

NEWS RELEASE

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ICI Mutual Strengthens Insurance Coverage for Independent Directors, April 1999

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Washington, DC, April 1, 1999 - ICI Mutual Insurance Company, the mutual fund industry's insurer, today announced that it has revised its liability insurance policy to provide mutual fund independent directors with greater protection in lawsuits that might be brought by a fund's investment adviser.

ICI Mutual President David Silver said the revision was made in response to concerns raised recently by SEC Chairman Arthur Levitt. In a speech last week, Chairman Levitt addressed the effects certain exclusions in liability insurance policies purchased by mutual funds and their investment advisers may have on independent directors of mutual funds.

In particular, Chairman Levitt cited the "insured vs. insured" exclusion commonly found in directors and officers/errors and omissions (D&O/E&O) liability insurance policies. This exclusion addresses situations in which one party sues another party covered by the same insurance policy and was put into place originally to avoid collusive activity. There are exceptions to the exclusion for the way funds do business. However, they do not address situations in which a fund adviser sues the fund's independent directors.

Silver said ICI Mutual, the leading provider of D&O/E&O insurance to the industry, has revised its D&O/E&O policies, available immediately, to address the concerns of fund independent directors about insurance coverage in "insured vs. insured" situations. "This revision ensures that fund independent directors may recover for defense costs, settlements and judgments in bona fide 'insured vs. insured' claims otherwise covered under the policies," Silver said.

Silver said ICI Mutual initially began a review of how its "insured vs. insured" exclusion might be modified to clearly provide coverage to independent directors in claims brought by co-insureds at the request of Paul Royce, SEC Director of the Division of Investment Management.

"We heard the SEC's call and have responded in a manner that allows independent mutual fund directors to continue to protect shareholder interests while protecting ICI Mutual from situations at which the exclusion has historically been directed," Silver said.

ICI Mutual Insurance Company is an independent company established in 1987 by the

Investment Company Institute.

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