

*Policy Declarations*

**NOTICE: THE LIABILITY COVERAGE PARTS ARE WRITTEN ON A CLAIMS-MADE BASIS. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD. THE LIMITS OF LIABILITY CAN BE COMPLETELY EXHAUSTED BY DEFENSE EXPENSES AND DEFENSE EXPENSES WILL BE APPLIED AGAINST THE RETENTION. THE INSURER WILL HAVE NO LIABILITY FOR DEFENSE EXPENSES OR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT IN EXCESS OF THE APPLICABLE LIMIT OF LIABILITY.**

PLEASE READ THE ENTIRE POLICY CAREFULLY.

**Policy Number**

LHE-A944331-05

**The Hanover Insurance Company**

440 Lincoln Street  
Worcester, Massachusetts 01653  
(A Stock Insurance Company, herein called the **Insurer**)

**Item 1. NAMED INSURED AND ADDRESS**

TOWN OF CANTON  
4 MARKET ST  
COLLINSVILLE, CT 06022

**Item 2. POLICY PERIOD**

Inception Date: 07/01/2021 Expiration Date: 07/01/2022  
(12:01 AM standard time at the address shown in Item 1)

**Item 3. COMBINED POLICY AGGREGATE LIMIT OF LIABILITY:  YES  NO**

If "Yes" is checked above the Combined Policy Aggregate Limit of Liability for all **Claims** under all **Liability Coverage Parts** is N/A

**Item 4. COVERAGE PARTS APPLICABLE TO THIS POLICY**

<u>Coverage Part</u>	<u>Yes</u>	<u>No</u>
Directors & Officers and Entity Liability Coverage Part	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Employment Practices Liability Coverage Part	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fiduciary Liability Coverage Part	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cyber Privacy & Security Coverage Part	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Crime Coverage Part	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Kidnap & Ransom Coverage Part	<input type="checkbox"/>	<input checked="" type="checkbox"/>

*Policy Declarations*

**Item 5. COVERAGE PREMIUM** \$8,901.00  
**Total Amount:** N/A  
**\$8,901.00**

**Item 6. ENDORSEMENTS EFFECTIVE AT INCEPTION:** See Schedule of Forms attached.

**Item 7. NOTICE TO INSURER**  
Report a claim to the Company as required to:

The Hanover Insurance Company  
P.O. Box 15145  
Worcester, MA 01615

**National Claims Telephone Number:** 800-628-0250

**Facsimile:** 800-399-4734


**Email:** firstreport@hanover.com

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**Agent on behalf of:** CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY  
545 LONG WHARF DR FL 8  
NEW HAVEN CT 06511

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We have caused this Policy to be signed by our President and Secretary and countersigned where required by a duly authorized agent of the Company.



John C. Roche, President



Charles F. Cronin, Secretary

***THIS IS A CLAIMS-MADE COVERAGE WITH DEFENSE EXPENSES INCLUDED IN THE LIMIT OF LIABILITY.  
PLEASE READ THE POLICY CAREFULLY.***

In consideration of the premium paid, in reliance upon the statements in the **Application** and subject to the Declarations, limitations, conditions, definitions and other provisions of this Policy, including endorsements hereto, the **Insurer** and the **Insureds** agree as follows:

### I. COMMON TERMS AND CONDITIONS

The Common Policy Terms and Conditions of this Policy shall apply to all Coverage Parts. Unless stated to the contrary in any Coverage Part, the terms and conditions of each Coverage Part of this Policy shall apply only to that Coverage Part and shall not apply to any other Coverage Part of this Policy. If any provision in this Common Policy Terms and Conditions is inconsistent or in conflict with the terms and conditions of any Coverage Part, the terms and conditions of such Coverage Part shall control for purposes of that Coverage Part. Any defined term referenced in this Common Policy Terms and Conditions and also defined in a Coverage Part shall, for purposes of coverage under that Coverage Part, have the meaning set forth in that Coverage Part, unless otherwise stated.

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### II. DEFINITIONS

**Application** means:

- A. Any portion of an application given to the **Insurer** for this Policy including any attachments, written information and materials provided to the **Insurer** by or on behalf of an **Insured** for the purposes of the **Insurer's** underwriting of this Policy; and
- B. Any warranty provided to the **Insurer** within the past three years in connection with any coverage part or policy of which this Policy is a renewal or replacement.

**Claim** shall have the meaning as defined in the applicable Coverage Part.

**Defense Expenses** shall have the meaning as defined in the applicable Coverage Part.

**Executive** means any natural person who is, was, or shall become:

- A. A duly-elected or appointed director, officer, manager, in-house general counsel, or trustee of the **Insured Entity**;
- B. A duly elected or appointed manager or member of a Board of Managers of a Limited Liability Company, boards, committees or other units operated under the **Insured Entity's** charter or with the **Insured Entity's** written approval; or
- C. Any person holding an equivalent position to those described in A. and B. above in any **Insured Entity** incorporated, formed or organized anywhere in the world.

**Insured** shall have the meaning as defined in the applicable Coverage Part.

**Insured Entity** means the **Named Insured** and any **Subsidiary**.

**Insured Individual** shall have the meaning as defined in the applicable Coverage Part.

**Insurer** means the entity issuing this Policy as designated in the Policy Declarations.

**Liability Coverage Part** means individually or collectively: the Directors, Officers and Entity Liability, Employment Practices Liability and Fiduciary Liability Coverage Parts; and Insuring Agreements A. Privacy and Security Liability and B. Cyber Media Liability of the Cyber Privacy and Security Coverage Part, if purchased and as set forth in Item 4. of the Policy Declarations.

**Loss** shall have the meaning as defined in the applicable Coverage Part.

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**Named Insured** means the entity designated in Item 1. of the Policy Declarations.

**Non-Liability Coverage Part** means individually or collectively:

- A. The Crime Coverage Part and Kidnap & Ransom Coverage Part; and
- B. Insuring Agreements C. through I. of the Cyber Privacy and Security Coverage Part;

If purchased and as set forth in Item 4. of the Policy Declarations.

**Policy Period** means the period of time from the inception date shown in Item 2. of the Policy Declarations to the earlier of the expiration date shown in Item 2. of the Policy Declarations or the effective date of termination of this Policy.

**Pollutants** means any solid, liquid, gaseous or thermal irritants or contaminants, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**Related Claims** means all **Claims** based upon, arising from or in any way related to the same facts, circumstances, situations, transactions, results, damage or events or the same series of facts, circumstances, situations, transactions, results, damage or events.

**Related Wrongful Act** shall have the meaning as defined in the applicable Coverage Part.

**Subsidiary** means:

- A. Any entity in which an **Insured Entity** owns more than fifty percent (50%) of the outstanding securities representing the right to vote for election of or to appoint directors, trustees, managers, member of the Board of Managers or equivalent positions of such entity are owned or controlled by the **Named Insured**, directly or through one or more **Subsidiaries**;
- B. Any entity while:
  - 1. Exactly fifty percent (50%) of the securities representing the right to vote for election of or to appoint directors, trustees, managers, members of the Board of Managers, or equivalent positions of such entity are owned, or controlled by the **Named Insured**, directly or through one or more **Subsidiaries**; and
  - 2. The **Named Insured**, pursuant to a written contract with the owners of the remaining and outstanding voting stock of such entity, solely controls the management and operation of such entity; or
- C. Any foundation or charitable trust while such entity is controlled by the **Named Insured**.

Coverage shall apply to a **Subsidiary** only during the time it qualifies as a **Subsidiary**.

