



U.S. Rotary Club & District Liability Insurance Program ("Program")

Directors & Officers/Employment Practices Liability Insurance Summary

The U.S. Rotary Club & District Liability Insurance Program ("Program") will begin providing Directors & Officers (D&O)/Employment Practices Liability (EPL) insurance **effective 1 January 2010**. Below is an overview of the D&O/EPL insurance provided by the Program. Nothing in this document shall be construed to alter, vary, or waive any of the provisions of the policy.

Directors & Officers Liability (D&O) insurance provides coverage for claims made against club/district directors and officers that result from their activities, such as managing the financial affairs of and establishing policies for the organization. D&O insurance would protect the club/district as an organization and each director and officer individually against claims/lawsuits arising out of alleged wrongful acts committed in good faith, subject to policy terms and conditions.

Employment Practices Liability (EPL) insurance provides coverage for claims arising out of club/district employment related practices, such as, sexual harassment, wrongful dismissal or termination of employment/membership, violation of employment discrimination laws (including workplace harassment); wrongful failure to employ or promote, or employment-related wrongful infliction of emotional distress. **Note:** Club members are included in the policy definition of employee.

COVERAGE QUESTIONS:

RI Risk Management

Email: insurance@rotary.org

INSURANCE INFORMATION PORTAL: For information about the Program, please visit the Insurance Information Portal at: www.locktonportal.com/sites/rotary/resources

Please contact RI Risk Management department for user name and password

Note: This portal is for Rotary club/district use only.

COVERAGE LIMITS:

\$ 2,000,000 per Claim

\$ 15,000,000 Aggregate

\$ 25,000 Self-insured retention (the retention is paid for by assessments collected from U.S. Rotarians)

COVERAGE TERRITORY: Worldwide, where legally permissible.

OBTAINING COVERAGE: Coverage under the Program is automatic for all Named Insured Organizations in existence as of 1 January 2010. All eligible entities created after 1 January 2010, with assets over \$2,000,000, **must** be reported to RI Risk Management within 30 days of creation to allow for further reporting to the insurance carrier.

NAMED INSURED ORGANIZATIONS: The following active Rotary organizations in the U.S. and its territories and possessions (“U.S.”) are named insureds:

- Rotary clubs (including chartered Rotary clubs);
- Rotary districts;
- Rotary club foundations**;
- Rotary district foundations**;
- Interact clubs;
- Rotaract clubs;
- Rotary Community Corps;
- Certified youth exchange organizations;
- President-elect training seminar organizations (including multi-district organizations).

Insureds include any past, present or future director, trustee, officer, employee or volunteer of the Named Insured Organizations, or any member of the staff, faculty or duly constituted committee of the Insured Organizations.

**To be covered as a Named Insured Organization, a Rotary club foundation or Rotary district foundation must meet all of the following criteria:

- Be wholly owned and controlled by a U.S. Rotary club or district;
- All of its principals, officers, and board members must be members, other than honorary members, of a Rotary club;
- Be income tax exempt under section 501(c)(3) of the Internal Revenue Code;
- Operate with the sole purpose of raising funds and giving monetary grants to other charitable organizations and/or individuals;
- Does not operate programs, charitable or otherwise.

ORGANIZATIONS NOT INSURED: Below are some of the organizations that are not insured under the Program:

- Provisional Rotary organizations;
- Fellowship organizations;
- Rotary Action Groups;
- Inner Wheel organizations;
- Gift of Life organizations;
- Youthact, Earlyact or similar organizations;
- Youth exchange organizations not certified by Rotary International;
- Other entities created by insureds (other than the organizations listed under Named Insured).

COVERAGE FOR CLUBS AND DISTRICTS WITHOUT EXISTING D&O/EPL INSURANCE

There is no coverage under the Program for claims that arise from alleged Wrongful Acts (as defined in the policy) that take place prior to 1 January 2010 for U.S. clubs/districts without an existing D&O/EPL policy. You should confirm with your district whether or not the district maintains a D&O/EPL policy covering your club.

CLUBS AND DISTRICTS WITH EXISTING D&O/EPL INSURANCE POLICIES

There **may** or **may not** be coverage under the Program for claims that arise from alleged Wrongful Acts (as defined in the policy) that take place prior to 1 January 2010 for U.S. clubs/districts with an existing D&O/EPL policy. **Note:** *“Existing” is defined as having D&O/EPL coverage through 31 December 2009.*

- **Coverage for D&O/EPL Claims Arising from Alleged Wrongful Acts Prior to 1 Jan 10**
 - **Known Claims of Alleged Wrongful Acts:** The Program **will not** cover any D&O/EPL claims that arise **prior to 1 January 2010** that are **known** to the insured. This includes any act, error, omission, fact, or circumstance that the insured could have known that might give rise to a claim at the time of policy inception. It is best to err on the side of caution and report any potential claim (not already reported) immediately to your existing D&O/EPL carrier to ensure coverage.
 - **Extended Reporting Coverage:** Your club/district may want to consider purchasing extended reporting coverage through your existing D&O/EPL insurance carrier. Extended reporting coverage allows an insured to extend the reporting period in order to report claims that take place prior to 1 Jan 2010. This will help avoid a potential coverage issue for claims occurring before 1 Jan 2010 that might be excluded by the Program. Please contact the insurance agent/broker that placed your current policy for more information.
 - **Retroactive/Prior Date:** The retroactive/prior date for the D&O/EPL coverage under the Program has been removed. This applies to the **unknown claims** discussed below.
 - **Unknown Claims of Alleged Wrongful Acts:** The Program **will** cover D&O/EPL claims that arise prior to 1 Jan 10 that are unknown to the insured, as of 1 Jan 10. **Note:** *If a claim arises from Wrongful Acts prior to 1 Jan 10, a copy of your existing policy will be required.*

DEFINITIONS: See the D&O/EPL policies for a full list of definitions.

