## NEW JERSEY SCHOOLS INSURANCE GROUP

(Hereinafter referred to as the Group)

Coverage Provided by QBE Specialty Insurance Company

(Hereinafter referred to as the Insurer)

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### SCHOOL LEADERS ERRORS AND OMISSIONS POLICY

In consideration of the payment of the applicable premium specified herein and in reliance upon the statements in the Application which is attached to and becomes part of this policy and subject to all of the terms and conditions of this policy, the Insurer does hereby agree to provide School Leaders Errors and Omissions insurance as follows:

### COVERAGE A

### SECTION 1

APPLICATION: The Insurer agrees to pay on behalf of the **Insured**, **Loss** in excess of the applicable deductible and within the limit of liability, both as specified in the Declarations. Such **Loss** must be sustained by the **Insured** by reason of liability imposed by law for **Damages** caused by a **Wrongful Act** of the **Insured** or any persons for whose acts the **Insured** is legally liable, arising out of the performance of duties for the Named Insured. This policy will apply only to a **Claim** first made against the **Insured** and reported to the Insurer during the policy period as specified in the Declarations:

### SECTION II

DEFENSE AND SETTLEMENTS: The Insurer, in the **Insured**'s name and behalf, shall have the duty to investigate, defend and conduct settlement negotiations in any **Claim** or suit, if such **Claim** or suit alleges a **Wrongful Act** covered under this policy. The Insurer shall not be obligated to investigate, defend or conduct settlement negotiations on any **Claim** reported to the Insurer after the Limit of Liability has been exhausted by payment of **Loss** on other **Claims**, or after the end of the policy period or any approved extension thereof as shown by an Endorsement attached to this policy.

The Insurer shall select defense counsel and the **Insured** shall not engage counsel without consultation and approval by the Insurer. The Insurer shall not settle any **Claim** without the consent of the Named Insured, which consent shall

not be unreasonably withheld. Should the **Insured** refuse to consent to any settlement or verdict recommended by the Insurer and elect to contest the **Claim**, or continue any legal proceedings in connection with such **Claim**, the Insurer's liability for the **Claim** shall not exceed the amount, if any, in excess of the **Insured**'s deductible for which the **Claim** could have been so settled, or the applicable limit of liability, whichever is less, plus the costs and expenses incurred with its consent up to the date of such refusal. Under no circumstances is the Insurer obligated to pay for the defense or any form of indemnity for any appeal of a legal action or any legal proceeding.

The **Insured** shall not admit liability for, nor make any voluntary settlement, nor incur any costs or expenses in connection with any **Claim** involving payment by the Insurer, except with the written consent of the Insurer.

## SECTION III

DEFENSE EXPENSES AND SUPPLEMENTARY PAYMENTS: With respect to such insurance as is afforded by this policy, the Insurer shall pay, subject to the applicable deductible and in addition to the applicable limit of liability:

(a) all reasonable or necessary expenses incurred in the defense of any **Claim** or suit against the **Insured** alleging such **Wrongful Act**, even if such **Claim** or suit is groundless, false, fraudulent, or for an amount less than the **Insured**'s deductible. However, the Insurer shall not pay for any loss of earnings, salary, benefits or expenses of the **Insured**.

(b) all premiums on bonds to release attachments and appeal bonds, limited to that portion of such bond that does not exceed the limit of liability of this policy, but without any obligation to apply for or furnish such bonds;

(c) all costs taxed against the **Insured** in any suit and all expenses incurred by the Insurer;

(d) all interest accruing after the entry of judgment, but only for that portion of the judgment which does not exceed the applicable limit of liability , until the Insurer has tendered or paid such part of such judgment as does not exceed the Insurer's limit of liability thereon;

(e) all reasonable expenses incurred by the **Insured** at the Insurer's request in assisting the Insurer in the investigation and defense of any **Claim** or suit, other than loss of earnings.

## SECTION IV

LIMIT OF LIABILITY AND DEDUCTIBLE: Irrespective of the number of the **Insured**s covered hereunder, the total liability of the Insurer for **Loss** on account of all **Claims** first made against the **Insured** and reported to the Insurer (1) during the policy period, or (2) during the last policy period together with the extension period, under this Coverage A shall not exceed the amount specified in the Declarations as applicable to "Each Policy Period".