**Wrongful Act** shall have the meaning as defined in the applicable Coverage Part.

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### III. EXCLUSIONS

This insurance does not apply to **Loss** for any **Claim**:

A. Pollution

Based upon, arising out of or in any way related to:

The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants**;

- 1. **Loss**, cost or expense arising out of any request, demand, order or statutory or regulatory requirement that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **Pollutants**; or
  - 2. Any regulation, direction, request or order by or on behalf of a governmental authority to test for, monitor, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **Pollutants**.
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### B. Nuclear

Based upon, arising out of or in any way related to the radioactive, toxic, or explosive properties of nuclear material which includes, but is not limited to, Source Material, Special Nuclear Material and Byproduct Material as those terms are defined in the Atomic Energy Act of 1954 and any amendments thereto, and any similar provisions of any federal, state or local statutory or common law.

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## IV. LIMIT OF LIABILITY

- A. If the Combined Policy Aggregate Limit of Liability in Item 3. of the Policy Declarations is elected, the amount stated shall be the **Insurer's** maximum liability for all **Loss** during the **Policy Period** arising from a **Claim** or **Related Claims** under one or more **Liability Coverage Parts** combined. However, any **Loss** paid under a **Liability Coverage Part** shall not exceed the Maximum Aggregate Limit of Liability stated in Item 3. of the respective Coverage Part Declarations.
  - B. If the Combined Policy Aggregate Limit of Liability in Item 3. of the Policy Declarations is not elected, the **Insurer's** maximum liability for all **Loss** during the **Policy Period** arising from a **Claim** or **Related Claims** under each **Liability Coverage Part** shall not exceed the Maximum Aggregate Limit of Liability stated in Item 3. of the respective Coverage Part Declarations.
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## V. SPOUSES, DOMESTIC PARTNERS, ESTATES AND LEGAL REPRESENTATIVES

Solely with respect to the **Liability Coverage Parts**, coverage shall extend to:

- A. A lawful spouse or domestic partner, as defined under any applicable federal, state or local law, of an **Insured Individual** solely by reason of such person's status as spouse or domestic partner or such person's ownership interest in property which the claimant seeks as recovery from an **Insured Individual**;
- B. The estate, heirs, legal representatives or assigns of an **Insured Individual** if such **Insured Individual** is deceased, legally incompetent, insolvent or bankrupt.

Coverage shall not apply to **Loss** for **Claims** for any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by an **Insured Individual's** spouse, domestic partner, heir, estate, legal representative or assigns.

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## VI. RELATED CLAIMS

With respect to the **Liability Coverage Parts** all **Related Claims** will be considered as a single **Claim** made in the **Policy Period** or Extended Reporting Period in which the earliest of such **Related Claims** was first made or first deemed to have been made pursuant to the applicable Coverage Part. All **Related Claims** are subject to the Limits of Liability, Retention and other terms and conditions applicable to the earliest **Related Claim**.

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## VII. LEGAL PROCEEDINGS

- A. No individual or entity has a right under this Policy to join the **Insurer** as a party or otherwise bring us into a suit asking for damages from an **Insured** or to sue the **Insurer** on this Policy unless all of its terms have been fully complied with.
  - B. An individual or entity may sue us to recover on an agreed settlement or on a final judgment against an **Insured** but the **Insurer** will not be liable for damages that are not payable under the terms of this Policy or
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that are in excess of the applicable Limit of Liability. An agreed settlement means a settlement and release of liability signed by us, the **Insured** and the claimant or the claimant's legal representative.

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### VIII. CHANGE IN CONTROL OR EXPOSURE

#### A. Acquisition of the **Named Insured**

If during the **Policy Period**:

1. Another individual, entity or group of individuals or entities acquires more than fifty percent (50%) of the assets of the **Named Insured**; or
2. Another individual, entity or group of individuals or entities acquires more than fifty percent (50%) of outstanding securities representing the right to vote for the election of directors, trustees, members of the Board of Managers or management committee members of the **Named Insured**;
3. The **Named Insured** consolidates or merges with another entity and the **Named Insured** is not the surviving entity; or
4. The **Named Insured** emerges from bankruptcy on an effective date stated in the plan of reorganization;

Then the applicable coverage under this Policy with respect to:

- a. **Liability Coverage Parts** shall continue until the termination or expiration of the **Policy Period** but only for **Claims** for a **Wrongful Act** which occurs prior to the transaction date of such event;
- b. **Non-Liability Coverage Parts** shall terminate as of the transaction date of such event.

The **Named Insured** shall notify the **Insurer** of such transaction as soon as practicable but no later than sixty (60) days after the effective date of the transaction, and provide such additional information as the **Insurer** requires.

#### B. Cessation of Subsidiaries

If before or during the **Policy Period** an **Insured Entity** ceases to be a **Subsidiary** then coverage for such **Subsidiary** and its **Insureds** shall continue until termination or expiration of this **Policy Period** but only for **Claims** for **Wrongful Acts** prior to the date such entity ceased to be a **Subsidiary**.

#### C. Acquisition of Another Organization

If before or during the **Policy Period** the **Insured Entity** acquires the voting rights of another entity such that the acquired entity becomes a **Subsidiary**, then coverage for such **Subsidiary** and its **Insureds** shall be provided but only for **Claims** for **Wrongful Acts** after the date such entity became a **Subsidiary**.

If during the **Policy Period** the **Insured Entity** acquires another entity and at the time of such acquisition the entity becomes a **Subsidiary** (or would have but for its absorption into the **Insured**) and the total assets of the acquired entity exceeded twenty five percent (25%) of the **Insured Entity** as of the beginning of the **Policy Period**, then the **Named Insured** shall agree to any amendments to the terms of this Policy, including, but not limited to, any additional premium the **Insurer** may require.

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### IX. SUBROGATION

In the event of any payment under this Policy, the **Insurer** shall be subrogated to the extent of such payment to all of the **Insured's** rights of recovery. The **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights, including the execution of such documents necessary to enable

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the **Insurer** to effectively bring suit or otherwise pursue subrogation rights in the name of the **Insureds**, and shall do nothing to prejudice or compromise such rights without the **Insurer's** express written consent.

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### X. OTHER INSURANCE

If other valid and collectible insurance (other than a policy that is issued specifically as excess of this Policy) is available to the **Insured** for loss covered under this Policy, then the insurance provided by this Policy shall be excess of such other insurance regardless of whether or not such insurance is primary, contributory, excess, contingent or otherwise.

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### XI. TERRITORY

This Policy applies anywhere in the world.

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### XII. TERMINATION OF POLICY

This Policy will terminate upon:

- A. Twenty (20) days after the receipt by the **Named Insured** of a written notice of termination from the **Insurer** based upon nonpayment of premium, unless such premium is paid within such twenty (20) day period;
  - B. Receipt by the **Insurer** of written notice of termination from the **Named Insured**;
  - C. Expiration of the **Policy Period**; or
  - D. A date agreed upon by the **Insurer** and the **Named Insured**.
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### XIII. BANKRUPTCY

Bankruptcy of an **Insured** shall not relieve the **Insurer** of its obligations under this Policy.

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### XIV. VALUATION AND FOREIGN CURRENCY

All premiums, Limits, Retentions, and other amounts are expressed and payable in the currency of the United States of America. If a judgment is rendered, a settlement is denominated or another element of loss under this Policy is stated in a currency other than the United States of America dollars, then payment under this Policy shall be made in United States of America dollar equivalent determined by the rate of exchange published in the *Wall Street Journal* on the date the judgment becomes final, the amount of the settlement is agreed upon or any element of loss is due, respectively.

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### XV. ROLE OF NAMED INSURED

By accepting this Policy, the **Named Insured** agrees that it is authorized to, and will act on behalf of all **Insureds** with respect to any rights provided under this Policy and each **Insured** agrees that the **Named Insured** shall act on its behalf with respect to all such matters.

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### XVI. TITLES AND HEADINGS

The titles and headings in this Policy are solely for convenience and form no part of the terms and conditions of coverage.

