



**ALLEGIANCE**  
EXECUTIVE & PROFESSIONAL  
LIABILITY INSURANCE SERVICES, INC.

# Allegiance Management Liability Combination Policy Coverage Highlights

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**T**HE INSURANCE FOR THIS product is underwritten by certain underwriters at Lloyd's. Allegiance Underwriting Group, Inc. arranges this insurance as a coverholder at Lloyd's. Allegiance Underwriting Group only transacts business in the State of California as Allegiance Executive & Professional Liability Insurance Services, Inc.

The descriptions contained in this broker communication are for preliminary informational purposes only. The product is available only on a surplus lines basis through licensed surplus lines brokers. The publication and delivery of the information contained herein is not intended as a solicitation for the purchase of insurance on any risk. The exact coverage afforded by the products described herein is subject to and governed by the terms and conditions of each policy issued. Any insured or applicant for this insurance should read the actual policy wording carefully and consult with their agent, broker, or a qualified attorney with any questions regarding coverage. Items appearing in bold face type are definitions in the actual policy or in the actual endorsement attached to the policy. The words "you" and "your" refer to the Insured. The word "Insured" means any person or organization qualifying as such under the definition in the policy. The words "we," "us," and "our" refer to the Underwriters providing this insurance.

## Overview

The Allegiance Management Liability Combination Policy combines employment practices liability "EPL", directors and officers liability "D&O", fiduciary liability "FID", and crime coverage for privately-held companies. The policy can be customized to provide separate limits or shared limits. Policyholders, who purchase employment practices liability, receive access to loss prevention services through EPLI Pro™, a multi-faceted EPL risk management service. The policy is flexible and designed to provide coverage for the complex management liability exposures of most privately-held companies (corporations, limited liability companies, partnerships, and joint ventures).



## General Terms and Conditions

- Duty to defend policy (not applicable to crime coverage section)
- Loss includes punitive, multiple, and exemplary damages, to the extent insurable under the law of any applicable jurisdiction most favorable to insurability (not applicable to crime coverage section)
- **Insured** includes **Managers**, who were, now are, or shall be managers, managing members, members of the board of managers, managing partners, general partners of a limited partnership (including the board of directors of any such general partners that is a corporation) or equivalent executives of any **Insured Company**
- 10% Self-Insured Retention reduction if **Insured Company** consents to a settlement of a Claim within 20 days of the first request by Underwriters to consent and the settlement is accepted by claimant (applicable to EPL coverage section only)
- 25% or \$100,000 (whichever is less) Self-Insured Retention reimbursement if there is a determination of No Liability (applicable to EPL and D&O coverage sections only)
- Spousal and domestic partner coverage extension
- **Claims** made and reported **Policy** with up to 75 days post **Policy Period** reporting of **Claims** (applicable to EPL, D&O, and FID coverage sections only)
- **Claim** deemed first made when a chief executive officer, president, managing member, managing partner, general partner, chief financial officer, general counsel or human resource manager first receives written notice of **Claim**
- **Policy** is expressly primary with respect to any private equity or venture capital liability insurance policy maintained by a direct or indirect shareholder
- Automatic subsidiary coverage for newly acquired or created entities that do not exceed 50% of the total consolidated assets or 50% of the total number of employees of the **Insured Company** (applicable to EPL and D&O coverage sections only)
- 90 day automatic subsidiary coverage for newly acquired or created entities that exceed 50% of the total consolidated assets or 50% of the total number of employees of the **Insured Company** (applicable to EPL and D&O coverage sections only)
- Policy is non-rescindable for non-indemnifiable loss under D&O coverage section
- 100% allocation of **Defense Costs** to covered **Loss**
- Order of payments wording
- Underwriters agree to waive their rights of subrogation against any of the **Insured Persons**, except where a final non-applicable adjudication in the underlying action establishes that the relevant **Insured Person** has committed a deliberately dishonest, malicious, criminal or fraudulent act or omission or willfully violated a law
- Coverage applies to **Claims** made anywhere in the world under EPL, D&O, and FID coverage sections
- Extended reporting period available for a policy cancellation or non-renewal or in the event of a **Change of Control** (not applicable to Crime coverage section)
- **Policy** can be cancelled by underwriters for non-payment of premium only
- Liberalization clause



