

DIRECTORS AND OFFICERS LIABILITY POLICY

**MS&AD** Aioi Nissay Dowa Insurance Co.,Ltd.

General Agent's Name and Address

Takagi & Associates, Inc.  
P.O. Box 22409  
BARRIGADA Guam 96921-2409  
TEL#: (671) 648-5350 FAX#: (671) 648-5373

Policy No: DOI-00007  
Acct.#: AMI  
Client #: ALUP-COVE  
Status: Renewal  
Invoice #: 000144592

ITEM I. Named Insured and Address

Alupang Cove Condominium Homeowners Association  
241 Condo Lane, Unit 22  
TAMUNING Guam 96913-3150

**THIS IS A RESTRICTED POLICY  
PLEASE READ IT CAREFULLY.**

ITEM II. Policy Period: From Jan 1 2019 to Jan 1 2020  
12:01 A.M. Standard Time at address of the Named Insured as stated herein.

**Part 1: DIRECTORS AND OFFICERS LIABILITY POLICY DECLARATIONS**

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

Countersigned by

Takagi & Associates, Inc.  
General Agents

*Yasuyo Kanasugi*

President

1-14-19  
Countersignature Date

*[Signature]*  
Secretary

THIS DECLARATION PAGE SHALL NOT BE BINDING UPON THE COMPANY UNLESS COUNTERSIGNED BY A DUI Y AUTHORIZED REPRESENTATIVE OF THE COMPANY.



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Alupang Cove Condominium  
Homeowners Association  
241 Condo Lane, Unit 22  
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**SCHEDULE**

Limit Of Liability:	\$1,000,000	Each Occurrence & Aggregate
Retention:	(A) \$2,500	Each Director Or Officer, Each Loss, But In No Event Exceeding
	(B) \$2,500	In The Aggregate Each Loss As Respects Directors & Officers Liability
	(C) \$2,500	In The Aggregate Each Loss As Respects Company Reimbursement Liability

This policy does not provide coverage for the following officer positions:  
(absence of entry means no positions are excluded)

All notices required to be given to the Insureds and the Company should be addressed to:

**The Board of Directors of Alupang Cove Condominium Homeowners Association**

All notices required to be given to the Insurers under this policy shall be addressed to:

**Takagi & Associates, Inc.**  
P.O. Box 22409  
BARRIGADA Guam 96921-2409

This Declaration Page together with the Directors and Officers Liability Insurance Policy, Form DOI-02/11-04, shall constitute the entire contract between Aioi Nissay Dowa Insurance Company, Limited. and the Named Insured.



# **DIRECTORS AND OFFICERS LIABILITY AND COMPANY REIMBURSEMENT LIABILITY POLICY**

## **Part II**

Aioi Nissay Dowa Insurance Company, Limited., agrees with the Directors and Officers of the Company named in Item I of the Declarations and with the Company named in Item I of the Declarations that, in consideration of the payment of the premiums and subject to all the terms of this policy, that, under the:

### **A - DIRECTORS AND OFFICERS LIABILITY INSURANCE**

1. If during the policy period any claim or claims are made against the Insureds (as hereinafter defined) or any of them for a Wrongful Act (as hereinafter defined) while acting in their individual or collective capacities as Directors or Officers, the Insurers will pay on behalf of the Insureds or any of them, their Executors, Administrators or Assigns, Ninety Five per cent (95%) of all Covered Loss (as hereinafter defined), which the Insureds or any of them shall become legally obligated to pay, in excess of the retentions stated in Items IV (a) and (b) of the Declarations, not exceeding the Limit of Liability shown under Item III of the Declarations.
2. This policy, subject otherwise to the terms hereof, shall cover loss arising from any claims made against the estates, heirs, legal representatives or assigns of deceased insureds who were Directors or Officers of the Company at the time the Wrongful Act upon which such claims are based, and the legal representatives or assigns of Directors or Officers in the event of their incompetence, insolvency or bankruptcy.
3. This policy shall automatically cover Directors and Officers of any subsidiaries acquired or created after the inception of the policy subject to written notice being given to the Insurers as soon as practicable and payment of any additional premium required.
4. Definitions of terms used herein:
  - (a) The term "Insureds" shall mean all persons who were, now, are or, shall be duly elected Directors or Officers of the Company named under Item I of the policy Declarations, except as noted under Item VI of the Declarations. Coverage will automatically apply to all persons who become Directors or Officers after the inception date of this policy, subject to (1) written advice of all such changes to the Insurer within 30 days after each anniversary date or the termination date and (2) payment of any additional premium required.
  - (b) The term "Wrongful Act" shall mean any actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty by the Insureds while acting in their individual or collective capacities on any matter, not excluded by the terms and conditions of this policy, claimed against them solely by reason of their being Directors or Officers of the Company.
  - (c) The term "Loss" shall mean any amount which the Insureds are legally obligated to pay for a claim or claims made against them for Wrongful Acts and shall include but not be limited to damages, judgments, settlements and costs, cost of investigation (excluding salaries of officers or employees of the Company) and defense of legal actions, claims or proceedings and appeals therefrom, cost of attachment or similar bonds; providing always, however, such subject of loss shall not include fines or penalties imposed by law or matters which may be deemed uninsurable under the law pursuant to which this policy shall be construed.
  - (d) The term "Policy Year" shall mean the period of one year following the effective date and hour of this policy or any anniversary thereof or, if the time between the effective date or any anniversary and the termination of the policy is less than one year, such lesser period.