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### XVII. CONFORMANCE TO LAW AND TRADE SANCTIONS

Coverage under this Policy does not apply to the extent trade, economic sanction, insurance or other laws or regulations prohibit the **Insurer** from providing insurance. The terms of this Policy which are in conflict with the statutes of the state in which this Policy is issued are amended to conform to those statutes.

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### XVIII. NOTICE

- A. Notice to the **Insurer** of any **Claim**, Compliance Resolution Notice or circumstances under any **Liability Coverage Part** or any notice under any **Non-Liability Coverage Part** shall be deemed notice under the Policy in its entirety
  - B. All notices to the **Insurer** under this Policy of any **Claim**, Compliance Resolution Notice or circumstances under any **Liability Coverage Part** or notice under any **Non-Liability Coverage Part** shall be deemed notice under the Policy in its entirety and shall be given in writing to the **Insurer** at the address shown in Item 7. of the Policy Declarations.
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### XIX. RESCINDABILITY

The **Insurer** shall not be entitled under any circumstances to void or rescind this Policy with respect to any **Insured**.



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## U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this policyholder notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this notice carefully.**

The Office of Foreign Assets Control ("OFAC") administers and enforces sanctions policy, based on Presidential Declarations of National Emergency.

OFAC has identified and listed numerous foreign agents, front organizations, terrorists, terrorists organizations, and narcotic traffickers as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site: <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated United States sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC.

Other limitations on the premiums and payments also apply.

## **CUSTOMER NOTICE OF PRIVACY POLICY AND PRODUCER COMPENSATION PRACTICES DISCLOSURES—PRIVACY POLICY DISCLOSURE**

### **Collection of Information**

We collect personal information so that we may offer quality products and services. This information may include, but is not limited to, name, address, Social Security number, and consumer reports from consumer reporting agencies in connection with your application for insurance or any renewal of insurance. For example, we may access driving records, insurance scores or health information. Our information sources will differ depending on your state and/or the product or service we are providing to you. This information may be collected directly from you and/or from affiliated companies, non-affiliated third parties, consumer reporting agencies, medical providers and third parties such as the Medical Information Bureau.

We, and the third parties we partner with, may track some of the web pages you visit through cookies, pixel tagging or other technologies. We currently do not process or comply with any web browser's "do not track" signals or similar mechanisms that request us to take steps to disable online tracking. For additional information regarding online privacy, please see our online privacy statement, located at [www.hanover.com](http://www.hanover.com).

### **Disclosure of Information**

We may disclose non-public, personal information you provide, as required to conduct our business and as permitted or required by law. We may share information with our insurance company affiliates or with third parties that assist us in processing and servicing your account. We also may share your information with regulatory or law enforcement agencies, reinsurers and others, as permitted or required by law.

Our insurance companies may share information with their affiliates, but will not share information with non-affiliated third parties who would use the information to market products or services to you.

Our standards for disclosure apply to all of our current and former customers.

### **Safeguards to Protect Your Personal Information**

We recognize the need to prevent unauthorized access to the information we collect, including information held in an electronic format on our computer systems. We maintain physical, electronic and procedural safeguards intended to protect the confidentiality and integrity of all non-public, personal information, including but not limited to social security numbers, driver's license numbers and other personally identifiable information.

### **Internal Access to Information**

Access to personal, non-public information is limited to those people who need the information to provide our customers with products or services. These people are expected to protect this information from inappropriate access, disclosure and modification.

### **Consumer Reports**

In some cases, we may obtain a consumer report in connection with an application for insurance. Depending on the type of policy, a consumer report may include information about you or your business, such as:

- character, general reputation, personal characteristics, mode of living;
  - credit history, driving record (including records of any operators who will be insured under the policy); and/or
  - an appraisal of your dwelling or place of business that may include photos and comments on its general condition.
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**Access to Information**

Upon written request, we will inform you if we have ordered an investigative consumer report. You have the right to make a written request within a reasonable period for information concerning the nature and scope of the report and to be interviewed as part of its preparation. You may obtain a copy of the report from the reporting agency and, under certain circumstances, you may be entitled to a copy at no cost.

You also may review certain information we have about you or your business in our files. To review information we maintain in our files about you or your business, please write to us, providing your complete name, address and policy number(s), and indicating specifically what you would like to see. If you request actual copies of your file, there may be a nominal charge.

We will tell you to whom we have disclosed the information within the two years prior to your request. If there is not a record indicating that the information was provided to another party, we will tell you to whom such information is normally disclosed.

There is information that we cannot share with you. This may include information collected in order to evaluate a claim under an insurance policy, when the possibility of a lawsuit exists. It may also include medical information that we would have to forward to a licensed medical doctor of your choosing so that it may be properly explained.

**Correction of Information**

If after reviewing your file you believe information is incorrect, please write to the consumer reporting agency or to us, whichever is applicable, explaining your position. The information in question will be investigated. If appropriate, corrections will be made to your file and the parties to whom the incorrect information was disclosed, if any, will be notified. However, if the investigation substantiates the information in the file, you will be notified of the reasons why the file will not be changed. If you are not satisfied with the evaluation, you have the right to place a statement in the file explaining why you believe the information is incorrect. We also will send a copy of your statement to the parties, if any, to whom we previously disclosed the information and include it in any future disclosures.

**Our Commitment to Privacy**

In the insurance and financial services business, lasting relationships are built upon mutual respect and trust. With that in mind, we will periodically review and revise our privacy policy and procedures to ensure that we remain compliant with all state and federal requirements. If any provision of our privacy policy is found to be non-compliant, then that provision will be modified to reflect the appropriate state or federal requirement. If any modifications are made, all remaining provisions of this privacy policy will remain in effect. For more detailed information about our customer privacy policy (including any applicable state-specific policies) and our online privacy statement, visit our Web site, located at [www.hanover.com](http://www.hanover.com).

**Further Information**

If you have questions about our customer privacy policy (including any applicable state-specific policies) or our online privacy statement, or if you would like to request information we have on file, please write to us at our Privacy Office, N435, The Hanover Insurance Group, Inc., 440 Lincoln Street, Worcester, MA 01653. Please provide your complete name, address and policy number(s). A copy of our Producer Compensation Disclosure is also available upon written request addressed to the attention of the Corporate Secretary, N435, The Hanover Insurance Group, 440 Lincoln Street, Worcester, MA 01653.

**Producer Compensation Disclosure**

Our products are sold through independent agents and brokers, often referred to as "Producers." We may pay Producers a fixed commission for placing and renewing business with our company. We may also pay additional commission and other forms of compensation and incentives to Producers who place and maintain their business with us. Details of our Producer compensation practices may be found at [www.hanover.com](http://www.hanover.com).

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## POLICYHOLDER NOTICE

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This notice is being provided on behalf of the following Hanover Companies: The Hanover Insurance Group, Inc. - Allmerica Financial Alliance Insurance Company - Allmerica Financial Benefit Insurance Company - Allmerica Plus Insurance Agency, Inc. - Citizens Insurance Company of America - Citizens Insurance Company of Illinois - Citizens Insurance Company of the Midwest - Citizens Insurance Company of Ohio - Citizens Management, Inc. - AIX Ins. Services of California, Inc.- Campania Insurance Agency Co. Inc. - Campmed Casualty & Indemnity Co. Inc. - Chaucer Syndicates Limited- Educators Insurance Agency, Inc.- Hanover Specialty Insurance Brokers, Inc. - The Hanover American Insurance Company - The Hanover Insurance Company - The Hanover New Jersey Insurance Company - The Hanover National Insurance Company - Hanover Lloyd's Insurance Company - Massachusetts Bay Insurance Company - Opus Investment Management, Inc. - Professionals Direct Insurance Services, Inc. -Professional Underwriters Agency, Inc. - Verlan Fire Insurance Company - Nova Casualty Company - AIX Specialty Insurance Company.