## Employment Practices Coverage

- Provides insurance coverage for **Claims** for any actual or alleged **Wrongful Employment Practice** brought by or on behalf of any **Employee** or applicant for employment—covered actions include: discrimination, harassment, hostile work environment, wrongful termination, breach of employment contract, employment decisions that violate public policy, defamation, wrongful infliction of emotional distress, misrepresentation relating to an employment decision, negligent hiring, etc. (see policy for further detail)
- The insurance pays on behalf of the **Insured**
- Coverage applies to **Claims** for any actual or alleged **Third-Party Discrimination** committed by an **Insured** against any non-**Employee**
- **Claim** includes written demand for monetary damages, non-monetary or injunctive relief; a civil, criminal, administrative, investigative or regulatory proceeding; any arbitration or mediation or other alternative dispute resolution proceeding if the **Insured** is obligated to participate
- Covered **Loss** includes damages, judgments, settlements, verdicts, and awards, including compensatory damages, back pay, front pay, statutory attorney's fees, pre-judgment and post-judgment interest, statutory liquidated damages and **Defense Costs**
- **Insured** includes the **Insured Company** and any **Insured Subsidiary** and individuals who are your former, current or future principals, officers, directors, trustees, **Managers**, members of the Board of Management, management committee members, in-house general counsel and those **Employees** for whom you request coverage at the time of the **Claim**
- **Employee** includes any individual whose labor or service is engaged by and directed by the **Insured Company**, including volunteers and all staff members, whether part-time, full-time, seasonal or temporary, **Leased Employees** and independent contractors
- **Wage and Hour Claim** coverage available by endorsement
- **Employee Privacy Violation** coverage available by endorsement
- **Immigration Practices Claim** coverage available by endorsement
- **Employment Event Loss** coverage available by endorsement providing coverage for fees and expenses charged by an **Employment Advisor** in connection with minimizing an **Insured Company's** exposure regarding layoffs/terminations, employment status changes, public announcements, or workplace disaster
- Additional Defense-Only Limit available which pays first leaving the original Limits of Liability to apply second to a covered **Claim**
- 25% Self-Insured Retention reduction if prior to the termination of any **Employee**, the **Insured** obtains and adopts the written advice of legal counsel recommended or approved by Underwriters as respects such termination, and a **Claim** is commenced by that **Employee**



