

**DIRECTORS & OFFICERS LIABILITY INSURANCE
ERRORS & OMISSIONS LIABILITY INSURANCE FOR HOCKEY CANADA**

EFFECTIVE DATE: July 1, 2005

SUMMARY OF COVERAGES

The Hockey Canada D&O/Errors and Omissions Liability Insurance policy covers all levels of hockey in Canada. Each Branch has a limit of \$10,000,000 per occurrence with a \$20,000,000 annual aggregate. Should the \$20,000,000 limit become exhausted, another limit of \$10,000,000 is available but this limit is shared with all 13 Branches. All of the Minor Hockey Associations and Junior Hockey Teams in each Branch also have the same coverage and the limits work the same way. Every director and officer within those organizations is automatically insured under the policy. The coverage includes all past directors and officers and any new directors and officers are insured immediately upon their election or appointment to such a position.

All Major Junior Teams are insured under the Umbrella of the Canadian Hockey League also for the same limits as above. Special provisions have been put in place in order to satisfy the needs of both non-profit and for profit organizations. U.S. based teams are also covered under this program.

The Hockey Canada's D&O insurance program came into effect on the 1st of July 2005. Any policies individually purchased from **BFL Canada** were cancelled and the monies were reimbursed on a pro rata basis to all. Anyone who may have purchased D&O insurance from another carrier may request cancellation, back dated to July 1st, 2005 and obtain a credit. The premium for the new program is paid by Hockey Canada

The attached documents are an overview of the insurance program that is in force. Hockey Canada the Branches and the Canadian Hockey League have original copies of the policy wording.

For further information or any questions concerning the Hockey Canada D&O program please contact:

Hockey Canada
Glen McCurdie
(613) 562-5677

BFL
Jim Stirling
(514) 843-3632

DIRECTORS AND OFFICERS LIABILITY INSURANCE

NAMED INSURED:

HOCKEY CANADA, THE 13 BRANCHES AND ALL MINOR HOCKEY ASSOCIATIONS AND JUNIOR TEAMS WITHIN THOSE BRANCHES, THE CANADIAN HOCKEY LEAGUE AND ALL MAJOR JUNIOR HOCKEY LEAGUES AND TEAMS UNDER THE CHL. THE HOCKEY CANADA FOUNDATION AND ALL OTHER ENTITIES FALLING UNDER THE HOCKEY CANADA MEMBERSHIP.

LIMIT OF INSURANCE:

Coverage A and B: \$10,000,000 ANY ONE OCCURRENCE, \$30,000,000 ANNUAL AGGREGATE
(THE LIMIT APPLIES TO EACH OF THE NAMED INSUREDSEPARATELY)

Coverage C: \$250,000. FOR PENAL DEFENCE COSTS

DEDUCTIBLE:

Coverage A: \$500.00 – Applies to the insured (director or officer etc.)

Coverage B: \$500.00 – Applies to the Entity

Coverage C: \$500.00 – Applies to penal defence costs

INSURED:

- A. ANY DIRECTOR OR OFFICER OF THE NAMED INSURED WHILE ACTING WITHIN THE SCOPE OF HIS OR HER ADMINISTRATIVE DUTIES
 - B. ANY MEMBER OF - A STATUTORY OR SPECIAL COMMITTEE, MEMBER OF A COMMISSION, ASSEMBLY OR BOARD CREATED BY THE NAMED INSURED.
 - C. ANY EMPLOYEE OR FORMER EMPLOYEE IN THE DISCHARGE OF HIS OR HER ADMINISTRATIVE DUTIES
 - D. HEIRS, LEGAL REPRESENTATIVES OR ASSIGNS OF THE ABOVE.
- DIRECTOR MEANS any member or former member of the Board of Directors and newly elected members.
 - OFFICER MEANS any person who was, now is or will be duly elected or appointed officer.