The limit of liability as stated in the Declarations shall apply in excess of the deductible.

The deductible, as stated in the Declarations, shall apply to both **Loss** and defense expenses of each **Claim** made against the **Insured**, but the deductible shall apply only once with respect to each **Claim**. Should the Insurer, for any reason, pay the entire amount of **Loss** without regard to the deductible the Named Insured will reimburse the Insurer, within 30 days of the Insurer's request for such reimbursement, for that part of the deductible which has been paid.

The inclusion herein of more than one **Insured** or the making of **Claims** or bringing of suits by more than one person or organization shall not operate to increase the Insurer's limit of liability. Two or more **Claims** arising out of a single **Wrongful Act** or a series of related **Wrongful Acts** shall be treated as a single **Claim**. All such **Claims**, whenever made, shall be considered as first made within the Policy Period or Extension Period in which the earliest **Claim** arising out of such "**Wrongful Act**" was first made, and all such **Claims** shall be subject to the same limits of liability.

## SECTION V

DEFINITIONS: Wherever used in this Coverage A:

(a) the unqualified term **Insured** or **Insured**s shall mean the Named Insured and the Board of Education as an entity and all persons who were or are now Trustees, Directors and Members of the Board of Education individually, a former or present employee of the Named Insured who holds a position as Superintendent, Assistant Superintendent, Administrator, Assistant Administrator, Principal or Assistant Principal, or any equivalent administrative position and any employees, student teachers or volunteers performing duties for the Named Insured or the Board of Education, but only while acting within the scope of the person's duties as such;

(b) the term **Loss** means such monetary amounts payable by the **Insured** in settlement of **Claims** or in satisfaction of awards or judgments (including prejudgment interest). The term **Loss** does not include and the Insurer will not pay any monetary amounts for the costs of providing any educational, extracurricular, athletic or other services for a student, or any disputes arising out of the funding of those services.

(c) the term **Claim** means: (1) a written notice of legal process, (2) a written demand for **Damages**, or (3) a written notice of intent to sue;

**Claim** shall not include: any action arising out of:

(1) a collective bargaining agreement;

(2) A complaint or filing with the Public Employment Relations Commission;

(3) A complaint or filing with the School Ethics Commission;

(d) the term **Damages** shall mean monetary compensation awarded by a court of law resulting from a **Loss**.

(e) the term **Property Damage** means physical injury to or destruction of tangible or intangible property or electronic data, including the loss of use of tangible property which has not been physically injured.

(f) the term **Wrongful Act** means a negligent act, error or omission, misstatement, or misleading statement or **Wrongful Employment Practice**.

(g) the term **Wrongful Employment Practice** means

1. Employment related discrimination in connection with hiring, promotion, advancement or opportunity demotion, discipline, pay, or termination on the basis of race, color, sex, age, religion, national origin, disability, sexual orientation, marital status, or pregnancy, or any conduct that violates any federal, state, or local law prohibiting employment discrimination

2. Sexual harassment, including unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature that (1) is a made an explicit or implied term or condition of employment; or (2) is used as a basis for employment decisions; or (3) creates a work environment that is intimidating, hostile, or offensive; and

3. Any of the following employment related acts: misrepresentation, invasion of privacy, defamation, retaliation, wrongful discipline, negligent evaluation, negligent hiring, or negligent supervision.

(h) the term **Employment Agreement** does not include Collective Bargaining Agreements.

(i) the term **Bodily Injury** means bodily injury, sickness or disease sustained by any person which occurs during the policy period, including death at anytime resulting there from. This includes mental anguish, mental injury, shock, fright or death resulting from bodily injury , sickness or disease.

THE DEFINITIONS ABOVE ARE USED IN THIS COVERAGE A DO NOT APPLY TO COVERAGE B.

