



Jun 23, 2020

Eric Eustace
AssuredPartners of Texas LLC dba Baldwin-Cox Agency
5930 Preston View Blvd.
Suite 200
Dallas, TX 75240

Re: Webb County Juvenile Alternative Education Program, Ref# 8600402-B
Proposed Effective 7/31/2020 to 7/31/2021

Dear Eric:

We are pleased to confirm the attached quotation is being offered with **Indian Harbor Insurance Company**. This carrier is **Non-Admitted** in the state of **TX**. Please note that this quotation is based on the coverage, terms and conditions as stated in the attached quotation, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this quotation carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, Inc. disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms quoted as per the attached and those terms originally requested. The attached quotation may not be bound without a fully executed CRC brokerage agreement.

NOTE: If insured is located outside your resident state, we must receive a copy of your non-resident license prior to binding.

The Insurance Carrier indicated in this quotation reserves the right, at its sole discretion, to amend or withdraw this quotation if it becomes aware of any new, corrected or updated information that is believed to be a material change and consequently would change the original underwriting decision.

If coverage is elected, please note:

Guaranty Fund Nonparticipation Notice

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Chapter 462, Insurance Code. Chapter 225, Insurance Code, requires payment of a 4.85 percent tax on gross premium.

Home State: TEXAS

The Home State was determined based on the information provided in your submission and the completed Declaration of Home State form. Please ensure the correct Home State is listed. Incorrect information could result in additional or return taxes, fees, surcharges, penalties, interest, and assessments at a later date, and in addition to what is shown. Additionally, please note that this is the current tax calculation based on the Home State but there could be changes that result in additional or return tax - due at a later date - based on future enactments of surplus lines laws by any of the various states.

Should coverage be elected as quoted per the attached, Premium and Commission are as follows:

Premium:	\$4,930.00 - See carrier quote for all options
Broker Fee	\$155.00
Carrier Policy Fee	\$195.00
Surplus Lines Tax	\$256.08
Stamping Office Fee	\$7.92
Total:	\$5,544.00

Tax Filings are the responsibility of: (X) CRC

Broker Fees & Policy Fees are Fully Earned at Binding

Should **Webb County Juvenile Alternative Education Program** elect to bind coverage as per the attached, simply complete the Request to Bind box below and return to our office prior to the requested effective date of coverage. Should you have any questions, please feel free to contact our office.

CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as "contingent commissions" or "incentive commissions"), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

Sincerely,

Vince Vitanza
972-371-7071
vvitanza@crcgroup.com
8600402

REQUEST TO BIND COVERAGE

Complete and return to Vince Vitanza via email at vvitanza@crcgroup.com .

Submission #: 8600402-B Webb County Juvenile Alternative Education Program

Agency Response: [] Yes, please bind as quoted, effective: _____

PREMIUM IS BEING FINANCED BY _____ **ACCOUNT #** _____
Name of Premium Finance Company

Signed by: _____ Date: _____
Representative of AssuredPartners of Texas LLC dba Baldwin-Cox Agency

CONFIDENTIAL



**Professional
Governmental
Underwriters, Inc.**
The Authority.

25+ YEARS
of excellence
EST. 1993

9020 Stony Point Parkway, Suite 455
P.O. Box 35471
Richmond, VA 23235 www.pgui.com
Toll Free: 800-586-6502 Fax: 804-272-7852

Educators Legal Liability and Employment Practices Liability

Date: 06/23/2020

To: Vince J. Vitanza
CRC Insurance Services, Inc. - Dallas
Email: VVitanza@crcgroup.com

Proposed Insured: Webb County Juvenile Alternative Education Program
111 Camino Nuevo Road
Laredo, TX 78043

Application #: APP101293102

Thank you very much for your submission. Based upon the information received and subject to the limitations outlined below, we are pleased to offer the following:

INDICATION

This Indication is not an offer to bind coverage. If we are provided with acceptable underwriting information and determine that a quote can be offered, it may differ from the indication.