## Directors and Officers Coverage

- Provides insurance coverage for **Claims** for any actual or alleged errors, misstatements, misleading statements, acts, omissions, neglect, or breach of duty by: (1) any **Insured Persons** acting in their capacity as such, including any matter claimed against such **Insured Persons** solely by reason of their serving in such capacity; (2) by the **Insured Company**; or (3) by **Insured Persons** covered by the outside board extension
- The insurance pays on behalf of the **Insured Person** and **Insured Company**
- **Claim** includes written demand for monetary damages, non-monetary or injunctive relief; a civil, criminal, administrative, investigative or regulatory proceeding; any arbitration or mediation or other alternative dispute resolution proceeding if the **Insured** is obligated to participate; request for **Extradition**; a **Derivative Demand**
- Covered **Loss** includes damages, judgments, settlements, verdicts, and awards, including compensatory damages, statutory attorney's fees, pre-judgment and post-judgment interest, and **Defense Costs**
- Coverage provided for **Costs of Investigations** in connection with a **Derivative Demand**
- **Insured** includes the **Insured Company** and any **Insured Subsidiary** and individuals who are **Insured Persons**—persons who were, now are, or shall be duly elected directors or duly elected or appointed officers, **Managers**, and **Employees**
- Outside board extension provides coverage for **Insured Persons** serving as directors and officers of not-for-profit companies with the express written consent of the **Insured Company**; coverage is primary for non-indemnifiable **Loss** or where coverage is not provided by the outside entity's insurance; coverage is excess if insurance or indemnification is available to **Insured Persons**
- Additional Side A D&O Limit available for non-indemnifiable **Loss**
- Pollution exclusion exception for non-indemnifiable **Loss** and shareholder **Claims**
- Bodily injury exclusion exception for shareholder **Claims** for mental anguish or emotional distress
- Insured v. insured exclusion exceptions for a **Claim**: (1) that is a derivative action; (2) brought by a bankruptcy trustee or creditor's committee; (3) brought by a former employee, **Manager**, director or officer who has not been employed by, or associated with the **Insured Company** for more than 3 years; (4) brought by an **Insured Person** for contribution or indemnity; (5) by shareholders who are not directors, officers, **Managers**, or equivalent; (6) that is a **Derivative Demand**; or (7) brought by a whistleblower
- Securities exclusion exception for: (1) "road show activities"; (2) failure to transact an initial public offering; (3) debt or equity offerings exempt from registration under the Securities Act of 1933
- Intellectual property exclusion applicable to **Insured Company** only with exception for shareholder **Claims**
- Professional services exclusion applicable to **Insured Company** only with exception for shareholder **Claims**
- Illegal personal profit exclusion with a final non-appealable adjudication in the underlying action standard
- Conduct exclusion with a final non-appealable adjudication in the underlying action standard
- Severability of exclusions provides that knowledge possessed by an **Insured Person** cannot be imputed to any other **Insured Person**



## Fiduciary Liability Coverage

- Provides insurance coverage for **Claims** for:  
(1) any actual or alleged breach of the responsibilities, obligations or duties imposed upon fiduciaries of any **Insured Plan** by **ERISA** or any similar law of any state or other jurisdiction anywhere in the world; (2) any actual or alleged negligent act, error or omission in handling records, counseling employees, participants and beneficiaries, providing interpretations, effecting enrollment of employees, and termination or cancellation of benefits in connection with an **Insured Plan**; (3) any other matter claimed against any **Sponsor Company** or any **Insured Fiduciary** solely by reason of their serving as fiduciaries of an **Insured Plan**
- \$100,000 sublimit provided for **Voluntary Compliance Fees**
- The insurance pays on behalf of the **Insured**
- **Claim** includes written demand for monetary, non-monetary or injunctive relief; a civil, criminal, administrative, investigative or regulatory proceeding if the **Insured** is obligated to participate; any arbitration or mediation or other alternative dispute resolution proceeding; fact-finding investigation brought by the U.S. Department of Labor; a **Voluntary Compliance Notice**
- Covered **Loss** includes damages, judgments, settlements, verdicts, and awards, including compensatory damages, statutory attorney's fees, pre-judgment and post-judgment interest, and **Defense Costs**
- **Insured** includes **Sponsor Company**, **Insured Plan**, **Insured Fiduciary**, or any other person or organization who were, now are, or shall be acting as a plan administrator of any **Insured Plan** with the consent of the **Sponsor Company**
- **Insured Plan** includes (1) any government-mandated insurance program for unemployment benefit, workers compensation, social security or disability benefits for employees of the **Sponsor Company**; (2) any welfare benefit plan, pension benefit plan, or employee benefit plan as defined in **ERISA** (or any similar law), which is sponsored solely by the **Sponsor Company** or jointly by the **Sponsor Company** and a labor organization solely for the benefit of the employees of the **Sponsor Company**; (3) non-qualified plans not subject to regulation under Title I of **ERISA**; any other plan, fund or program listed in the **Application**
- **Insured Fiduciary** includes: (1) one or more natural persons who were, now are or shall be a director, officer partner, trustee, **Manager**, or employee of the **Sponsor Company** or any **Insured Plan**; (2) any other natural persons who were, now are or shall be a fiduciary of an **Insured Plan**, provided that such fiduciary is sued solely in his or her capacity as a fiduciary of an **Insured Plan**
- Conduct exclusion with a final non-appealable adjudication in the underlying action standard
- Failure to fund exclusion with exception for **Insured** negligence
- Benefits due exclusion with exception for benefits payable as a personal obligation of an **Insured** and recovery for the benefits is based on a covered **Fiduciary Wrongful Act**
- Underwriters waive right of recourse if **Policy** has been purchased by an **Insured** other than an **Insured Plan**