## SECTION VI

EXCLUSIONS: This policy does not apply to **Claims** alleging, based upon, arising out of or attributable to:

(a) any actual or alleged dishonest, fraudulent, illegal or criminal acts of the **Insured** themselves. This exclusion also applies only to an **Insured** who participated in, acted with knowledge of, or acquiesced to such conduct of an **Insured**;

(b) assault or battery, false arrest, detention or imprisonment, wrongful entry or eviction or other invasion of private occupancy, malicious prosecution or humiliation; an utterance or publication from which a **Claim** of libel, slander, defamation or disparagement arises or an utterance or publication in violation of an individual's right of privacy, however, this exclusion does not apply to **Wrongful Employment Practice**;

(c) **Bodily Injury**, or **Property Damage**, however, this exclusion shall not apply to mental anguish or emotional distress arising out of **Wrongful Employment Practices**;

(d) **Claims** seeking non-pecuniary relief;

(e) the failure to effect or maintain insurance of any kind including bonds;

(f) punitive, exemplary, multiple or any other type of non-compensatory damages, any statutory fines or penalties;

(g) any **Claim** arising out of breach of fiduciary duty, responsibility or obligation in connection with any employee benefit or pension plan;

(h) any **Claim** arising out of gaining any profit, remuneration or advantage to which the **Insured** is not legally entitled;

(i) any **Claim** of retirement benefits, pension or other employee benefits;

(j) any Cross-claim or Counterclaim brought by one **Insured** under this policy against another **Insured**;

(k) any **Claim** alleging failure to integrate or desegregate the student enrollment or the participation in any **Insured**, school, educational, or extracurricular program to be operated or administered on a discriminatory basis because of race or national origin in violation of a court order;

(l) any actual or alleged breach of contract **Claims**. This exclusion shall not apply to any **Claim** arising out of breach of an **Employment Agreement** between the **Insured** and an employee of the **Insured**;

(m) the failure of the **Insured** to comply with the administrative requirements of the Asbestos Hazard Emergency Response Act;

(n) any **Claim** arising out of the presence of asbestos or radon and methane gases including cost of its removal or correction;

(o) arising from any circumstance or incident which might give rise to a **Claim** hereunder, which is either known or reasonably should have been known to the **Insured** prior to the inception of this policy and not disclosed to the Insurer prior to inception;

(p) any **Claim** resulting directly or indirectly from the dispersal, discharge, escape, release, emission or saturation of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, gases or any other hazardous material, irritant, contaminant, carcinogen or pollutant in or into the atmosphere, or on, onto, upon, or in or into surface or subsurfaces of the following:

(1) soil or any structures appurtenant thereto:

(2) water or watercourses;

(3) objects;

(4) any tangible or intangible matters;

whether sudden or not, or for the failure to test, observe, or discover the presence of any of the foregoing. This exclusion applies to any pollution from any sources whether man-made or from natural sources. This exclusion applies to any **Claim** by whomever or whatsoever made, including, but not limited to, any public, private or governmental person, concern, body, entity, agency, office or corporation;

(q) any actual or alleged liability arising out of:

(1) the **Insured**'s acts or omissions pursuant to any New Jersey public bidding statutes, including, but not limited to the Public Schools Contracts Law, N.J.S.A. 18A:18A-1, et seq., and N.J.A.C. 5:34-1, et seq., and /or Local Public Contracts Law, N.J.S.A. 40A:11-1, et seq.; or

(2) any faulty preparation or approval of maps, plans, reports, surveys, designs, bid documents, bid specifications, other specifications, or inaccuracies due to estimates of probable costs and/or revenues;

(r) to any **Claim** alleging, based upon, arising out of or attributable to the Fair labor Standards Act (except the Equal Pay Act), or any state or common law wage or hour law, including but not limited to laws governing minimum wages, hours worked, overtime compensation, and sums sought solely on the basis of a **Claim** for unpaid services, salary, wages or earnings. However, this exclusion shall not apply to back pay or front pay.

## SECTION VII

OPTION TO EXTEND CLAIMS REPORTING PERIOD: If the Named Insured does not renew this policy under this Coverage A after complying with all the terms and conditions thereof, including payment of all premiums or deductibles when due, or if the Insurer shall cancel or refuse to renew this policy for reasons other than the Named Insured's non-payment of premiums or deductibles or non-compliance with the terms and conditions of this policy, this policy shall be extended automatically to apply, at no additional cost to a **Claim** first made against the **Insured** during the policy period and reported to the Insurer during the 60 days immediately following the effective date of such termination, but only by reason of any negligent act, error, omission, misstatement, or misleading statement in professional services first committed or alleged to have been committed before such termination date and otherwise covered by this insurance. The limit of liability, if any, applicable to such 60-day period shall be equal to the amount of coverage remaining at the end of the last policy period.

