**, order 14-01-0039, and provide your mailing address or view it online at <http://www.chubb.com/businesses/csi/chubb2218.pdf>.

- **A Chubb Special Report: Who May Sue You and Why: How to Reduce Your ERISA Risks, and the Role of Fiduciary Liability Insurance**

Written by Charles C. Jackson, D. Ward Kallstrom, and Alison L. Martin to order *A Chubb Special Report: Who May Sue You and Why: How to Reduce Your ERISA Risks, and the Role of Fiduciary Liability Insurance*, simply call **1.866.282.9001**, order 14-01-1019 or view it online at <http://www.chubb.com/businesses/csi/chubb12107.pdf>



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## Crime Loss Prevention Services

- **Crime Loss Prevention Manual**

Written by KPMG LLP exclusively for Chubb, the Crime Loss Prevention Manual discusses general principles governing workplace crime exposures. To order the Crime Loss Prevention Manual, simply call **1.866.282.9001**, order 14-01-0044, and provide your mailing address or view it online at <http://www.chubb.com/businesses/csi/chubb5305.pdf>

**Chubb Risk Mitigation Services: Take-and-Use Guidelines for Chubb Crime Insurance Customers**

Written by Lowers & Associates exclusively for Chubb, the Chubb Risk Mitigation Services: Take-and-Use Guidelines for Chubb Crime Insurance Customers. To order, simply call **1.866.282.9001**, order 14-01-1089 and provide your mailing address or view it online at <http://www.chubb.com/businesses/csi/chubb15313.pdf>.

## Kidnap/Ransom & Extortion Loss Prevention Services

- **Kidnap/Ransom & Extortion Loss Prevention Manuals**

Chubb offers *Managing Terrorism Risks* and *Managing Travel Risks*, written exclusively for Chubb by the Ackerman Group, Inc., an international security consultant. To order the *Managing Terrorism Risks*, simply call **1.866.282.9001**, order 14-01-0179, and provide your mailing address. To order the *Managing Travel Risks*, simply call **1.866.282.9001**, order 14-01-0178, and provide your mailing address or view it online at <http://www.chubb.com/businesses/csi/chubb2205.pdf>.

The services provided are advisory in nature. While this program is offered as a resource in developing or maintaining a loss prevention program, you should consult competent legal counsel to design and implement your own program. No liability is assumed by reason of the services, access or information provided. All services are subject to change without notice.



Chubb Group of Insurance  
Companies  
15 Mountain View Road  
Warren, New Jersey 07059

**Health Care Portfolio<sup>SM</sup>**  
**Fiduciary Liability Coverage Section**

**DECLARATIONS**

Policy Number: 8171-1666

**FEDERAL INSURANCE COMPANY**

A stock insurance company, incorporated under the laws of Indiana, herein called the Company

**THIS COVERAGE SECTION PROVIDES CLAIMS MADE COVERAGE, WHICH APPLIES ONLY TO "CLAIMS" FIRST MADE DURING THE "POLICY PERIOD", OR ANY EXTENDED REPORTING PERIOD. THE LIMIT OF LIABILITY TO PAY "LOSS" WILL BE REDUCED AND MAY BE EXHAUSTED BY "DEFENSE COSTS", UNLESS OTHERWISE SPECIFIED HEREIN, AND "DEFENSE COSTS" WILL BE APPLIED AGAINST THE RETENTION. IN NO EVENT WILL THE COMPANY BE LIABLE FOR "DEFENSE COSTS" OR OTHER "LOSS" IN EXCESS OF THE APPLICABLE LIMIT(S) OF LIABILITY. READ THE ENTIRE POLICY CAREFULLY.**

Item 1. **Parent Organization:** Behavioral Health Insurance Pool, Inc.  
333 EAST OSBORN ROAD SUITE 300  
PHOENIX, AZ 85012

Item 2. Optional Separate Defense Costs Coverage purchased ☐ Yes ☒ No

Item 3. Limits of Liability:

- |  |                |
|--|----------------|
| (A) Each <b>Fiduciary Claim:</b>   | \$1,000,000.00 |
| (B) All <b>Defense Costs</b> and <b>Settlement Fees</b> on account of All <b>Settlement Program Notices:</b> | \$1,000,000.00 |
| (C) Each <b>Policy Period:</b>   | \$1,000,000.00 |
| (D) Separate Defense Costs Limit:  | Not Covered    |

Note: Unless Optional Separate Defense Costs Coverage is purchased pursuant to Item 2 above, the Limits of Liability will be reduced and may be exhausted by **Defense Costs**.

Item 4. Retention:

- |  |            |
|--|------------|
| (A) Insuring Clause 1 - Fiduciary Liability Coverage:          | \$5,000.00 |
| (B) Insuring Clause 2 - Voluntary Settlement Program Coverage: | \$0.00     |

Item 5. Extended Reporting Period:

- (A) Additional Period: 1 year

(B) Additional Premium:	100% of Annualized Premium for the Expiring <b>Policy Period</b>
Item 6. Pending or Prior Date:	
(A) Insuring Clause 1:	March 31, 2003
(B) Insuring Clause 2:	March 31, 2004



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**In consideration of payment of the premium and subject to the Declarations, the General Terms and Conditions, and the limitations, conditions, provisions and other terms of this coverage section, the Company and the Insureds agree as follows:**

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***Insuring Clauses***

*Fiduciary Liability Coverage Insuring Clause 1*

1. The Company shall pay, on behalf of the **Insureds**, **Loss** for which the **Insureds** become legally obligated to pay on account of any **Fiduciary Claim** first made against the **Insureds** during the **Policy Period**, or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted before or during the **Policy Period** by such **Insureds**, or by any person for whose **Wrongful Acts** the **Insureds** are legally responsible, but only if such **Fiduciary Claim** is reported to the Company in writing in the manner and within the time provided in Subsection 10 of this coverage section.
- 

*Voluntary Settlement Program Coverage Insuring Clause 2*

2. The Company shall pay, on behalf of the **Insureds**, **Settlement Fees** and **Defense Costs** on account of any **Settlement Program Notice** first given to the Company by written notice during the **Policy Period**, or, if exercised, during the Extended Reporting Period, provided that such **Settlement Fees** and **Defense Costs** are incurred by the **Insureds** after such **Settlement Program Notice** is first given to the Company by written notice.
- 

***Definitions***

3. When used in this coverage section:

**Administration** means:

- (1) advising, counseling or giving notice to **Employees**, participants or beneficiaries with respect to any **Plan**;
- (2) providing interpretations with respect to any **Plan**; or
- (3) handling of records or effecting enrollment, termination or cancellation of **Employees**, participants or beneficiaries under any **Plan**.

**Application** means all signed applications, including attachments and other materials submitted therewith or incorporated therein, submitted by the **Insureds** to the Company for this coverage section or for any coverage section or policy of which this coverage section is a direct or indirect renewal or replacement. **Application** shall also include, for each **Insured**, all documents provided by the **Insureds** to the Company in connection with the underwriting or issuance of this coverage section. All such applications, attachments, materials and other documents are deemed attached to, incorporated into and made a part of this coverage section.

**Claim** means for the purposes of coverage under:

- (1) Insuring Clause 1: any **Fiduciary Claim**; or
- (2) Insuring Clause 2: any **Settlement Program Notice**.

**Defense Costs** means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses (other than regular or overtime wages, salaries or fees or benefits of the directors, officers or **Employees** of the **Organization**) incurred in defending any **Claim** and the premium for appeal, attachment or similar bonds.

