

**Sexual Misconduct and Molestation Liability Insurance Policy
Summary of Changes
(from Lloyd's version P1861S-0912 to HCC version SMML 1000)**

This summary of changes shall not represent a comprehensive explanation of any particular policy provision or coverage component. No coverage is provided by this summary, nor shall it be construed to amend, delete, replace or otherwise alter any policy provisions. Please refer to the policy and review it with your insurance broker or advisor.

GENERAL CHANGES

Minor, non-substantive changes were made throughout to convert the policy from Lloyd's paper to HCC paper, and new definitions were incorporated into existing provisions, where appropriate. Such changes are not addressed in this document; please refer to the policy for full details.

CHANGES TO INSURING AGREEMENT

The Insuring Agreement has been updated as follows:

- **Revised notice requirements:** replaced the requirement to report a claim "no later than 30 days after a claim is made" with a requirement to report the claim "during the policy period, within 60 days after the end of the policy period, or during the Optional Extended Reporting Period, if applicable".
- **Knowledge Date:** Declarations Page and policy form now refer to a Knowledge Date for the purpose of applying the prior knowledge condition; must not have knowledge of any circumstances, disputes, situations or incidents resulting in a claim prior to the Knowledge Date.

CHANGES TO DEFINITIONS

- **New Definitions:** the following definitions have been added to the new policy form:
 - Claim Expenses (previously Defense Costs)
 - Insured (replaces Who is Insured section of the prior policy)
 - Insured Organization
 - Interrelated Wrongful Acts
 - Named Insured
 - Policy Period
 - Subsidiary
 - Wrongful Act (replaces Insured Event)
- **Deleted Definitions:** the following definitions have not been added to the new policy form:
 - Insured Event (now using Wrongful Act)
 - Laundry List Notification
 - Defense Costs (now using Claim Expenses)
 - One Insured Event
- **Revised Definitions:** the following definitions have been revised:
 - Claim – removed reference to oral complaints as claims; now expressly excludes criminal or regulatory proceedings or subpoenas
 - Employee – volunteers are now excluded in the base form, but may be added by endorsement for certain risks; independent contractors and sub-contractors are now excluded in the base form, but may be added by endorsement for certain risks
 - Loss – Defense Costs are no longer incorporated into this definition; now expressly excludes any amount which an Insured is not legally obligated to pay

- Sexual Misconduct and Molestation – no longer includes the allegation of negligent employment, investigation, supervision, training or retention of, or failure to report to property authorities, a person who committed abuse or molestation, as this is now a separate and distinct coverage trigger contained within the definition of Wrongful Act

CHANGES TO EXCLUSIONS

- **New Exclusions:** the following exclusions have been added to the new policy form:
 - Acts occurring before an entity became a Subsidiary of the Named Insured (see Exclusion L)
 - Claims made by, against or involving any volunteer (see Exclusion M; may be removed by endorsement if coverage for volunteers is extended to certain risks)
 - Claim relating to overnight activities (see Exclusion N; may be removed by endorsement for certain risks)
- **Deleted Exclusion:** the following exclusion has not been added to the new policy form:
 - Insolvency

CHANGES TO POLICY SECTIONS

- **Where Coverage is Provided** is now located in **Section VI. Territory** of the new policy form; the coverage territory has been revised from worldwide coverage to coverage for wrongful acts occurring anywhere in the world, provided a claim is made and maintained in the USA, its territories and possessions, or Canada
- The sections in the prior policy form called **Limit of Liability** and **Self-Insured Retention** have been consolidated into **Section V. Limit of Liability/Deductible** with the following updates:
 - Clarification as to how the Per Victim Limit applies
 - Addition of a Per Perpetrator Aggregate Limit
 - New subsection called “Exhaustion of Limit of Liability”
 - New subsection called “Deductible” (replaces Self-Insured Retention) with clarification as to how the Deductible applies
 - New subsection called “Multiple Claims” with clarification as to how the limits apply to claims alleging Interrelated Wrongful Acts
 - New subsection called “Non-Stacking of Limits”
 - New subsection called “Allocation”
- The provisions of **Duties in the Event of a Claim** are now located in **Section VII. Notification** and have been revised as follows:
 - Now requires notice no later than 60 days after the end of the Policy period or during the Optional Extended Reporting Period, if applicable
 - Revised Notice of Potential Claim provisions for clarification of coverage intent; also removed reference to “Laundry List Notifications”
- Premium clause of the prior policy form has not been added to the new policy form
- Cancellation clause now provides for 60 days’ notice if the Company decides to cancel for any other reason other non-payment of premium (previously, 30 days’ notice)

NEW POLICY SECTIONS

- Added the following new policy sections:
 - Limit of Liability/Deductible (replaces Limit of Liability and Self Insured Retention)
 - Territory (replaces Where Coverage is Provided)
 - Notification (replaces Duties in the Event of a Claim)
 - Action Against the Company (replaces Legal Action Against Us)
 - Material Changes (incorporates, with modifications, the existing mergers and acquisitions provisions contained in Section V.G. of the prior policy form)

- Change of Control (incorporates, with modifications, the existing takeover provisions contained in Section III.C. of the prior policy form)
- Transfer of Control When the Applicable Limit of Liability Is Exhausted (incorporates, with modifications, the existing transfer of control provisions contained in Section I.C. of the prior policy form)
- Entire Agreement

- Added the following new policy conditions:
 - Assistance and Cooperation
 - Subrogation
 - Assignment
 - Authorization Clause
 - Office of Foreign Assets Control
 - Headings
 - Policy Conformance