

Despite the significant and growing need for organizations to better protect themselves against allegations of sexual misconduct, increasing numbers of insurers specifically exclude such coverage. But Lexington is different.

LEXINGTON MEETS THE CHALLENGE

In the mid-1990s, when other insurers shied away from the sexual misconduct liability issue, Lexington focused on meeting the challenge. The result was Lexington's breakthrough Sexual Misconduct Liability policy, OnAlert. This stand-alone policy protects the named insured entity, its employees and volunteers against allegations of sexual misconduct.

LEARN MORE

Lexington products are available through surplus lines brokers. Agents and brokers interested in Lexington's OnAlert product should contact a local surplus lines broker, including one of the risk specialists companies listed below.

Eastern Risk Specialists, Inc. Philadelphia, PA	(215) 255-6096
Florida Risk Specialists, Inc. Tampa, FL	(813) 222-4833
Louisiana Risk Specialists, Inc. New Orleans, LA	(504) 527-5505
Michigan Risk Specialists, Inc. Southfield, MI	(248) 386-8851
Midwestern Risk Specialists, Inc. Chicago, IL	(312) 930-5451
Nevada Risk Specialists, Inc. Las Vegas, NV	(213) 689-3818
New England Risk Specialists, Inc. Boston, MA	(617) 457-5860
Northwestern Risk Specialists, Inc. Seattle, WA	(415) 836-2722
Risk Specialists Company of Colorado, Inc. Denver, CO	(303) 382-8579
Risk Specialists Company of New Jersey, Inc. Parsippany, NJ	(212) 770-7276
Risk Specialists Company of New York, Inc. New York, NY	(212) 770-7276
Risk Specialists Company of Ohio, Inc. Cleveland, OH	(248) 386-8851
Southeastern Risk Specialists, Inc. Atlanta, GA	(770) 671-2414
Southern Risk Specialists, Inc. Dallas, TX	(214) 932-2178
Western Risk Specialists, Inc. Los Angeles, CA	(213) 689-3818
San Francisco, CA	(415) 836-2722

Coverage described in this material may not be available in all states. The product descriptions are not a complete description of all items, exclusions and conditions in the policy. Policy terms may be changed by the insurer from time to time, and the preceding descriptions are not intended to be relied upon by brokers or potential insureds. Brokers interested in any of the captioned products should request a specimen copy of the policy itself for the precise scope and limitations of coverage. Issuance of coverage is subject to underwriting.

U.S. risks placed with a surplus lines insurer must be placed in accordance with surplus lines laws and other applicable laws. Surplus lines insurers do not generally participate in state guaranty funds and insureds are not protected by such funds. The surplus lines market is a brokered market providing flexibility in rate and form to meet customer needs for high risk and specialized insurance products. All placements with surplus lines insurers are subject to underwriting by the insurer. Products may not be available in all states. The information contained herein is for general information purposes only and does not constitute an offer to sell or a solicitation. The information provided herein is made available only on request by an insurance professional(s).

Lexington Insurance Company
The Power of Financial Strength®

100 Summer Street, Boston . MA 02110 . 617.330.1100 . www.LexingtonInsurance.com

ONALERT®



SEXUAL MISCONDUCT
LIABILITY INSURANCE

Lexington Insurance Company
The Power of Financial Strength®

THE POLICYHOLDERS WE SERVE

Lexington Insurance Company (Leington) is a trusted source for sexual misconduct liability (SML) coverage and risk management services. Among the broad range of organizations for which we provide coverage are:

- Child care providers
- Day and overnight camps
- Foster care providers
- Fraternal organizations
- Group homes
- Healthcare organizations
- Mentoring programs
- Nanny placement and referral organizations
- Outdoor adventure programs
- Private and public schools
- Recreation organizations
- Religious organizations
- Residential treatment centers
- Social service programs
- Teen centers
- Tutoring programs
- Youth development programs

COVERAGE HIGHLIGHTS

OnAlert® protects the named insured entity, its employees and volunteers against allegations of sexual misconduct. Notable coverage highlights include:

- Claims-made policy
- Coverage designed to pay loss amounts that the insured is legally obligated to pay because of allegations of sexual misconduct
- Coverage for the alleged perpetrator until it is judicially determined that the individual committed an act of sexual misconduct

RISK MANAGEMENT SERVICES

OnAlert policyholders also have access to specialized risk management services designed to help organizations prevent potential sexual misconduct problems before they have a chance to develop. The initial audit services are free. This service is a tool to develop a strong risk management plan for your organization.