Coverage: See coverage form PGU ELL 2001 (04/2017) for terms, conditions and limitations

Form: Claims Made

Retro Date: None - Full Prior Acts

Insurer Information: Indian Harbor Insurance Company
A member of the AXA XL Group of Companies
Best Rating: A XV
Surplus Lines Insurer

Filings / Taxes: PGU Not Responsible For Tax Filings

Quotation / Indication valid until: 7/31/2020

If we are offering coverage on a surplus lines basis, the agent is responsible for handling of filings unless we note otherwise on this quotation. If we have provided terms using bid specifications or an application other than ours, the quote is subject to change pending review of a completed and signed PGU application.

Educators Legal Liability and Employment Practices Liability

Proposed Insured: Webb County Juvenile Alternative Education Program

Terms	Limits	Retentions each claim including LAE	Premium
Educators Legal Liability	\$1,000,000	\$10,000	\$2,730.00
Employment Practices Liability	\$1,000,000	\$10,000	Included
Policy Aggregate	\$1,000,000		
Defense Reimbursement Payments	\$50,000	\$10,000	Included
Defense Reimbursement Payments Aggregate	\$100,000		
Features/Enhancements			
Punitive Damages		See Retentions Above	Included
Personal Injury		See Retentions Above	Included
Third Party Wrongful Acts		See Retentions Above	Included
Back Pay / Front Pay		See Retentions Above	Included
Non-Monetary Relief		See Retentions Above	Included
Loss of Earnings		See Retentions Above	Included
Optional Increased Limits			Additional Premium
	2,000,000 CSL		\$1,100.00
	3,000,000 CSL		\$1,100.00
	4,000,000 CSL		N/A
	5,000,000 CSL		N/A
Premium, Fees and Taxes			
	Total Premium:		\$4,930.00
	Policy Fee :		\$195.00
	Total Cost:		\$5,125.00
Comments:			
<p>By purchasing this coverage, you will have the opportunity to register for our PGU Employer Resource Center that provides unlimited, specific, documented, and confidential advice from employment law attorneys. It also provides on-line training courses, including sexual harassment prevention, available for both supervisors and employees. As well as, on-line tools; a state-specific employee handbook builder, forms, posters, news, and more.</p>			

Proposed Insured: Webb County Juvenile Alternative Education Program

SUBJECTIVITIES - WE MUST BE PROVIDED WITH THESE ITEMS BEFORE COVERAGE CAN BE BOUND:

Receipt of fully completed, signed and dated PGU new business application prior to binding.

As your agency is responsible for the surplus lines filings, we require the name of licensee, agency name, address, and surplus lines license number prior to binding, as well as, a copy of the license.

Name, e-mail address, and phone number of Insured contact for PGU Employer Resource Center.

Deadly Weapon Protection Insurance is available through Professional Governmental Underwriters, Inc. Please contact your underwriter if you are interested in additional information about this new product.

Reminders:

A written request is required to bind coverage.

We will not cancel flat after inception date.

Backdating of coverage is not allowed.

Engineering Fee is non-refundable.

See attached Coverage Features attachment for additional information.

Limits, retentions, terms and conditions quoted do not necessarily match those requested.

This proposal contains a brief outline of coverages to be included in any policy that may be issued in the future.

This is only a summary and the Terms and Conditions of any policy will take precedence over any proposal.

Minimum Earned Premium is the GREATER of \$1,500 or 25% of annual premium.

Applicable Forms: (Other forms may apply. Consult Underwriter for details.)

PN TX 01 05 20	Notice to Policyholders - Texas Important Notice
PGU ELL 2000 08 19	Educators Liability and Employment Practices Liability Declarations
IL MP 9104 0314 IHIC 03 14	In Witness
PGU 2002 04 17	Schedule of Policy Forms and Endorsements
PGU ELL 2001 04 17	Educators Liability and Employment Practices Liability Insurance Policy
PGU 1052 (ELL) 04 17	Minimum Earned
PGU ELL 1120 04 17	Harassment / Bullying Coverage
XL-TXSOP 11 10	Service of Process
PN CW 01 09 15	Notice to Policyholders - Fraud Notice
PN CW 02 10 15	Notice to Policyholders - Privacy Policy
PN CW 05 09 14	Notice to Policyholders - U.S. Treasury Department's Office of Foreign Assets Control ("OFAC")



