



Public Officials Liability for Special Service Districts

Our Public Officials product is designed for special service districts. This policy offers coverage tailored for the nonprofit and for-profit special service districts with elected or appointed officials.

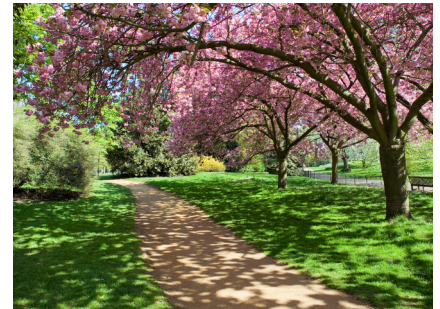
Eligible Classes Include:

- ▶ Cemeteries
- ▶ Civic organizations
- ▶ Conservancy districts
- ▶ Conservation districts
- ▶ Councils of government
- ▶ Country clubs
- ▶ Cultural arts districts
- ▶ Drainage districts
- ▶ Economic development authorities
- ▶ Economic improvement districts
- ▶ Fairs
- ▶ Golf clubs
- ▶ Housing authorities
- ▶ Irrigation districts
- ▶ Library districts
- ▶ Local planning commissions
- ▶ Mosquito abatements
- ▶ Museums
- ▶ Parks
- ▶ Private industry councils
- ▶ Recreation districts
- ▶ Regional planning districts
- ▶ Sanitation districts
- ▶ Sewer districts
- ▶ Tourism districts
- ▶ Transit authorities (local)
- ▶ Water districts
- ▶ Zoos

Coverage Highlights:

- ▶ Defense outside the limit
- ▶ Separate limits of liability for public officials liability and employment practices liability claims
- ▶ Duty to defend
- ▶ Unlimited extended reporting period for former elected or appointed officials
- ▶ Third-party harassment and third-party discrimination coverage
- ▶ Punitive damages, where insurable by law, included automatically*
- ▶ Optional fiduciary liability coverage
- ▶ Full Prior Acts coverage
- ▶ Admitted in all states except AK, NY and VT
- ▶ Bilateral discovery with options for 1, 2 and 3 years
- ▶ A.M. Best rated A++ carrier

**Not available in AL and WV*





Public Officials Liability

Claim Examples

- ▶ **Failure to Notify/ Violation of Law:** An economic development district held a monthly meeting and did not notify the general public of the date and time. Decisions made at this meeting affected fee assessments that would be levied on the property owners in the district. The minutes from the meeting were never released to the public, which violated the laws for public meetings as well as the bylaws of the district. When the district members learned of the meeting and new tax assessment they collectively sued the district for violation of the Freedom of Information Act and the Open Meeting Act.
- ▶ **Negligence and Breach of Duty:** A sewer district identified a glitch in the computerized tax roll system for properties located within the district. They noted that the tax rate for sewer charges was not properly calculating for the past two years. After fixing the system, the district sent a letter to the residents along with a new assessment for the uncollected taxes. The residents sued the district for negligence and breach of duty.
- ▶ **Misappropriation of Funds:** A donor made a large contribution to the municipal park for the construction of a new public playground. Instead of building a new playground, the park felt the money would be better spent cleaning up the existing land. The donor sued for misappropriation of funds. The damages included return of the full contribution as well as interest. Since the majority of the funds had already been spent, the park was financially unable to return the entire donation.
- ▶ **Misrepresentation of Financial Information:** The executive director of a local water district began "borrowing" money from the district to cover personal losses. The executive director was successful in covering up the transactions for almost a year until the district was finally forced to declare bankruptcy. A bank, which had just renewed a large outstanding note, sued the board for failure to supervise the individual directors, alleging breach of duty of care and misrepresentation of financial information.

Employment Practices Liability

Claim Examples

- ▶ **Disability Discrimination:** A 61-year-old employee of a drainage district had back surgery and returned to work nine months later. Shortly after he returned to work, he sustained two injuries performing his normal job duties. Due to the fact that these incidents took place in a 2 week time period, the drainage district felt that it was unsafe for the employee to perform his job duties. He was terminated out of concern for his safety and the safety of other employees. The employee sued for disability discrimination.
- ▶ **Racial Discrimination:** An African American woman was hired on a limited-term basis for a housing authority. She was asked by the executive director to deliver flyers for the new housing units. She refused stating that she was unable due to her medical condition which would not allow her to walk far distances. The employee was to provide a doctor's note, which she was unable to provide. The executive director wrote her up for insubordination and her job was eliminated a month later. Conversely, there was another employee, a Caucasian woman who was also hired on a limited-term basis for the same job function, whose position was not eliminated. The employee later sued the housing authority for disability and race discrimination.
- ▶ **Age Discrimination:** A 57-year-old employee of a municipal authority was on call when a water main break occurred. The employee initially responded but did not fully take care of the water main break. The water main break caused icy conditions which resulted in a car accident. The employee was later terminated and the municipal authority hired a younger employee for the same position. The terminated employee sued for age discrimination.
- ▶ **Retaliation:** An African American employee of a barge repair and painting firm complained to management that some of his coworkers were using racial slurs and jokes. His supervisor transferred him to an inside warehouse position at a reduced hourly rate stating that it would be better for him to work alone rather than be exposed to those workers. The employee later sued for discrimination and retaliation for reporting the discrimination.





