

Feuchtenberger, Karen

From: Ammerman, Paula <PRA4@psu.edu>
Sent: Wednesday, February 01, 2012 11:50 AM
Subject: Communication re Insurance

Importance: High

TO: Members of the Board of Trustees

President Erickson asked that I share the below information provided by Gary Langsdale, University Risk Officer:

Yesterday we were notified by PMA, our primary-layer general liability insurer, that they filed a "declaratory judgment" lawsuit against Penn State seeking for the court to determine their insurance coverage obligations related to victims of the Sandusky matter. PMA provides to Penn State the first \$2mm of liability coverage including defense costs for claims of bodily injury and property damage from the alleged negligence of Penn State and its employees. We have been insured by PMA for this coverage continuously over the past 60 years, and we are baffled and dismayed that they took this action precipitously without trying to work with us to resolve this in a business-like manner. We believe that the lawsuit is without merit and will of course defend our rights under our insurance policies.

The University purchases excess insurance beyond the PMA layer, none of which is impacted by PMA's actions. Incidentally, the University's Directors & Officers liability insurance and other insurance coverages are also unaffected by this lawsuit.

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