



Chubb Group of Insurance Companies  
82 Hopmeadow Street  
P.O. Box 2002  
Simsbury, CT 06070-7683  
Phone: 860.408.2000 • Fax: 860.408.2002  
www.chubb.com

May 19, 2016

Dr. Francine Kirkpatrick  
Board President  
Palisair Homeowners Association  
P.O. Box 901  
Pacific Palisades, CA 90272

RE:      INSURED:                   Palisair Homeowners Association  
          POLICY NO:                 8227-6754  
          CLAIM NO:                 372045  
          POLICY TYPE:             Protection for Community Association Leaders  
          WRITING COMPANY:       Federal Insurance Company  
          SUBJECT:                 Hal Oliver

Dear Dr. Kirkpatrick:

The above-referenced Policy provides insurance protection to Palisair Homeowners Association (the “**Insured**”). Chubb Insurance Group, a division of Federal Insurance Company (the “Company”) has carefully reviewed this matter under the Directors and Officers Liability (“D&O”) Coverage Section of the Policy. We respectfully inform you that the matter does not constitute a **Claim** as defined by the Policy and therefore, there is no coverage currently available under the Policy for this matter. Further, we are unable to accept the matter as a notice of circumstances which could give rise to a **Claim**. Please forward any additional information you receive regarding this matter to our attention so that we can further analyze coverage.

We appreciate and value you as a customer. Should you have any questions or concerns after reading this letter, please feel free to contact me at any time. To assist you in understanding this letter, we suggest that the Policy be reviewed together with this letter. This letter does not modify the terms and conditions of the Policy. Please note that the words which appear in bold are defined terms within the Policy.

On February 16, 2016, the **Insured** received a letter from counsel representing Hal Oliver (the “Letter”). Mr. Oliver alleges that the **Insured’s** actions and failures to take action regarding the home improvement project at 1054 North Palisair Place are in violation of the Declarations and the Davis-Stirling Common Interest Development Act. Mr. Oliver requests that the **Insured** notify their insurance carrier and outside counsel to discuss further. This matter was noticed to the Company on February 25, 2016.

This matter was reviewed for coverage under Insuring Cause (I) of the D&O Coverage Section, which provides that:

The Company shall pay on behalf of an **Insured** all **Loss** which such **Insured** becomes legally obligated to pay on account of any **Claim** first made against such **Insured** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for:

- (a) a **Wrongful Act**;
- (b) **Employment Practices**; or
- (c) **Personal Injury or Publishers Liability**;

committed, attempted, or allegedly committed or attempted, by such **Insured** before or during the **Policy Period**.

The term **Claim** is defined in D&O Coverage Section II (A) to mean, as amended by Endorsement No. 1:

- (1) written demand for monetary damages or non-monetary relief;
- (2) civil proceeding commenced by the service of a complaint or similar pleading;
- (3) criminal proceeding commenced by a return of an indictment; or
- (4) formal civil administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document;

against an **Insured** for a **Wrongful Act**, including any appeal therefrom.

Based on our review of available documents, the Complaint does not meet the definition of a **Claim** as the Letter does not contain a demand for monetary damages or non-monetary relief. Further, the letter is not a civil, criminal, formal civil administrative or regulatory proceeding. As such, there is no coverage for this matter under the Policy.

Further, this matter was noticed to the Company on March 17, 2016. Please note that the Policy Period is from June 2, 2014 to June 2, 2015. As the matter was noticed to the Company after the expired, we are unable to accept this matter as a notice of circumstance that could give rise to a **Claim**. D&O Section VII (B) provides that

If during the **Policy Period** an **Insured** becomes aware of circumstances which could give rise to a **Claim** and gives written notice of such circumstances to the **Company** as soon as practicable thereafter, but in no event later than sixty (60) days after the end of the **Policy Period**, then any **Claim** subsequently arising from such circumstances shall be considered to have been made during the **Policy Year** in which the circumstances were first reported to the **Company**.

Accordingly, if you receive additional information with respect to this matter, please advise the Company in accordance with the Reporting provisions of the Policy.

This position is subject to further evaluation. We reserve the right to assert additional terms and provisions under the Policy and at law.

Pursuant to the California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5 Fair Claims Settlement Practices Regulations, if you believe all or part of this claim has been wrongfully denied or rejected, you may have this matter reviewed by the:

California Department of Insurance  
Consumer Services Division  
300 South Spring Street  
Los Angeles, CA 90013  
1-800-927-4357

Should you have any questions concerning the coverage position taken pursuant to the Policy or other matters raised in this letter, please feel free to contact me.

Very truly yours,

*Sharon M Chmielecki*

Sharon M Chmielecki  
Claims Examiner  
Direct Dial: 860-408-2639  
E-mail: schmielecki@chubb.com

cc: Michele Blogna                      VIA Email Only: mglogna@mcgowancompanies.com  
Claims  
The McGowan Companies  
20595 Lorain Road  
Fairview Park, OH 44126