

**AMERICAN ACADEMY OF CHILD
AND ADOLESCENT PSYCHIATRY**

**SUMMARY
OF
DIRECTORS & OFFICERS
COVERAGE AND PREMIUM**

11/17/06 to 11/17/07

Prepared by:

**Mr. Michael Youngblut
Hess, Egan, Hagerty & L'Hommedieu, Inc.
5530 Wisconsin Avenue, Suite 620
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**301-654-3600
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January 11, 2007

Zurich North America

1818 Market Street, 21st Fl.
Philadelphia, PA 19103



Date: 10/27/2006
To: Michael Youngblut
Hess, Egan, Hagerty & L'hommedieu, Inc.
5530 Wisconsin Ave Ste 620
Chevy Chase, MD 20815-4430
Fax: (301) 959-0832
From: Walter Weimar
Senior Underwriter
Management Solutions Group
Telephone: (215) 979-6661
Fax: (215) 979-6754
Email: walter.weimar@zurichna.com
Re: Chapters Of The Aacap
Coverage: Non-Profit Miscellaneous Directors and Officers Liability
Our Reference No.: Q02744058

We are pleased to offer the following New Business proposal(s) for the above captioned insured on behalf of Zurich American Insurance Company, A.M. Best rated A XV and Standard & Poor's Claims Paying Ability rated AA+.

	Premium	Tax(es) and Surcharge(s)
Proposal 1	\$24,000	N/A

The attached proposal(s) will expire on 11/26/2006 and is subject to receipt, review and acceptance by the Underwriter of the following information:

Completed Applications signed and dated by the President or Chairman of the Board

If this information materially changes the Underwriter's risk analysis, the Underwriter may withdraw or modify this proposal or any agreement to bind coverage.

If you would like to obtain a copy of our specimen policy and/or application, please visit our website www.zurichna.com/ea.

Please do not hesitate to contact me if you have any questions.



ZURICH

Proposal 1
Non-Profit Miscellaneous Directors and Officers Liability

Our Reference No.: Q02744058-1

- 1. **Dated:** October 27, 2006
- 2. **Insurer:** Zurich American Insurance Company, AM Best rated A XV
- 3. **Parent Company:** Chapters Of The Aacap
- 4. **Proposal Expiration Date:** November 26, 2006
- 5. **Policy Period:** From: 11/17/2006
To: 11/17/2007
(12:01 A.M. Standard Time at the address stated above.)
- 6. **Policy Form Number:** U-DO-101-B CW
- 7. **Schedule of Proposed Insurance:**
 - Aggregate Limit of Liability:** Each Loss: \$5,000,000
Each Policy Period: \$5,000,000
 - Limit of Liability:**
 - Directors & Officers: \$5,000,000
 - Employment Practices Liability \$5,000,000
 - SIR**
 - Directors & Officers: \$2,500
 - Employment Practices Liability \$2,500
 - Pending or Prior Date:**
 - Directors & Officers: 11/17/2006
 - Employment Practices Liability 11/17/2006
 - Continuity Date:**
 - Directors & Officers: 11/17/2006
 - Employment Practices Liability 11/17/2006
 - Employment Practices Liability:**
 - Defense Option: Outside Limits
 - Defense Outside Limit: \$1,000,000
 - Extended Reporting Period:** (A) Additional Period: One calendar year
(B) Additional Premium: 75% of the annual Policy Premium
State Amendatory Endorsements (if applicable)
Duty to Defend
Punitive Damages extension
2x ODL extension - non profit boards
Anti Trust claims - \$500,000 sublimit
EEOC claims wording
Chapter schedule - \$1M sublimit
Specific Entity exclusion - AACAP
Non Stacking endorsement
Non Profit organizations endt
Broad definition of insured persons
1M in defense outside the limits - EPL claims
Sexual abuse exclusion - EPL carveout
Tria Endorsement - 1% allocation (\$0 ap)
Employment Practices Liability Coverage

All titles are for convenience only. These endorsements shall be integrated and applied without regard to such titles.
- 8. **Policy Period Premium:** \$24,000
- 9. **Tax(es) & Surcharge(s):** N/A

Insured Name: Chapters Of The Aacap
Reference Number: Q02744058-1
Effective Date: 11/17/2006



THIS NOTICE DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER ANY POLICY.

**DISCLOSURE OF PREMIUM
(RELATING TO TERRORISM RISK INSURANCE ACT)**

SCHEDULE *

Premium attributable to risk of loss from certified acts of terrorism for lines subject to TRIA:

Premium Waived.

*Information required to complete this Schedule, if not shown above, will be shown in the quote or proposal.

A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act of 2002 ("TRIA"), we are required to provide you with a notice disclosing the portion of premium, if any, attributable to the risk of loss from terrorist acts certified under that Act for lines subject to TRIA. That portion of premium attributable is shown in the Schedule of this endorsement or in the quote or proposal.

B. Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention (85% for acts of terrorism in 2007).

C. Limitation of Liability and Termination of the Program

The Act currently provides for no insurance industry or United States government participation in terrorism losses that exceed \$100 billion in any one calendar year. The federal program established by the Act is scheduled to terminate at the end of December 31, 2007 unless extended by the federal government.

D. Availability

As required by TRIA, we have made available to you for lines subject to TRIA coverage for losses resulting from acts of terrorism certified under TRIA with terms, amounts and limitations that do not differ materially from those for losses arising from events other than acts of terrorism.

E. Definition of Act of Terrorism

TRIA defines "act of terrorism" as any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States:

1. to be an act of terrorism;
2. to be a violent act or an act that is dangerous to human life, property or infrastructure;
3. to have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

But, no act shall be certified by the Secretary as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.