**Domestic Partner** means any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by the **Organization**.

**Employee** means any natural person whose labor or service is engaged by and directed by the **Organization** or any **Plan**, including any part-time and temporary employee or any volunteer. **Employee** shall not include any independent contractor.

**ERISA** means the Employee Retirement Income Security Act of 1974, the English Pension Scheme Act 1993, the English Pensions Act 1995, all as amended, any similar common or statutory law anywhere in the world, and any rules or regulations promulgated under any such Acts or law.

**Executive** means any natural person who was, now is or shall become:

- (a) a duly elected or appointed director, officer, trustee, **Manager**, duly constituted committee member, or in-house general counsel of any **Plan** or any **Organization** chartered in the United States of America; or
- (b) a holder of a position equivalent to any position described in (a) above in an **Organization** that is chartered in any jurisdiction other than the United States of America.

**Fiduciary Claim** means:

- (a) a written demand for monetary damages;
- (b) a civil proceeding commenced by the service of a complaint or similar pleading;
- (c) a criminal proceeding commenced by a return of an indictment or information;
- (d) a formal civil administrative or civil regulatory proceeding commenced by the filing of a notice of charges or similar document or by the entry of a formal investigative order or similar document; or
- (e) a written notice of commencement of a fact-finding investigation by the U.S. Department of Labor, the U.S. Pension Benefit Guaranty Corporation, or any similar governmental authority located outside the United States, including but not limited to, the Pensions Ombudsman appointed by the United Kingdom Secretary of State for Social Services, the United Kingdom Occupational Pensions Regulatory Authority,





against any **Insured** for a **Wrongful Act**, including any appeal therefrom. Except as may otherwise be provided in Subsection 8, Subsection 9(f), or Subsection 10(b) of this coverage section, a **Fiduciary Claim** will be deemed to have first been made when, with respect to any civil or criminal proceeding described in (b) or (c) above, such **Fiduciary Claim** is commenced as set forth in this definition or, in the case of a written demand, written notice, or formal civil administrative or civil regulatory proceeding described in (a), (d), or (e) above, when such demand, notice, or proceeding is first received by an **Insured**.

**Insured** means the **Organization**, any **Plan** and any **Insured Person**.

**Insured Person** means:

- (a) any past, present or future **Executive** or **Employee**; and
- (b) any past, present or future natural person trustee or fiduciary of a multi-employer plan, if such person in such capacity is added as an **Insured Person** by specific written endorsement to this coverage section.

**Loss** means the amount that any **Insured** becomes legally obligated to pay on account of any covered **Fiduciary Claim**, including but not limited to damages, judgments, settlements, pre-judgment and post-judgment interest, **Defense Costs** and, solely with respect to Insuring Clause 2, **Settlement Fees**.

**Loss** shall not include:

- (a) any amount not indemnified by the **Organization** for which the **Insured** is absolved from payment by reason of any covenant, agreement or court order;
- (b) any costs incurred by an **Organization** or **Plan** to comply with any order for injunctive or other non-monetary relief, or to comply with an agreement to provide such relief;
- (c) any amount incurred by an **Insured** in the defense or investigation of any action, proceeding, investigation or demand that is not then a **Claim** even if (A) such amount also benefits the defense of a covered **Claim**, or (B) such action, proceeding, investigation or demand subsequently gives rise to a **Claim**;
- (d) taxes, fines or penalties, including punitive, exemplary or liquidated damages, or the multiple portion of any multiplied damages award, except:
  - (i) the five percent (5%) or less, or the twenty percent (20%) or less, civil money penalties imposed upon an **Insured** as a fiduciary under Section 502(i) or (l), respectively, of the Employee Retirement Income Security Act of 1974, as amended;
  - (ii) any civil money penalties imposed upon an **Insured** by the Pension Ombudsman appointed by the United Kingdom Secretary of State for Social Services or by the United Kingdom Occupational Pensions Regulatory Authority, pursuant to the English Pension Scheme Act 1993, the English Pensions Act 1995, or rules or regulations thereunder; provided any coverage for such civil penalties applies only if the funds or assets of the subject **Plan** are not used to fund, pay or reimburse the premium for this coverage section; or
  - (iii) solely with respect to Insuring Clause 2, **Settlement Fees**;

- (e) any amount allocated to non-covered loss pursuant to Subsection 12 of this coverage section; or
- (f) any amount not insurable under the law pursuant to which this coverage section is construed.

**Organization** means the **Parent Organization** and any **Subsidiary**. **Organization** shall also include any **Affiliate** added as an affiliate by specific written endorsement to the General Terms and Conditions Section of this policy.

**Plan** means:

- (a) any **Sponsored Plan**; and
- (b) any government-mandated insurance program for workers' compensation, unemployment, social security or disability benefits for **Employees**.

**Pollutants** means (a) any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by, the United States Environmental Protection Agency or any state, county, municipal or local counterpart thereof, including, without limitation, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials, or (b) any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products or any noise.

**Related Claims** means all **Claims** for **Wrongful Acts** based upon, arising from, or in consequence of the same or related facts, circumstances, situations, transactions or events or the same or related series of facts, circumstances, situations, transactions or events.

**Settlement Fees** means any fees, fines, penalties or sanctions paid by an **Insured** to a governmental authority pursuant to a **Settlement Program** for the actual or alleged inadvertent non-compliance by a **Plan** with any statute, rule or regulation.

**Settlement Fees** shall not include: (a) any costs to correct the non-compliance, or any other charges, expenses, taxes or damages; or (b) any fees, fines, penalties or sanctions relating to a **Plan**, which, as of the earlier of the inception of this coverage section or the inception of the first policy in an uninterrupted series of policies issued by the Company of which this coverage section is a direct or indirect renewal or replacement, any **Insured Person** knew to be actually or allegedly non-compliant.

**Settlement 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, or any similar program administered by a governmental authority located outside the United States.

**Settlement Program Notice** means prior written notice to the Company by the **Insured** of the **Insured's** intent to enter into a **Settlement Program**.



**Sponsored Plan** means:

- (a) any Employee Benefit Plan, Pension Benefit Plan or Welfare Benefit Plan, as each are defined in **ERISA**, which is operated solely by the **Organization** or jointly by the **Organization** and a labor organization solely for the benefit of the **Employees** or **Executives** of the **Organization** located anywhere in the world and which existed on or before the inception date set forth in Item 2 of the Declarations of the General Terms and Conditions or which is created or acquired after such inception date; provided (i) any coverage with respect to any such **Plan** created or acquired during the **Policy Period** shall apply only for **Wrongful Acts** committed, attempted, or allegedly committed or attempted after the effective date of such creation or acquisition and shall be subject to Subsection 14 of this coverage section, and (ii) any coverage with respect to an employee stock ownership plan created or acquired during the **Policy Period** shall be further subject to Subsection 18 of this coverage section;
- (b) any other employee benefit plan or program not subject to **ERISA** which is sponsored solely by the **Organization** for the benefit of the **Employees** or **Executives**, including any fringe benefit or excess benefit plan;
- (c) any other plan or program otherwise described in paragraphs (a) or (b) above while such plan or program is being actively developed, formed or proposed by the **Organization** prior to the formal creation of such plan or program; provided, however, no coverage is afforded under this coverage section for any **Claim** against an **Insured** in a settlor or similar uninsured capacity with respect to any plan or program; and
- (d) any other plan, fund, or program specifically included as a **Sponsored Plan** by endorsement to this coverage section.