Public Officials Liability For Special Service Districts

Why Special Service Districts Need Directors and Officers (D&O) and Employment Practices Liability (EPL):

- ▶ Directors and officers can be sued individually for their decisions on behalf of the entity. The only protection between a claim and their personal assets may be a D&O policy.
- ▶ The average D&O claim costs \$267,000
- ▶ The average cost to defend a claim resulting in litigation exceeds the annual budget of nearly 85 percent of all Special Service Districts
- ▶ Over 30 million employment cases have been filed in federal, state and local courts
- ▶ Sixty-five percent of employers who have fired an employee have been hit with a lawsuit
- ▶ Seventeen percent of all employment claim awards against governmental entities are in excess of \$1 million
- ▶ Over 40 percent of all employment practices claims are brought against firms with less than 100 employees

Why you should purchase the USLI' Public Official Liability policy:

COVERAGE FEATURES	USLI	COMPETITORS
Separate limits of liability for D&O and EPL claims (D&O Limit is not eroded by employment claims)		
Defense outside the limit of liability on all claims		
Punitive damages where insurable by law, included automatically. Not available in AL and TX.		
Third party harassment and third-party discrimination coverage		
Unlimited extended reporting period for former officials (Occurrence - type protection for former officials)		
Optional fiduciary liability coverage extension		
Full prior acts option		
Bilateral discovery for 1, 2 and 3 years		
Duty to defend		
Spousal extension		
No intentional acts exclusion on EPL claims		
Risk management services - Free human resources consultation HELPLINE service with unlimited calls and no time limits plus an online HR Resource Center		



CARRIER:

[Empty box for carrier information]

Public Officials Liability for Special Service Districts Application

All Questions Must Be Answered And Application Must Be Signed By the President or Chairperson of the Applicant. This Is An Application For A Claims Made Policy. Please Read Your Policy Carefully. Defense Costs Shall Be Applied Against The Retention.

SECTION I. ORGANIZATION BACKGROUND

- Name of entity: _____
 Primary address: _____
 Web site address: _____ E-mail address: _____
 Person to receive all notices of behalf of the insured: _____ Title: _____
- Year entity was established: _____
- Describe service(s)/function: _____

- What does the applicant feel is the greatest exposure for this coverage?

- Does the applicant have any subsidiary(ies) requiring coverage? Yes No
 If "Yes", provide name(s), nature of operation and percentage of ownership the organization has in the subsidiary:

SECTION II. INSURANCE COVERAGE INFORMATION

- Current general liability carrier: _____
- Current public officials or directors and officers liability insurance carrier, expiration date, premium, limit, deductible:

- Has any insurance been declined, cancelled or not renewed in the past five years? Yes No
 If "Yes", please explain: _____

SECTION III. DISTRICT INFORMATION

- Latest bond rating (Standard & Poor's or Moody's): _____ Not applicable (explain): _____
- Has the applicant ever been in default on principal or interest of any bond? Yes No
 If "Yes", please explain: _____
- Has the applicant in the past or is the applicant currently in the process of foreclosing on a property due to non-payment of a special assessment? Yes No No assessments issued
 If "Yes", please explain: _____
- Has there been or is there any anticipated reduction in funding in the past or next 12 months?
 If "Yes", please explain: _____
- Do you provide any of the following:
 Power services? Yes No
 Loans? Yes No If "Yes", # in past 12 months? _____ # in default? _____
 Inspections of property? Yes No If "Yes", please explain: _____
 Operate a landfill? Yes No If "Yes", is it a hazardous waste or Superfund site? Yes No
 Provide security services? Yes No If "Yes", please explain: _____
- Have you conducted a survey to evaluation to ensure compliance with all state and federal environmental and hazardous waste laws, rules or recommendations including but not limited to such items as underground storage tanks, pipelines and landfills? Yes No N/A (explain): _____
- Has the applicant acquired property in the past two years using "eminent domain" powers? Yes No
 If "Yes", were any of these properties private residences or businesses that were displaced as a result? Yes No
 If "Yes", explain: _____
- Size of population served: _____ If there is any seasonal increase in population, what is the % increase? _____
- Does the applicant have an emergency procedure for natural and terrorist catastrophe? Yes No Not applicable (explain)
- Does the applicant have a written master plan for economic development? Yes, date adopted: _____
 No/Not applicable (explain) _____
- Is the applicant involved in public housing management? Yes No
 If "Yes", what was your most recent Public Housing Management Assessment Program score from HUD? _____
- Does the applicant have zoning authority? Yes (explain) _____