5. The insurers shall not be liable to make any payment for loss in connection with any claim made against the Insureds:
- (a) for libel or slander;
  - (b) based upon or attributable to their gaining in fact any personal profit or advantage to which they were not legally entitled;
  - (c) for the return by the Insureds of any remuneration paid to the Insured without the previous approval of the stockholders of the Company which payment without such previous approval shall be held by the courts to have been illegal;
  - (d) for an accounting of profits made from the purchase or sale by the Insureds of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any state statutory law or common law;
  - (e) brought about or contributed to by the dishonesty of the Insureds; however, notwithstanding the foregoing, the Insureds shall be protected under the terms of this policy as to any claims upon which suit may be brought against them, by reason of any alleged dishonesty on the part of the Insureds, unless a judgment or other final adjudication thereof adverse to the Insureds shall establish that acts of active and deliberate dishonesty committed by the Insureds with actual dishonest purpose and intent were material to the cause of action so adjudicated;
  - (f) which, at the time of happening of such loss, is insured by any other existing valid policy or policies under which payment of the loss is actually made, except in respect of any excess beyond the amount or amounts of payments under such other policy or policies;
  - (g) for which the Insureds are entitled to indemnity and/or payment by reason of having given notice of any circumstance which might give rise to a claim under any policy or policies the term of which has expired prior to the issuance of this policy;
  - (h) for which the Insureds shall be indemnified by the company for damages, judgments, settlements, costs, charges or expenses incurred in connection with the defense of any action, suit or proceeding to which the Insured may be a party or with which they may be threatened or in connection with any appeal therefrom, pursuant to the law, common or statutory, or the Charter or By-Laws of the Company duly effective under such law, which determines and defines such rights of indemnity; -
  - (i) based on or attributable to bodily injury, sickness, disease or death of any person or to damage to or destruction of any tangible property including loss of use thereof.

It is agreed that any fact pertaining to any Insured shall not be imputed to any other Insured for the purpose of determining the application of the above exclusions.

6. It is warranted that the particulars and statements contained in the written proposal form, copy of which is attached hereto, and the Declarations are the basis of this policy and are to be considered as incorporated in and constituting part of this policy.





7. (a) The Insurers shall be liable to pay Ninety Five per cent (95%) of a loss, in excess of the amount of retentions shown under Item IV (a) and (b) of the Declarations, up to the limit of liability as shown under Item III of the Declarations, it being warranted that the remaining Five per cent (5%) of each and every loss shall be carried by the Insureds at their own risk and uninsured.
- (b) Subject to the following, the Insurers' liability for any claim or claims and/or costs, charges or expenses shall be the amount as shown under Item III of the Declarations which, regardless of the time of payment by the Insurers, shall be the maximum liability of the Insurers in (i) each policy year during the policy period or (ii) in the last policy year in which coverage is provided hereunder plus the period of ninety (90) days set out in Clause 12 if the right under such clause is exercised.
- (c) This policy shall only pay the excess of the amount stated in Item IV (a) of the Declarations for each of the Insureds against whom claim is made in respect of each and every loss hereunder but in no event exceeding the excess of the amount stated in Item IV (b) of the Declarations in the aggregate for all Insureds against whom claim is made in respect of each and every loss hereunder. The foregoing amounts include costs, charges and expenses as described in Clause 8 and such amounts are to be borne by the Insureds as retention and are not to be insured. Losses arising out of the same act or interrelated acts or one or more of the Insureds shall be considered a single loss and only one retention shall be deducted from each loss.
- (d) It is understood and agreed that in the event a single loss as defined herein is covered in part under the Directors and Officers Liability form, and in part under the Company Reimbursement form, the retention set forth under Item IV of the Declarations as applicable to each form shall apply to that part of the loss covered by each policy form and the sum of the retentions so applied shall constitute the retentions each single loss, provided however that the retention as determined hereunder shall in no event exceed the amount of the Company Reimbursement retention shown under Item IV (c) of the Declarations.

