

SPE CHAPTER INSURANCE PROGRAM FREQUENTLY ASKED QUESTIONS

1. WHAT IS COVERED?

Type: Commercial General Liability
Carrier: CNA Insurance
Limit of Liability: \$1,000,000 per Occurrence, \$2,000,000 Aggregate
Deductible: None

Type: Management Liability (Directors and Officers & Employment Practices)
Carrier: CNA Insurance
Limit of Liability: \$500,000 per Chapter, \$3,000,000 Aggregate
Deductible: \$2,500 per Occurrence

Type: Management Liability (Fidelity)
Carrier: CNA Insurance
Limit of Liability: \$5,000 per policy year
Deductible: \$1,000 per Occurrence

Commercial General Liability policy protects against events resulting in either bodily injury or property damage that result from the Chapter's use or occupancy of a premise (e.g., meetings at hotels and restaurants, facility tours, etc.). Very often these facilities will require that they be named as an Additional Insured on the chapter's insurance policy through a Certificate of Insurance (see below).

Management Liability Policy contains three coverage modules – Directors & Officers (D&O) Liability, Employment Practice (EPL) Liability and Fidelity (employee/volunteer dishonesty). Nonprofit D&O protects against claims that allege a Director or Officer failed to perform their fiduciary duty (i.e., certain legal responsibilities such as placing the interests of the organization before their own). This program includes EPL coverage (even though few Chapters have employees) because, even without employees, Chapters face the risk of non-employment workplace claims such as sexual harassment and discrimination.

1.1 DOES FIDELITY COVER A SITUATION WHERE A TREASURER STOLE MONEY FROM A CHAPTER?

Yes. Theft of chapter property by a director or officer is covered. The property involved is usually money. Theft by a chapter treasurer would be covered.

1.2 THE AGGREGATE APPLIES TO THE INDIVIDUAL SECTION OR DIVISION AND NOT TO THE AGGREGATE ACROSS ALL SECTIONS AND DIVISIONS? No. Occurrence, or per claim limits, are the maximum amount of coverage available to an individual section or division. Aggregate limits shown are shared by all chapters.

1.3 WE DO NOT HAVE EMPLOYEES, BUT DO HAVE DIRECTORS, OFFICERS, AND VOLUNTEERS. IS IT CORRECT THAT THEY ARE COVERED FOR SPE-RELATED ACTIVITIES BY D&O--INCLUDING HARASSMENT, DISCRIMINATION, 3RD PARTY? Close, but not exactly correct. True, the individuals you've

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referenced are covered. However, the coverage that responds to claims involving harassment and discrimination, for example, is not found in the D&O section (module) of the policy. Just because a Wrongful Act is committed by a director or officer doesn't necessarily mean that the coverage for that will be found in the D&O policy (or any policy for that matter).

1.4 DOES SOMEONE'S PERSONAL (NON-SPE) OFFENSES HAVE ANY RELATIONSHIP TO ANY OF THESE POLICIES? Claims arising from actions undertaken outside the scope of an **Individual Insureds'** insured capacity (i.e., personal offenses) are not covered.

1.5 ARE GOLF OUTINGS COVERED? Yes, golf outings are covered. This isn't true of all sporting and athletic events however. Rock climbing, bungee cord jumping, mechanical bull riding, most watersports are just a few of the examples that would fall outside the scope of coverage.

1.6 IS HOST LIQUOR LIABILITY COVERED? Yes.

2. WHO IS COVERED?

In general, the Chapter is the insured. The Chapter's directors, officers and volunteers are also insured if they are acting at the Chapter's direction and within the scope of authority granted to them. Independent contractors are not insureds under any policy.

2.2 ARE COMMITTEE OR BOARD MEMBERS WHO ARE OFFICERS OF THE DIVISION COVERED? Both board members and committee members are considered **Individual Insureds** under the Management Liability policy. The officers of an organization occupy specific roles such as President, Treasurer and Secretary, which are created within the chapter bylaws. All such officers of the corporation qualify as Individual Insureds.

2.3 DOES THE COVERAGE ONLY APPLY SPECIFICALLY TO NORTH AMERICA OR IS IT GLOBAL? DIVISIONS MAY HAVE OFFICERS/DIRECTORS THAT ARE NOT FROM NORTH AMERICA. Only those chapters domiciled in the United States and US territories are eligible for coverage. That a director or officer of one of these chapters is not from the US, has no bearing on his or her status as an insured under the policy. The territorial provision under the D&O and EPL modules of the Management Liability policy is referred to as worldwide. The **Wrongful Act** which gives rise to a claim and the demand for damages that **results** may both take place anywhere in the world subject OFAC sanctions*. The territorial provision under the Commercial General Liability policy is referred to as limited worldwide. A chapter engaged in incidental operations outside the US, Canada and US Territories (attending a meeting for example) may reasonably expect the policy to respond. However, the demand for damages – in other words, the lawsuit, must be brought in a court within the coverage territory.