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Coverage Part: Common Policy Terms and Conditions

Endorsement Number: 1

Issued To: TOWN OF CANTON

Policy Number: LHE-A944331-05

Issued By: The Hanover Insurance Company

Effective Date: 07/01/2021

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## SCHEDULE OF FORMS

To be attached to and form part of the Policy Number listed above.

### Common Policy Terms and Conditions

904-1002	05/18	Common Policy Declarations
904-1001	10/15	Common Policy Terms And Conditions
904-7100 PHN	01/14	U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC") Advisory Notice To Policyholders
904-7107 PHN	12/14	Privacy Policy And Producer Compensation Practices Disclosures-Privacy Disclosure
904-1025	01/14	Schedule Of Forms
904-6015	10/17	Connecticut State Amendatory Endorsement

### Fiduciary Liability Coverage Part

907-1002	01/14	Fiduciary Liability Coverage Part Declarations
907-1001	10/15	Fiduciary Liability Coverage Part
907-3027	01/14	Add Benefit Plan
907-5027	01/14	Waiver of Recourse
907-6015	01/14	Connecticut State Amendatory Endorsement

All other terms and conditions remain unchanged. The title and any headings in this endorsement are solely for convenience and form no part of the terms and conditions of coverage.

Coverage Part: Common Policy Terms and Conditions

Endorsement Number: 2

Issued To: TOWN OF CANTON

Policy Number: LHE-A944331-05

Issued By: The Hanover Insurance Company

Effective Date: 07/01/2021

## CONNECTICUT STATE AMENDATORY ENDORSEMENT

In consideration of the premium charged it is agreed that:

A. Section II. Definitions is amended to include:

**Termination of Coverage** means whether made by the **Named Insured** or the **Insurer** at any time:

A. Cancellation or nonrenewal of the Policy;

B. Decrease in limits, reduction in coverage, increased deductible or self-insured retention, new exclusion, or any other change in coverage less favorable to the **Named Insured**.

B. Section V. Spouses, Domestic Partners, Estates and Legal Representatives is amended to include:

A party to a civil union is recognized as a spouse for legal purposes under Connecticut law.

C. Section XII. Termination of Policy is deleted and replaced by:

### **XII. TERMINATION OF POLICY**

A. This Policy will terminate upon:

1. Receipt by the **Named Insured** of a written notice of termination from the **Insurer**, if this Policy has been in effect for less than sixty (60) days with:

a. Ten (10) days notice for:

- 1) Nonpayment of premium, unless such premium is paid within such ten (10) day period. Nonpayment of deductible is not considered nonpayment of premium;
- 2) Conviction of a crime arising out of acts increasing the hazard insured against;
- 3) Discovery of fraud or misrepresentation by the **Named Insured** in obtaining this Policy or in perfecting any **Claim** thereunder;
- 4) Discovery of any willful or reckless act or omission by the **Named Insured** increasing the hazard insured against; or
- 5) A determination by the commissioner that continuation of this Policy would violate or place the **Insurer** in violation of the law.

b. Sixty (60) days notice for any other reason.

2. Receipt by the **Named Insured** of a written notice of termination from the **Insurer**, if this Policy has been in effect for sixty (60) days or more for only one of the following reasons with:

All other terms and conditions remain unchanged. The title and any headings in this endorsement are solely for convenience and form no part of the terms and conditions of coverage.

Coverage Part: Common Policy Terms and Conditions

Endorsement Number: 2

Issued To: TOWN OF CANTON

Policy Number: LHE-A944331-05

Issued By: The Hanover Insurance Company

Effective Date: 07/01/2021

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- a. Ten (10) days notice for reasons in 1.a.1) through 1.a.5) above;
  - b. Sixty (60) days notice for:
    - 1) A material increase in the hazard insured against; or
    - 2) A substantial loss of reinsurance by the **Insurer** affecting this particular line of insurance.
  3. Receipt by the **Insurer** of written notice of termination from the **Named Insured**;
  4. Expiration of the **Policy Period**; or
  5. A date agreed upon by the **Insurer** and the **Named Insured**.
- B. This Policy may be non-renewed by the **Insurer** by sending written notice to the **Named Insured** not less than sixty (60) days prior to the expiration of the **Policy Period**. If the notice of nonrenewal is mailed less than sixty (60) day prior to the expiration date of the Policy, the **Named Insured** will be entitled to:
1. Renewal of the Policy for another year, and
  2. The privilege of pro rata cancellation at the lower of the current or previous year's rates if exercised by the **Named Insured** within sixty (60) days from the renewal date or anniversary.
- Renewal of a Policy shall not constitute a waiver or estoppel with respect to grounds for termination which existed before the effective date of such renewal.
- C. Notices of termination or nonrenewal shall be sent by registered mail or certified mail or by mail evidenced by a certificate of mailing to the **Named Insured's** last known address with a statement of the specific reasons for such termination or nonrenewal.
- D. If the **Insurer** intends to renew this Policy under terms or conditions less favorable to the **Insured**, the **Insurer** shall send a conditional renewal notice in the same manner as is required for a notice of non-renewal. The conditional renewal notice shall clearly state or be accompanied by a statement clearly identifying any reduction in coverage limits, coverage provisions added or revised that reduce coverage or increases in deductibles, under the renewal policy.

All other terms and conditions remain unchanged. The title and any headings in this endorsement are solely for convenience and form no part of the terms and conditions of coverage.



### Fiduciary Declarations

**NOTICE: THIS COVERAGE PART IS WRITTEN ON A CLAIMS-MADE BASIS. SUBJECT TO ITS TERMS, THIS COVERAGE PART APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD. THE LIMITS OF LIABILITY CAN BE COMPLETELY EXHAUSTED BY DEFENSE EXPENSES AND DEFENSE EXPENSES WILL BE APPLIED AGAINST THE RETENTION. THE INSURER WILL HAVE NO LIABILITY FOR DEFENSE EXPENSES OR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT IN EXCESS OF THE APPLICABLE LIMIT OF LIABILITY.**

PLEASE READ THE ENTIRE POLICY CAREFULLY.

#### Policy Number

LHE-A944331-05

#### The Hanover Insurance Company

440 Lincoln Street  
Worcester, Massachusetts 01653  
(A Stock Insurance Company, herein called the **Insurer**)

#### Item 1. NAMED INSURED

TOWN OF CANTON  
4 MARKET ST  
COLLINSVILLE, CT 06022

#### Item 2. POLICY PERIOD

Inception Date: 07/01/2021 Expiration Date: 07/01/2022  
(12:01 AM standard time at the address shown in Item 1)

#### Item 3. LIMITS OF LIABILITY FOR THIS COVERAGE PART

Maximum Aggregate Limit of Liability:	\$3,000,000
Compliance Resolution Coverage:	\$250,000
ERISA Section 502(c) Penalties:	\$100,000
HIPAA Penalties:	\$100,000

#### Item 4. RETENTIONS

Insuring Agreement I.A.	\$10,000 Each <b>Claim</b>
Insuring Agreement I.B.	\$0 Each <b>Claim</b>

#### Item 5. PRIOR & PENDING PROCEEDINGS DATE

Insuring Agreement I.A.	06/15/2007
Insuring Agreement I.B.	06/15/2007

#### Item 6. EXTENDED REPORTING PERIOD





# Private Company Advantage

## Fiduciary Liability Coverage Part

### Fiduciary Declarations

Percentage of Annualized Premium:	25%
Additional Period:	12 Months
<b>Item 7. PREMIUM FOR COVERAGE PART</b>	<b>\$8,901.00</b>

We have caused this Policy to be signed by our President and Secretary and countersigned where required by a duly authorized agent of the Company.