**Professional
Governmental
Underwriters, Inc.**
The Authority.

9020 Stony Point Parkway
Suite 455
Richmond, VA 23235
800-586-6502
www.pgui.com

Educators Legal Liability and Employment Practices Liability

Coverage Features	We welcome a comparison!	
	PGU - The Authority	The Others
Defense in Addition to Limit	Yes, unless endorsed otherwise	
Covers D&O, E&O and EPL	X	
Covers Loss and Defense for Non-Monetary claims	X	
Modified Consent to Settle Clause with only 40% co-insurance requirement for insured	X	
Business Invitee (Third Party) Liability covering Harrassment, Discrimination and Invasion of Privacy	X	
Broad definition of Loss including Back and Front Pay and Punitive Damages with a most favorable venue	X	
Broad definition of Wrongful Act including Personal Injury	X	
Broad definition of Claim including coverage for regulatory proceedings, arbitration hearings and EEOC hearings, subject to exclusions	X	
Severability of the Application for all individual insureds for all exclusions (not just personal profit and fraud exclusions)	X	
75-day free mini-tail	X	
Bi-Lateral ERP options of 1, 2 and 3 years	X	
Policy Non-Cancelable mid-term by carrier, except for non-payment of premium	X	
True Worldwide Coverage	X	
Sub-limit for Wage & Hour (FLSA)	Optional	
Sub-limit for Crisis Management	Optional	
PGU Employer Resource Center for employment law attorneys access and on-line tools	X	

This document is intended to summarize key coverage features generally available.

It does not summarize your quotation / indication.

Please review the entire quotation / indication and policy form and endorsements for specific details.



**Professional
Governmental
Underwriters, Inc.**
The Authority.

Deadly Weapon Protection for U.S. Education Providers

Overview of Key Product features:

- Deadly Weapon Protection provides 3rd Party Liability Insurance with built in Crisis Management Services.
- Policy is primary coverage for both indemnity and expense – coverage is clearly stated & clarified within the ‘Other Insurance’ condition.
- Cover basis: ‘pay on behalf’ of the **Named Insured**.
- **Maximum Limits Of Liability:** Up to \$20,000,000 each and every Deadly Weapon Event and \$50,000,000 in the policy aggregate.
- The policy provides 1st party property damage / restoration provision via the **Property Damage Extension – \$500,000 sub-limit as standard**.
- The policy can provide Business Interruption coverage via the **Business Interruption Extension Sub-Limit**.
- Policy has a built in event responder provision to provide risk management services – post binding coverage, members of the event responder team will visit the insured’s location and undertake a physical **Deadly Weapon and Security Vulnerability Assessment**
- While on site the risk management team will undertake an **Deadly Weapon Safety Action Plan Seminar**.
- Crisis Management Response Team - 24/7/365 telephone line. CrisisRisk - **<https://www.crisisrisk.com/>**
- The policy gives dedicated risk management via specific sub-limit endorsements - Crisis Management Services Endorsement, Counselling Services Sub-Limit Endorsement & Funeral Expenses Sub-Limit Endorsement.
- Broad definition/coverage of “weapon” and as such does not limit the coverage to solely that of a firearm.
- The Deadly Weapon policy provides cover if the incident was a terrorist shooting (there is **no terrorism exclusion** within the form) or if an employee undertook the shooting (no named insured exclusion as per most GL policies).
- **Application/Eligibility** – Designed for educational entities of all types and sizes, including public and private schools, charter schools, colleges and universities and day-care facilities. Easy one page application and quick quote turnaround.

Please contact PGU today if you are interested in a Deadly Weapon Protection quote for your clients!

IN WITNESS


INDIAN HARBOR INSURANCE COMPANY

REGULATORY OFFICE
505 EAGLEVIEW BOULEVARD, SUITE 100
DEPARTMENT: REGULATORY
EXTON, PA 19341-1120
PHONE: 800-688-1840

It is hereby agreed and understood that the following In Witness Clause supercedes any and all other In Witness clauses in this policy.