**Sponsored Plan** shall not include any employee stock ownership plan created or acquired by the **Organization** during the **Policy Period** (except as otherwise provided in Subsection 18 of this coverage section), or any multi-employer plan created before or during the **Policy Period**.

**Wrongful Act** means with respect to any **Plan**:

- (a) any breach of the responsibilities, obligations or duties imposed by **ERISA** upon fiduciaries of the **Sponsored Plan** committed, attempted, or allegedly committed or attempted by an **Insured** in the **Insured's** capacity as such;
- (b) any negligent act, error or omission in the **Administration** of any **Plan** committed, attempted, or allegedly committed or attempted by an **Insured** in the **Insured's** capacity as such; or
- (c) any other matter claimed against an **Insured** solely by reason of the **Insured's** service as a fiduciary of any **Sponsored Plan**.

**Exclusions**

4. The Company shall not be liable for **Loss** on account of any **Claim** against an **Insured**:
- (a) based upon, arising from, or in consequence of any fact, circumstance, situation, transaction, event or **Wrongful Act** that, before the inception date set forth in Item 2 of the Declarations of the General Terms and Conditions, was the subject of any notice given under any policy or coverage section of which this coverage section is a direct or indirect renewal or replacement;
  - (b) based upon, arising from, or in consequence of any demand, suit, or other proceeding pending against, or order, decree or judgment entered for or against any **Insured**, on or prior to the applicable Pending or Prior Date set forth in Item 6 of the Declarations for this coverage section, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;
  - (c) based upon, arising from, or in consequence of:
    - (i) any actual, alleged, or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, escape, treatment, removal or disposal of any **Pollutants**; or
    - (ii) any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutants**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request,including but not limited to any **Claim** for financial loss to any **Organization** or **Plan** or creditors based upon, arising from, or in consequence of any matter described in clause (i) or clause (ii) of this Exclusion 4(c); provided that this Exclusion 4(c) shall not apply to (A) any **Claim** by or on behalf of a beneficiary of or participant in any **Sponsored Plan** based upon, arising from, or in consequence of the diminution in value of any securities owned by the **Sponsored Plan** in any organization other than the **Organization**, if such diminution in value is allegedly as a result of the matters described above in this Exclusion 4(c), or (B) **Loss** (other than fees and expenses incurred in testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing **Pollutants**) incurred by an **Insured Person** for which the **Organization** is not permitted by common or statutory law to indemnify or for which the **Organization** is not able to indemnify by reason of **Financial Impairment**;
  - (d) based upon, arising from, or in consequence of bodily injury, mental anguish, emotional distress, humiliation, sickness, disease or death of any person or damage to or destruction of any tangible property including loss of use thereof whether or not it is damaged or destroyed;
  - (e) based upon, arising from, or in consequence of the liability of any **Insured** under any contract or agreement; provided that this Exclusion 4(e) shall not apply to the extent that:
    - (i) an **Insured** would have been liable in the absence of such contract or agreement; or
    - (ii) such liability was assumed in accordance with or under the agreement or declaration of trust pursuant to which the **Plan** was established;



- (f) for the failure of the **Insured** to comply with any workers' compensation, unemployment insurance, social security or disability benefits law or any amendments thereto or any rules or regulations promulgated thereunder, or any similar provisions of any federal, state, or local statutory law or common law anywhere in the world, except (i) the Consolidated Omnibus Budget Reconciliation Act of 1985, (ii) the Health Insurance Portability and Accountability Act of 1996, or (iii) any amendments to or any rules or regulations promulgated under such Acts;
- (g) for any actual or alleged violation of the responsibilities, obligations or duties imposed by any federal, state, or local statutory law or common law anywhere in the world (including but not limited to the Fair Labor Standards Act), or amendments to or regulations promulgated under any such law, that governs wage, hour and payroll policies and practices ("Wage and Hour Laws"), including but not limited to:
  - (i) the calculation, timing or manner of payment of minimum wages, prevailing wage rates, overtime pay or other compensation alleged to be due and owing;
  - (ii) the classification of any organization or person for wage and hour purposes;
  - (iii) garnishments, withholdings or other deductions from wages;
  - (iv) child labor;
  - (v) pay equity or comparable worth; or
  - (vi) any similar policies or practices;
- (h) based upon, arising from, or in consequence of any **Wrongful Act** committed, attempted, or allegedly committed or attempted by a **Subsidiary** or an **Insured Person** of such **Subsidiary** during any time when such entity was not a **Subsidiary**;
- (i) based upon, arising from, or in consequence of any actual or alleged employment-related or work-related act, error, omission, misstatement, misleading statement, negligence, policy, practice, or breach of any responsibility, obligation or duty by, on behalf of, or with the consent of any **Insured**;
- (j) for any actual or alleged act, error, omission, misstatement, misleading statement, negligence, policy, practice, or breach of any responsibility, obligation or duty by, on behalf of, or with the consent of any **Insured Person** in his or her capacity as a director, officer, manager, trustee, fiduciary, regent, governor, employee, member of staff or faculty, administrator, general counsel, or member of a duly constituted committee of any entity other than an **Organization**;
- (k) based upon, arising from, or in consequence of any actual or alleged violation of any federal, state, or local securities law anywhere in the world (including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Act of 1940) or amendments to or regulations promulgated under any such laws;
- (l) for an accounting of profits made from the purchase or sale by such **Insured Person** of securities of the **Organization** within the meaning of Section 16(b) of the Securities Exchange Act of 1934, any amendments thereto, or any similar provision of any federal, state, or local statutory law or common law anywhere in the world;
- (m) based upon, arising from, or in consequence of:

- (i) the committing in fact of any dishonest or fraudulent act or omission or any willful violation of any statute or regulation by such **Insured**, as evidenced by (A) any written statement or written document by any **Insured**, (B) any plea of guilty, nolo contendere or no contest, or (C) any judgment or ruling in any judicial, administrative or alternative dispute resolution proceeding; or
- (ii) such **Insured** having gained in fact any profit, remuneration or advantage to which such **Insured** was not legally entitled;
- (n) for any actual or alleged violation of the responsibilities, obligations or duties imposed by:
  - (i) the Federal False Claims Act, the Social Security Act, any similar federal, state, or local statutory law or common law anywhere in the world or amendments to or regulations promulgated under any such law; or
  - (ii) any federal, state, or local anti-kickback, self-referral or healthcare fraud and abuse law anywhere in the world or amendments to or regulations promulgated under any such law,

brought by or on behalf of any federal, state, or local governmental, regulatory or administrative agency or entity, whether such **Claim** is brought in the name of such agency or entity or in the name of any other individual or entity; provided that this Exclusion 4(n) shall not apply to any **Claim** for any actual or alleged violation of Title II of the Health Insurance Portability and Accountability Act of 1996; or

- (o) based upon, arising from, or in consequence of any actual or alleged retaliatory treatment against an employee of an **Organization** on account of such individual:
  - (i) disclosing or threatening to disclose to any person, agency or entity alleged violations of;
  - (ii) having assisted or testified in or cooperated with a proceeding or investigation regarding alleged violations of; or
  - (iii) filing any **Claim** against an **Insured** under,  
  
the Federal False Claims Act or the Social Security Act, any similar federal, state, or local statutory law or common law anywhere in the world, any federal, state, or local anti-kickback, self-referral or healthcare fraud and abuse law anywhere in the world, or amendments to or regulations promulgated under any such law.

