FULLER ROAD MANAGEMENT CORPORATION

RISK MANAGEMENT AND INSURANCE POLICY

1. BACKGROUND & PURPOSE

A. The policy of Fuller Road Management Corporation (“FRMC”) is to be proactive about risk management and to transfer risk or identifiable hazards, where appropriate, to insurers through the purchase of comprehensive insurance coverage. These practices are integrated into the operations of FRMC. The FRMC Board of Directors (“FRMC Board”) recognizes risk management as an essential FRMC practice. FRMC Board is responsible for reviewing and approving FRMC’s insurance program and ensuring adequate insurance coverage to mitigate potential losses.

This document is intended to reduce or eliminate risks and losses to which FRMC may be exposed, while preserving its assets and earning power to fulfill its mission.

2. POLICY

A. General. FRMC Board recognizes its role of stewardship over FRMC and its assets. This responsibility requires due concern for the safety of the public and those involved with FRMC services, projects, or programs with FRMC sponsorship or participation, combined with a need to ensure that maximum protection be accorded its resources.

B. Limited Loss Retention. FRMC recognizes its ability to budget and self-fund limited and predictable risks of financial loss. It is not FRMC’s practice to attempt to insure such foreseeable and bearable expenses if alternatives can be achieved with sound business practices. Self-insuring certain risk and/or purchase of property and casualty insurance with appropriate deductibles shall be determined by the Chief Financial Officer (“CFO”), with due recognition of insurance market conditions.

C. Insurance Acquisition. FRMC is not obliged by operation of any statutes or regulation to award contracts for insurance to any insurance underwriter, broker, agent, risk retention group or other similar group or organization. FRMC will continue to purchase insurance from insurers that are financially sound, with proven administrative ratings. Premium costs are an essential element of evaluating any proposal.

3. POLICY IMPLEMENTATION

A. Management of Risks. The management of risks of loss to FRMC under the above policy will be the responsibility of the CFO or designee. The CFO also is responsible for identifying risks, and determining the means of eliminating, abating, transferring, or retaining these risks after consultation with appropriate staff, counsel and risk management consultants.

When FRMC cannot eliminate or economically retain a risk of loss, it shall be transferred by purchase of insurance when available. The form and sufficiency of various policy limits for protection of the FRMC shall be determined by the CFO or designee.

B. Management Standards/Guidelines. The CFO is authorized to implement a comprehensive risk management and insurance program consistent with this policy statement. Written program guidelines may include criteria to identify hazards and risks for analysis, including:

- Quantification of activities, services and support in which FRMC is involved;

- Minimum insurance coverage and limits by type of authorized activities;

- Activity relationships in which there is/may be shared responsibility and liability with respect to contracts, employment, occupancy of premises or oversight of facilities, programs or services between FRMC and another entity; and

- The exclusion of risks or activities that FRMC is clearly unwilling to undertake, under any and all conditions, including those that may be prohibited or pose such a high degree of risk as to jeopardize the feasibility of the activity, or constitute a threat to the corporation.

The guidelines shall also formalize FRMC Risk Management and Property/Casualty Insurance Coverage Program by integrating the following program elements into the organization's operations:

- Reviewing the scope of coverage and the limits of insurance policies in relation to activities and liability exposure;

- Evaluating the ability to partially or entirely self-fund risk;

- Monitoring insurance coverage and claims;

- Conducting routine inspections of property;

- Identifying areas and activities involving joint/shared risk;

- Observing safe practices in all areas;

- Conducting an ongoing safe practice/risk avoidance training and reinforcement effort with employees covering all risks; and

- Instituting disciplinary measures consistent with the personnel policies to insure that the practice of risk management is implemented.

C. Program Practices. FRMC management shall establish and maintain documented risk management practices as an essential part of the program, including:

- Assessment of new activities (especially assumption of contractual liability) in terms of risk;

- A periodic review of risks, exposures, activities and properties;

- A formal review process for assessing risk exposures on premises, in operations, through contracts, and with avoidance/prevention efforts;

- An accident/loss monitoring process that identifies where accidents and/or losses are occurring or will likely occur;

- A systematic claims assessment process to insure that claims are being properly administered and that the activity sponsor is fully aware of the types of risks being assumed;
- A practice of including risk management as a component of management performance evaluations; and
- Development of preparedness plans for disasters.

D. Program Organization. The CFO, through management guidelines, shall clearly identify how the Risk Management Program is to be organized, including:

- Delegated authority;
- Performance of program duties and task assignment;
- Role and relationship of Claims Management Firm and agents; and
- Relationships of risk management program/staff to safety, security, legal and employee relation functions.

E. Program Review. FRMC Board will provide periodic review of all insurance coverage, as needed.