It is further understood and agreed that, for the purposes of the application of the retention, loss applicable to the Company Reimbursement form includes that for which indemnification by the Company is legally permissible, whether or not actual indemnification- is granted.

- (e) The foregoing provisions shall apply to -this form and the Company Reimbursement form as though they constitute a single policy and the Insurers' maximum liability under both forms together shall not exceed the limit of liability as shown under Item III of the Declarations.
8. No costs, settlements, charges or expenses shall be incurred without the Insurers' consent, which consent shall not be unreasonably withheld; however, in the event of such consent being given, they will pay, subject to the provisions of Clause 7, 95 per cent (%) of all such costs, settlements, charges and expenses.
9. If during the policy period or extended discovery period:
- (a) The Company or the Insureds shall receive written or oral notice from any party that it is the intention of such party to hold the Insureds responsible for the results of any specified Wrongful Act done or alleged to have been done by the Insureds while acting in the capacity aforementioned; or
- (b) The Company or the Insureds shall become aware of any occurrence which may subsequently give rise to a claim, being made against the Insureds in respect of any such alleged Wrongful Act;

and shall in either case during such period give written notice as soon as practicable to the Insurers of the receipt of such written or oral notice under Clause 9 (a) or of such occurrence under Clause 9 (b), then any claim which may subsequently be made against the Insureds arising out of such alleged Wrongful Act shall, for the purposes of this policy, be treated as a claim made during the policy year in which such notice was given or if given during the extended discovery period as a claim made during such extended discovery period.

The Company or the Insureds shall, as a condition precedent to the Insured's right to be indemnified under this policy, give to the Insurers notice in writing as soon as practicable of any claim made and shall give the Insurers such information and cooperation as they may reasonably require and as shall be the Insureds' power.

For the purpose of the above clauses notice to that individual named under Item VII of the Declarations shall constitute notice to the Company or the Insureds.



10. Notice shall be deemed to be received if sent by prepaid mail properly addressed.
11. This policy may be canceled by the Company or the Insureds at any time by written notice or by surrender of this policy. This policy may also be cancelled by the Insurers by delivering to the Company or by mailing to the Company, by registered, certified or other first class mail, at the company's address shown in this policy, written notice stating when not less than thirty (30) days thereafter, the cancellation shall be effective. The mailing of such notice and this policy shall terminate at the date and hour specified in such notice. If this policy shall be canceled by the Company or the Insureds, the Insurers shall retain the customary short rate proportion of the premium hereon.

If this policy shall be cancelled by the Insurers, the Insurers shall retain the pro-rata proportion of the premium hereon.

Payment or tender of any unearned premium by the Insurers shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling - the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

12. If the Insurers shall cancel or refuse to renew this policy, the Insureds shall have the right, upon payment of an additional premium calculated at 10% of the three year premium hereunder, to an extension of the cover granted by this policy in respect of any claim or claims which may be made against the Insureds during the period of ninety (90) days after the effective date of such cancellation or, in the event of such refusal to renew, the date upon which the policy period ends, but only in respect of any Wrongful Act committed before such date. Such right hereunder must, however be exercised by the Insureds by notice in writing not later than ten (10) days after the date referred to in the preceding sentence. If such notice is not given, the Insureds shall not at a later date be able to exercise such right. -
13. In the event of any payment under this policy, the Insurers shall be subrogated to the extent of such payment to all the Insureds' rights of recovery therefore, and the Insureds shall execute all papers required and shall do everything that may be necessary to secure such rights including the execution of such documents necessary to enable the Insurers effectively to bring suit in the name of the Insureds.
14. By acceptance of this policy, the Company named in Item 1. of the Declarations agrees to act on behalf of all Insureds with respect to the giving and receiving of notice of claim or cancellation, the payment of premiums and the receiving of any return premiums that may become due under this policy.