5. The Company shall not be liable for **Loss**, other than **Defense Costs**:

- (a) which constitutes the return or reversion to an employer of any contribution or asset of a **Plan**;
- (b) which constitutes:
  - (i) benefits due or to become due under any **Plan**; or
  - (ii) benefits which would be due under any **Plan** if such **Plan** complied with all applicable law, including but not limited to **Loss** resulting from the payment of



plaintiff attorneys' fees based upon a percentage of such benefits or payable from a common fund established to pay such benefits,

except to the extent that:

- (A) an **Insured** is a natural person and the benefits are payable by such **Insured** as a personal obligation; and
- (B) recovery for the benefits is based upon a covered **Wrongful Act**; or
- (c) which is based upon, arising from, or in consequence of the failure to collect an employer's contributions owed to a **Plan** unless the failure is because of the negligence of any **Insured**.

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#### **Severability of Exclusions**

- 6. (a) No fact pertaining to or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** for the purpose of applying the exclusion set forth in Subsection 4(m) of this coverage section.
- (b) Only facts pertaining to and knowledge possessed by any **Executive** of an **Organization** or **Plan** shall be imputed to such **Organization** or **Plan** for the purpose of applying the exclusion set forth in Subsection 4(m) of this coverage section.

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#### **Spouses, Estates and Legal Representatives**

- 7. Subject otherwise to the General Terms and Conditions and the limitations, conditions, provisions and other terms of this coverage section, coverage shall extend to **Claims** for the **Wrongful Acts** of an **Insured Person** made against:
  - (a) the estate, heirs, legal representatives or assigns of such **Insured Person** if such **Insured Person** is deceased or the legal representatives or assigns of such **Insured Person** if such **Insured Person** is incompetent, insolvent or bankrupt; or
  - (b) the lawful spouse or **Domestic Partner** of such **Insured Person** solely by reason of such spouse or **Domestic Partner's** status as a spouse or **Domestic Partner**, or such spouse or **Domestic Partner's** ownership interest in property which the claimant seeks as recovery for an alleged **Wrongful Act** of such **Insured Person**.

All terms and conditions of this coverage section, including without limitation the Retention, applicable to **Loss** incurred by the **Insured Persons**, shall also apply to loss incurred by the estates, heirs, legal representatives, assigns, spouses and **Domestic Partners** of such **Insured Persons**. The coverage provided by this Subsection 7 shall not apply with respect to any loss arising from an act or omission by an **Insured Person's** estate, heirs, legal representatives, assigns, spouse or **Domestic Partner**.

**Extended Reporting Period**

8. If the Company or the **Parent Organization** terminates or does not renew this coverage section, other than termination by the Company for nonpayment of premium, the **Parent Organization**, on behalf of all **Insureds**, shall have the sole right, upon payment of the additional premium set forth in Item 5(B) of the Declarations for this coverage section, to an extension of the coverage granted by this coverage section for **Claims** that are (i) first made during the period set forth in Item 5(A) of the Declarations for this coverage section (the "Extended Reporting Period") following the effective date of termination or nonrenewal, and (ii) reported to the Company in writing within the time provided in Subsection 10(a) of this coverage section, but only to the extent such **Claims** are for **Wrongful Acts** committed, attempted, or allegedly committed or attempted before the earlier of the effective date of termination or nonrenewal or the date of the first merger, consolidation, acquisition or **Financial Impairment** event described in Subsection 15 of this coverage section. The offer of renewal terms and conditions or premiums different from those in effect prior to renewal shall not constitute refusal to renew. The right to purchase an extension of coverage as described in this Subsection 8 shall lapse unless written notice of election to purchase the extension, together with payment of the additional premium due, is received by the Company within thirty (30) days after the effective date of termination or nonrenewal. Any **Claim** made during the Extended Reporting Period shall be deemed to have been made during the immediately preceding **Policy Period**. The entire additional premium for the Extended Reporting Period shall be deemed fully earned at the inception of such Extended Reporting Period.

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**Limit of Liability and Retention**

9. (a) The Company's maximum liability for all **Loss** on account of each **Fiduciary Claim** first made during the **Policy Period** and covered under Insuring Clause 1 shall be the Limit of Liability set forth in Item 3(A) of the Declarations for this coverage section. The Company's maximum aggregate liability for all **Loss** on account of all **Claims** first made during the **Policy Period**, whether covered under one or both Insuring Clauses, shall be the Limit of Liability set forth in Item 3(C) of the Declarations for this coverage section.
- (b) The Company's maximum aggregate liability for all **Defense Costs** and **Settlement Fees** on account of all **Settlement Program Notices** first given to the Company during the **Policy Period** and covered under Insuring Clause 2 shall be the Limit of Liability set forth in Item 3(B) of the Declarations for this coverage section, which amount shall be part of, and not in addition to, the Limit of Liability for each **Policy Period** set forth in Item 3(C) of the Declarations for this coverage section.
- (c) Solely in the event that the Optional Separate Defense Costs Coverage is purchased, as set forth in Item 2 of the Declarations for this coverage section, a separate, additional limit of liability shall be available for **Defense Costs** incurred in connection with **Fiduciary Claims** covered under Insuring Clause 1 ("Separate Defense Costs Limit"). The Company's maximum aggregate liability under the Separate Defense Costs Limit for all **Defense Costs** on account of all **Fiduciary Claims** first made during the **Policy Period** and covered under Insuring Clause 1 shall be the Limit of Liability set forth in Item 3(D) of the Declarations for this coverage section; provided that if such Limit of Liability is exhausted, any additional **Defense Costs** shall reduce and may exhaust the applicable Limits of Liability set forth in Items 3(A) and 3(C) of the Declarations for this coverage section. If the Optional Separate Defense Costs Coverage is not purchased, **Defense Costs** shall





be part of, and not in addition to, the Limits of Liability set forth in Items 3(A) and 3(C) of the Declarations for this coverage section, and the payment by the Company of **Defense Costs** shall reduce and may exhaust such applicable Limits of Liability.

- (d) No Retention shall apply to any **Loss** under this coverage section incurred by an **Insured Person** if such **Loss** can not be indemnified by an **Organization** or **Plan** because such **Organization** or **Plan** is either not legally permitted or required to indemnify, or is unable to indemnify, such **Insured Person** by reason of **Financial Impairment**. The Company's liability for all other covered **Loss** (as determined by Subsection 12 of this coverage section) shall apply only to that part of **Loss** on account of each **Claim** which is excess of the applicable Retention set forth in Item 4 of the Declarations for this coverage section. Such Retention shall be reduced only by **Loss** otherwise covered under this coverage section and shall be borne by the **Insureds** uninsured and at their own risk.
- (e) If different parts of a single **Claim** are subject to different Retentions, the applicable Retentions will be applied separately to each part of such **Claim**, but the sum of such Retentions shall not exceed the largest applicable Retention.
- (f) All **Related Claims** shall be treated as a single **Claim** first made on the date the earliest of such **Related Claims** was first made, or on the date the earliest of such **Related Claims** is treated as having been made in accordance with Subsection 10(b) of this coverage section, regardless of whether such date is before or during the **Policy Period**.
- (g) The limit of liability available during the Extended Reporting Period (if exercised) shall be part of, and not in addition to, the Company's maximum aggregate limit of liability for all **Loss** on account of all **Claims** first made during the immediately preceding **Policy Period**.