John C. Roche, President

Charles F. Cronin, Secretary

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**THIS IS A CLAIMS-MADE COVERAGE WITH DEFENSE EXPENSES INCLUDED IN THE LIMIT OF LIABILITY.  
PLEASE READ THE POLICY CAREFULLY.**

In consideration of the premium paid, in reliance upon the statements in the **Application** and subject to the Declarations, limitations, conditions, definitions and other provisions of this Policy, including endorsements hereto, the **Insurer** and the **Insureds** agree as follows:

**I. INSURING AGREEMENTS**

A. Fiduciary Liability Coverage

The **Insurer** will pay on behalf of the **Insured**, **Loss** which the **Insured** is legally obligated to pay due to **Claims** first made against the **Insured** during the **Policy Period**, or the Extended Reporting Period if applicable.

B. Compliance Resolution Coverage

The **Insurer** will pay on behalf of the **Insured**, **Compliance Resolution Loss** and **Defense Expenses** in connection with a **Compliance Resolution Notice** first given to the **Insurer** during the **Policy Period**, or the Extended Reporting Period if applicable.

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**II. EXTENDED REPORTING PERIOD**

- A. If the **Insurer** or the **Named Insured** terminates or does not renew this Coverage Part, other than termination by the **Insurer** for nonpayment of premium, then the **Named Insured** shall have the right to purchase an Extended Reporting Period for the period set forth in Item 6. of the Fiduciary Declarations beginning on the effective date of the termination or non-renewal of this Coverage Part. The **Named Insured** must provide a written request for the Extended Reporting Period including payment of the additional premium, as set forth in Item 6. of the Fiduciary Declarations, within thirty (30) days following the effective date of the termination or non-renewal of this Coverage Part. Additional premium paid shall be deemed fully earned as of the first day of the Extended Reporting Period and the Extended Reporting Period may not be cancelled.
- B. If an Extended Reporting Period is purchased, then coverage as provided by this Coverage Part shall be extended to **Claims** first made during such Extended Reporting Period and reported pursuant to Section IX. Reporting of this Coverage Part, but only if such **Claims** are for **Wrongful Acts** which occurred entirely prior to the effective date of the termination or non-renewal of this Coverage Part.

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**III. DEFINITIONS**

**Administration** means:

- A. Providing interpretations and giving counsel to employees, beneficiaries or participants regarding any **Insured Benefit Plan**;
- B. Handling records in connection with any **Benefit Plan**; or
- C. Effecting enrollment, termination or cancellation of employees or participants under any **Benefit Plan**.

**Benefit Plan** means:

- A. Any employee benefit plan, welfare benefit plan or pension benefit plan as defined by, and subject to **ERISA**, other than an Employee Stock Ownership Plan, which is operated solely by an **Insured Entity** or jointly by the **Insured Entity** and a labor entity solely for the benefit of the employees or **Executives** of the **Insured Entity** located anywhere in the world, which existed on or prior to the inception date of this Policy, or subject to Section VIII. Change in Control or Exposure of the Common Policy Terms and Conditions, which is acquired after such inception date.

- B. Any other employee benefit plan or program not subject to **ERISA** which is sponsored solely by the **Insured Entity** for the benefit of employees or **Executives** including any fringe benefit or excess benefit plan located anywhere in the world which existed on or prior to the inception date of this Policy, or subject to Section VIII. Change in Control or Exposure of the Common Policy Terms and Conditions, which is acquired after such inception date.
- C. An Employee Stock Ownership Plan or multi-employer plan but only if specifically scheduled on an endorsement attached to this Policy; or
- D. Any government-mandated insurance program for workers compensation, unemployment, social security or disability benefits for employees of the **Insured Entity**.

**Claim** means:

- A. Written demand received by an **Insured** for monetary or non-monetary relief including injunctive relief;
- B. Civil proceeding commenced by the service of a complaint or similar pleading;
- C. Criminal proceeding commenced by the filing of charges;
- D. Formal administrative or regulatory proceeding commenced by the filing of charges, formal investigative order or similar document including a fact-finding investigation by the Department of Labor, the Pension Benefit Guaranty Corporation or a similar government agency located anywhere in the world;
- E. Arbitration or mediation proceeding commenced by the receipt of a demand for arbitration or mediation or similar document; or
- F. Official request for **Extradition** of an **Insured Individual**;  
against an **Insured** for a **Wrongful Act**, including any appeal therefrom; or
- G. Written request first received by an **Insured** to toll or waive a statute of limitations relating to a potential **Claim** described in A. through F. above.

**Compliance Resolution Loss** means fines, penalties, sanctions, voluntary correction fees, compliance fees or user fees assessed against or **collected** from an **Insured** pursuant to a **Compliance Resolution System** to correct an inadvertent **Insured Benefit Plan** defect under an Employee Plan's **Compliance Resolution System**, including but not limited to the Closing Agreement Program (CAP).

**Compliance Resolution Notice** means, with respect to any **Insured Benefit Plan**, written notice to the **Insurer** of the **Insured's** intent to enter into a **Compliance Resolution System**, provided that the **Insured** had no knowledge of violations prior to the inception of this Policy or the inception date of the first Policy provided by the **Insurer** of which this Coverage Part is a direct or indirect and continuous renewal or replacement.

**Compliance Resolution System** means any voluntary compliance resolution program administered by the U.S. Internal Revenue Service or the U.S. Department of Labor, including the Employee Plan's Compliance Resolution System, the Self Correction Program, the Audit Closing Agreement Plan, the Delinquent Filer Voluntary Compliance program and the Voluntary Fiduciary Correction program, or any similar program administered by a governmental authority anywhere in the world.

**Defense Expenses** means the reasonable and necessary legal fees and expenses including attorney fees and expert fees incurred by the **Insurer** or the **Insured** (other than regular or overtime wages, salaries, fees or benefits of Insured Individuals) in the investigation, defense, settlement and appeal of a **Claim**, including but not limited to cost of consultants and witnesses, premiums for appeal, injunction, attachment or supersedeas bonds regarding such **Claim**.

**Employee** means a natural person whose labor and services is engaged and directed by an **Insured Entity**, and who is on the payroll of the **Insured Entity**, including any part-time, leased, temporary, volunteer or seasonal worker.

**ERISA** means the Employee Retirement Income Security Act of 1974 as amended including amendments relating to the Consolidated Omnibus Budget Reconciliation Act of 1985 and the Health Insurance Portability and Accountability Act of 1996) or any similar federal state, local or common law anywhere in the world, and any rules and regulations promulgated thereunder.

**Extradition** means any formal process initiated by a local, state or national government against an **Insured Individual** to compel the **Insured Individual** to appear for trial or otherwise answer any criminal accusation.

**Insured** means any **Benefit Plan**, **Insured Individual** or **Insured Entity**.

**Insured Individual** means any:

- A. Past, present or future **Executive** or **Employee** of an **Insured Entity**;
- B. Past, present or future employee of a **Benefit Plan**;
- C. Past, present or future natural person trustee of an **Insured Entity** or a **Benefit Plan**.