21. Has the applicant or any person proposed for coverage (whether or not in the service of applicant) been the subject of or been involved directly or indirectly in any civil, criminal, regulatory, legislative or administrative proceeding(s)? Yes No

SECTION IV. EMPLOYMENT PRACTICES LIABILITY

22. Total number of employees:	Current 12 months:	Prior 12 months:	Anticipated Next 12 months:
Full time:	_____	_____	_____
Part time:	_____	_____	_____
Temporary:	_____	_____	_____
Seasonal:	_____	_____	_____
Independent contractors:	_____	_____	_____
Leased:	_____	_____	_____
Other:	_____	_____	_____

23. Has the organization closed, downsized, laid off, reduced staff, sold, merged or acquired any company in the past 12 months? Yes No

Does the organization anticipate doing so in the next 12 months? Yes No

If "Yes", please attach details.

24. Written Guideline Requirements:

a) Does each entity proposed for insurance have a written e-mail/internet policy currently in place or is willing to implement one? Yes No

b) Does each entity proposed for insurance have a written anti-discrimination and anti-harassment policy currently in place? Yes No

SECTION V. FINANCIAL INFORMATION

Please provide the following financial information for the last three years. (If the organization is in existence less than three years, provide a budgeted Revenue/Expense statement for the next three years).

Year:	Total Revenues:	Net Income (Loss):	Current Fund Balance*:
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Fund balance = Total assets minus total liabilities

If revenues are over \$2 million attach most recent 12-month financial statement (if financial statement is not audited, attach an unaudited 12-month financial statement or an IRS Form 990 tax return).

SECTION VI. CLAIM INFORMATION

25. Within the last five years has any claim, suit, inquiry, complaint, investigation, indictment or notice of hearing, employment related or otherwise, been made against the entity named in question #1 of this application or any other entity or individual proposed for insurance? Yes No

If "Yes", please complete a United States Liability Insurance Group Supplemental Claims application.

26. Is any person proposed for this Insurance aware of any fact, circumstance or situation which may result in a claim, suit, inquiry, complaint or notice of hearing, employment related or otherwise, against the entity named in question #1 of this application or any other entity or individual proposed for insurance? Yes No

If "Yes", please complete a United States Liability Insurance Group Supplemental Claims application.

SECTION VII. FIDUCIARY LIABILITY (AVAILABLE FOR 100 EMPLOYEES OR LESS)

(All questions must be answered in order for fiduciary liability coverage to be bound)

1. Does each pension plan use an outside investment manager? (If "No", fiduciary will not be offered.) Yes No

2. Does each plan subject to ERISA comply with all applicable requirements of ERISA and the internal revenue code of 1982, as amended (the "code") including eligibility, participation, vesting, fiduciary responsibility and funding standards? Yes No
If "No", please attach details.

3. In the past two years has there been or is there now under consideration any material changes to a plan or termination/consolidation of a plan? If "Yes", please attach details. Yes No

4. Has there been or are there now pending any claim against any proposed Insured arising out of any plan? Yes No
If "Yes", please attach details.

5. Does any proposed insured have knowledge or information of any act, error or omission that might give rise to a claim under the proposed fiduciary liability coverage? If "Yes", please attach details. Yes No

6. Is the applicant the sole sponsor of each pension plan? If "No", please attached details. Yes No

FRAUD STATEMENTS

Alabama, Arkansas, District of Columbia, New Mexico, Rhode Island and West Virginia: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Colorado Fraud Statement: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

Florida Fraud Statement: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Kansas Fraud Statement: Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

Maine Fraud Statement: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits

Maryland Fraud Statement: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

New Jersey Fraud Statement: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

New York Fraud Statement: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Oklahoma Fraud Statement: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

Oregon Fraud Statement: Notice to Oregon applicants: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement may be guilty of insurance fraud.