ADMINISTRATIVE DUTIES:

MEANS ANY ACT, DUTY, PREROGATIVE OR DECISION INCUMBENT UPON ELECTED PERSONS ON THE BOARD OR LEGALLY NAMED TO ADMINISTRATIVE OFFICE OR TO COMMITTEES ETC. ACTING WITHIN THE SCOPE OF THEIR GENERAL DUTIES OF GENERAL ADMINISTRATION OF THE ORGANIZATION, INCLUDING FINANCE, MANAGEMENT OF FUNDS, COLLECTION OF REVENUE, EXPENSES ALLOCATION APPROVAL OR AWARDING OF CONTRACTS, SUBMISSIONS, AGREEMENTS AND ANY OTHER PROJECT ON BEHALF OF THE ORGANIZATION.

WRONGFUL ACT:

MEANS ANY NEGLIGENT ACT, ERROR OR OMISSION, BREACH OF DUTY, MISLEADING STATEMENT OR ANY OTHER ACT DONE OR ALLEGED TO HAVE BEEN WRONGFULLY DONE BY THE INSURED IN THE DISCHARGE OF HIS DUTIES AND WHICH IS NOT EXCLUDED BY THE POLICY.

INSURING AGREEMENTS:

- A. LIABILITY FOR WRONGFUL ACTS
THE POLICY WILL PAY COMPENSATORY DAMAGES WHICH THE INSURED IS LEGALLY OBLIGATED TO PAY

B. DIRECTORS AND OFFICERS INDEMNIFICATION COVERAGE

INSURER WILL PAY ON BEHALF OF THE ENTITY ALL LOSSES FOR WHICH THE ENTITY IS IN LAW RESPONSIBLE.

C. PENAL DEFENCE COSTS.

REIMBURSE ALL REASONABLE COSTS, FEES & EXPENSES INCURRED BY THE DIRECTORS OR OFFICERS IN THE DEFENCE OF CHARGES OF A PENAL NATURE AGAINST THEM UNDER ANY FEDERAL OR PROVINCIAL LAW, PROVIDED, THE CHARGES OR INVESTIGATION DID NOT OCCUR PRIOR TO THE INCEPTION OF THE POLICY, AND THE DIRECTOR OR OFFICER IS FOUND INNOCENT OR THE CHARGES ARE WITHDRAWN.

D&O EXCLUSIONS:

- A. CLAIMS OR LOSSES KNOWN TO THE INSURED PRIOR TO THE INCEPTION DATE OF THE POLICY;
- B. FINES PENALTIES PUNITIVE OR EXEMPLARY DAMAGES OR DAMAGES OF ANY TYPE OTHER THAN COMPENSATORY DAMAGES;
- C. DISHONEST ACTS, AND OR BAD FAITH;
- D. CLAIMS BASED ON ANY UNJUSTIFIED OR ILLEGAL GAIN, PROFIT OR ADVANTAGE;
- E. CLAIMS FOR THE RETURN, BY THE D's & O's OF ANY REMUNERATION ILLEGALLY PAID TO THEM BY THE ORGANIZATION;
- F. CLAIMS ARISING OUT OF THE DISCHARGE ETC. OF POLLUTANTS;
- G. CLAIMS FOR WHICH OTHER VALID AND COLLECTIBLE INSURANCE IS AVAILABLE;
- H. CLAIMS INITIATED OR INSTITUTED BY THE ORGANIZATION AGAINST AN INSURED;
- I. CLAIMS MADE BY AN EMPLOYEE BASED UPON OR ARISING OUT OF THE BREAKING OF A COLLECTIVE OR INDIVIDUAL WORKING AGREEMENT UNLESS SUCH CLAIM IS MADE DIRECTLY AGAINST A DIRECTOR OR OFFICER;
- J. CLAIMS FOR BODILY INJURIES OR PROPERTY DAMAGE;
- K. LIABILITY IMPOSED BY, OR UNDER ANY NUCLEAR LIABILITY ACT.
- L. SEXUAL HARASSMENT OR ABUSE
- M. CLAIMS RELATING TO THE CANADA PENSIONS BENEFITS STANDARDS ACT.

