

CLAIMS EXPERIENCED BY ESOP COMPANIES

Provided below are examples of actual claims.

- Approval of a leveraged ESOP transaction was based on an artificially high share price, causing the ESOP to assume more debt. Subsequent valuations were significantly lower than the initial share price. A lawsuit was filed on behalf of the ESOP participants against the ESOP, the plan fiduciaries and the plan sponsor.
- A suit was brought by the Department of Labor against the plan sponsor as a result of failure to disclose to the employees important facts concerning the poor condition of the company prior to the acquisition of stock by the ESOP.
- A company suffered a financial loss of over \$100,000 as a result of an employee embezzling company funds.
- An employee with a substance abuse problem won a wrongful termination case when it was determined the termination violated the Americans with Disabilities Act (ADA). Damages awarded were in excess of \$400,000.

GREAT AMERICAN INSURANCE COMPANY

Great American Insurance Group is well regarded as one of the oldest and most stable property and casualty insurance groups in the United States. Its flagship company Great American Insurance Company was founded in 1872. The Group's strong surplus position and long tradition of financial strength make Great American the choice of thousands of insureds that value superior insurance products and services. Great American Insurance Company's financial condition is rated "A" (Excellent)* by A.M. Best Company.

THE PROGRAM ADMINISTRATOR

Murray Risk Management and Insurance is an employee-owned insurance brokerage firm and member of the ESOP Association. This insurance protection is being made available to members of The ESOP Association through Jeffrey S. Gelburd, CPCU, ARM, Vice President, who serves as the coordinator of the program. He has expertise not only with these coverages, but ESOPs as well. His knowledge of ESOPs dates back to 1981 and later teamed with The ESOP Association to initiate this program in 1988.



For more information, contact:

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*As of April 1, 2007. Coverage features are summarized. Refer to the policy form and policy declarations for a full description of applicable terms, conditions, exclusions and limits. The actual coverage provided is subject to laws of the jurisdiction in which a policy is issued and may be materially different from the description herein. Policies are underwritten by Great American Insurance Company. Brochure revised July 1, 2007.



EXECUTIVE LIABILITY INSURANCE PROGRAM

DIRECTOR'S AND OFFICER'S LIABILITY
FIDUCIARY LIABILITY
EMPLOYMENT PRACTICES LIABILITY
CRIME

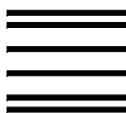
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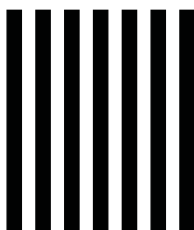
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IF MAILED
IN THE
UNITED STATES



EVOLVING EXECUTIVE LIABILITY EXPOSURES

The ESOP Association announces the availability of Executive Liability Insurance exclusively for its membership to provide personal protection to ESOP executives and the companies they serve.

Fiduciary/Trustee Liability

ESOP companies and their executives have unique liability exposures. For example, an ESOP trustee or fiduciary exercises discretion in two key areas: 1) purchase and sale of employer stock; and, 2) voting of employer stock. Most fiduciary liability claims against trustees or fiduciaries have been as a result of negligence performing these duties. These decisions raise the possibility of significant financial liability for a trustee or fiduciary as well as the ESOP company.

D&O Liability

The standards of corporate governance have increased as a result of Sarbanes-Oxley. Directors and Officers face lawsuits from shareholders, government agencies, customers, suppliers and competitors.

Employment Practices Liability

Enactment of laws such as the Americans with Disability Act (ADA), Age Discrimination in Employment Act (ADEA) and Family Medical Leave Act (FMLA) as well as court decisions concerning wrongful termination and sexual harassment claims have increased exposure to the individual executive and the companies they serve. Although these exposures are not applicable solely to ESOP company executives, employment litigation is becoming the most expensive type of litigation executives face today.

Crime

ESOP companies are no different than others in having exposures to loss of money, securities and other property resulting from dishonest acts committed by an employee or other persons.

EXECUTIVE LIABILITY INSURANCE PROTECTION COMPREHENSIVE AND AFFORDABLE

An insurance policy is available to provide effective protection for the ERISA exposures ESOP companies and their executives face, as well as the other exposures in their capacity as directors and/or officers. Having all these coverages in one policy avoids coverage gaps that may exist between separate policies, as well as making it very cost effective. The minimum premiums for this policy have recently been reduced and start at \$5,000.

PROGRAM HIGHLIGHTS

Here are just a few of the benefits you'll value through the ESOP Executive Liability Insurance Program:

- ♦ **Four Coverages Under One Policy:** Our policy provides four (4) very important coverages under one convenient, cost effective policy, including Director's and Officer's Liability, Fiduciary Liability, Employment Practices Liability and Commercial Crime coverages.
- ♦ **Entity Coverage Available:** Coverage is extended to the company on the Director's and Officer's, Fiduciary and Employment Practices Liability portions of the policy.
- ♦ **No Deductibles:** In most cases, your policy will not have a deductible on the Director's and Officer's nor Fiduciary Liability coverages affording first dollar protection. Employment Practices Liability retentions start at \$5,000.
- ♦ **Third-Party Coverage Included:** This enhancement expands employment practices liability coverage under the policy to include claims of discrimination and harassment from third parties such as customers and suppliers.
- ♦ **Employee Protection Expanded:** Employees are included within the definition of Insured Persons.
- ♦ **No SEC Exclusion:** In most cases, the policy form will contain no exclusion for claims brought by shareholders or the Securities Exchange Commission. This is especially important to ESOP companies that are considering a public offering.
- ♦ **Side A Coverage Available:** Additional limit of \$500,000 is available for Insuring Agreement A, as permitted by applicable state laws.
- ♦ **Outside Board Protection:** Coverage is extended to executives serving on outside, not-for-profit boards.
- ♦ **Coverage Available to Other Plans:** Fiduciary Liability coverage will also apply to other qualified retirement or health/welfare plans.
- ♦ **Risk Management Program Available:** A comprehensive Risk Management Program allows policyholders to obtain loss prevention services from a nationally recognized law firm experienced in workplace law. A toll-free "hotline" service is included.

Affordable and Comprehensive Protection for Executives

Yes, we would be interested in more information and an application for the Executive Liability coverage provided through this program.

The ESOP Association Member Name _____

Attention of _____

Street Address _____

City, State, Zip Code _____

Telephone Number _____

Email Address _____

If similar coverage is currently provided, please indicate the expiration date _____

Date _____

Signature _____