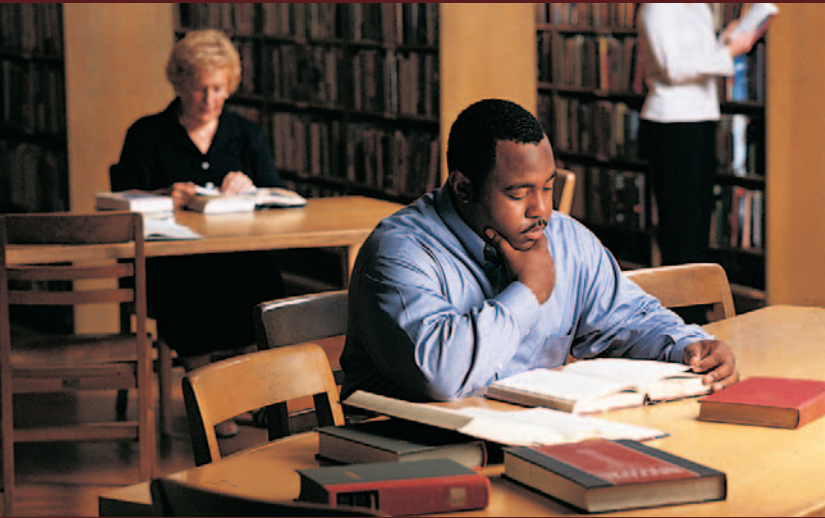




ForeFront PortfolioSM for Not-for-Profit Organizations

Five Insurance Solutions for Not-for-Profit Organizations



It's Chubb. Or it's Chance.

OFFICE



Managing a not-for-profit organization has its risks. Every decision has the potential for an upside and a downside. A not-for-profit organization's operating margin is already thin enough without having to withstand the potentially huge financial impact of a sudden liability or crime-related loss. Furthermore, the personal assets of directors and officers may be at risk due to their decisions, actions, or inactions.

Even with a skilled and experienced team at the helm, some organizations encounter unanticipated threats or risks that, due to their complexity or nature, are better off mitigated through insurance protection.

To help manage these risks, Chubb offers **ForeFront PortfolioSM for Not-for-Profit Organizations**, a comprehensive insurance solution with up to five optional coverage sections. With ForeFront Portfolio for Not-for-Profit Organizations, these organizations are afforded choice and flexibility to help manage the exposures of the organization and its individual directors, officers, employees, and volunteers.

WHAT COULD THE ORGANIZATION SURVIVE?

Is the organization protected from these potentially catastrophic risks?

- Allegations of mismanagement by donors?
- A discrimination lawsuit from several employees?
- An embezzlement scheme carried out over a number of years?
- A sexual harassment claim from a vendor?
- An allegation of pension mismanagement from an employee?
- An extortion threat to publicize proprietary information?
- Any combination of the above?

These exposures can easily cost a not-for-profit organization hundreds of thousands to millions of dollars. They can be surprisingly frequent, often catastrophic, and more complex than one might expect.

Friend or foe? In today's litigious environment, no business relationship is free of risk, including dealings with:

- Donors.
- Employees.
- Customers or recipients of service.
- Suppliers.
- Vendors.
- Other not-for-profit organizations.
- Government agencies.
- Creditors.

For a not-for-profit organization, every dollar counts. Investments and expenditures are carefully considered. The bottom line matters. The organization's success has a direct impact on the recipients of services and the well-being of employees.

Furthermore, not-for-profit organization directors, officers, employees, and volunteers don't expect to put their personal assets on the line when they go to work for the organization.

ForeFront Portfolio for Not-for-Profit Organizations is a comprehensive insurance solution specifically designed to help not-for-profit organizations—as well as their directors, officers, employees, and volunteers—not only survive but thrive, despite the most complex threats of litigation, extortion, and other crimes that may expose their bottom lines.

CHOICE

A not-for-profit organization can select the coverages it needs from an extensive portfolio of protection:

- Directors and Officers and Entity Liability Insurance
- Employment Practices Liability Insurance
- Fiduciary Liability Insurance
- Crime Insurance
- Kidnap/Ransom and Extortion Insurance

FLEXIBILITY

Customers can also select their level of protection, either by selecting a combined aggregate limit of liability for all their liability coverage sections, or separate aggregate limits of liability for each individual liability coverage section.

ForeFront Portfolio for Not-for-Profit Organizations is the affordable insurance solution. It just makes sense. Too much is at stake: the organization's assets and the personal assets of its leadership, employees, and volunteers; the organization's bottom line; and even the organization's survival.