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### **Reporting and Notice**

- 10. (a) The **Insureds** shall, as a condition precedent to exercising any right to coverage under this coverage section, give to the Company written notice of any **Fiduciary Claim** as soon as practicable, but in no event later than the earliest of the following dates:
  - (i) if this coverage section expires (or is otherwise terminated) and if no Extended Reporting Period is purchased, sixty (60) days after the effective date of such expiration or termination; or
  - (ii) the expiration date of the Extended Reporting Period, if purchased;provided that if the Company sends written notice to the **Parent Organization**, at any time before the date set forth in (i) above with respect to any **Fiduciary Claim**, stating that this coverage section is being terminated for non-payment of premium, the **Insureds** shall give to the Company written notice of such **Fiduciary Claim** prior to the effective date of such termination.
- (b) If during the **Policy Period** an **Insured**:
  - (i) becomes aware of circumstances which could give rise to a **Fiduciary Claim** and gives written notice of such circumstances to the Company as soon as

practicable thereafter but before the expiration or termination of this coverage section; or

- (ii) gives written notice to the Company of a **Settlement Program Notice**,

then any **Claim** subsequently arising from such circumstances referred to in (i) above or from the **Settlement Program Notice** referred to in (ii) above, shall be deemed to have been first made during the **Policy Period** in which such written notice described in (i) or (ii) above was first given by an **Insured** to the Company, provided any such subsequent **Claim** is reported to the Company as set forth in Subsection 10(a) above. With respect to any such subsequent **Claim**, no coverage under this coverage section shall apply to loss incurred prior to the date such subsequent **Claim** is actually made.

- (c) The **Insureds** shall, as a condition precedent to exercising any right to coverage under this coverage section, give to the Company every demand notice, summons, complaint, or other process received by an **Insured** or **Insured** representative and such information and cooperation as the Company may reasonably require, and shall include in any notice under Subsection 10(a) or (b) a description of the **Claim** or circumstances, the nature of any alleged **Wrongful Acts**, the nature of the alleged or potential damage, the names of all actual or potential claimants, the names of all actual or potential defendants, and the manner in which such **Insured** first became aware of the **Claim** or circumstances.

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#### **Defense and Settlement**

11. (a) The Company shall have the right and duty to defend any **Claim** covered by this coverage section, even if any of the allegations in such **Claim** are groundless, false or fraudulent. The Company's duty to defend any **Claim** shall cease upon exhaustion of the applicable Limit of Liability.
- (b) The Company may make any investigation it deems necessary and may, with the consent of the **Insured**, make any settlement of any **Claim** it deems expedient. If any **Insured** withholds consent to any settlement acceptable to the claimant and the Company (a "Proposed Settlement"), the Company's liability for all **Loss**, including **Defense Costs**, from such **Claim** shall not exceed:
- (i) the amount of the Proposed Settlement plus **Defense Costs** incurred up to the date of the **Insured's** refusal to consent to the Proposed Settlement of such **Claim**; plus
- (ii) seventy percent (70%) of any **Loss**, including **Defense Costs**, in excess of the amount referenced in paragraph (i) above, incurred in connection with such **Claim**; subject in all events to the applicable Retention and the available Limit of Liability for such **Claim**. The remaining thirty percent (30%) of any **Loss**, including **Defense Costs**, in excess of the amount referenced in paragraph (i) above shall be borne by the **Insured** uninsured and at its own risk, notwithstanding anything to the contrary contained in Subsection 12(a) of this coverage section.
- (c) The **Insureds** agree not to settle or offer to settle any **Claim**, incur any **Defense Costs** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Company's prior written consent. The Company shall not be liable for any settlement made, for any other element of **Loss** incurred,



for any obligation assumed, or for any admission made by any **Insured** without the Company's prior written consent. Provided that the **Insureds** comply with Subsection 11(d) below, the Company shall not unreasonably withhold any such consent.

- (d) The **Insureds** agree to provide the Company with all information, assistance and cooperation which the Company may reasonably require and agree that in the event of a **Claim** the **Insureds** will do nothing that could prejudice the Company's position or its potential or actual rights of recovery.

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### **Allocation**

- 12. (a) If in any **Claim** the **Insureds** incur both **Loss** that is covered under this coverage section and loss that is not covered under this coverage section, either because such **Claim** includes both covered and non-covered matters or because such **Claim** is made against both **Insureds** and others, the **Insureds** and the Company shall allocate such amount between covered **Loss** and non-covered loss based on the relative legal and financial exposures of the parties to covered and non-covered matters and, in the event of a settlement in such **Claim**, based also on the relative benefits to the parties from such settlement. The Company shall not be liable under this coverage section for the portion of such amount allocated to non-covered loss.
- (b) If the **Insureds** and the Company cannot agree on an allocation of **Loss**:
  - (i) no presumption as to allocation shall exist in any arbitration, suit or other proceeding; and
  - (ii) the Company, if requested by the **Insureds**, shall submit the dispute to binding arbitration. The rules of the American Arbitration Association shall apply except with respect to the selection of the arbitration panel, which shall consist of one arbitrator selected by the **Insureds**, one arbitrator selected by the Company, and a third independent arbitrator selected by the first two arbitrators.

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### **Other Insurance**

- 13. If any **Loss** under this coverage section is insured under any other valid insurance policy(ies), then this coverage section shall cover such **Loss**, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such **Loss** is in excess of the applicable retention or deductible and limit of liability under such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limits of Liability provided in this coverage section. Any payment by **Insureds** of a retention or deductible under such other insurance shall not reduce, by the amount of such payment which would otherwise have been covered under this coverage section, the applicable Retention under this coverage section.

### **Changes in Exposure**

#### *Acquisition/Creation of Another Organization*

14. If before or during the **Policy Period** any **Organization**:

- (a) acquires securities or rights in another organization or creates another organization, which as a result of such acquisition or creation becomes a **Subsidiary**; or
- (b) acquires another organization by merger into or consolidation with an **Organization**, such that the **Organization** is the surviving entity,

such other organization and its **Insured Persons** and **Plans** shall be **Insureds** under this coverage section, but only with respect to **Wrongful Acts** committed, attempted, or allegedly committed or attempted by such **Insureds** after such acquisition or creation unless the Company agrees, after presentation of a complete application and all other appropriate information, to provide coverage by endorsement for **Wrongful Acts** committed, attempted, or allegedly committed or attempted by such **Insureds** before such acquisition or creation.

If, at the time of any such acquisition or creation described above, the total assets of any such acquired organization or new **Subsidiary** exceed fifteen percent (15%) of the total assets of the **Parent Organization** (as reflected in the most recent audited consolidated financial statements of such organization and the **Parent Organization**, respectively, as of the date of such acquisition or creation), then the **Parent Organization** shall give written notice of such acquisition or creation to the Company as soon as practicable, but in no event later than sixty (60) days after the date of such acquisition or creation, together with such other information as the Company may require and shall pay any reasonable additional premium required by the Company. If the **Parent Organization** fails to give such notice within the time specified in the preceding sentence, or fails to pay the additional premium required by the Company, coverage for such acquired or created organization and its **Insureds** shall terminate with respect to **Claims** first made more than sixty (60) days after such acquisition or creation. Coverage for any acquired or created organization described in this paragraph, and for the **Insureds** of such organization, shall be subject to such additional or different terms, conditions and limitations of coverage as the Company in its sole discretion may require.

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#### *Acquisition by Another Organization/Financial Impairment*

15. If:

- (a) the **Parent Organization** merges into or consolidates with another organization and the **Parent Organization** is not the surviving entity;
- (b) another organization or person or group of organizations and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by the other organization(s) or person(s) of more than fifty percent (50%) of the outstanding securities or voting rights representing the present right to vote for the election of or to appoint directors, trustees or **Managers** of the **Parent Organization**, or acquires the right to control or direct the managerial decisions of the **Parent Organization**; or



- (c) **Financial Impairment** of the **Parent Organization** occurs,

then coverage under this coverage section shall continue until termination of this coverage section, but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted by **Insureds** before such merger, consolidation, acquisition or **Financial Impairment**. Upon the occurrence of any event described in (a), (b) or (c) of this Subsection 15, the entire premium for this coverage section shall be deemed fully earned.