* The Office of Foreign Assets Control, administered by the Treasury Department, enforces economic and trade sanctions declared the US Government against foreign countries determined to be involved in activities that threaten national security. No coverage will be provided for claims arising from trade or commerce undertaken in OFAC designated countries.

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2.4 ARE NON-SPE MEMBERS WHO ATTEND EVENTS ALSO COVERED? Neither members nor non-members attending chapter sponsored events are covered. That's because general liability insurance protects against claims, in the form of lawsuits, that allege negligence on the part of the chapter resulted in harm to them.

3. WHAT IS EXCLUDED? *(Not a complete listing)*

Commercial General Liability - Certain activities are specifically excluded, such as Professional Liability, Automotive Liability and Sporting & Athletic Events. Separate coverage may be obtained if needed by contacting the Novick Group.

Management Liability –

D&O and Employment Practice Liability - Bodily Injury, Property Damage, Professional Liability, Prior or Pending Litigation, Insured vs Insured

Fidelity -

Theft of 3rd party property – Theft by an Insured where it is known that the individual had previously committed dishonest acts

3.1 IF WE ARE HOLDING A CONFERENCE/EVENT AND THERE IS A SHUTTLE BUS FOR THE ATTENDEES TO VISIT A PLANT OR FACILITY, DO WE NEED CERTIFICATE OF INSURANCE? The General Liability policy does not cover automobile liability. Where participants at an event or meeting are provided access to shuttle service arranged by the chapter, it is the responsibility of the chapter to: (i) secure a Certificate of Insurance from the transportation vendor and (ii) require the transportation vendor to add the chapter as an additional insured to its policy for the period during which services are provided. The rationale being that foreseeable harm suffered by an attendee, results from the negligence of the transportation provider, not the chapter. We will post a white paper on this subject in the resource's sections of the SPE Insurance portal in the next few days.

3.2 CAN THE INSURANCE COVER ANY LOSS OF MEMBER DATA LIKE CREDIT CARD INFORMATION? In most instances this involves cyber risk, which is not covered under the SPE Programs.

ELIGIBILITY, EXPENSE & ENROLLMENT

4. WHICH CHAPTERS ARE ELIGIBLE TO PARTICIPATE?

All Chapters (Sections and Divisions) of the Society of Plastics Engineers, Inc. which are based in the U.S. and are in "good standing" are eligible for coverage. Assistance will be provided to any non-US Chapter which is unable to secure coverage locally.

5. WHAT DETERMINES "GOOD STANDING?"

Chapters are considered in "good standing," and are thereby eligible for coverage through this program, if they meet the following three criteria:

1. The Chapter has complied with all the relevant requirements pursuant to the then-current SPE Bylaws and Policies. Chapters which do not meet these criteria are

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notified by headquarters in writing and given ninety (90) days to cure the deficiency before losing eligibility;

2. The Chapter has completed and returned to Novick Group the Warranty Statement (available on the program web site and through the SPE web site);
3. The Chapter has paid HQ the then-current policy premium, \$333 prorated for the 2018-19 term year. (See #9 below).

5. HOW DOES A CHAPTER ENROLL?

There will be no application required for individual Chapters. To secure coverage for your Chapter, a warranty statement must be executed by a current Chapter officer. A warranty is a statement of fact by the applicant Chapter attesting to the fact that there are no claims, potential claims or circumstances which may reasonably be expected to result in a claim, which may be covered under the policy to be issued.

The warranty statement for both Management Liability and Commercial General Liability can be found on the SPE Chapter Insurance Site at novickgroup.com/SPE_chapters.asp.

6. IS ENROLLMENT PERMITTED AFTER OCTOBER 1, 2018?

Only newly-formed Chapters can join the program during the policy year.

7. WHEN DOES COVERAGE BEGIN?

The initial policy period for both the Management Liability and Commercial General Liability policies is October 1, 2018 through June 30, 2019. Subsequent terms will run July 1st through June 30th to coincide with the SPE HQ policy terms.

8. WHAT DOES THIS COVERAGE COST?

- The annual premium for the Commercial General Liability policy is currently \$200.
- The annual premium for the Management Liability policy is currently \$250.
- Each Chapter is responsible for their \$450 annual premium.
- For the 2018-2019 term year, the policy premium is prorated to \$333.