DIRECTORS AND OFFICERS AND ENTITY LIABILITY INSURANCE



Yes, directors and officers of a not-for-profit organization can be held personally liable for the decisions they make. Are they comfortable with their level of personal risk?

Being not-for-profit does not mean that the decisions of the board are immune from public scrutiny. Donors, employees, recipients of service, vendors, competitors, and even the government may bring an action against the organization and its board. A corporate shield and broad by-laws offer board members and employees some protection. Unfortunately, in many cases, such protections may not be adequate. Typical lawsuits against directors and officers include allegations of:

- Mismanagement of operations or organization assets.
- Self-dealing and conflicts of interest.
- Acts beyond authority granted in by-laws.
- Violation of certain state and federal laws.
- Breach of fiduciary duties.

Each of these types of litigation can last several years, becoming a financial burden and a continuous drain on a not-for-profit organization. If an organization cannot indemnify its directors, officers, or employees, either because of the allegations of a lawsuit or as a result of the organization's insolvency, then this financial burden can become the personal responsibility of the organization's directors, officers, or employees.

To help protect the directors, officers, and employees of not-for-profit organizations, Chubb offers **ForeFront Portfolio for Not-for-Profit Organizations Directors and Officers and Entity Liability Insurance** coverage.

Coverage features include:

- Definition of insured persons includes executives and employees, as well as their spouses and domestic partners if they are named as co-defendants. Volunteers are also covered.

Donors, employees, recipients of service, vendors, competitors, and even the government may bring an action against the organization and its board.

- Entity coverage, offering additional protection for the organization itself should it be named with its board or on a stand-alone basis.
- Automatic not-for-profit outside directorship liability coverage.
- Coverage for punitive and exemplary damages (where insurable by law).
- 100% of defense costs (within the available limit) are paid for covered claims, and defense costs are advanced.
- Coverage for defense costs outside the limits of liability of the policy may be available to qualifying insureds.
- Chubb has the duty to defend claims, and provides customers access to a panel of expert attorneys.

EMPLOYMENT PRACTICES LIABILITY INSURANCE



More and more not-for-profit organizations are finding out the hard way just how complex the employment relationship has become. Employers face a growing multitude of serious employment practices liability (EPL) exposures in their day-to-day interactions with employees.

Employers are subject to a widening collection of federal, state, and local employment laws, such as the Americans with Disabilities Act, the Civil Rights Act of 1991, the Age Discrimination in Employment Act, and Title VII of the Civil Rights Act of 1964, just to name a few. The Equal Employment Opportunity Commission (EEOC) is taking a much more aggressive stance in investigating EPL claims and filing lawsuits for sexual harassment, discrimination, wrongful

termination, retaliatory treatment, unfair hiring practices, and other types of workplace torts.

The average number of charges filed with the EEOC from 1996 to 2004 was nearly 80,000 annually. Monetary awards increased 73% between 1996 and 2004, when the total amount awarded topped \$251 million. The average jury verdict in 2003 was \$250,000, an 18% increase over 2002, according to Jury Verdict Research.

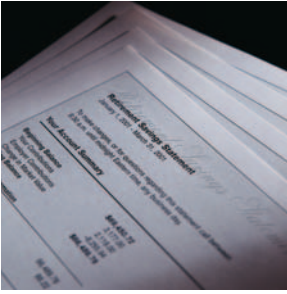
There's no question that EPL claims can have a serious financial impact on employers. To help not-for-profit organizations and their employees, Chubb offers **ForeFront Portfolio for Not-for-Profit Organizations Employment Practices Liability Insurance** coverage.

Coverage features include:

- Coverage for allegations of discrimination, workplace and sexual harassment, workplace torts, retaliatory treatment, and other wrongful employment decisions.
- Definition of insured includes the organization and its directors, officers, and employees.
- Definition of employee includes part-time, leased, temporary and seasonal employees, and volunteers.
- Optional third-party coverage for allegations of sexual harassment and discrimination.
- Access to comprehensive EPL loss-prevention services.
- Coverage for punitive and exemplary damages (where insurable by law).
- 100% of defense costs (within the available limit) are paid for covered claims, and defense costs are advanced.
- Coverage for defense costs outside the limits of liability of the policy may be available to qualifying insureds.
- Chubb has the duty to defend claims, which provides customers access to a panel of expert attorneys.

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FIDUCIARY LIABILITY INSURANCE



Under the Employee Retirement Income Security Act of 1974 (ERISA), fiduciaries can be held personally liable for losses to a benefit plan incurred as a result of their alleged errors, omissions, or breach of their fiduciary duties. Any employee who has discretionary authority over a plan or who assists in its administration can be exposed to liability. This list of individuals might include an appointed fiduciary, a plan administrator, a human resources employee, or anyone who helps to administer a plan.

