

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY
FIDUCIARY LIABILITY INSURANCE PROGRAM (FLIP)
2011-2012 INSURANCE PROPOSAL**

INSURANCE COMPANY:	RLI Insurance Company
A.M. BEST GUIDE RATING:*	A+ (Superior), Financial Size Category: XI (\$750 Million to \$1 Billion), as of 5/27/10
STANDARD & POOR'S RATING:*	A+ (Strong), pulled on 1/14/11
CALIFORNIA STATUS:	Admitted
COVERAGE TERM:	Annual – To be determined (see “coverage options” below)
CONTINUITY DATE:	Policy Inception
COVERAGE:	Fiduciary Liability – Claims-Made Form
LIMIT OPTIONS:	<p><u>Option 1:</u> \$ 5,000,000 Aggregate Limit of Liability (including Defense Costs) \$ 250,000 Sublimit of Liability for Cap (IRS) Penalties \$ 100,000 HIPAA Sublimit</p> <p><u>Option 2:</u> \$ 3,000,000 Aggregate Limit of Liability (including Defense Costs) \$ 250,000 Sublimit of Liability for Cap (IRS) Penalties \$ 100,000 HIPAA Sublimit</p> <p><u>Option 3:</u> \$ 1,000,000 Aggregate Limit of Liability (including Defense Costs) \$ 250,000 Sublimit of Liability for Cap (IRS) Penalties \$ 100,000 HIPAA Sublimit</p>
RETENTION OPTIONS:	\$ 10,000 Indemnifiable \$ 0 Non-Indemnifiable
PREMIUMS:	<p><u>Option 1:</u> \$16,000.00 Annual Premium</p> <p><u>Option 2:</u> \$11,500.00 Annual Premium</p> <p><u>Option 3:</u> \$ 4,500.00 Annual Premium</p>
COVERAGE OPTIONS:	<ul style="list-style-type: none"> • A longer term policy expiring July 1, 2012 is available for a pro-rated premium, if desired • Any of the limit options are available with a \$50,000 retention for a premium decrease of \$500 • HIPAA sublimit can be increased to \$1,000,000 on the \$1M limit option for an additional premium of \$600 • HIPAA sublimit can be increased to \$1,500,000 on the \$3M and \$5M limit options for an additional premium of \$750

Alliant Insurance Services, Inc.
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WAIVER OF RECOURSE:

\$100 flat (included in premiums shown on page 1)

PROGRAM HIGHLIGHTS:

- Definition of Loss to include Punitive, Exemplary, and Multiplied Damages (where insurable) with Most Favorable Venue wording.
- Definition of Insured Persons to include Employees of any Insured Plan.
- E-File Claim Reporting capability
- Non Cancellable by Insurer other than for Non Payment of Premium.
- Policy is Non Rescindable by Insurer
- Wrongful Act definition includes administrative duties; counseling employees, participants, and beneficiaries; handling of records; failure to comply with privacy provisions of HIPAA.
- Notice/Claim Reporting Provision – notice required after General Council or Risk Manager first learns of claim.
- Definition of Loss includes 502(i) and 502(1) penalties (5%/20%).
- No Libel or Slander exclusion
- Defense cost coverage for performance of managed care services with respect to selection of medical or health service providers.
- Final Adjudication wording for conduct exclusions.
- Employee Benefit Law defined to acknowledge Public Entity Risks not subject to ERISA
- Modified Consent to Settle Clause to 70%/30%
- Severability for all exclusions.
- Spousal Extension amended to include Domestic Partner
- No Reversion of Assets Exclusion
- Priority of Payments provision
- Severability of Application.
- Extended Reporting Period (Discovery Period) available for one to six years.
- Automatic Coverage for COBRA Violations

**ENDORSEMENTS & EXCLUSIONS
(Including but not limited to):**

- FLIP Amendatory Endorsement
- Civil or Criminal Fines or Penalties except 5% or 20% Penalties under Section 502(i) or (1) or (c)
- Failure to collect Contributions Exclusion
- Return of Contributions Exclusion
- Bodily Injury, Mental Anguish, Emotional Distress, Sickness, Disease or Death and Property Damage Exclusion
- Contractual Liability Exclusion
- Illegal Profit Exclusion
- Discrimination Except for Employee Benefit Law Exclusion
- Known Prior Acts Exclusion
- Pollution Exclusion



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- ENDORSEMENTS & EXCLUSIONS (continued):**
- Workers Compensation, Unemployment Insurance, Social Security or Disability Benefits Laws Exclusion
 - Deliberate Fraudulent or Dishonest Acts Exclusion
- EXTENDED REPORTING PERIOD:**
- 12 months for 100% of the annual premium
 - 24 months for 175% of the annual premium
 - 36 months for 200% of the annual premium
 - 72 months upon request and carrier approval
- QUOTE VALID UNTIL:** February 1, 2011
- CONDITIONS:** Payment due within 15 days of binding
- BINDING CONDITIONS:** Written request to bind coverage



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DATE PREPARED: January 14, 2011

BROKER: ALLIANT INSURANCE SERVICES, INC.

Shawn M. Kraatz, Vice President
Jeff Silvestri, Account Representative

THIS PROPOSAL IS FOR INFORMATION PURPOSES ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE POLICY IN ANY WAY. PLEASE REFER TO THE POLICY FORM FOR COMPLETE COVERAGE AND EXCLUSION INFORMATION.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poors have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

To learn more about companies doing business in California, visit the California Department of Insurance website at www.insurance.ca.gov.