The nationally renowned Praesidium, Inc. provides our SML risk management services. For more than a decade, Praesidium has helped organizations nationwide to create safer environments for children, vulnerable adults and many other individuals. Praesidium's team of psychologists, social workers, lawyers, human resource professionals and risk managers offer a comprehensive array of products and services including: on-site risk assessments; policy analysis and development; training (platform, video and Web-based); technical consultation; incident investigation; media and crisis management; and litigation support.

Praesidium works directly with policyholders to assess, control and minimize their risk. Policyholders receive a written analysis of their existing organizational policies and procedures. The report focuses on policies and procedures concerning abuse prevention, response and reporting of suspected abuse perpetrated by an employee or volunteer. In addition to the written analysis, Lexington policyholders also gain access to Praesidium's toll-free help line that provides ongoing technical consultation related to abuse prevention.

For more information on Praesidium, you can visit their Web site at www.PraesidiumInc.com. You may also contact Praesidium's Dr. Jane Hickerson toll-free at 866-607-SAFE (7233).

CLAIMS MANAGEMENT

Policyholders benefit from the services of Lexington's dedicated in-house sexual misconduct liability claims staff. Together, these professionals draw upon a wealth of experience specializing in handling sexual misconduct claims and litigation.

THE LEXINGTON ADVANTAGE

COMMITMENT.

Lexington is a pioneer and a market leader in writing SML insurance. We are committed to writing this type of business and focus on building long-term relationships with brokers and our policyholders.

RESPONSIVE, FLEXIBLE UNDERWRITING.

Our SML underwriters have flexibility in tailoring coverage to the needs of individual policyholders.

FINANCIAL STABILITY.

Lexington holds the highest financial strength ratings available from our industry's principle rating agencies: A++ (Superior), Class XV, by A.M. Best Company and AAA rated by Standard & Poor's. These ratings translate to the financial strength necessary to back a complex liability product, such as OnAlert.

Sexual Misconduct Liability Coverage Highlights

HIGHLIGHTS:

- Limits apply per Victim
- SIR is "Each Victim"
- Defense Costs are usually included within the SIR.
- In the case of multiple acts against one victim, the date of the first act determines coverage date for purposes of applying the retro date.
- All claims from one Insured Event are considered one claim.
- Defense is provided for the perpetrator until that person is judicially determined to have intentionally caused the alleged harm.
- Coverage is excluded for everyone if, prior to the date of the Insured Event, any insured under this policy was aware of any allegation made against the same individual. This exclusion applies whether the prior allegation involved the same victim or an unrelated victim.
- Coverage is excluded for Sexual Misconduct by a minor or student against another minor or student. This coverage can be considered for an additional charge
- Definition of Sexual Misconduct is expanded to include sexual molestation of any person; not just a minor, legally incompetent person or an individual with whom the insured has a Pastoral Relationship.
- We have the right to pre approve the insured's defense counsel within the SIR.
- The cost of Praesidium's (Risk Management firm) initial audit of the Insured's policies and procedures is included in the policy premium.

Lexington Insurance Company

APPLICATION FOR SEXUAL MISCONDUCT LIABILITY INSURANCE

Instructions

Please answer all questions. If the answer to any question is NONE, please print NONE. Attach separate sheets of paper as necessary. The application must be signed and dated by the highest ranking clergy or executive. PLEASE CAREFULLY READ STATEMENT AT THE END OF THE APPLICATION BEFORE SIGNING.

GENERAL INFORMATION

1. NAME OF APPLICANT _____

2. ADDRESS OF APPLICANT _____

3. PERSON TO CONTACT _____

4. TYPE OF OPERATION Corporation-for profit Corporation non-profit Religious Institution Other (specify) _____

5. YEARS IN OPERATION _____

6. DESCRIPTION OF SERVICES _____

7. EMPLOYEES and VOLUNTEERS

	Number (annual)	% Male	% Female
Full time employees			
Part time employees			
Clergy			
Volunteers			

8. ANNUAL TURNOVER RATE _____

9. ANNUAL OPERATING BUDGET _____

10. COVERAGE DESIRED: Limit of Liability: _____ Desired Retention: _____

11. PRIOR SEXUAL MISCONDUCT LIABILITY INSURANCE COVERAGE FOR THE LAST FIVE YEARS, PLEASE LIST MOST RECENT FIRST.

Period	Claims Made or Occurrence	Insurer	Premium	Limit	Sir
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____

12. HAS ANY APPLICANT EVER CANCELED OR NON-RENEWED THIS TYPE OF COVERAGE? _____

Yes (Please identify the provider and explain on a separate sheet of paper.) No

13. SERVICES / LOCATIONS: *If the services operate in multiple cities or states please attach a list that shows where all services operate.*