In addition, the Named Insured shall have the option to purchase a 12 or 24 month Extension Period that shall take effect on the effective date of cancellation or nonrenewal of this policy. The Named Insured shall have the option to extend the insurance afforded by this policy under this Coverage A subject otherwise to its terms, limits of liability, exclusions and conditions, to apply to **Claims** first made against the **Insured** and reported to the Insurer during the 12 or 24 month Extension Period following immediately upon the effective date of such termination, but only by reason of any negligent act, error, omission, misstatement, or misleading statement in professional services first committed or alleged to have been committed before such termination date and otherwise covered by this insurance. The extension of coverage for **Claims** made subsequent to termination of this policy shall be endorsed thereto, if purchased, and shall hereinafter be referred to as the "Extension Period".

The premium for the Extension Period shall be 100% of the annual premium charged the Named Insured for the expiring insurance under this Coverage A for the 12 month Extension Period. The premium for the Extension Period shall be 150% of the annual premium charged the Named Insured for the expiring insurance under this Coverage A for the 24 month Extension Period.

As a condition precedent to the Named Insured's right to exercise the aforesaid option, the full premium and any deductibles that are due must have been paid.

The Named Insured's right to purchase the Extension Period must be exercised by notice in writing not later than sixty (60) days after the cancellation or termination of this policy. Effective notice must include payment of premium for such period as well as all deductibles due the Insurer.

If such notice, premium and deductible payment are not so given to the Insurer, the **Insured** shall not at a later date be able to exercise such rights.

At the commencement of the Extension Period, the entire premium therefore shall be deemed earned, and in the event the Named Insured terminates the Extension Period before its term for any reason, the Insurer shall not be liable to return to the Named Insured any portion of the Premium for the Extension Period.

Any change in the premium for, or in the limit, conditions, or terms of this policy shall not be deemed a refusal to renew this policy.

## COVERAGE B

In consideration of the payment of the applicable premium specific herein and in reliance upon the statement in the Application which is attached to and becomes part of this policy and subject to all of the terms and conditions of this policy, the Insurer does hereby agree to provide School Leaders Errors and Omissions insurance as follows, subject to the selection or prior approval of defense counsel by the Insurer.

## SECTION I

APPLICATION: The Insurer has the right to select defense counsel and hereby agrees to pay on behalf of the **Insured Loss** in excess of the applicable deductible and within the limit of liability, both as specified in the Declarations. Such **Loss** must be sustained by the **Insured** in the defense of an **Administrative Law Proceeding** or suit, but not any appeal from an **Administrative Law Proceeding** or suit:

(a) Alleging any dishonest, fraudulent, illegal, or criminal act, but only if there is a verdict or disposition in the **Insured**'s favor;

(b) arising out of an allegation of corporal punishment, but only if there is a verdict or disposition in the **Insured**'s favor;

(c) seeking non-pecuniary relief;

(d) alleging the failure to effect or maintain insurance of any kind including bonds;

(e) arising out of an alleged breach of fiduciary duty, responsibility or obligation in connection with any employee benefit or pension plan;

(f) arising out of the alleged discrimination against students because of race or national origin or failure to integrate or desegregate the student enrollment or participation in any school district, other than **Claims** brought by a governmental agency;

(g) alleging the failure of the **Insured** to comply with the administrative requirements of the Asbestos Hazard Emergency Response Act.

All such **Loss** must arise out of a **Claim** first made and reported or charges filed against the **Insured** and reported to the Insurer during the policy period.

## SECTION II

LIMIT OF LIABILITY AND DEDUCTIBLE: Irrespective of the number of **Insured**s covered hereunder, the total liability of the Insurer for **Loss** on account of each **Claim** under this Coverage B is limited -to the amount specified in the Declarations as applicable to "each **Claim**". Subject to such each **Claim** limit, the total liability of the Insurer for **Loss** on account of all **Claims** first made or charges filed against the **Insured** and reported to the Insurer (1) during the last policy period, or (2) during the last policy period together with the extension period is limited to the amount specified in the Declarations as applicable to "aggregate each policy period".