Kentucky, Pennsylvania AND Ohio Fraud Statement: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Tennessee, Virginia and Washington Fraud Statement: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

Fraud Statement (All Other States): Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

STATE NOTICES

Arizona Notice: Misrepresentations, omissions, concealment of facts and incorrect statements shall prevent recovery under the policy only if the misrepresentations, omissions, concealment of facts or incorrect statements are; fraudulent or material either to the acceptance of the risk, or to the hazard assumed by the insurer or the insurer in good faith would either not have issued the policy, or would not have issued a policy in as large an amount, or would not have provided coverage with respect to the hazard resulting in the loss, if the true facts had been made known to the insurer as required either by the application for the policy or otherwise.

Florida Surplus Lines Notice: (Applies only if policy is non-admitted) You are agreeing to place coverage in the surplus lines market. Superior coverage may be available in the admitted market and at a lesser cost. Persons insured by surplus lines carriers are not protected under the Florida Insurance Guaranty Act with respect to any right of recovery for the obligation of an insolvent unlicensed insurer.

Florida and Illinois Punitive Damage Notice: I understand that there is no coverage for punitive damages assessed directly against an insured under Florida and Illinois law. However, I also understand that punitive damages that are not assessed directly against an insured, also known as "vicariously assessed punitive damages", are insurable under Florida and Illinois law. Therefore, if any Policy is issued to the Applicant as a result of this Application and such Policy provides coverage for punitive damages, I understand and acknowledge that the coverage for Claims brought in the State of Florida and Illinois is limited to "vicariously assessed punitive damages" and that there is no coverage for directly assessed punitive damages.

Maine Notice: The insurer is not permitted to withdraw any binder once issued, but a prospective notice of cancellation may be sent and coverage denied for fraud or material misrepresentation in obtaining coverage. A policy may not be unilaterally rescinded or voided.

Minnesota Notice: Authorization or agreement to bind the insurance may be withdrawn or modified only based on changes to the information contained in this application prior to the effective date of the insurance applied for that may render inaccurate, untrue or incomplete any statement made with a minimum of 10 days' notice given to the insured prior to the effective date of cancellation when the contract has been in effect for less than 90 days or is being canceled for nonpayment of premium.

Ohio Representation Statement: By acceptance of this policy, the Insured agrees the statements in the application (new or renewal) submitted to the company are true and correct. It is understood and agreed that, to the extent permitted by law, the Company reserves the right to rescind this policy, or any coverage provided herein, for material misrepresentations made by the Insured. It is understood and agreed that the statements made in the insurance applications are incorporated into, and shall form part of, this policy. **THE INSURED UNDERSTANDS AND AGREES THAT ANY MATERIAL MISREPRESENTATION OR OMISSION ON THIS APPLICATION WILL ACT TO RENDER ANY CONTRACT OF INSURANCE NULL AND WITHOUT EFFECT OR PROVIDE THE COMPANY THE RIGHT TO RESCIND IT.**

Utah Punitive Damages Notice: I understand that Punitive Damages are not insurable in the state of Utah. There will be no coverage afforded for Punitive Damages for any Claim brought in the State of Utah. Any coverage for Punitive Damages will only apply if a Claim is filed in a state which allows punitive or exemplary damages to be insurable. This may apply if a Claim is brought in another state by a subsidiary or additional location(s) of the Named Insured, outside the state of Utah, for which coverage is sought under the same policy.

If your state requires that we have information regarding your Authorized Retail Agent or Broker, please provide below.

Retail agency name: _____ License #: _____

Agent's signature: _____ Main agency phone number: _____
(Required in New Hampshire)

Agency mailing address: _____

City: _____ State: _____ Zip: _____

The signer of this application acknowledges and understands that the information provided in this Application is material to the Insurer's decision to provide the requested insurance and is relied on by the Insurer in providing such insurance. The signer of this application represents that the information provided in this Application is true and correct in all matters. The signer of this Application further represents that any changes in matters inquired about in this Application occurring prior to the effective date of coverage, which render the information provided herein untrue, incorrect or inaccurate in any way will be reported to the Insurer immediately in writing. The Insurer reserves the right to modify or withdraw any quote or binder issued if such changes are material to the insurability or premium charged, based on the Insurer's underwriting guides. The Insurer is hereby authorized, but not required, to make any investigation and inquiry in connection with the information, statements and disclosures provided in this Application. The decision of the Insurer not to make or to limit any investigation or inquiry shall not be deemed a waiver of any rights by the Insurer and shall not estop the Insurer from relying on any statement in this Application in the event the Policy is issued. It is agreed that this Application shall be the basis of the contract should a policy be issued and it will be attached and become a part of the Policy.

Applicant's signature: _____ Title: _____
President, Chairperson of the Board, Managing Member, or Executive Director

Date: _____