9. WHAT IS THE TIME LIMIT TO APPLY?

Each Chapter should submit a completed Warranty Statement as soon as possible, but no later than November 1st.

10. HOW IS PAYMENT EXECUTED?

Chapters will receive a statement from HQ noting a credit for any dues payables and a debit for the cost of insurance. We will reconcile payment of insurance premium against dues rebates owed.

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POLICY & CERTIFICATES OF INSURANCE (COI)

11. WILL WE RECEIVE A COPY OF THE POLICY?

The master policy for both the Management Liability and Commercial General Liability will be held at SPE Headquarters. A Certificate of Insurance (COI) evidencing coverage and a specimen of the master policy including all applicable endorsements will be available for download to all Insured Chapters via the SPE Chapters Insurance Site.

12. HOW DO WE GET A COI?

Once we have received your completed Warranty Statement, your COI will be available on the [SPE Chapter Insurance Portal](#). The "Certificate" link will include your Chapter's COI as proof of general coverage. Certificate requests for events or special needs can be submitted using the **Certificate of Insurance Request Form** located in the portal.

13. HOW LONG DOES IT TAKE TO GET A COI?

If the form submitted is complete and accurate, certificate requests are typically processed within two business days. You will be notified of any delays.

14. IS A COI NEEDED IF WE HELD TOPCON?

The COI accessible on the SPE Insurance Portal provides evidence of the insurance coverage provided to chapters. Hosting an event or participating in another organization's event, by itself, does not require a COI. Unless a 3rd party seeks evidence of coverage, there is no need to provide a COI. See also...

<i>Do we need to have a certificate for an event if no one is asking for it?</i>	No
<i>Are we still covered?</i>	Yes
<i>Do we need a COI for a golf event if the golf course didn't ask for one?</i>	No
<i>Do we need a COI whether the division has an event or not?</i>	No

15. IS THERE ANY COST FOR A COI?

There is no additional charge for routine requests. However, there are three circumstances when an additional charge may apply:

Primary Wording – Some companies may require that they be added to your policy as an additional insured on a "primary & non-contributory basis". If so, the carrier may charge up to \$100.

Complex Compliance Requirements - Contracts entered into by Chapters sometimes contain provisions which may transfer the responsibility to the Chapter to hold the other contract Party harmless from loss. Very often this burden may go beyond the scope of insurance provided by commercial standard policies, including SPE's. When such contractual provisions are brought to our attention, we will help Chapters, at no cost, to gain a better understanding from a risk management perspective. When the need for risk management guidance is beyond the experience or expertise of the assigned service representative(s), a more senior and

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experienced associate is available to assist. You would be advised that a charge, typically no more than \$25, will be invoiced.

Multiple Re-Issue of a Certificate of Insurance (COI) - As previously noted, there is no charge for routine certificate requests including a one-time reissue of a certificate due to (i) information provided to us that was incomplete or erroneous or (ii) a subsequent change in the requirements by the certificate holder. However, a \$10 charge for each subsequent re-issue of the same certificate will apply.

In offering any level of guidance, The Novick Group is not providing legal advice, nor should any information provided be construed as such. Chapters are encouraged to engage knowledgeable legal Counsel in all matters involving contract interpretation and defer to Counsel in all such matters.

MISCELLANEOUS

16. DO WE HAVE TO STAY ENROLLED OR CAN WE ENROLL ONE YEAR AND NOT THE NEXT?

Enrolled one year but not the next, maybe again the following year, etc., is not a risk management strategy that serves the best interests of either the national organization or of individual chapters. Sections and Divisions are required to participate in this program.

- While withdrawal isn't necessarily a breach of fiduciary duty, the leadership would have difficulty justifying their rationale in the event they dropped out and there was a claim.
- Certain state volunteer protection statutes require the entity to maintain GL in order for eligible volunteers to qualify for the statutory defense.
- SPE is at risk for your activity.
- A claim involving a chapter may well involve the national on the basis of vicarious liability. Chapters opting out not only run the risk of being unprotected but imagine sitting at a defense table with no lawyer at your side while SPE has one.
- The carrier would be hesitant to allow it out of the belief that organization's interest in coverage rose or fell based on knowledge of potential claims or plans for riskier operations.

17. WHERE CAN I GET MORE INFORMATION?

- All the current details of this program are found at www.4spe.org/ChapterInsurance.
- For questions about this program, contact SPE Chief Staff Executive at CSE@4spe.org.
- For questions about coverage contact Novick Group at jvandewille@novickgroup.com.