The limits of liability as stated in the Declarations shall apply in excess of the deductible.

The deductible, as stated in the Declarations, shall apply with respect to each **Claim**. Should the Insurer, for any reason, pay the entire amount of **Loss** without regard to the deductible the Named Insured will reimburse the Insurer within 30 days of the Group's request for such reimbursement, for that part of the deductible which has been paid.

The inclusion herein of more than one **Insured** or the making of **Claims** or bringing of suits by more than one person or organization shall not operate to increase the Insurer's limit of liability. Two or more **Claims** arising out of a single act or statement, or a series of related acts or statements shall be treated as a single **Claim**. All such **Claims**, wherever made, shall be considered as first made within the Policy Period or Extension Period in which the earliest **Claim** arising out of such act or statement was first made, and all such **Claims** shall be subject to the same limit of liability.

The **Insured** shall not admit liability for, nor make any voluntary settlement, nor incur any costs or expenses in connection with any **Claim** involving payment by the Insurer, except with the written consent of the Insurer.

## SECTION III

DEFINITIONS: Wherever used in this Coverage B:

(a) The unqualified term **Insured** shall mean the Named Insured and the Board of Education as an entity and all persons who were or are now Trustees, Directors and Members of the Board of Education individually, a former or present employee of the Named Insured who holds a position as Superintendent, Assistant Superintendent, Administrator, Assistant Administrator, Principal or Assistant Principal, or any equivalent administrative position and any employees, student teachers or volunteers performing duties for the Named Insured or the Board of Education, but only while acting within the scope of the person's duties as such;

(b) the term **Loss** shall mean such monetary amounts paid by the **Insured** and unreimbursed by any other source;

(1) incurred in the defense of a **Claim**, suit or charge against the **Insured** as set out in SECTION I of this Coverage B;

(2) as premiums on bonds to release attachments and appeal bonds, limited to that portion of such bond that does not exceed the limit of liability of this policy, but without any obligation to apply for or furnish such bonds;

(3) as costs taxed against the **Insured** in any **Claim**, suit or charge as set out in SECTION I of this Coverage B.

(4) as attorney fees of a prevailing party in any **Administrative Law Proceeding** awarded or taxed against any **Insured**.

(c) the term **Claim** means: a written notice of legal process, or that a written demand for money or services has been made against the **Insured**.

**Claim** shall not include: any action arising out of:

(1) a collective bargaining agreement;

(2) A complaint or filing with the Public Employment Relations Commission;

(3) A complaint or filing with the School Ethics Commission;

(d) the term **Administrative Law Proceeding** shall mean Petition for Due Process/Emergent Relief filed with the New Jersey Department of Education ; and actions filed with Equal Employment Opportunity Commission, New Jersey Division of Civil Rights, Commissioner of Education of New Jersey, or the United States Department of Education.

THE DEFINITIONS USED IN THIS COVERAGE B DO NOT APPLY TO COVERAGE A.

## SECTION IV

OPTION TO EXTEND CLAIMS REPORTING PERIOD: If the Named Insured does not renew this policy under this Coverage B after complying with all terms and conditions thereof, including payment of all premiums or deductibles when due, or if the Insurer shall cancel or refuse to renew this policy for reasons other than the **Insured**'s non-payment of premiums or deductibles or non-compliance with the terms and conditions of this policy, this policy shall be extended automatically to apply, at no additional cost to **Claim** first made against the **Insured** during the policy period and reported to the Insurer during the 60 days immediately following the effective date of such termination, but only by reason of any negligent act, error, omission, misstatement, or misleading statement in professional services first committed or alleged to have been committed before such termination date and otherwise covered by this insurance. The limit of liability, if any, applicable to such 60 day period shall be equal to the amount of coverage remaining at the end of the last policy period.

In addition, the Named Insured shall have the option to purchase a 12 or 24 month Extension Period that shall take effect on the effective date of cancellation or nonrenewal of this policy. The Named Insured shall have the option to extend the insurance afforded by this policy under this Coverage B subject otherwise to its terms, limits of liability, exclusions and conditions, to apply to a **Claim** first made against the **Insured** and reported to the Insurer during the 12 or 24 month Extension Period following immediately upon the effective date of such termination, but only by reason of any negligent act, error, omission, misstatement, or misleading statement in professional services first committed or alleged to have been committed before such termination date and otherwise covered by this insurance. The extension of coverage for **Claims** made subsequent to termination of this policy shall be endorsed thereto, if purchased, and shall hereinafter be referred to as the "Extension Period".

