



Introducing a New Side A DIC Policy Offering Enhanced Personal Protection Exclusively for Mutual Fund Independent Directors

In this evolving economic and legal environment, Everest Specialty Underwriters, LLC (ESU), in collaboration with Frank Crystal & Company, offers a dynamic insurance solution exclusively for independent mutual fund directors affiliated with the Mutual Fund Directors Forum. The new Mutual Fund Independent Director Liability Excess DIC Side A policy is designed to protect the personal assets of independent mutual fund directors when no other insurance or indemnification is available. The policy offers comprehensive coverage and is supported by claims professionals who understand the nuances of Side A claims.

Policy Features

Broad Difference in Conditions (DIC)

Provisions: policy drops down to fill gaps in coverage created when underlying insurers do not cover loss, refuse or fail to pay, are insolvent, rescind coverage or are not permitted to pay loss because of bankruptcy.

Follows Broader Underlying Policies: in the unlikely event an underlying policy affords broader coverage, the Side A policy follows those broader terms.

Definition of Claim Includes:

- Requests from a governmental authority even if insured person is not a target, including requests to interview or depose an insured person or for production of documents
- Requests by or on behalf of a mutual fund to interview or depose an insured person or for production or documents in connection with its investigation of a shareholder derivative demand, subject to \$500,000 sublimit
- Requests to provide testimony as a non-party witness in a civil proceeding against a mutual fund or any other director, trustee, officer, employee or service provider of a mutual fund
- Negative statements in any press release or published media outlet regarding an insured person by or on behalf of a governmental authority that constitute a personal reputation crisis, subject to \$100,000 aggregate sublimit

This literature is descriptive only. The coverage is subject to the language of the policy as issued. Everest refers to the member insurers of Everest Re Group, Ltd: Everest National Insurance Company, Everest Security Insurance Company, Everest Reinsurance Company and Everest Indemnity Insurance Company c/o Mt. McKinley Managers L.L.C. which is a non-admitted surplus lines insurer operating in all states except Delaware. Not all insurers do business in all jurisdictions.

About

Everest Specialty Underwriters, LLC

Everest Specialty Underwriters, LLC (ESU) focuses on insurance solutions for Financial Institutions and Commercial customers. ESU is a member company of Everest Re Group, Ltd., which provides property and casualty insurance to policyholders in the U.S. through its subsidiaries, Everest National Insurance Company, Everest Indemnity Insurance Company, and Everest Security Insurance Company, all of which are rated A+ XV by A.M. Best. Not all insurers do business in all jurisdictions. ESU is headquartered at 461 Fifth Avenue, New York 10017-6234. Visit the website at www.everestre.com or call 646.746.1990.

Frank Crystal & Company

As the alternative in insurance brokerage, Frank Crystal & Company provides industry-leading insurance services, solutions, and counsel to corporations as well as individuals. The company provides a highly consultative approach, leveraging its insurance advisory, claims management, risk control engineering, and administrative expertise to the benefit of its clients. The Financial Institutions Group services a wide range of financial and professional service clients including broker/dealers, commercial banks, hedge funds, investment banks, investment managers, law firms, mutual funds, real estate investment trusts, and venture capital and private equity firms. The unit provides comprehensive professional liability, fidelity, and property & casualty insurance brokerage services and solutions. Visit the website at www.frankcrystal.com.

Definition of Insured Persons: means any one or more natural persons who were, now are or shall become a duly elected or appointed director or trustee of a mutual fund who is not an "interested person" of such mutual fund within the meaning of Section 2(a)(19) of the Investment Company Act of 1940, as amended.

Broad Definition of Loss: includes punitive, exemplary and multiple damages; most favorable venue regarding insurability; FCPA and election law penalties; Section 11 and 12 of the Securities Act of 1933 expressly not uninsurable. Also includes compensation paid or owed to an insured person by the mutual fund if and to the extent the insured person is obligated to repay or to repudiate compensation pursuant to a settlement of or judgment in a covered claim, including those pursuant to Section 210 or 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Definition of Mutual Fund: includes any investment company registered under the Investment Company Act of 1940 and listed via schedule to the policy, including any series, portfolios or funds of such entity, and any newly created investment company or newly created series, portfolios or funds of such entity.

Non-Rescindable: the policy is non-rescindable in whole or in part for any reason.

No Presumptive Indemnification: coverage applies if the mutual fund fails or refuses to indemnify for any reason.

No Conduct, Bodily Injury/Property Damage, ERISA or Pollution Exclusions.

Narrow Insured vs. Insured Exclusion: exclusion only applies to claims brought by or on behalf of the mutual fund, not insured persons, and only if such claim is made with the approval or assistance of at least two current executive officers. Exclusion is not applicable to claims outside the U.S. or Canada, claims made after a change in control, claims by a bankruptcy trustee or creditors committee, whistleblower claims (inclusive of those pursuant to Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act), claims expenses, or claims which independent legal counsel concludes the mutual fund should bring.

Full Severability: no knowledge of one insured person is imputed to any other insured person for purposes of determining coverage under this policy.

Late Notice of Claim: late notice of claim is not a coverage defense unless the insurer was materially prejudiced.

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