



DIRECTORS AND OFFICERS LIABILITY (Association of Owners)

Refer to the Declarations if information is not shown on this form.
This endorsement is subject to the **terms** contained in **your** policy.

SCHEDULE

Limits Of Liability

\$ _____ Each **Wrongful Act**

\$ _____ Aggregate

Self-Insured Retention \$ _____ Per director or officer, per each **wrongful act**

DEFINITIONS

The following definitions apply to this policy form:

1. **Sexual harassment** means unwanted sexual advances, requests for sexual contact, or physical, verbal or visual conduct of a sexual nature that:
 - a. Results from any unlawful employment practice as set forth in any applicable federal law, state law, municipal code or ordinance;
 - b. Affects a term or condition of employment;
 - c. Interferes with a person's ability to perform their job; or
 - d. Creates a hostile work environment for any person.
2. **Sexual misconduct** means any activity, whether permissible or not, of a sexual nature, including but not limited to, sexual assault, sexual abuse, sexual battery, sexual relations, sexual acts or related activities, exposure of sexual organs, lewd or lascivious behavior or indecent exposure, fornication, unauthorized touching, acts of a prurient nature or the photographic, video or other reproduction of sexual activity.
3. **Suit**-The definition of **suit** in the General Liability Coverage is amended to include a civil proceeding in which damages to which Directors And Officers Liability coverage applies are alleged.
4. **Wrongful act** means any actual or alleged error, omission, mistake, neglect or breach of duty by an **insured** solely within their capacity as a director or officer acting on behalf of the association of owners covered by this policy.

WHAT WE PAY FOR

The following coverage is added to Coverage L-**Bodily Injury And Property Damage**.

1. **We** pay those sums when the **insured** is legally obligated to pay damages because of a **wrongful act** to which this coverage applies.

We have the right and duty to defend the **insured** against any **suit** seeking such damages, even if any of the allegations of the **suit** are groundless, false or fraudulent, provided the **suit** originates from a **wrongful act** not otherwise excluded. **We** may make, at **our** option, any investigation and settle any claim or **suit** that **we** decide is appropriate. However, the amount **we** pay for damages will be limited as described in the How Much **We** Pay For Loss Or Claim section. **We** are not obligated to provide a defense, after **we** have paid, either by judgment or settlement, an amount equal to **our** limit of liability. No other obligations or liability to pay sums, or to perform acts or services is covered, unless specifically provided for in the Supplementary Payments.

 - a. This insurance applies only if:
 - 1) The **wrongful act** arises solely from the **insured's** conduct as a director or officer of the association of owners and takes place during the policy period and in the **coverage territory**; and
 - 2) No **authorized representative** had knowledge prior to the inception of the policy period that the **wrongful act** occurred. If an **authorized representative** possessed such knowledge prior to the inception of the policy period, then any continuation, resumption or change of the **wrongful act** will

be deemed to have been known prior to the policy period.

- b. **Wrongful acts** which occur during the policy period include any continuation, resumption or change of that **wrongful act** after the end of the policy period, provided that no **authorized representative** had knowledge prior to the inception of the policy period that the **wrongful act** occurred.
- c. **Wrongful acts** will be deemed to have been known to occur at the earliest time when any **authorized representative**:
 - 1) Makes a report of all or part of the **wrongful act** to **us** or any other insurer;
 - 2) Receives a verbal or written demand or claim for damages resulting from the **wrongful act**; or
 - 3) Becomes aware by any means that the **wrongful act** has occurred or begun to occur.

WHAT WE DO NOT PAY FOR

The following exclusions are added to Coverage L-**Bodily Injury And Property Damage**.

- 1. **We** do not pay for any claim or **suit**:
 - a. Alleging fraud, dishonesty or other criminal acts or omissions, however, **we** will reimburse all amounts collectible under this policy if all the allegations are subsequently proven false;
 - b. Alleging **bodily injury** or **property damage**;
 - c. Seeking non-pecuniary relief, seeking an accounting of profits and/or losses made from the purchase or sale of securities, and for any dispute as to salary, bonuses or other remuneration awarded to directors or officers of the association of owners;
 - d. Alleging a failure to effect or maintain adequate insurance or bond coverages, or any claims or **suits** arising out of the gaining in fact of any profit or advantage to which an **insured** is not legally entitled;
 - e. Seeking damages for breach of any contract or agreement;
 - f. Involving the investigation or defense of any loss, damage, or any cost, fine or penalty, or for any expense, claim or **suit** related to:
 - 1) The Employee Retirement Income System Act (ERISA), The Pension Reform Act of 1974 including any amendments thereto, any similar federal or state statutes or any local ordinance; or
 - 2) Any real or alleged pension underfunding or shortfalls, however caused;
 - g. Brought by one **insured** against another **insured** covered under this same policy;
 - h. Seeking any loss, cost or expense arising out of any:
 - 1) Request, demand or order; or federal, state, or local statute, ordinance or regulation; that an **insured**, the association of owners or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or respond or assess in any manner the consequences of **pollutants**; or
 - 2) Claim or **suit** by or on behalf of a governmental authority for damages because of a requirement to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or respond or assess in any manner the consequences of **pollutants**; or
 - i. Arising out of any actual, alleged or threatened **sexual harassment** or **sexual misconduct**.

HOW MUCH WE PAY FOR LOSS OR CLAIM

This section is in addition to all applicable provisions of How Much **We** Pay For Loss Or Claim in **your** policy. Settlement of Directors And Officers Liability losses covered by this endorsement will be made in accordance with the following provisions:

- 1. The Aggregate limit of liability shown in the Schedule is the most **we** pay for damages during a policy period for Directors And Officers Liability.
- 2. The Each **Wrongful Act** limit of liability shown in the Schedule, subject to 1. above, is the most **we** pay for damages for Directors And Officers Liability arising out of a single **wrongful act**.
- 3. Payments made under Directors And Officers Liability, as stated in 1. above, will reduce the Coverage L aggregate limit of liability. Payments made under Directors And Officers Liability, as stated in 2. above, will reduce the Coverage L each **occurrence** limit of liability.
- 4. **Our** obligation to pay damages on behalf of the **insured** applies only to the amount in excess of the Self-Insured Retention shown in the Schedule. The Limits Of Liability will not be reduced by the amount of the Self-Insured Retention. For the purposes of applying the Self-Insured Retention, all losses resulting from the same **wrongful act** or related **wrongful acts** shall be considered one **wrongful act**.

All other **terms** and conditions remain unchanged.