The premium for the Extension Period shall be 100% of the annual premium charged the Named Insured for the expiring insurance under this Coverage B for the 12 month Extension Period. The premium for the Extension Period shall be 150% of the annual premium charged the Named Insured for the expiring insurance under this Coverage B for the 24 month Extension Period.

As a condition precedent to the Named Insured's right to exercise the aforesaid option, the full premium and any deductibles that are due must have been paid and the Named Insured must also be purchasing the Extension Period under Coverage A of this policy.

The Named Insured's right to purchase the Extension Period must be exercised by notice in writing not later than sixty (60) days after the cancellation or termination of this policy. Effective notice must include payment of premium for such period as well as all deductibles due the Insurer.

If such notice, premium and deductible payment are not so given to the Insurer, the **Insured** shall not at a later date be able to exercise such rights.

At the commencement of the Extension Period, the entire premium therefore shall be deemed earned, and in the event the Named Insured terminates the Extension Period before its term for any reason, the Insurer shall not be liable to return to the **Insured** any portion of the Premium for the Extension Period.

Any change in the premium for, or in the limit, conditions, or terms of this policy shall not be deemed a refusal to renew this policy.

## COMMON CONDITIONS

The following common conditions apply to both Coverages A and B.

### SECTION I

PREMIUM: The Named Insured shall pay the Insurer annual premium in an amount stated in the Declarations as respects Coverage A and Coverage B and the payment of such premium shall be a condition precedent to any coverage under this policy. The annual premium may be adjusted with respect to any renewals.

### SECTION II

POLICY PERIOD: This policy applies only to any **Claim** first made or charges filed against the **Insured** and reported to the Insurer during the policy period. Each policy period shall be the period shown in the Declarations of this policy. This policy may be renewed for successive policy periods of twelve months. If the policy is renewed, then the Named Insured must give the Insurer written notice of any **Claim**, with full details, as soon as practicable after it is first made and in no event later than sixty (60) days after the expiration date of the policy period. Each policy period shall begin and end at 12:01 a.m. standard time at the address of the Named Insured.

## SECTION III

NOTICE: THE **INSURED** MUST GIVE PROMPT NOTICE IN WRITING TO THE INSURER OF:

(a) Any **Claim** made and of any action or suit commenced against the **Insured**, and

(b) any proceeding, event, or development which might result in a **Claim** against the **Insured**;

and shall forward promptly to the Insurer, or the Insurer's designee, copies of such pleadings and reports as may be requested by the Group. BUT IN NO EVENT SHALL SUCH A **CLAIM**, PROCEEDING, EVENT OR DEVELOPMENT BE SUBJECT TO COVERAGE UNDER THIS POLICY IF NOTICE IS GIVEN TO THE INSURER AFTER THE TERMINATION DATE, OR THE LAST DAY OF THE EXTENSION PERIOD, IF APPLICABLE, OF THIS POLICY. The **Insured** shall cooperate with the Group.

## SECTION IV

MERGERS AND CONSOLIDATIONS: In the event of any merger, consolidation or amalgamation involving the Named Insured and any other school district or similar entity, the Named Insured shall notify the Insurer of such change prior to the date of such change. There shall be no coverage under this policy for any newly created entity or newly acquired entity, until such entity has been specifically accepted for coverage in writing, and the appropriate premium determined by the Insurer.

## SECTION V

OTHER INSURANCE: If, but for the insurance afforded by this policy, the **Insured** would have other insurance against a **Loss** otherwise covered hereby, the insurance afforded by this policy shall be excess over such other insurance.

## SECTION VI

SUBROGATION: In case of payment of **Loss** by the Insurer hereunder, the Insurer shall be subrogated to the amount of such payment to the **Insured's** right of recovery against any other person or organization for such **Loss**, and the **Insured** shall execute all papers required, and shall cooperate with the Insurer to secure such rights.