All other provisions remain unchanged.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of the Company.



Joseph Tocco
President



Toni Ann Perkins
Secretary

MINIMUM EARNED PREMIUM UPON CANCELLATION

This Endorsement, effective at 12:01 a.m. on _____, forms part of

Policy No.:
Issued to:
Issued by:

In consideration of the premium charged, it is hereby agreed that:

Section **F. CONDITIONS**, Item 6. **Cancellation; No Obligation to Renew**, Paragraph b. is deleted in its entirety and replaced as follows:

b. **You** may cancel this Policy by mailing **Us** written notice stating when, no later than the Expiration Date set forth in Item 2.(b) of the Declarations, such cancellation will be effective. In such event, the earned premium amount to be retained by **Us** will be the greater of:

- (1) The amount computed in accordance with **Our** customary short rate table and procedure;
- (2) _____ % of the total policy premium shown in Item 6. of the Declarations; or
- (3) \$ _____ .

Premium adjustment may be made either at the time that cancellation by **You** is effective or as soon as practicable thereafter. If the Policy Aggregate Limit of Liability, as set forth Item 3.(d) of the Declarations, is exhausted by the payment of **Loss** or **Defense Expenses**, the entire premium will be deemed fully earned.

All other terms, conditions and limitations of this Policy shall remain unchanged.

(Authorized Representative)

SCHEDULE OF POLICY FORMS AND ENDORSEMENTS

Form(s) and Endorsement(s) made a part of this policy at time of issue.

<u>Form Number</u>	<u>Edition Date</u>	<u>Description</u>
--------------------	---------------------	--------------------

HARASSMENT/BULLYING COVERAGE

This Endorsement, effective at 12:01 a.m. on _____, forms part of

Policy No.:
Issued to:
Issued by:

In consideration of the premium charged, it is hereby agreed that:

- I. **We** will reimburse **Defense Expenses** incurred by an **Insured** in connection with a **Claim** alleging **Harassment or Bullying Activities** that is first made against an **Insured** during the **Policy Period** or any applicable Extended Reporting Period, and arising out of **Harassment or Bullying Activities** occurring on or after the **Retroactive Date** and before the end of the **Policy Period**.
- II. It shall be the duty of the **Insured**, and not **Us**, to defend such **Claims**. The **Insured** shall have the right to select defense counsel for the investigation and defense of such **Claims**, subject to **Our** consent and approval, which shall not be unreasonably withheld. **We** shall have the right to associate in the defense and settlement of any such **Claim**.
- III. The most **We** shall reimburse the **Insured** for all **Defense Expenses** from **Claims** arising out of **Harassment or Bullying Activities** is \$ 50,000 _____, which shall be part of and not in addition to the Limit of Liability shown in the Declarations.

The Limit of Liability set forth above is the most **We** will pay for all **Claims** against one or more **Insureds** involving **Harassment or Bullying Activities**, whether alone or in combination with any other claims. If **Harassment or Bullying Activities** are alleged at any stage during a **Claim**, all allegations in that **Claim** and any **Related Claims** will be subject to the Limit of Liability as set forth in this Endorsement. If the **Company** has paid the Limit of Liability set forth herein, it will no longer be obligated to make any payment in connection with any **Claims** involving **Harassment or Bullying Activities**.

- IV. Each **Claim** arising out of **Harassment or Bullying Activities** that is covered by this Endorsement shall be subject to a Retention in the amount of \$ _____.
- V. The term **Harassment or Bullying Activities** as used in this Endorsement means:

Any gesture, or any written, verbal or physical act, or any electronic communication that is directed at a student or group of students, and takes place on school property, at any school-sponsored function or on a school bus, which a reasonable person should know, under the circumstances, will have the effect of:

- a. Harming a student, damaging the student's property, damaging a student's education or future educational opportunities, or placing a student in reasonable fear of harm to his or her person, damage to his or her property, or damage to his or her education or future educational opportunities; or
- b. Insulting or demeaning any student or group of students in such a way as to cause substantial disruption in, or substantial interference with, the orderly operation of the school or that student's or students' education or future educational opportunities.