1. **D&O Claim** includes any of the following actions against any Insured for a Wrongful Act:
 - A written demand for monetary damages;
 - A civil proceeding commenced by the service of a complaint or similar pleading;
 - A criminal proceeding commenced by a return of an indictment; or
 - A formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document.
2. **Employment Practices Claim:** A claim brought against an Insured for any Wrongful Act in connection with any actual or alleged wrongful dismissal, discharge or termination of employment, breach of any oral or written employment contract, employment related misrepresentation, violation of employment discrimination laws, wrongful failure to employ or promote, wrongful discipline, invasion of privacy, employment-related defamation, or employment related infliction of emotional distress.
3. **Insureds:** Any one or more Insured Persons and the Named Insured Organization.
4. **Insured Persons:** Any one or more past, present or future director, trustee, officer, employee or volunteer of the Named Insured Organization, or any member of the staff, faculty or duly constituted committee of the Named Insured Organization.

5. **Wrongful Act:** Any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed or attempted by any of the Insured Persons, individually or otherwise, in their capacity as Insured Persons for a Named Insured Organization, or any matter claimed against them solely by reason of their serving in such capacity for a Named Insured Organization.

EXCLUSIONS: See the D&O/EPL policies for a full list of exclusions.

- Any deliberately fraudulent act or omission or any willful violation of any statute or regulation committed by such Insured, if a judgment or other final adjudication adverse to such Insured establishes such a deliberately fraudulent act or omission or willful violation;
- Losses arising out of, or attributable to such Insured gaining in fact any personal profit, remuneration or advantage to which such Insured was not legally entitled;
- Losses arising out of a circumstance or situation which has been the subject of any written notice given under previous D&O/EPL insurance policies;
- Losses arising out of any demand, suit or proceeding pending, or order, decree or judgment entered against any Insured person on or prior to the retroactive date;
- Losses arising from service by an Insured Person in any position or capacity in another organization, even if the Insured Organization requested an Insured Person to serve in another position or capacity;
- Breach of any contract or agreement, either oral or written, except to the extent the Insured Organization would have been liability in the absence of the contract or agreement;
- An alleged infringement of copyright, patent, trademark, trade name, trade dress or service mark or misappropriation of ideas or trade secrets;
- Losses arising out of rendering or failing to render any service to a customer or client or any fee or other compensation actually or allegedly paid or payable for such services.

CLAIM REPORTING: Clubs/districts must give written notice *immediately* to RI Risk Management of any D&O or EPL Claim (as defined in the policy) of an alleged Wrongful Act made against the club/district. Timely reporting will ensure the claim is not denied based on late reporting and it allows for proper investigation and/or defense. Claim forms can be found on the Insurance Information Portal (page 1) or the Rotary Webpage (page 5) and should be submitted to RI Risk Management by e-mail to insurance@rotary.org or by fax to (847) 556-2147.

NOTE: DO NOT admit liability or suggest compensation will be offered. Do not try to handle the claim without the assistance of the insurance company. You could jeopardize coverage if you assume any obligation or offer, agree to any settlement, or pay any legal or medical costs.

EMPLOYMENT PRACTICES HOTLINE: The insurance company offers its insureds telephone consultation services with attorneys to assist in employment related issues. The toll free number is (866) 758-6874.

HR CARE SERVICES. HR Care is an online website that provides resources to insureds on employment related matters. Please visit www.hrcare.com/zurich

username: **zurichus** password: **racecar**)

Note: Make sure to read and check the “Accept Terms” box.

INSURANCE ASSESSMENT RATE. An assessment rate of \$1.15 per member will be assessed through the January Semi-Annual Report for the D&O/EPL policy period 1 January 2010-2011.

OBTAINING A COPY OF THE D&O/EPL POLICIES

A copy of the D&O/EPL insurance policies will be emailed to all current U.S. Rotary Club Presidents and District Governors as soon as they become available. Clubs need to ensure that Rotary International has your current club officer information, including email addresses. Club officer information can be submitted to RI by email at data@rotary.org. Policies are for the sole use of the Named Insured Organizations and are **not** to be distributed without the written consent of RI Risk Management.

Note: A copy of the policies will be posted on the Insurance Information Portal (details on page 1).

RI RISK MANAGEMENT

Rotary International

Attn: Risk Management

1560 Sherman Avenue

Evanston, Illinois 60201-3698

Fax: (847) 556-2147

Email: insurance@rotary.org

ROTARY WEBPAGE: www.rotary.org/en/Members/GeneralInformation/Insurance/Pages/ridefault.aspx

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