### **B - COMPANY REIMBURSEMENT LIABILITY INSURANCE**

1. If during the, policy period any claim or claims are made against the Directors or Officers (as hereinafter defined) or any of them for Wrongful Act (as hereinafter defined) while acting in their individual or collective capacities as Directors or Officers, the Insurers will pay on behalf of the Company Ninety Five per cent (95%) of all Loss (as hereinafter defined), which the Company may be required or permitted to pay as indemnities due the Directors or Officer for a claim, or claims made against them for Wrongful Acts, in excess of the retention stated in Item IV (c) of the Declarations,- not exceeding the limit of liability shown under Item III of the Declarations.
2. This policy, subject otherwise to the terms hereof, shall cover loss arising from any claims made against the estates, heirs, legal representatives or assigns of deceased Directors or Officers who were Directors or Officers at the time the Wrongful Act upon which such claims are based and the legal representatives or assigns of Directors or Officers in the event of their incompetence, insolvency or bankruptcy.
3. This policy shall automatically cover Directors and Officers of any subsidiaries acquired or created after the inception of this policy subject to written notice being given to the Insurers as soon as practicable and payment of any additional premium required.



4. Definitions of terms-used herein:
- (a) The term "Directors or Officers" shall mean all persons who were, now are or shall be duly elected Directors or Officers of the Company named under Item I of the policy Declarations, except as noted under Item VI of the Declarations. Coverage will automatically apply to all persons who become Directors or Officers after the inception date of this policy, subject to (1) written advice of all such changes to the Insurers within 30 days after each anniversary date or the termination date and (2) payment of any additional premium required.
  - (b) The term "Wrongful Act" shall mean-any actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty by the Directors or Officers while acting in their individual or collective capacities or any matter, not excluded by the terms and conditions of this policy, claimed against them solely by reason of their being Directors or Officers of the Company.
  - (c) The term "Loss" shall mean any amount which the Company may be- required or permitted to pay as indemnities due the Directors or Officers for a claim or claims made against them for Wrongful Acts and shall include but not be limited to damages, judgments, settlements and costs, cost of investigation (excluding salaries of officers or employees of the Company) and defense of legal actions, claims or proceedings and appeals therefrom, cost of attachment or similar bonds; for which payment by the Company may be required or permitted according to applicable law, or under provisions of the Company's Charter or By-Laws providing always, however, such subject of loss shall not include fines or penalties imposed by law or matters which may be deemed uninsurable under the law pursuant to which this policy shall be construed.
  - (d) The term "Policy Year" shall mean the period of one year following the effective date and hour of this policy or any anniversary thereof or, if the time between the effective date or any anniversary and the termination of the policy is less than one year, such lesser period.
5. The Insurers shall not be liable to make any payment for loss in connection with any claim made against the Directors or Officers:
- (a) which, at the time of happening of such loss, is insured by any other existing valid policy or policies under which payment of the loss is actually made, except in respect to any excess beyond the amount or amounts of payment under such other policy or policies;
  - (b) for which the Directors or Officers are entitled to indemnity and/or payment by reason of having given notice of any circumstance which might give rise to a claim under any policy or policies the term of which has expired prior to the issuance of this policy;
  - (c) based on or attributable to bodily injury, sickness, disease or death of any person or to damage to or destruction of any tangible property including loss of use thereof.
6. It is warranted that the particulars and statements contained in the written proposal form, copy of which is attached hereto, and the Declarations are the basis of this policy and are to be considered as incorporated in the constituting part of this policy.
7. (a) The Insurers shall be liable to pay Ninety Five per cent (95%) of the loss excess of the amount of the retention as shown under Item IV(c) of the Declarations, it being warranted that the remaining Five per cent (5%) of each and every loss shall be carried by the Company at its own risk and uninsured.
- (b) Subject to the foregoing, the Insurer's liability for any claim or claims and/or costs, charges or expenses shall be the amount as shown under Item III of the Declarations which, regardless of the time of payment by the Insurers shall be the maximum liability of the Insurers in (i) each policy year during the policy period or (ii) in the last policy year in which coverage is provided hereunder plus the period of ninety (90) days set out in Clause 12 if the right under such clause is exercised.