VI. The coverage under this Endorsement shall be the sole and exclusive coverage under this Policy for **Claims** based upon, arising out of, resulting from, or in any way involving or related to **Harassment or Bullying Activities**, whether alone or in connection with any other claims. Except as set forth in this Endorsement, there shall be no coverage under this Policy for any **Claim** based upon, arising out of, resulting from, or in any way involving or related to **Harassment or Bullying Activities**.

VII. The term **Related Claims** as used in this Endorsement means:

Related Claims means all **Claims** for **Harassment or Bullying Activities** or **Wrongful Acts** based upon, arising out of, resulting from, or in any way involving, the same or related facts, circumstances, situations, transactions or events, or the same or related series of facts, circumstances situations, transactions or events, whether related logically, causally or in any other way, or the same persons.

All other terms, conditions and limitations of this Policy shall remain unchanged.

(Authorized Representative)

**EDUCATORS LEGAL LIABILITY AND
EMPLOYMENT PRACTICES LIABILITY
INSURANCE COVERAGE FORM
(CLAIMS-MADE)**

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SPECIMEN

**EDUCATORS LEGAL LIABILITY AND
EMPLOYMENT PRACTICES LIABILITY
INSURANCE COVERAGE FORM
(CLAIMS-MADE)**

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and what is not covered. Throughout the Policy the words “**You**” and “**Your**” refer to the **Named Insured**. The words “**We**”, “**Us**”, “**Our**” and the “**Company**” refer to the Company providing this insurance.

This Policy is incomplete unless the Declarations and all applicable forms and endorsements are attached. Words and phrases that appear in bold have special meaning and are defined in Section **E. DEFINITIONS**. Singular words shall include the plural, and plural words shall include the singular.

A. INSURING AGREEMENTS

Subject to the Limits of Liability set forth in the Declarations, and all other terms and conditions of this Policy, **we** agree as follows:

1. Educators Legal Liability

- a. **We** will pay on behalf of an **Insured Loss** that the **Insured** becomes legally obligated to pay as a result of a **Claim** first made against an **Insured** during the **Policy Period** or applicable Extended Reporting Period for an **Educators Wrongful Act** occurring on or after the **Retroactive Date** and before the end of the **Policy Period**.
- b. **We** will pay on behalf of an **Insured Loss** and **Defense Expenses** that the **Insured** becomes legally obligated to pay as a result of a **Claim** seeking, in whole or in part, **Non-Monetary Relief** at any stage of the **Claim**, and first made against an **Insured** during the **Policy Period** or any applicable Extended Reporting Period for an **Educators Wrongful Act** occurring on or after the **Retroactive Date** and before the end of the **Policy Period**.

2. Employment Practices Liability and Third Party Liability

We will pay on behalf of an **Insured Loss** that the **Insured** becomes legally obligated to pay as a result of a **Claim** first made against an **Insured** during the **Policy Period** or any applicable Extended Reporting Period for an **Employment Practices Wrongful Act** or **Third Party Wrongful Act** occurring on or after the **Retroactive Date** and before the end of the **Policy Period**.

3. Reimbursement of Defense Expenses

We will reimburse **Defense Expenses** incurred by an **Insured** in connection with a **Claim** alleging an **IEP Act**, **Collective Bargaining Act** or **Student Program Act** that is first made against an **Insured** during the **Policy Period** or any applicable Extended Reporting Period, and arising out of a **Wrongful Act** occurring on or after the **Retroactive Date** and before the end of the **Policy Period**.

4. Supplemental Payments

We will pay on behalf of an **Insured**, in addition to the Limits of Liability set forth in the Declarations, all reasonable expenses incurred by the **Insured** at **Our** request to assist **Us** in the investigation or defense of any **Claim**, including actual loss of earnings of an **Insured**, because of time off from work; provided that the most **We** will pay will be \$500 per day, per **Insured**. Such “expenses” shall not include salaries of **Your Employees**.

