

D & O Insurance
Anti-Trust Deductible Reserve
Two-Part Funding Proposal

As of December 31, 2014,
assuming no D&O A-T claim,
approximately \$28,000 of the
\$75,000 D&O anti-trust deductible
will be funded. This will leave a
shortage of approximately \$47,000.

PART 1 FUNDING

\$20,000 “Leftover” Legislative Affairs account bal.
\$22,000 “Earmark” in the 2015 Legal Expense
Budget (\$37K total anticipated budget
amount which includes \$15K for counsel).
\$5,000 Move from existing Legal Reserve fund
which should be \$55K on Dec. 31, 2014
+ _____ (which will leave a Legal Reserve of \$50K).
\$47,000 =Fully Funded D&O “A-T” Reserve 1-1-16

NOTE: The D&O Participants would continue to pay their annual 10% D&O reserve funding charge in 2015 (approximately a total of \$8K, based on an annual D&O premium of \$80,000) as a precautionary additional funding mechanism.

PART 2 CONTINGENCY FUNDING

Any shortage in the D&O anti-trust deductible during 2015 would be assessed pro-rata against each Affiliate in the same proportion as that Affiliate's dues are to the total NHBPA dues amount.

See the example on the next slide.

Example:

Assume there is a D&O A-T claim in the Spring of 2015 and so NHBPA needs to pay the \$75K D&O A-T deductible, and assume there is only \$55K in the D&O A-T reserve leaving a shortage of \$20K. **SO:** If an Affiliate's annual dues were \$47,000, and the total NHBPA dues are \$480,000, This particular Affiliate would be assessed \$1,960. ($\$47,000$ divided by $\$480,000$ equals 9.8% and 9.8% of $\$20,000$ equals $\$1,960$).