Any recovery (after expenses) shall be used to reduce the **Loss**, and so much of such recovery shall be paid to the Insurer as will reduce the **Loss** ultimately borne by the Insurer to what it would have been had the recovery preceded any payment of such **Loss** by the Insurer.

## SECTION VII

CHANGES: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or keep the Insurer from asserting any right under the terms of this policy, nor shall the terms .of this policy be waived or changed, except by endorsements issued to form a part of this policy.

## SECTION VIII

ASSIGNMENT: No assignment of interest under this policy shall be valid unless the written consent of the Insurer is endorsed hereon.

## SECTION IX

ACTION AGAINST INSURER: No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this policy nor until the amount of the **Insured's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the claimant and the Insurer.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recovery under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Insurer as a party to any action against the **Insured** to determine the **Insured**'s liability, nor shall the Insurer be impeded by the **Insured** or his legal representative. Bankruptcy or insolvency of the **Insured** or of the **Insured**'s estate shall not relieve the Insurer of any of its obligations hereunder.

## SECTION X

TERMINATION AND/OR WITHDRAWAL OF GROUP MEMBERS:

(a) A member school district must remain in the GROUP for the full term of membership unless earlier termination for nonpayment of assessments or continued non-compliance after written notice to comply with the GROUP'S Bylaws, Risk Management standards, or other reason(s) acceptable to the Commissioner of Banking and Insurance. However, such member school district shall not be deemed terminated until:

1. The Group gives by registered or certified mail, return receipt requested to the member a written notice of its intention to terminate the member and the reasons for said termination in thirty (30) days; and
2. Like notice shall be filed with the Department of Banking and Insurance, together with a certified statement that the notice provided for above has been given; and
3. Thirty (30) days have elapsed after the filing required by "a" above.

(b) A member of the GROUP that does not desire to continue as a member after the expiration of its membership term shall give written notice of its intent ninety days before the expiration of term period. The GROUP shall immediately notify the Department of Insurance that the member has given notice to leave the GROUP.

(c) A member of the GROUP that did not approve any amendment of the GROUP Bylaws approved pursuant to *N.J.S.A.* 18A: 18B-4, and desiring to withdraw from the GROUP pursuant to *N.J.S.A.* 18A:-18B-4b (8) (d), shall provide written notice of its intent to withdraw ninety days prior to its withdrawal. The GROUP shall immediately notify the Department of Insurance of all members that have given notice of withdrawal from the GROUP.

(d) A member that has been terminated or does not continue as a member of the GROUP shall remain jointly and severally liable for claims incurred by the GROUP and its member during the period of its membership, including, but not limited to being subject to and liable for supplemental assessments. A terminated or withdrawn member shall remain eligible for all dividends and refunds earned during the period of its membership.

(e) The GROUP shall immediately notify the Department of Insurance if the termination or withdrawal of a member causes the GROUP to fail to meet any of the requirements of P.L. 1983, c. 108 or any other law or regulation of the State of New Jersey. Within fifteen (15) days of such notice, the GROUP shall advise the Department of Insurance of its plan to bring the GROUP into compliance.

(f) A GROUP member is not relieved of the **Claims** incurred during its period of membership except through payment by the Insurer or member of those **Claims**.

(g) A terminated or withdrawing member shall provide security in a form and amount acceptable to the Commissioner or Trustees, as applicable.

## SECTION XI

DECLARATIONS AND APPLICATION: By acceptance of this policy, the Named Insured agrees that the statements in the Declarations and Application are its agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy with a copy of the application attached embodies all agreements existing between the Named Insured and the Insurer or any of its agents relating to this insurance.

IN WITNESS WHEREOF, the Insurer has caused the signatures of its Executive Officers to be affixed hereto, and has caused this policy to be countersigned by an authorized representative of the Insurer.

## SECTION XII

RETROACTIVE DATE: If a retroactive date is shown in the declarations, then coverage will be provided for **Claims** occurring subsequent to the retroactive date and reported during this policy term. Coverage will be subject to the policy terms and conditions of the prior policy or policies, Plan of Risk Management or other coverage document. Coverage will also be subject to and may be limited by the terms and conditions of this policy, but in no event will a **Claim** be covered if excluded by the terms and conditions of this policy.