DUTIES & LIABILITIES

THE DUTIES AND LIABILITIES OF DIRECTORS AND OFFICERS ARE OUTLINED IN THE BUSINESS CORPORATIONS ACT OR SOCIETIES ACT DEPENDING ON THE PROVINCE.

EVERY DIRECTOR IN EXERCISING HIS POWERS AND DISCHARGING HIS DUTIES SHALL:

- A. ACT HONESTLY AND IN GOOD FAITH WITH A VIEW TO THE BEST INTERESTS OF THE CORPORATION:
and
- B. EXERCISE THE CARE, DILIGENCE AND SKILL THAT A REASONABLY PRUDENT PERSON WOULD EXERCISE IN COMPARABLE CIRCUMSTANCES

THE COMMON LAW STANDARD REQUIRES DIRECTORS TO ACT WITH A DEGREE OF REASONABLE PRUDENCE THAT MIGHT BE EXPECTED OF PERSONS WITH THEIR KNOWLEDGE AND EXPERIENCE.

DUTY OF DILIGENCE

REQUIRING THAT A DIRECTOR SEEK OUT PROFESSIONAL ASSISTANCE IN CERTAIN CIRCUMSTANCES.

DUTY OF OBEDIENCE

A DIRECTOR IS OBLIGED TO ASSIST IN IMPLEMENTING VALID CORPORATE DECISIONS; FAILURE TO DO SO MIGHT AMOUNT TO A BREACH OF DUTY TO THE ORGANIZATION, ALSO A DIRECTOR IS OBLIGED TO SEE

THAT THE ORGANIZATION AND ITS OFFICERS AND AGENTS OBEY THE GENERAL LAW APPLICABLE TO THE ORGANIZATION

RISK MANAGEMENT AND DIRECTORS AND OFFICERS

SOURCE: Directors Duties in Canada: Managing Risk; M. Priest, R. Mecredy-Williams, B.R.C. Doherty and J.W. O'Reilly; North York: CCH Canadian Limited, 1995

- A. Directors must be familiar with how the corporation and the board functions:
 - 1. Directors should understand both their own legal obligations and the corporation's.
 - 2. Directors should be aware of the corporation's operations and business affairs.
 - 3. Directors should be familiar with how the board functions.
- B. Directors must have the tools to supervise and manage
 - 1. Directors should establish regular information-reporting systems.
 - 2. Directors should ensure they have confidence in management.
- C. Directors must fulfil their duties
 - 1. Directors must always remember their duty of loyalty to the corporation.
 - 2. Directors should carry out their functions diligently, including documentation of their activities.
 - 3. Directors should maintain their independence of mind.
- D. Directors must communicate their goals and expectations
- E. Directors should establish and maintain regulatory compliance systems and reporting procedures.

CHECK-LIST FOR DIRECTORS AND OFFICERS OF NON-PROFIT ORGANIZATIONS

Questions you can ask when faced with a difficult corporate decision:

- 1. What are the stated purposes of the organization?
- 2. Does the transaction advance the stated purpose?
- 3. Does the transaction benefit a private individual?
- 4. Were any promises made when the funds were raised?
- 5. Were any conditions placed on donated funds?
- 6. Does the Director attend the meetings?
- 7. Are meetings held regularly?
- 8. Does the Director have all of the relevant facts?
- 9. Is there any reason not to trust the information being furnished?
- 10. Are taxes being paid?
- 11. Is there a conflict of interest or self-dealing?
- 12. Is the transaction fair to the organization?
- 13. How would an ordinarily reasonable and prudent person decide the matter?
- 14. Are there other laws/regulations that affect the particular situation?
- 15. How accurate are the records?
- 16. Is the Director acting honestly' in good faith, and with total integrity?
- 17. Is this transaction in the best interest of the organization?

(From Lisa Runquist, "Responsibilities and Duties of Directors of Non-profit Corporations-Corporate

Issues". The American Bar Association, Section of Business Law, Annual Meeting, San Francisco, California, August 1992, pp.756-766.)