The **Parent Organization** shall give written notice of such merger, consolidation, acquisition or **Financial Impairment** to the Company as soon as practicable, but in no event later than sixty (60) days after the date of such merger, consolidation, acquisition or **Financial Impairment**, together with such other information as the Company may require. Upon receipt of such notice and information and at the request of the **Parent Organization**, the Company may provide to the **Parent Organization** a quotation for an extension of coverage (for such period as may be negotiated between the Company and the **Parent Organization**) with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted by **Insureds** before such merger, consolidation, acquisition or **Financial Impairment**. Any coverage extension pursuant to such quotation shall be subject to such additional or different terms, conditions and limitations of coverage and payment of such additional premium, as the Company in its sole discretion may require. If the Company in its sole discretion agrees to provide coverage for such **Claims**, the additional premium specified by the Company must be paid to the Company in full before such coverage becomes effective.

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#### ***Cessation of Subsidiary***

16. In the event an organization ceases to be a **Subsidiary** before or during the **Policy Period**, coverage with respect to such **Subsidiary** and its **Insureds** shall continue until termination of this coverage section, but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted while such organization was a **Subsidiary**.

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#### ***Termination of Plan***

17. If an **Organization** terminates a **Plan** before or after the inception date set forth in Item 2 of the Declarations of the General Terms and Conditions, coverage under this coverage section with respect to such terminated **Plan** and its **Insureds** shall continue until termination of this coverage section for those who were **Insureds** prior to or at the time of such **Plan** termination or who would have been **Insureds** at the time of such termination if this coverage section had then been in effect. Such continuation of coverage shall apply with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted prior to or after the date the **Plan** was terminated.

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#### ***Creation or Acquisition of an ESOP***

18. Notwithstanding anything in this coverage section to the contrary, if during the **Policy Period** the **Organization** creates or directly or indirectly acquires an employee stock ownership plan ("ESOP"), the **Organization** shall promptly give to the Company written notice thereof together with such other information requested by the Company. The Company shall, at the request of the **Organization**, provide to the **Organization** a quotation for coverage for **Claims** based upon, arising from, or in consequence of such

ESOP, subject to such terms, conditions, limitations of coverage and such additional premium as the Company in its sole discretion may require. Unless the **Insureds** accept such quotation and pay such additional premium within thirty (30) days after receipt of the quotation, no coverage will be available under this coverage section for **Claims** based upon, arising from, or in consequence of such ESOP.

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***Representations and Severability***

19. In issuing this coverage section the Company has relied upon the statements, representations and information in the **Application**. All of the **Insureds** acknowledge and agree that all such statements, representations and information (i) are true and accurate, (ii) were made or provided in order to induce the Company to issue this coverage section, and (iii) are material to the Company's acceptance of the risk to which this coverage section applies.

In the event that any of the statements, representations or information in the **Application** are not true and accurate, this coverage section shall be void with respect to (i) any **Insured** who knew the facts in the **Application** that were not truthfully and accurately disclosed (whether or not the **Insured** knew of such untruthful disclosure in the **Application**) or to whom knowledge of such facts is imputed, and (ii) any **Organization** to the extent it indemnifies an **Insured Person** who had knowledge of such facts or to whom knowledge of such facts is imputed, whether or not knowledge of such facts is also imputed to such **Organization**. For purposes of the preceding sentence, knowledge shall be imputed as follows:

- (a) the knowledge of any **Insured Person** who is a past, present or future chief financial officer, in-house general counsel, chief executive officer, president or chairperson, chief compliance officer, director of human resources, or medical director of any **Organization** shall be imputed to such **Organization** and its **Subsidiaries** and their respective **Plans**;
  - (b) the knowledge of the person(s) who signed the **Application** for this coverage section shall be imputed to all of the **Insureds**; and
  - (c) except as provided in (a) above, the knowledge of an **Insured Person** who did not sign the **Application** shall not be imputed to any other **Insured**.
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***Compliance With Applicable Trade Sanction Laws***

20. This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit the Company from providing insurance.



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 1

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### HEALTH CARE PORTFOLIO FIDUCIARY AMENDATORY ENDORSEMENT

In consideration of the premium charged, it is agreed that:

- (1) The term **Employee**, as defined in Subsection 3. Definitions, of this coverage section, is amended to include any leased or seasonal employee of the **Organization** or any **Plan**.
- (2) The term **Fiduciary Claim**, as defined in Subsection 3. Definitions, of this coverage section, is amended to include a written demand for non-monetary relief, against an **Insured** for a **Wrongful Act**, including any appeal therefrom, commenced by the first receipt of such demand by an **Insured**.
- (3) Exclusion 4(d) of this coverage section is deleted and replaced with the following:
  - (d) for bodily injury, mental anguish, emotional distress, humiliation, sickness, disease or death of any person or damage to or destruction of any tangible property including loss of use thereof whether or not it is damaged or destroyed;
- (4) Exclusion 4(i) of this coverage section is deleted in its entirety.
- (5) Exclusion 4(k) of this coverage section is deleted in its entirety.
- (6) Exclusion 4(l) of this coverage section is deleted in its entirety.
- (7) Subparagraph (a)(i) of Subsection 10. Reporting and Notice, of this coverage section, is deleted and replaced with the following:
  - (i) if this coverage section expires (or is otherwise terminated) without being renewed with the Company and if no Extended Reporting Period is purchased, sixty (60) days after the effective date of such expiration or termination; or
- (8) Subsection 13. Other Insurance, of this coverage section, is amended as follows:
  - (A) The reference to "valid insurance" in the first sentence of this Subsection 13 is replaced with "valid and collectible insurance".
  - (B) The last sentence is deleted and replaced with the following:

Any payment by **Insureds** of a retention or deductible under such other insurance shall reduce, by the amount of such payment which would otherwise be covered under this coverage section, the applicable Retention under this coverage section.

- (9) The following Subsection is added to this coverage section:

*Coordination with Employment Practices Liability Coverage Section*

Any **Loss** otherwise covered by both (i) this coverage section and (ii) any employment practices liability coverage section or policy issued by the Company or by any affiliate of the Company (an "Employment Practices Liability Coverage"), first shall be covered as provided in, and shall be subject to the limit of liability, retention and coinsurance percentage applicable to the Employment Practices Liability Coverage. Any remaining **Loss** otherwise covered by this coverage section which is not paid under the Employment Practices Liability Coverage shall be covered as provided in, and shall be subject to the Limit of Liability and Retention applicable to this coverage section; provided the Retention applicable to such **Loss** under this coverage section shall be reduced by the amount of **Loss** otherwise covered by this coverage section which is paid by the **Insureds** as the retention under such Employment Practices Liability Coverage.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.