Number of Locations	Types of Services	% of Total	Exposure Units		
			Annual <input type="checkbox"/>	Or Oth <input type="checkbox"/> (# of Months ____)	
			Number of youth	Age range	Number of adults
	Schools – Religious				
	Schools – public				
	Schools – Private, Elementary				
	Schools – Private, Secondary				
	School Buses				
	YMCA				
	Overnight Camps				
	Day Camps				
	Child Care Centers				
	Churches / Parishes				
	Sunday Schools				
	Mentoring Programs				
	Counseling Services				
	Residential Treatment Centers				
	Group Homes				
	Foster Care Services				
	In-Home Social Services				
	Drop in / Recreation Centers				
	Hospitals				
	Nursing Homes				
	Home Health Care				
	Assisted Living				
	Other (describe)				
TOTAL			TOTAL		TOTAL

LOSS HISTORY

14. PLEASE FURNISH THE PAST SEVEN YEARS' FIRST DOLLAR LOSS HISTORY FOR ALL SEXUAL MISCONDUCT CLAIMS.

Period	# Claims Reserved	# of Claims Paid	Total Paid Loss	Total Paid Expenses	Total Reserved Losses	Total Reserved Expenses
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____	_____
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____	_____
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____	_____
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____	_____
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____	_____
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____	_____
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____	_____
From ____ / ____ To ____ / ____	_____	_____	_____	_____	_____	_____

15. ON A SEPARATE SHEET OF PAPER, PLEASE PROVIDE THE FOLLOWING INFORMATION FOR ANY SEXUAL MISCONDUCT CLAIM PAID OF RESERVED IN EXCESS OF \$5,000.

- 1) date of initial misconduct
- 2) date claim was brought
- 3) description of loss indicating if sexual contact did/did not occur
- 4) any amounts paid as damages
- 5) amounts reserved
- 6) legal/claim handling expense
- 7) valuation date

16. IS ANY OFFICER, DIRECTOR, PRINCIPAL, PARTNER, INSURANCE MANAGER, CLAIM MANAGER, RISK MANAGER OR HUMAN RESOURCES DIRECTOR OF THE APPLICANT AWARE OF ANY FACTS, INCIDENTS, CIRCUMSTANCES, OR ALLEGATIONS THAT MAY RESULT IN CLAIMS BEING MADE AGAINST YOU?

Yes (Please provide details on a separate sheet of paper.) No

17. HAS THE APPLICANT, ANY EMPLOYEE, OR ANY VOLUNTEER CURRENTLY SEEKING COVERAGE BEEN INVOLVED IN AN ALLEGATION OR CLAIM RELATING TO SEXUAL ABUSE?

Yes (Please provide details on a separate sheet of paper.) No

LOSS PREVENTION EFFORTS

18. CHECK WHICH OF THE FOLLOWING METHODS ARE USED IN THE SCREENING AND HIRING PROCESS FOR EMPLOYEES AND VOLUNTEERS. PLEASE ATTACH A COPY OF ANY ITEMS IN BOLD.

Loss Prevention Methods	Type in "Y" for Yes and "No" for No	Employees	Volunteers
a) Standard Application			
b) Code of Conduct (attach a copy)			
c) Interview			
Face to face interview			
Standard list of interview questions			
Use behavioral interviewing techniques			
Interview by more than one person			
d) Reference Checks			
Standard questions for references			
e) Criminal background check			
f) Abuse registry check			
g) Checklist of indicators that may indicate increased risk to abuse			
h) Other (describe) _____			

19. DOES THE ORGANIZATION PROHIBIT IN WRITING EMPLOYEES OR VOLUNTEERS FROM WORKING ALONE WITH A SINGLE CLIENT?

- Yes No

If no, please explain when these situations occur and how the interactions are monitored:

20. ARE VOLUNTEERS DIRECTLY SUPERVISED BY AN EMPLOYEE WHEN INTERACTING WITH CHILDREN OR VULNERABLE ADULTS?

- Yes No

If no, please explain when these situations occur and how the interactions are monitored:

21. ARE STAFF REQUIRED TO COMPLETE ANNUAL ORGANIZATIONAL ABUSE PREVENTION TRAINING?

- Yes (Please attach curriculum.) No

22. ARE VOLUNTEERS REQUIRED TO COMPLETE ORGANIZATIONAL ABUSE PREVENTION BEFORE THEY ARE PERMITTED TO VOLUNTEER?

- Yes (Please attach curriculum.) No

23. DOES CENTRAL ADMINISTRATION ESTABLISH, MONITOR, AND ENFORCE POLICIES AND PROCEDURES ACROSS ALL LOCATIONS?

- Yes No

24. ARE ITEMS BELOW INCLUDED IN THE EMPLOYEE OPERATIONS HANDBOOK?

- | Yes | No | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | A zero tolerance statement for sexual abuse perpetrated on children or other vulnerable persons in the applicant's care. (Please attach copy.) |
| <input type="checkbox"/> | <input type="checkbox"/> | A written policy that defines appropriate and inappropriate displays of affections. (Please attach copy.) |
| <input type="checkbox"/> | <input type="checkbox"/> | A written procedure for governing the interactions between employees/volunteers and children or other vulnerable persons in your care outside of regular program activities. (Please attach copy.) |
| <input type="checkbox"/> | <input type="checkbox"/> | A written procedure for managing the risk when one employee/volunteer is alone with a lone child or other vulnerable person. (Please attach copy.) |

25. DOES SENIOR MANAGEMENT REVIEW AND APPROVE IN WRITING NEW PROGRAMS?

- Yes No

HISTORICAL ACTIVITY

26. HAVE ANY OF THE APPLICANT'S EMPLOYEES BEEN TRANSFERRED IN OR OUT OF YOUR SCHOOL, PARISH/DIOCESE, BRANCH OR CORPORATE LOCATION BECAUSE THEY WERE INVOLVED, SUSPECTED, OR A COMPLAINT WAS MADE REGARDING AN ALLEGATION OF SEXUAL MISCONDUCT?

- Yes No

If yes, please provide details on a separate sheet of paper

27. IN THE PAST 5 YEARS, HAVE ANY EMPLOYEES, VOLUNTEERS, CLERGY, OR OFFICERS BEEN TERMINATED FOR CAUSE RELATED TO SEXUALLY ABUSIVE BEHAVIOR?

- Yes No

If yes, please provide details on a separate sheet of paper

28. HAS THE APPLICANT MERGED WITH ANY OTHER ENTITY IN THE PAST 5 YEARS?

- Yes No

29. IS A MERGER NOW CONTEMPLATED?

Yes

No

If yes, please explain:

30. HAS THERE BEEN A MAJOR INCREASE/DECREASE IN THE OPERATING BUDGET IN THE LAST 5 YEARS?

Yes

No

If yes, please explain:

31. DOES THE APPLICANT PLAN TO ADD ANY ADDITIONAL PROGRAMS IN THE NEXT YEAR?

Yes

No

If yes, please explain:

CLAIMS HANDLING

32. DOES THE APPLICANT HAVE A WRITTEN PROCEDURE FOR RESPONDING TO ALLEGATIONS OF ABUSE?

Yes *(Please attach copy.)*

No

33. DOES THE APPLICANT HAVE A WRITTEN PROCEDURE FOR RESPONDING TO REPORTS OF SUSPICIOUS OR INAPPROPRIATE BEHAVIORS?

Yes *(Please attach copy.)*

No

34. DOES THE APPLICANT HAVE A DESIGNATED INVESTIGATOR WITH SPECIALIZED TRAINING WHO IS IN CHARGE OF HANDLING ALL INTERNAL SEXUAL MISCONDUCT INVESTIGATIONS?

Yes

No

35. DOES THE APPLICANT USE A STANDARDIZED INCIDENT REPORTING FORM ACROSS ALL LOCATIONS AND PROGRAMS?

Yes *(Please attach copy.)*

No

SIGNATURE PAGE

THE APPLICANT WARRANTS TO THE BEST OF ITS KNOWLEDGE AND BELIEF THAT THE STATEMENTS SET FORTH HEREIN ARE TRUE AND INCLUDE ALL MATERIAL INFORMATION.

THE APPLICANT FURTHER WARRANTS THAT IF THE INFORMATION SUPPLIED ON THIS APPLICATION CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE INCEPTION DATE OF THE POLICY PERIOD, IT WILL IMMEDIATELY NOTIFY LEXINGTON INSURANCE COMPANY OF SUCH CHANGE. SIGNING OF THIS APPLICATION DOES NOT BIND THE COMPANY TO OFFER NOR THE APPLICANT TO ACCEPT INSURANCE, BUT IT IS AGREED THAT THIS APPLICATION SHALL BE THE BASIS OF THE INSURANCE AND WILL BE ATTACHED AND MADE PART OF THE POLICY SHOULD A POLICY BE ISSUED.

_____	_____	_____
Date	Applicant's Authorized Signature of a Principal, Partner or Officer	Title
_____	_____	_____
Date	Applicant's Authorized Signature of the Individual in Charge of the Human Resources or Personnel Department	Title
_____	_____	_____
Date	Applicant's Authorized Signature of the Risk Management Officer or Loss Control Officer	Title