**Loss** means **Defense Expenses** and the amount the Insured is legally obligated to pay as a result of a **Claim** including:

- A. Monetary judgments, awards or settlements, pre-judgment interest and post-judgment interest, back and front pay, compensatory damages; or
- B. Punitive or exemplary damages or the multiple portion of any multiplied damage award if insurable under the law of the jurisdiction most favorable to the insurability of such damages where such jurisdiction has a substantial relationship to the **Insured**, the **Insurer**, or to the **Claim** giving rise to such damages;

However, **Loss** does not include:

- 1. Any amounts which an **Insured** is obligated to pay as a result of a **Claim** seeking relief or redress for non-monetary damages including injunctive relief;
- 2. Any amount deemed uninsurable under the law pursuant to which this Coverage Part is construed;
- 3. Fines, penalties or taxes, except:
  - a. The five percent (5%) or less, or the twenty percent (20%) or less, fines or penalties imposed under Section 502 (i) and (l) of **ERISA**;
  - b. Civil penalties imposed under Section 502(c) of **ERISA** provided the **Insurer's** maximum limit of liability for all such civil penalties on account of all **Claims** first made during the **Policy Period** shall be the Limit of Liability set forth in Item 3. of the Fiduciary Declarations;
  - c. Civil penalties imposed on an **Insured** for a violation of the privacy provisions of the Health Insurance Portability and Accountability Act of 1996, as amended, provided the **Insurer's** maximum limit of liability for all such civil penalties on account of all **Claims** first made during the **Policy Period** shall be the Limit of Liability set forth in Item 3. of the Fiduciary Declarations;
  - d. Any penalty which constitutes **Compliance Resolution Loss** solely with respect to Insuring Agreement I.B. Compliance Resolution Coverage; or
  - e. Civil penalties imposed by the Pension Ombudsmen appointed by the United Kingdom Secretary of State for Work and Pensions, the United Kingdom Occupational Pensions Regulatory Authority, the Pensions Regulator or any successor thereto, pursuant to the Pension Scheme Act of 1993, the Pensions Act 1995, the Pensions Act 2004 or rules or regulations thereunder. Provided that the funds or assets of the pension scheme will not be used to fund, pay or reimburse the premium for this Coverage Part;
- 4. Any amount which constitutes a benefit due, or which would be due, under any **Benefit Plan** if such **Benefit Plan** complied with applicable law, including loss resulting from the payment of plaintiff attorneys'

fees based upon a percentage of such benefits or payable from a common fund established to pay such benefits, except to the extent that:

- a. The benefits are payable by an **Insured Individual** as a personal obligation arising out of the **Insured Individual's Wrongful Act**; or
- b. The portion of damage, settlement or judgment that represents loss to any **Benefit Plan** and/or to the account of a participant in a **Benefit Plan**, by reason of a change in value of any investments held by such **Benefit Plan** or such account including investments in the securities of an **Insured Entity** regardless of whether such damage, settlement or judgment is characterized by plaintiffs, or held by the courts, to be benefits;
- c. Any amount not indemnified by the **Insured Entity** for which an **Insured Individual** is absolved from payment by reason of any covenant, agreement or court order;
- d. Any amount incurred by an **Insured** in the defense or investigation of any action, proceeding, investigation or demand that was not yet a **Claim** or a **Compliance Resolution Loss**.

**Policy Period** means the period of time from the inception date shown in Item 2. of the Fiduciary Declarations to the earlier of the expiration date shown in Item 2. of the Fiduciary Declarations or the effective date of termination of this Policy.

**Related Claims** means all **Claims** based upon, arising from or in any way related to the same facts, circumstances, situations, transactions, results, damages or events or the same series of facts, circumstances, situations, transactions, results, damages or events.

**Related Wrongful Acts** means **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event, result, injury or decision.

**Wrongful Act** means any actual or alleged:

- A. Breach by an **Insured**, or any individual or entity for whose acts an **Insured** is legally responsible, of the responsibilities, obligations or duties imposed upon fiduciaries of any **Benefit Plan** by **ERISA** or the common or statutory law of the United States;
- B. Negligent act, error or omission by an **Insured**, or any individual or entity for whose acts an **Insured** is legally responsible, solely in the **Administration** of any **Insured Benefit Plan**; or
- C. Any other matter claimed against an **Insured**, or any individual or entity for whose acts the **Insured** is legally responsible, solely by reason of the **Insured's** service as a fiduciary of any **Benefit Plan**.

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#### IV. EXCLUSIONS

This insurance does not apply to **Loss** for any **Claim**:

A. Prior Notice

Based upon, arising out of or in any way related to any **Claim**, **Wrongful Act**, investigation, proceeding, act, event, transaction, decision, fact, circumstance or situation which has been the subject of any notice accepted by any other **Insurer**, under any similar policy of which this Policy is a direct or indirect renewal or replacement.

B. Prior & Pending Proceedings

Based upon, arising out of or in any way related to any litigation, administrative or arbitration proceeding, written demand pending against an **Insured**, or any order, decree or judgment entered prior to or on the Prior & Pending Proceedings Date set forth in Item 5. of the Fiduciary Declarations.

C. Conduct

Based upon, arising out of or in any way related to:

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1. Any deliberate, dishonest, fraudulent act or omission, or willful violation of any statute or regulation by an **Insured**; or
2. An **Insured** gaining any profit, remuneration or advantage to which such **Insured** was not legally entitled;

However, this exclusion shall not apply to **Defense Expenses** unless and until a final or non-appealable judgment or adjudication in any underlying proceeding or action that establishes an **Insured** committed such an act or omission, violation of a statute or regulation, or gained such profit, remuneration or advantage to which the **Insured** was not legally entitled.

D. Bodily Injury or Property Damage

For the physical injury to or destruction of any tangible property, including loss of use of that property and loss of use of property that is not physically damaged; or for bodily injury, mental anguish, humiliation, emotional distress, disability, sickness, disease, death, assault or battery sustained by any individual.

E. Employment Practices

Based upon, arising out of or in any way related to any:

1. Employment-related **Wrongful Act** unless such **Claim** is asserted under **ERISA**;
2. Discrimination against or sexual harassment of any third party; or
3. Federal, state, local or foreign wage and hour laws, including, without limitation, the Fair Labor Standards Act.

F. Contract

Based upon, arising out of or in any way related to liability assumed through, or on account of, any oral or written contract or agreement to which an **Insured** is a party; however this exclusion shall not apply to:

1. Liability that would have attached in the absence of such contract or agreement; or
2. Any contract or agreement establishing a **Benefit Plan**.

G. Personal Injury

1. For defamation of character, libel, slander, or publication of material in violation of an individual's right of privacy;
2. For the wrongful entry or eviction or other invasion of the right of privacy; or
3. For false arrest, wrongful detention or imprisonment, malicious prosecution, malicious use or abuse of process.

H. Labor Relations/Occupational Safety/Notification/Workers Compensation/Wage and Hour

For any violation or failure to comply with:

1. The responsibilities, obligations, or duties imposed by any federal, state or local statutory or common law anywhere in the world including regulations promulgated under any such law, that governs the rights of employees to engage in union or other collective bargaining activities, the duty of an employer to meet, discuss or bargain with employee representatives, the enforcement of any collective bargaining agreement or any grievance or arbitration proceedings, including but not limited to the National Labor Relations Act, as amended. This exclusion does not apply to any **Claim** for retaliatory treatment against any **Insured** who is attempting to exercise his or her rights under the above referenced statute, law, rule, regulation or order;
2. The responsibilities, obligations, or duties imposed by any federal, state or local statutory or common law anywhere in the world including regulations promulgated under any such law that governs workplace safety and health, including but not limited to the Occupational Safety and Health Act, as amended. This



exclusion does not apply to any **Claim** for retaliatory treatment against any **Insured** who is attempting to exercise his or her rights under the above referenced statute, law, rule, regulation or order;

3. The responsibilities, obligations, or duties imposed by any federal, state or local statutory or common law anywhere in the world including regulations promulgated under any such law that governs any obligation of an employer to notify, discuss, or bargain with employees or others in advance of any plant or facility closing or mass layoff, or any similar obligation, including but not limited to the Worker Adjustment and Retraining Notification Act, as amended;
  4. The responsibilities, obligations, or duties imposed by any federal, state or local statutory or common law anywhere in the world including regulations promulgated under any such law that governs wage, hour and payroll policies and practices (except the Equal Pay Act). Including but not limited to the Fair Labor Standards Act, as amended; or
  5. Any law concerning workers compensation, unemployment insurance, Social Security, disability benefits or any similar federal, state or local law anywhere in the world.
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### V. SEVERABILITY OF EXCLUSIONS

No conduct pertaining to any **Insured Individual** shall be imputed to any other **Insured Individual** for the purpose of determining the applicability of these exclusions. Any conduct pertaining to any past, present or future **Executive** of an **Insured Entity** shall be imputed to such **Insured Entity** and its **Subsidiaries**.

