

**East Central Energy
Board Operating Policy PD-18a**

POLICY: PD-18a Director insurance

CORRESPONDING POLICY: PD-18 Board per diem allowances and expense reimbursement

OBJECTIVE:

East Central Energy (ECE) will provide various insurance programs that will be of benefit to its directors. Specific details are available from the Human Resources department.

RESPONSIBILITY:

The VP/CFO will be responsible for the administration of this policy, while recognizing that the responsibility for the policy administration may be delegated.

STANDARDS ADOPTED BY THE BOARD TO IMPLEMENT THIS POLICY:

Insurance coverage for directors will be as follows:

Directors' accidental death and dismemberment (AD&D), business travel insurance and directors', officers' and managers' liability insurance policies will be provided by the Cooperative's approved carrier.

The Cooperative will purchase suitable liability insurance to protect the Cooperative's directors and the other persons defined by Minnesota Statutes, Section 300.083, as being entitled to indemnification with such deductible features and within such limits as the Cooperative will deem most advantageous to the Cooperative from time to time.

The Cooperative will also indemnify the said directors and the other persons as aforesaid out of its general funds for such amounts as may be required to pay for the deductible amounts and any amount exceeding the said insurance coverage, all in conformity with the provisions of said statute.

The directors' and officers' insurance protects all directors, officers, managers and employees of ECE from claims made against them because of wrongful acts. Wrongful acts will mean any actual or alleged error, misstatement, misleading statement, omission, neglect or breach of duty, by one of the above-listed insureds, while acting in their individual or collective capacities as representatives of ECE.

The limit of liability for this coverage is \$15,000,000 per claim, with an aggregate limit per policy period (year) of \$15,000,000 also. A separate limit of liability of \$5,000,000 exists for claims alleging a breach of fiduciary duties arising out of the Employee Retirement and Securities Act of 1974 (ERISA). Deductible is \$10,000 per claim.

Although the following list is not intended to be all inclusive, the Cooperative's insurance carrier will not be liable for payment of claims made:

Director insurance

- which result in a finding of personal profit, gain, or advantage;
- which is insured by another valid policy;
- for bodily injury of any person; for damage to tangible property; for invasion of privacy;
- arising out of controversies or claims between directors;
- for wrongful acts of the insured while acting in the capacity of director or officer for any organization other than ECE;
- involving in any way the planning, use or operation of a nuclear facility;
- arising out of the sale or purchase of ECE's assets except in the case of a hostile takeover;
- when brought about by the fraudulent, dishonest or criminal acts of the insured;
- where such claim is resulting from failure to fulfill any financial obligation or contract;
- where such claim is resulting from violation of law protecting trade, commerce, competition, monopolies or fixing of prices;
- where such claim is resulting from performance or failure to perform professional services for others, whether for a fee or not.

A group medical insurance plan approved by the Board will be available to all directors and their dependents that meet the Cooperative's insurance eligibility requirements. All directors electing to be covered will be required to pay the full premium for medical insurance coverage at the Cooperative group rate.

Directors who are participants in the medical programs and retire or leave ECE at age 55 or over with at least 10 years of service may continue to participate in the Cooperative's medical programs for the remainder of their life with survivor coverage by paying 100% of the applicable premium.

This Board Operating Policy supersedes any existing Policy, or portions thereof, which may be in conflict with the provisions of this Policy.

I, Joseph Morley, secretary-treasurer of East Central Energy, do hereby certify that this policy was adopted by the ECE Board of Directors on September 29, 2022.

Joseph Morley, secretary-treasurer

Adopted: 9/29/22