ICPAN,Inc. Protection Liability Report, October 27, 2015

Background Information

November 5, 2014: Steering Committee Minutes reflect that incorporation in the USA provides corporate shield protection just through incorporation. Decision to investigate additional coverage once the organization is in good financial position.

Our legal advisor, Jeff Hurwit of Hurwit and Associates, provided names of prospective insurance brokerages that might be willing to give us quotes for Directors and Officers and Entity Liability Coverage, Employment Practices Liability and Fiduciary Liability.

Emails and phone calls to suggested contact names. All requested confirmation of incorporation, assets, IRS filing and confirmed standing as well as a permanent website address.

To date:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Insurance Co. | D&O | EPL |  | Cost $US |
| Great American Ins. Co.­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­ | **1 million**  | 1 million | Shared cost | $1076.00 |
| Great American Ins. Co. | **1 million** | 1 million | 2 separate limits | $1237.00 |
| Great AmericanIns. Co. | **2 million** | 2 million | Shared cost | $1613.00 |
| Great AmericanIns. Co. | **2 million** | 2 million | 2 separate limits | $1882.00 |
| Hartford | 1 millionDeductible $1000.00 | 1 millionDeductible$1000.00 |  | $545.00 |
| Ace  | 1 millionDeductible$500.00 | 1 millionDeductible$2500.00 |  | $1325.00 |
| Ace  | 1 millionDeductible$500.00 | None |  | $1100.00 |

Of Note: All the quotes include worldwide coverage for ICPAN,Inc., but if one of the “satellite countries “ or members incorporate on their own as part of ICPAN,Inc. then they would have to get their own insurance. I don’t believe this will happen but if so then this is the info I received.

Great American Insurance Company will not sell D&O Insurance separately. If there was a claim against the Directors and Officers you would have up to $1,000,000 and if there was a claim in the same year regarding a terminated individual, you would have up to $1,000,000 in coverage if you chose to go with separate limits.

Notes from the Anderson Group : Hartford Insurance Agencies and Ace Insurance Agencies

1.       The limits of insurance for these policies work in the following manner. There is a $1,000,000 each claim limit. This means that any claim you sustain during the policy period is covered up to $1,000,000. The aggregate limit is the total $ amount of claims you can have in a policy period. For example, you could have claim #1 with a $250,000 amount on it and claim #2 with a $500,000 amount on it and both claims would be covered under the policy. They each are less than the $1,000,000 each claim limit and they both add up to less than the $1,000,000 aggregate limit. Consequently, if you had a situation where claim #1 was $250,000 again but claim #2 was $900,000 the $900,000 claim would meet the each claim limit part of the policy but it would cause you to exceed the $1,000,000 aggregate and the additional amount above $1,000,000 ($150,000) would be the responsibility of the organization to be paid out of its own assets. Each time the policy renews these limits reset so it is not a “lifetime” limit but one that applies to each policy period.

2.       A separate limit of insurance means that there is a dedicated $1,000,000 limit for D&O related claims and a dedicated $1,000,000 limit for Employment Practices claims. A separate limit is a more favorable option as it is providing separate and distinct limits of insurance for each potential claim scenario. A shared limit is where you have one limit of insurance that applies to both types of claims.