ERISA also broadly defines the types of employee benefit plans for which fiduciaries are responsible, including pension plans and even health and welfare plans.

Moreover, designated fiduciaries aren't the only targets of such lawsuits; targets can also include the employer and even the plan itself. Allegations can be brought by plan participants, participants' legal estates, the Department of Labor, and the Pension Benefit Guaranty Corporation. Such allegations include:

- Improper advice or disclosure.
- Inappropriate selection of advisors or service providers.
- Imprudent investments.
- Breach of responsibilities or fiduciary duties imposed by ERISA.
- Conflict of interest with regard to investments.
- Lack of investment diversity.
- Negligence in the administration of a plan.

A not-for-profit organization can help mitigate the personal liability of its fiduciaries by following the advice of outside experts and by selecting diverse, financially sound investments. But it cannot entirely eliminate their personal liability.

In order to help protect not-for-profit organizations, their fiduciaries, and the benefit plans they manage against fiduciary liability claims, Chubb offers **ForeFront Portfolio for Not-for-Profit Organizations Fiduciary Liability Insurance** coverage.

Any employee who has discretionary authority over a plan or who assists in its administration can be exposed to liability.

Coverage features include:

- Definition of insured includes the organization, its benefit plans, and its fiduciaries.
- Optional coverage for defense outside the limits of liability.
- Optional \$100,000 sublimit for qualifying voluntary settlement fees.
- Coverage for 502(i) and 502(l) civil penalties.
- Employee benefit plan language includes plans outside the United States and any excess benefit plans.
- Wrongful acts definition includes allegations of breach of fiduciary duty and errors and omissions.
- No deductible applies for most risks.

CRIME INSURANCE



Crime is a creative “industry.” From “trusted” employees to cunning criminals, a not-for-profit organization’s assets are exposed to threats of embezzlement, fraudulent electronic funds transfer, forgery, robbery, safe burglary, and credit card forgery. These schemes involve every possible angle, taking advantage of any potential weakness in an organization’s financial controls. From fictitious employees, dummy accounts payable, and nonexistent suppliers to outright theft of money, securities, and property, these frauds can go on for years and, when discovered, the ultimate impact can be enormous. Smaller organizations are especially vulnerable to such crimes.

Fraud and embezzlement in the workplace are on the rise, occurring in even the best work environments. According to a leading international accounting firm:

- 80% of workplace crime is carried out by employees.
- One in four employees has either committed or witnessed workplace fraud and abuse.
- One in four employees committing fraud against their employer has been with the company for more than 10 years.
- Only one in three of those who have witnessed a workplace crime bother to report it.

The Association of Certified Fraud Examiners has found that:

- Fraud and abuse costs U.S. businesses more than \$660 billion annually.
- Fraud and abuse costs employers an average of \$9 a day per employee.
- The average organization loses 6% of its total annual revenue to fraud and abuse committed by its own employees.

White-collar crime can have serious financial consequences, even threatening a not-for-profit organization’s survival. Chubb offers a solution to handling crime losses committed by employees and others through our distinctive **ForeFront Portfolio for Not-for-Profit Organizations Crime Insurance** coverage.

Coverage features include:

- Comprehensive loss-sustained coverage for:
 - Employee theft.
 - Money and securities while on premises or in transit.
 - Forgery.
 - Funds transfer fraud.
 - Computer fraud.
- Money order and counterfeit currency fraud.
- Credit card fraud.
- Optional client coverage.
- Coverage for investigative costs for covered losses.

The average organization loses 6% of its total annual revenue to fraud and abuse committed by its own employees.

KIDNAP/RANSOM AND EXTORTION INSURANCE



Extortionists don't discriminate. Any organization of any size can be a target for kidnapping or extortion threats against the organization and its employees. People tend to associate business extortion and kidnapping with global companies. The fact is, radical groups and criminals exist everywhere, and any organization can be a target.

Managing the costs associated with a kidnapping or extortion threat against its property, proprietary information, computer system, or people can be enough to push a not-for-profit organization to its financial limits. These risks may not feel like everyday exposures, but too often they are. And when they happen, the organization may need financial assistance to meet extortion demands and the

extensive costs associated with negotiation and recovery associated with a kidnapping.

In addition, Chubb offers its customers automatic access to the outside crisis management expertise of The Ackerman

Group, Inc., which also produces RISKNET™, an Internet-based service that analyzes terrorism, criminal, and political stability risks around the world and is an essential information resource for any business traveler. After all, who but an expert has experience dealing with kidnapers and extortionists?