(c) This policy shall only pay the excess of the amount stated in Item IV (c) of the Declarations in the aggregate in respect of each and every loss hereunder including costs, charges and expenses as described in Clause 8 and such amount is to be borne by the Company as a retention and is not to be insured. Losses arising out of the same act or interrelated acts of one or more of the Directors or Officers shall be considered a single loss and only one retention shall be deducted from each loss.

(d) It is understood and agreed that in the event of a single loss as defined herein is covered in part under the Directors and Officers Liability form, and in part under the Company Reimbursement form, the retention set forth under Item IV of the Declarations as applicable to each form shall apply to that part of the loss covered by each policy form and the sum of the retentions so applied shall constitute the retention for each single loss, provided however that the retention as determined hereunder shall in no event exceed the amount of the Company Reimbursement retention shown under Item IV (c) of the Declarations.

It is further understood and agreed that, for the purposes of the applying the retention, loss applicable to the Company Reimbursement form includes that for which indemnification by the Company is legally permissible, whether or not actual indemnification is granted.

(e) The foregoing provisions shall apply to this form and the Directors and Officers Liability form as though they constitute a single policy and the Insurers' maximum liability under both forms together shall not exceed the limit of liability as shown under Item III of the Declarations.

8. No costs, settlements, charges or expenses shall be incurred without the Insurer's consent, which consent shall not be unreasonably withheld. However, in the event of such consent being given, they will pay subject, to the provisions of Clause 7, Ninety Five per cent (95%) of all such costs, settlements, charges and expenses.
9. If during the-policy period or extended discovery period:
  - (a) The Company or the Directors or Officers shall receive written or oral notice from any party that it is the intention of such party to hold the Directors or Officers or any of them responsible for the results of any specified Wrongful Act done or alleged to have been done by the Directors or Officers or any of them while acting- in the capacity aforementioned; or
  - (b) The Company or the Directors or Officers shall become aware of any occurrence which may subsequently give rise to a claim being made against the Directors or Officers or any of them in respect of any such alleged Wrongful Act; and shall in either case during such period give written notice as soon as practicable to the Insurers of the receipt of such written or oral notice under Clause 9(a) or of such occurrence under Clause 9 (b), then any claim which may subsequently be made against the Directors or Officers or any of them arising out of such alleged Wrongful Act, shall for the purposes of this policy, be treated as a claim made during the policy year in which such notice was given or if given during the extended discovery period, as a claim made during such extended discovery period.

The Company or Directors or Officers shall as a condition precedent to the Company's right to be indemnified under this policy, give to the Insurers notice in writing as soon as practicable of any claim made and shall give the Insurers such information and cooperation as they may reasonably require as shall be in their power.

For the purpose of the above clauses notice to that individual named under Item VII of the Declarations shall constitute notice to the Company of the Directors or Officers.

10. Notice shall be deemed to be received if sent by prepaid mail properly addressed.
11. This policy may be cancelled by the Company at any time by written notice or by surrender of this policy. This policy may also be cancelled by the Insurers by delivering to the Company or by mailing to the Company by first class mail, to the Company's address shown in this policy, written notice stating when, not less than thirty (30) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this policy shall terminate at the date and hour specified in such notice.

If this policy shall be cancelled by the Company, the Insurers shall retain the customary short rate proportion of the premium hereon.





If this policy shall be cancelled by the Insurers, the Insurers shall retain the pro-rata proportion of the premium hereon.

Payment or tender of any unearned premium by the Insurers shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

12. If the Insurers shall cancel or refuse to renew this policy, the Company shall have the right, upon payment of an additional premium calculated at 30% of the one year premium hereunder, to an extension of the cover granted by this policy in respect of any claim or claims which may be made against the Directors or Officers during the period of ninety (90) days after the effective date of such cancellation or, in the event of such refusal to renew, the date upon which the policy period ends, but only in respect of any Wrongful Act committed before such date. Such right hereunder must, however, be exercised by the Company by notice in writing not later than ten (10) days after the date referred to in the preceding sentence.
13. In the event of any payment under this policy, the Insurers shall be subrogated to the extent of such payment to all the Company's rights of recovery therefore, and the Company shall execute all papers required and shall do everything that may be necessary to secure such rights including the execution of such documents necessary to enable the Insurers effectively to bring suit in the name of the Company.
14. By acceptance of this policy, the Company named in Item I of the Declarations agrees to act on behalf of all Directors and Officers with respect to the giving and receiving of notice of claim or cancellation, the payment of premiums and the receiving of any return premiums that may become due under this policy.