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Authorized Representative





## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 2

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### HIPAA CIVIL MONEY PENALTIES ENDORSEMENT

In consideration of the premium charged, it is agreed that:

1. The definition of **Loss** in Subsection 3 of this coverage section is amended by adding the following exception to subparagraph (d):
  - (iv) any civil money penalties imposed upon an **Insured** for violation of Title II of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), amendments to such law or regulations promulgated under such law concerning privacy of health information; provided the Company's maximum aggregate liability for all such civil money penalties on account of all **Claims** first made during the **Policy Period** shall be \$100,000.00, which amount shall be part of, and not in addition to, the Company's maximum aggregate Limit of Liability set for in Item 3(C) of the Declarations for this coverage section.
2. No Retention shall apply to **Loss** constituting civil money penalties imposed upon an **Insured** for violation of Title II of HIPAA, amendments to such law or regulations promulgated under such law concerning privacy of health information.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 3

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### DELETE RETALIATORY TREATMENT EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is agreed that Subparagraph (o) of Section 4, Exclusions, of this coverage section is deleted in its entirety.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

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Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 4

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### ALLOCATION SECTION AMENDED ENDORSEMENT

In consideration of the premium charged, it is agreed that subparagraph (a) of Subsection 12 Allocation is amended to read in its entirety as follows:

- (a) If in any **Claim** the **Insureds** incur both **Loss** that is covered under this coverage section and loss that is not covered under this coverage section, either because such **Claim** includes both covered and non-covered matters or because such **Claim** is made against both **Insureds** and others, the **Insureds** and the Company shall allocate such amount to **Loss** as follows:
- (i) **Defense Costs**: 100% of such amount constituting **Defense Costs** incurred by an **Insured** shall be allocated to covered **Loss**; and
  - (ii) **Loss**, other than **Defense Costs**: the **Insureds** and the Company shall allocate such amount between covered **Loss** and uncovered loss, other than **Defense Costs**, based on the relative legal and financial exposures of the parties to covered and non-covered matters.

With respect to loss, other than **Defense Costs**, the Company shall not be liable under this coverage section for the portion of such amount allocated to non-covered loss.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 5

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND DEFINITION OF FIDUCIARY CLAIM ENDORSEMENT

In consideration of the premium charged, it is agreed that the term "**Fiduciary Claim**" as defined in Subsection 3., Definitions, of this coverage section is amended to include a written demand for arbitration proceeding commenced by receipt of a demand for arbitration or similar document against any **Insured** for a **Wrongful Act**, including any appeal therefrom.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

A handwritten signature in black ink, appearing to be 'P. M. M.', written over a horizontal line.

Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 6

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND SUBSECTIONS 8 AND 15 TO REMOVE FINANCIAL IMPAIRMENT PROVISIONS ENDORSEMENT

In consideration of the premium charged, it is agreed that:

- (1) Subsection 8, Extended Reporting Period, of this coverage section is amended to delete the reference to the term "**Financial Impairment** event" contained in such Subsection.
- (2) Subparagraph (c) of Subsection 15 of this coverage section is deleted in its entirety. All other references to the term **Financial Impairment** in Subsection 15 are deleted in their entirety.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

A handwritten signature in black ink, appearing to be 'P. M. W.', written over a horizontal line.

Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 7

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

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### AMEND FIDUCIARY CLAIM ENDORSEMENT

In consideration of the premium charged, it is agreed that the term **Fiduciary Claim** as defined in Subsection 3, Definitions, of this coverage section is amended by adding the following subparagraph:

**Fiduciary Claim** shall include a written request received by an **Insured** to toll or waive a statute of limitations relating to a potential **Fiduciary Claim** as described in (a) through (e) above.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

A handwritten signature in black ink, appearing to be 'P. M. Q.', written over a horizontal line.

Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 8

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND SUBSECTION 14 ACQUISITION/CREATION OF ANOTHER ORGANIZATION ENDORSEMENT

In consideration of the premium charged, it is agreed that the second full paragraph of Subsection 14. Changes in Exposure, Acquisition/Creation of Another Organization of this coverage section is amended to read in its entirety as follows:

If, at the time of any such acquisition or creation described above the total assets of any such acquired organization or new **Subsidiary** exceed twenty-five percent (25%) of the total assets of the **Parent Organization** (as reflected in the most recent audited consolidated financial statements of such organization and the **Parent Organization**, respectively, as of the date of such acquisition or creation), then the **Parent Organization** shall give written notice of such acquisition or creation to the Company as soon as practicable, but in no event later than ninety (90) days after the date of such acquisition or creation, together with such other information as the Company may require and shall pay any reasonable additional premium required by the Company. If the **Parent Organization** fails to give such notice within the time specified in the preceding sentence, or fails to pay the additional premium required by the Company, coverage for such acquired or created organization and its **Insureds** shall terminate with respect to **Claims** first made more than ninety (90) days after such acquisition or creation. Coverage for any acquired or created organization described in this paragraph, and for the **Insureds** of such organization, shall be subject to such additional or different terms, conditions and limitations of coverage as the Company in its sole discretion may require.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Authorized Representative



Issued to: Behavioral Health Insurance Pool, Inc.

DELETE EXCLUSION 4(n) ENDORSEMENT

In consideration of the premium charged, it is agreed that Subsection 4 Exclusions (n) of this coverage section is deleted in its entirety.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Authorized Representative





## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 10

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### PUNITIVE DAMAGES COVERAGE ENDORSEMENT

In consideration of the premium charged, it is agreed that:

- (1) The term **Loss**, as defined in Subsection 3 Definitions of this coverage section, is amended to include punitive or exemplary damages, or the multiple portion of any multiplied damage award, levied against an **Insured** ("**Punitive Damages**"), if and to the extent that such **Punitive Damages** are insurable under the law of the jurisdiction most favorable to the insurability of such **Punitive Damages**; provided such jurisdiction has a substantial relationship to the relevant **Insured**, to the Company, or to the **Claim** giving rise to such **Punitive Damages**. Accordingly, paragraph (d) of the term **Loss**, as defined in Subsection 3 Definitions of this coverage section, is amended to effect the purposes of this endorsement.
- (2) The foregoing provision is not intended to deprive the courts of Arizona of jurisdiction which they would have absent such provision.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

A handwritten signature in black ink, appearing to be 'P. M. W.', written over a horizontal line.

Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 11

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND SUBSECTION 13 OTHER INSURANCE ENDORSEMENT

In consideration of the premium charged, it is agreed that Subsection 13 Other Insurance of this coverage section is deleted and replaced with the following:

13. If any **Loss** under this coverage section is insured under any other valid and collectible insurance policy(ies), then this coverage section shall cover such **Loss**, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such **Loss** is in excess of the applicable retention or deductible and limit of liability under such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limits of Liability provided in this coverage section. Any payment by **Insureds** of a retention or deductible under such other insurance shall not reduce, by the amount of such payment which would otherwise have been covered under this coverage section, the applicable Retention under this coverage section.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

A handwritten signature in black ink, appearing to be 'P. M. W.', written over a horizontal line.

Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 12

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND SUBSECTION 6 SEVERABILITY OF EXCLUSIONS ENDORSEMENT

In consideration of the premium charged, it is agreed that:

Subparagraph (b) of Subsection 6 Severability of Exclusions of this coverage section is deleted and replaced with the following:

- (b) Only facts pertaining to and knowledge possessed by any past, present, or future chief financial officer, in-house general counsel, chief executive officer, president or chief compliance officer of an **Organization** or **Plan** shall be imputed to such **Organization** or **Plan** for the purpose of applying the exclusion set forth in Subsection 4(m) of this coverage section.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

A handwritten signature in black ink, appearing to be 'P. M. M.', written over a horizontal line.

Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 13

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND SUBSECTION 19 REPRESENTATIONS AND SEVERABILITY ENDORSEMENT

In consideration of the premium charged, it is agreed that:

The second full paragraph of Subsection 19. Representations and Severability of this coverage section is deleted and replaced with the following:

In the event that any of the statements, representations or information in the **Application** are not true and accurate, this coverage section shall be void with respect to (i) any **Insured** who knew the facts in the **Application** that were not truthfully and accurately disclosed (whether or not the **Insured** knew of such untruthful disclosure in the **Application**) or to whom knowledge of such facts is imputed, and (ii) any **Organization** to the extent it indemnifies an **Insured Person** who had knowledge of such facts or to whom knowledge of such facts is imputed, whether or not knowledge of such facts is also imputed to such **Organization**. For purposes of the preceding sentence, knowledge shall be imputed as follows:

- (a) the knowledge of any **Insured Person** who is a past, present or future chief financial officer, in-house general counsel, chief executive officer, president or chief compliance officer of an **Organization** shall be imputed to such **Organization** and its **Subsidiaries** and their respective **Plans**;
- (b) the knowledge of the person(s) who signed the **Application** for this coverage section shall be imputed to all **Organizations** and **Plans**; and
- (c) no knowledge of any **Insured Person** shall be imputed to any other **Insured Person**.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

A handwritten signature in black ink, consisting of a large capital 'P' followed by several loops and a final flourish.

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Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 14

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND EXCLUSION 4(M) ENDORSEMENT

In consideration of the premium charged, it is agreed that:

Subparagraph (i) of Exclusion 4(m) of this coverage section is deleted and replaced with the following:

- (i) the committing in fact of any deliberately fraudulent act or omission or any willful violation of any statute or regulation by such **Insured**, if a judgment or other final adjudication establishes such a deliberately fraudulent act or omission or willful violation of any statute or regulation;  
or

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

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Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 15

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND CONDUCT EXCLUSIONS ENDORSEMENT

In consideration of the premium charged, it is agreed that:

- (1) Subsection 4., Exclusions, of this coverage section is amended by deleting Exclusion (m).
- (2) The following exclusions are added to this coverage section:
  - (a) The Company shall not be liable for **Loss** on account of any **Claim** against an **Insured** based upon, arising from or in consequence of any deliberately fraudulent act or omission or any willful violation of any statute or regulation by such **Insured**, if a final judgment or final adjudication in any proceeding establishes such a deliberately fraudulent act or omission or willful violation;
  - (b) The Company shall not be liable for **Loss** on account of any **Claim** made against any **Insured Person** based upon, arising from, or in consequence of such **Insured Person** having gained any profit, remuneration or other advantage to which such **Insured Person** was not legally entitled, if a final judgment or final adjudication in any proceeding establishes the gaining of such a profit, remuneration or advantage; or
  - (c) The Company shall not be liable for **Loss** on account of any **Claim** made against any **Organization** or **Plan** based upon, arising from, or in consequence of such **Organization** or **Plan** having gained in fact any profit, remuneration or advantage to which such **Organization** or **Plan** was not legally entitled.
- (3) Subsection 6. Severability of Exclusions is deleted.
- (4) Solely with respect to the Exclusions added to this coverage section in paragraph (2) of this endorsement:
  - (a) No fact pertaining to or knowledge possessed by any **Insured Person** shall be imputed to another **Insured Person** or to the **Plan**;
  - (b) Only facts pertaining to and knowledge possessed by any **Executive** of an **Organization** shall be imputed to such **Organization** for the purpose of applying such Exclusions set forth in paragraph (2) of this endorsement; and
  - (c) The term "proceeding", as used therein, shall not include any declaratory proceeding brought by or against the Company.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

A handwritten signature in black ink, appearing to be "P. M. S.", written in a cursive style.

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Authorized Representative





## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 16

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND BENEFITS DUE EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is agreed that paragraph (b) of Subsection 5, Exclusions, of this coverage section is amended to read in its entirety as follows:

- (b) which constitutes (i) benefits due or to become due under any **Plan**, or (ii) benefits which would be due under any **Plan** if such **Plan** complied with all applicable law, including but not limited to **Loss** resulting from the payment of plaintiff attorneys' fees based upon a percentage of such benefits or payable from a common fund established to pay such benefits, except to the extent that:
  - (A) an **Insured** is a natural person and the benefits are payable by such **Insured** as a personal obligation, and recovery for the benefits is based upon a covered **Wrongful Act**; or
  - (B) a **Fiduciary Claim** made against an **Insured** alleges a loss to the **Plan** and/or to the accounts of such **Plan's** participants by reason of a change in the value of the investments held by such **Plan**, regardless of whether the amounts sought or recovered by the plaintiffs in such **Fiduciary Claim** are characterized by plaintiffs as "benefits" or held by a court as "benefits"; or

In the event that this endorsement conflicts with any other endorsement to this coverage section, this endorsement shall govern.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Authorized Representative



## ENDORSEMENT/RIDER

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 17

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

### AMEND SUBSECTION 11(b) DEFENSE AND SETTLEMENT ENDORSEMENT

In consideration of the premium charged, it is agreed that:

Subparagraph (b) of Subsection 11 Defense and Settlement of this coverage section is amended to read in its entirety as follows:

- (b) The Company may make any investigation it deems necessary and may, with the consent of the **Insured**, make any settlement of any **Claim** it deems expedient. If any **Insured** withholds consent to any settlement acceptable to the claimant and the Company (a "Proposed Settlement"), the Company's liability for all **Loss**, including **Defense Costs**, from such **Claim** shall not exceed:
  - (i) the amount of the Proposed Settlement plus **Defense Costs** incurred up to the date of the **Insured's** refusal to consent to the Proposed Settlement of such **Claim**; plus
  - (ii) eighty percent (80%) of any **Loss**, including **Defense Costs**, in excess of the amount referenced in paragraph (i) above, incurred in connection with such **Claim**; subject in all events to the applicable Retention and the available Limit of Liability for such **Claim**. The remaining twenty percent (20%) of any **Loss**, including **Defense Costs**, in excess of the amount referenced in paragraph (i) above shall be borne by the **Insured** uninsured and at its own risk, notwithstanding anything to the contrary contained in Subsection 12(a) of this coverage section.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Authorized Representative



## ENDORSEMENT

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement: March 31, 2015

Company: Federal Insurance Company

Endorsement No. 18

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

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### DELETE REVERSION OF ASSETS EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is agreed that Subparagraph (a) of Section 5, Exclusions, of this coverage section is deleted in its entirety.

The title and any headings in this endorsement are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this policy shall remain unchanged.

A handwritten signature in black ink, appearing to be 'P. M. W.', written over a horizontal line.

Authorized Representative

**ENDORSEMENT/RIDER**

Coverage Section: Health Care Portfolio Fiduciary Liability Coverage Section (Federal)

Effective date of  
this endorsement/rider: March 31, 2015

Federal Insurance Company

Endorsement/Rider No. 19

To be attached to and  
form a part of Policy No. 8171-1666

Issued to: Behavioral Health Insurance Pool, Inc.

ADD ORGANIZATION(S) ENDORSEMENT

In consideration of the premium charged, it is agreed that the term **Organization** as defined in Subsection 6 Definitions of this coverage section is amended to include the following organization(s):

Community Counseling Centers, Inc.  
Community Counseling Centers, Inc. dba: Pineview Behavioral Health  
Encompass Health Services, Inc.  
Little Colorado Behavioral Health Centers, Inc.  
Mohave Mental Health Clinic, Inc.  
Northern Arizona Regional Behavioral Health Authority, Inc.  
The Guidance Center, Inc.  
Spectrum Healthcare Group, Inc. fka Verde Valley Guidance Clinic, Inc.  
Well North Communities, LLC  
West Yavapai Guidance Center, Inc.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Policy shall remain unchanged.

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Authorized Representative