More not-for-profit organizations are realizing the importance of managing these unexpected and diverse risks through **ForeFront Portfolio for Not-for-Profit Organizations Kidnap/Ransom and Extortion Insurance** coverage. It can help mitigate the catastrophic costs of the ransom or extortion payment and the related expenses associated with managing these types of crises.

Managing the costs associated with a kidnapping or extortion threat against its property, proprietary information, computer system, or people can be enough to push a not-for-profit organization to its financial limits.

Coverage features include:

- Coverage for extortion threats against the organization's property, proprietary information, computer systems, and employees.
- Expense coverage for hijackings, wrongful detentions, and political threats.
- Reimbursement for ransom or extortion payments.
- Coverage for expenses such as:
 - Access to a public relations firm.
 - Medical, cosmetic, psychiatric, and dental services.
 - Rest and rehabilitation costs.
 - Reward payments to informants.
 - Salaries of employees and temporary replacement employees.
- Accidental death or dismemberment coverage.
- Optional emergency political repatriation expense coverage.
- Access to the crisis management expertise of The Ackerman Group, Inc., or another expert of the insured's choice.

CHUBB EXECUTIVE PROTECTION—LEADER AND PARTNER

Chubb has earned the trust of not-for-profit organizations by consistently providing them and the individuals who serve them with innovative specialty insurance products, superior service, unparalleled underwriting expertise, and unflinching commitment to fair and prompt claims handling. In particular, we stand apart from other insurers in a number of key areas:

Financial strength—Chubb receives consistently high ratings for financial strength from A.M. Best Company, Moody's, and Standard and Poor's. For more than 50 years, Chubb has remained part of an elite group of insurers that have maintained Best's highest ratings. Our not-for-profit customers rest easy knowing that we will be here should a claim occur.

Underwriting expertise—We have more than 30 years of experience in developing and underwriting executive protection insurance coverages. With more than 128 offices in 29 countries, we bring local expertise to bear on the not-for-profit organization's unique exposures, enabling us to appreciate the beneficiaries of its services and to customize insurance solutions to meet its specific needs.

Superior claims management—The true measure of a carrier is how it responds to and manages claims. The philosophy that guides Chubb, in each and every claim we handle, was established with the company's founding in 1882: Treat each customer the way we would like to be treated if we experienced the same loss—with integrity, empathy, promptness, expertise, and fairness. Our claims specialists are committed to delivering a high level of professionalism and open dialogue during the claim process. We strive to reach mutually agreeable outcomes.

Commitment—Chubb understands the complex exposures of litigation and crime that can threaten the stability of not-for-profit organizations. Our goal is to earn each customer's trust by building lasting relationships through unparalleled insurance coverage and superior claims handling. In fact, agents, brokers, and prospective customers often seek out our services because our reputation in the market is well known.

FOREFRONT PORTFOLIO FOR NOT-FOR-PROFIT ORGANIZATIONS

ForeFront Portfolio for Not-for-Profit Organizations is specifically designed to help not-for-profit organizations handle the most complex threats of litigation—as well as fraud, extortion, and other crimes—that may devastate their bottom lines. With up to five optional coverage sections, our customers are afforded choice and flexibility for managing their individual and organizational exposures.

CONTACT US

For more information about **ForeFront Portfolio for Not-for-Profit Organizations**, contact a trusted agent or broker, or email csi-info@chubb.com. Additional information may be found on our Web site at www.chubb.com.



Chubb Group of Insurance Companies

Warren, NJ 07059

www.chubb.com

For promotional purposes, Chubb refers to the member insurers of the Chubb Group of Insurance Companies underwriting coverage: Chubb Insurance Company of Europe, S.A.; Chubb Insurance Company of Australia, Limited; Chubb Indemnity Insurance Company; Chubb Insurance Company of Canada; Chubb Argentina de Seguros, S.A.; Chubb do Brasil Companhia de Seguros; Chubb de Chile Compañía de Seguros Generales, A.S.; Chubb de Colombia Compañía de Seguros, S.A.; Chubb de Mexico Compañía Afianzadora, S.A. de C.V.; Chubb National Insurance Company; Federal Insurance Company; Great Northern Insurance Company; Northwestern Pacific Indemnity Company; Pacific Indemnity Company; Vigilant Insurance Company; Executive Risk Indemnity Inc.; Executive Risk Specialty Insurance Company; and Quadrant Indemnity Company. Not all insurers do business in all jurisdictions.

This literature is descriptive only. Actual coverage is subject to the language of the policies as issued.

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