## Crime Coverage

- Coverage applies to loss that you sustain which is directly caused by a **Covered Event** taking place at any time and which is **Discovered** by you during the **Policy Period** or **Extended Discovery Period**
- Fidelity coverage provided for your direct loss of, or your direct loss from damage to, **Money, Securities, and Other Property** directly caused by **Theft** or **Forgery** committed by an **Employee**
- ERISA fidelity coverage provided for **Insured Plans**
- On premises coverage provided for your direct loss of **Money** and **Securities** located inside the **Premises**: (1) directly caused by **Theft** committed by a person present inside such **Premises**; (2) directly caused by disappearance or destruction;
- On premises coverage provided for your direct loss of, or your direct loss from damage to, **Other Property** located inside the **Premises** directly caused by an actual or attempted **Robbery** or **Safe Burglary**
- On premises coverage provided for your direct loss from damage to the **Premises** or its exterior resulting directly from an actual or attempted **Theft, Robbery** or **Safe Burglary**, if you are the owner of the **Premises**
- On premises coverage provided for your direct loss of, or loss damages to, a locked safe, vault, or cash register located inside the **Premises** from actual or attempted **Theft, Robbery** or **Safe Burglary**, if you are the owner of the locked safe, vault, or cash register
- Coverage provided for your direct loss directly caused by **Forgery** or alteration of, on or in any written **Covered Instruments** including reimbursement if you are sued for refusing to pay a **Covered Instrument**
- Money orders and counterfeit money coverage provided for your direct loss directly caused by your good faith acceptance of money orders or counterfeit money
- In transit coverage provided for your direct loss of **Money** and **Securities** directly caused by **Theft**, disappearance or destruction while in transit outside the **Premises** in the care and custody of a **Messenger**;
- In transit coverage provided for your direct loss of, or your direct loss from damage to, your **Other Property** directly caused by an actual or attempted **Robbery** while in transit outside the **Premises** in the care and custody of a **Messenger** or an armored motor vehicle company;
- In transit coverage provided your direct loss of, or your direct loss from damage to, your **Other Property** directly caused by an actual or attempted **Theft** or your **Other Property** while it is temporarily within the living quarters of a **Messenger**
- Computer fraud coverage provided for your direct loss of, or your direct loss from damage to, **Money, Securities** and **Other Property** directly cause by **Computer Fraud**
- Funds transfer fraud coverage provided for your direct loss of **Money** and **Securities** contained in your **Transfer Account** on deposit with a **Financial Institution** directly caused by **Funds Transfer Fraud**
- Coverage provided for reasonable **Claim Expense** incurred and paid by you in support of a covered claim



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## Contact Information

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To become an appointed agent or broker,  
please contact:

**Alan Janes**

Group President

Allegiance Underwriting Group

5010 Fairview, Suite 3

Downers Grove, Illinois 60515

630.241.2322

[ajanes@allegianceunderwriting.com](mailto:ajanes@allegianceunderwriting.com)

**Donna Davis**

President—Florida Operations

Allegiance Underwriting Group

8006 W. Hiawatha Street

Tampa, Florida 33615

813.601.0894

[ddavis@allegianceunderwriting.com](mailto:ddavis@allegianceunderwriting.com)

**Brian Conroy**

Divisional General Manager

Allegiance Executive & Professional Liability

Insurance Services, Inc.

2551 State Street, Suite 228

Carlsbad, California 92008

760.729.6000

[bconroy@allegianceunderwriting.com](mailto:bconroy@allegianceunderwriting.com)