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### VI. DEFENSE AND SETTLEMENT OF CLAIMS

- A. The **Insurer** shall have the right and duty to defend any **Claim** covered by this Coverage Part even if any allegation of such **Claim** is groundless, false or fraudulent. The **Insurer** has no duty to defend any **Claim** or pay **Defense Expenses** for **Claims** to which this insurance does not apply.
  - B. The right and duty to defend any **Claim** covered under this Policy shall cease when the Maximum Aggregate Limit of Liability in Item 3. of the Fiduciary Declarations or the Combined Policy Aggregate Limit of Liability in Item 3. of the Policy Declarations has been exhausted by the payment of **Loss**.
  - C. The **Insureds** shall provide all information in connection with any **Claim** and cooperate with the **Insurer** in the investigation, defense and settlement of any **Claim**.
  - D. No **Insured** shall settle any **Claim**, voluntarily make any payment, assume any obligation, or incur any expense related to a **Claim** without the **Insurer's** consent.
  - E. The **Insurer** may make any investigation it deems necessary and settle any **Claim** subject to the **Named Insured's** written consent to settle which shall not be unreasonably withheld. If any **Insured** refuses to consent to the settlement of any **Claim** which the **Insurer** recommends and which is acceptable to the claimant, subject to the applicable Limit of Liability or Retention, the **Insurer's** liability for all **Loss** from such **Claim** shall not exceed:
    1. The amount the **Insurer** would have contributed to the settlement including **Defense Expenses** incurred up to the date of such refusal; and
    2. Eighty percent (80%) of such **Loss** in excess of the amount for which the **Claim** would have been settled.
  - F. The **Insurer** shall not seek repayment from an **Insured Individual** of any **Defense Costs** paid by the **Insurer** that are deemed uninsured pursuant to Exclusion IV.C. Conduct, unless the applicable determination standard set forth in such Exclusion has been met.
  - G. If we are prevented by law or otherwise unable to defend or investigate a **Claim** brought outside the United States, the **Insured** under the **Insurer's** supervision may arrange for the investigation, appointment of
-

counsel and defense of such **Claim**. Subject to the applicable Limit of Liability and Retention, the **Insurer** will reimburse the **Insured** for any reasonable and necessary **Defense Expenses** for such **Claim**.

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### VII. LIMIT OF LIABILITY

Regardless of the number of **Insureds**, **Claims**, or claimants, the **Insurer's** liability under this Coverage Part is limited as follows:

- A. If the Combined Policy Aggregate Limit of Liability in Item 3. of the Policy Declarations is elected, the **Insurer's** maximum liability for all **Loss** during the **Policy Period** arising from a **Claim** or **Related Claims** under this Coverage Part, shall not exceed the Maximum Aggregate Limit of Liability stated in Item 3. of the Fiduciary Declarations or the unpaid portion of the Combined Policy Aggregate Limit of Liability stated in Item 3. of the Policy Declarations, whichever is less.
  - B. If the Combined Policy Aggregate Limit of Liability in Item 3. of the Policy Declarations is not elected, the **Insurer's** maximum liability for all **Loss** during the **Policy Period** arising from a **Claim** or **Related Claims** under this Coverage Part, shall not exceed the Maximum Aggregate Limit of Liability stated in Item 3. of the Fiduciary Declarations.
  - C. The maximum liability for all **Compliance Resolution Loss** and **Defense Expenses** in connection with a **Compliance Resolution Notice** shall not exceed the Compliance Resolution Coverage Limit stated in Item 3. of the Fiduciary Declarations. Such limit shall be part of and not in addition to the Maximum Aggregate Limit of Liability stated in Item 3. of the Fiduciary Declarations.
  - D. The maximum liability for all **Loss** for civil penalties arising out of Section 502(c) of **ERISA** during the **Policy Period** shall not exceed the ERISA 502(c) Limit stated in Item 3. of the Fiduciary Declarations. Such limit shall be part of and not in addition to the Maximum Aggregate Limit of Liability stated in Item 3. of the Fiduciary Declarations.
  - E. The maximum liability for all **Loss** for civil penalties arising out of the Health Insurance Portability and Accountability Act of 1996 during the **Policy Period** shall not exceed the HIPAA Limit stated in Item 3. of the Fiduciary Declarations. Such limit shall be part of and not in addition to the Maximum Aggregate Limit of Liability stated in Item 3. of the Fiduciary Declarations.
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### VIII. RETENTION

- A. The **Insurer's** liability under this Coverage Part applies only to that part of covered **Loss** which is in excess of the applicable Retentions stated in Item 4. of the Fiduciary Declarations. Such Retentions shall be considered uninsured amounts and borne by the **Insureds** at their own risk.
  - B. If different parts of a **Claim** are subject to different Retentions in different Insuring Agreements the applicable Retentions will be applied separately to each part of such **Claim** but the sum of such Retentions shall not exceed the largest applicable Retention.
- 

### IX. REPORTING

- A. An **Insured** shall provide the **Insurer** with written notice as soon as practicable after the Chief Executive Officer, Chief Financial Officer, President, In-House General Counsel or any person with the responsibility for the management of insurance claims, or any equivalent position, of an **Insured Entity** becomes aware of a **Claim**, but in no event later than:
    - 1. Ninety (90) days after the effective date of expiration or termination; or
    - 2. The expiration date of the Extended Reporting Period, if applicable.
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However if the **Insurer** sends written notice to the **Named Insured** stating that this Policy is being terminated for nonpayment of premium, an **Insured** shall give the **Insurer** written notice of such **Claim** prior to the effective date of such termination.

- B. If during the **Policy Period** or an applicable Extended Reporting Period, an **Insured** becomes aware of an act or circumstances that may subsequently give rise to a **Claim** and gives the **Insurer** notice of such act or circumstances, then any **Claim** subsequently arising from such circumstances shall be deemed made against the **Insured** during the **Policy Period** in which the circumstances were first reported to, and accepted by the **Insurer**, provided that any such subsequent **Claim** is reported to the **Insurer** in accordance with paragraph A. above.
  - C. An **Insured** must give to the **Insurer** the assistance, information and cooperation as the **Insurer** may require and shall include in any notice of a **Claim**, or circumstances of a potential **Claim**, a description of the **Claim** or circumstances, the nature of the alleged **Wrongful Act**, the nature and amount of alleged or potential damage, the names of actual or potential claimants, and the manner in which the **Insured** first became aware of the **Claim**, circumstances or alleged **Wrongful Act**.
  - D. Notice of a **Claim** or a potential **Claim**, must be provided in writing to the addresses stated in Item 7. of the Policy Declarations.
- 

## X. CHANGE OF PLANS

### A. Termination of Plan

If a **Benefit Plan** is terminated before or during the **Policy Period**, coverage under this Coverage Part shall continue until the expiration or termination of this Coverage Part with respect to any **Insured** for **Wrongful Acts** prior to the date the **Benefit Plan** was terminated.

### B. Pension Benefit Guaranty Corporation

If the Pension Benefit Guaranty Corporation becomes the Trustee of a **Benefit Plan** before or during the **Policy Period**, coverage under this Coverage Part shall continue until the expiration or termination of this Coverage Part with respect to any **Insured** for **Wrongful Acts** prior to the effective date the Pension Benefit Guaranty Corporation became the Trustee of the **Benefit Plan**.

