

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).