### C. Sale of Plan

If a **Benefit Plan** is sold before or during the **Policy Period**, coverage under this Coverage Part shall continue until the expiration or termination of this Coverage Part:

1. With respect to any **Insured** for **Wrongful Acts** prior to the effective date the **Benefit Plan** was sold; and
  2. While the **Benefit Plan** was sponsored solely by an **Insured Entity**; and
  3. If notice of such sale is given to the **Insurer** prior to the end of the **Policy Period**.
- 

## XI. ALLOCATION

If an **Insured** incurs **Loss** on account of any **Claim** and such **Claim** includes both covered and non-covered matters, coverage with respect to such **Claim** shall apply as follows:

- A. One hundred percent (100%) of **Defense Expenses** on account of the **Claim** will be considered covered **Loss** provided that this shall not apply to any **Insured** for whom coverage is excluded pursuant to Section XV. Representations and Severability; and
-

- B. The **Insurer** shall fairly allocate all remaining loss that an **Insured** incurred on account of such **Claim** between covered **Loss** and non-covered loss based upon the relative legal exposure of the parties to such matters.
- 

## XII. PRIORITY OF PAYMENTS

If **Loss** arising from any **Claim** covered under this Coverage Part exceeds the remaining available Limit of Liability as stated in Item 3. of the Fiduciary Declarations then the **Insurer** shall:

- A. First pay **Loss** incurred by an **Insured Individual** and a **Benefit Plan**; and then
- B. To the extent any remaining amount of the applicable Limit of Liability remains available, the **Insurer** will pay **Loss** incurred by an **Insured Entity**.
- 

## XIII. OTHER INSURANCE AND INDEMNITY

If other valid and collectible insurance (other than a policy that is issued specifically as excess of this Coverage Part) is available to the **Insured** for **Loss** covered under this Coverage Part or if the **Insured Individual** is entitled to indemnification from an **Outside Entity**, the insurance provided by this Coverage Part shall be excess of such other insurance or indemnification regardless of whether or not such insurance is primary, contributory, excess, contingent or whether such indemnification is actually made.

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## XIV. PRESUMPTION OF INDEMNIFICATION

If an **Insured Entity** fails or refuses to indemnify an **Insured Individual** for **Loss** to the fullest extent permitted by the **Insured Entity's** or **Outside Entity's** by-laws or through statutory or common law, then any payment by the **Insurer** of such **Loss** shall be excess of the Insuring Agreement I.B. Compliance Resolution Coverage Retention as set forth in Item 4 of the Fiduciary Declarations.

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## XV. REPRESENTATIONS AND SEVERABILITY

- A. The declarations and statements in the **Application** for this Coverage Part are the **Insured's** representations and the **Insurer** has relied on such representations when issuing this Coverage Part. Such representations are incorporated into and constitute part of this Coverage Part.
1. The **Application** shall be construed as a separate **Application** by each **Insured**.
  2. No statement in the **Application**, fact pertaining to, or knowledge possessed by any Insured Individual shall be imputed to any other **Insured Individual**.
- B. If the **Application** contains any misrepresentations made with the intent to deceive or contains misrepresentations which materially affect the acceptance of the risk or the hazard assumed by the **Insurer** under this Policy, then no coverage shall be afforded for any **Claim** based upon, arising from, or in consequence of, any such misrepresentation with respect to:
1. Any **Insured Individual** who knew of such misrepresentations (whether or not such individual knew such **Application** contained such misrepresentations) or any **Insured Entity** to the extent it indemnifies any such **Insured Individual**; or
  2. Any **Insured Entity** if any past or present Chief Executive Officer, Chief Financial Officer or Chief Information Officer (or any equivalent position) of the **Insured Entity** knew of such misrepresentation (whether or not such individual knew such **Application** contained such misrepresentations).
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**XVI. RESCINDABILITY**

The **Insurer** shall not be entitled under any circumstances to void or rescind this Policy with respect to any **Insured**.

Coverage Part: Fiduciary Liability

Endorsement Number: 1

Issued To: TOWN OF CANTON

Policy Number: LHE-A944331-05

Issued By: The Hanover Insurance Company

Effective Date: 07/01/2021

## ADD BENEFIT PLAN

In consideration of the premium charged it is agreed that:

Section III. Definitions, the definition of **Benefit Plan** is amended to include the plan(s) listed below:

### Insured Benefit Plan

Town of Canton Defined Contribution Plan

Town of Canton Volunteer Firefighters and Ambulance Pension Plan

Town of Canton Volunteer Firefighters and Volunteer Ambulance Personnel Pension Plan

Town of Canton Money Purchase Retirement Plan

Town of Canton The Hartford 457 Deferred Compensation Plan

Town of Canton Aetna Retirement Plan

All other terms and conditions remain unchanged. The title and any headings in this endorsement are solely for convenience and form no part of the terms and conditions of coverage.

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Coverage Part: Fiduciary Liability

Endorsement Number: 2

Issued To: TOWN OF CANTON

Policy Number: LHE-A944331-05

Issued By: The Hanover Insurance Company

Effective Date: 07/01/2021

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## WAIVER OF RECOURSE

In consideration of the premium charged it is agreed that:

The **Insurer** shall have no right of recourse against any **Insured** if this Coverage Part was purchased by an **Insured** other than a **Benefit Plan**.

All other terms and conditions remain unchanged. The title and any headings in this endorsement are solely for convenience and form no part of the terms and conditions of coverage.

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Coverage Part: Fiduciary Liability

Endorsement Number: 3

Issued To: TOWN OF CANTON

Policy Number: LHE-A944331-05

Issued By: The Hanover Insurance Company

Effective Date: 07/01/2021

## CONNECTICUT STATE AMENDATORY ENDORSEMENT

In consideration of the premium charged it is agreed that:

A. Section II.A. of Extended Reporting Period is deleted and replaced by:

A. Upon **Termination of Coverage**, the **Named Insured** shall have the right to purchase an Extended Reporting Period for the period set forth in Item 6. of the Fiduciary Declarations beginning on the effective date of the termination or non-renewal of this Coverage Part. If termination of the Coverage Part resulted from nonpayment of premium, the **Named Insured** may purchase the Extended Reporting Period only after any earned premium due to the **Insurer** is paid. The **Insurer** will notify the **Named Insured** of the availability of, the premium for, and the importance of purchasing the Extended Reporting Period coverage no later than fifteen (15) days following the **Termination of Coverage**. The **Named Insured** must provide a written request for the Extended Reporting Period including payment of the additional premium, as set forth in Item 6. of the Fiduciary Declarations, within sixty (60) days following the effective date of the termination or non-renewal of this Coverage Part. Additional premium for the Extended Reporting Period is based on the rates in effect on the later of the date this Policy was issued or last renewed. The additional premium paid shall be deemed fully earned as of the first day of the Extended Reporting Period and the Extended Reporting Period may not be cancelled. The minimum Extended Reporting Period will be one (1) year. Connecticut **Insureds** will be offered optional Extended Reporting Periods with an aggregate limit equal to the Maximum Aggregate Limit of Liability specified in Item 3. of the Fiduciary Declarations.

B. Section II. Extended Reporting Period is amended to include:

If a **Claim** is first made against an **Insured** during the **Policy Period**, such **Claim** shall be subject to the then remaining applicable Limit of Liability for such **Policy Period** and in no event shall the Limit of Liability applicable to the Extended Reporting Period apply to such **Claim**.

C. Section IX.A. of Reporting, the last paragraph is hereby deleted.

All other terms and conditions remain unchanged. The title and any headings in this endorsement are solely for convenience and form no part of the terms and conditions of coverage.