For purposes of this Section, a **Claim** will be deemed to have been made when an **Insured** receives notice of the **Claim**.

B. DEFENSE AND SETTLEMENT

1. **We** will have the right and duty to defend any **Claim** made against an **Insured** for a **Wrongful Act** covered under Section **A. INSURING AGREEMENTS**, Item 1. Educators Legal Liability or Item 2. Employment Practices Liability and Third Party Liability, even if the allegations of such **Claim** are groundless, false or fraudulent. **We** will have no obligation to pay any **Loss** or **Defense Expenses**, or to defend any **Claim** after the applicable Limit of Liability set forth in Item 3. of the Declarations has been exhausted.
2. For any **Claim** **We** defend under Section **B. DEFENSE AND SETTLEMENT**, Item 1., **We** will have the right to make investigations, conduct negotiations and enter into the settlement of any such **Claim** as **We** deem appropriate, with the consent of the **Insured**. If the **Insured** refuses to consent to a settlement acceptable to the claimant in accordance with **Our** recommendation, then, subject to the applicable Limit of Liability, **Our** liability for such **Claim** will not exceed:
 - a. The amount for which such **Claim** could have been settled by **Us** plus **Defense Expenses** up to the date the **Insured** refused to settle such **Claim**; plus
 - b. Sixty percent (60%) of any **Loss** or **Defense Expenses** in excess of the amount in Section **B.2.a.** above, incurred in connection with such **Claim**.
3. It shall be the duty of the **Insured**, and not **Us**, to defend any **Claim** covered under Section **A. INSURING AGREEMENTS**, Item 3. Reimbursement of Defense Expenses. The **Insured** shall have the right to select defense counsel for the investigation and defense of any such **Claim**, subject to **Our** consent and approval, which shall not be unreasonably withheld.
4. **We** shall have no duty to continue to reimburse **Defense Expenses** after the applicable Limit of Liability for **Claims** arising under Section **A. INSURING AGREEMENTS**, Item 3. Reimbursement of Defense Expenses has been exhausted by the reimbursement of **Defense Expenses**.

C. LIMITS OF LIABILITY / RETENTIONS

Regardless of the number of **Claims**, **Insureds** or claimants, **Our** liability under this Policy is limited as follows:

1. Educators Legal Liability
 - a. The amount set forth in Item 3.(a) of the Declarations is the most **We** will pay for all **Loss** in excess of the Retention set forth in Item 4. of the Declarations resulting from each **Claim** covered under Insuring Agreement A.1.a. The payment of **Defense Expenses** shall be in addition to, and will not reduce, the applicable Limits of Liability.
 - b. The amount set forth in Item 3.(a) of the Declarations is the most **We** will pay for all **Loss** and **Defense Expenses** in excess of the Retention set forth in Item 4. of the Declarations resulting from each **Claim** covered under Insuring Agreement A.1.b. The payment of **Defense Expenses** shall be part of and not in addition to the applicable Limits of Liability, and **Our** payment of such **Defense Expenses** will reduce those Limits of Liability.

2. Employment Practices Liability and Third Party Liability

The amount set forth in Item 3.(b) of the Declarations is the most **We** will pay for all **Loss** in excess of the Retention set forth in Item 4. of the Declarations resulting from each **Claim** covered under Insuring Agreement A.2. The payment of **Defense Expenses** shall be in addition to, and will not reduce, the applicable Limits of Liability.

3. Policy Aggregate

The amount set forth in Item 3.(c) of the Declarations is the most **We** will pay for all **Loss** resulting from all **Claims** covered under Insuring Agreements A.1.a. and A.2., and for all **Loss** and **Defense Expenses** resulting from all **Claims** covered under Insuring Agreement A.1.b.

4. Reimbursement of Defense Expenses

The amount set forth in Item 3.(d) of the Declarations is the most **We** will reimburse for all **Defense Expenses** resulting from each **Claim** covered under Insuring Agreement A.3. The amount set forth in Item 3.(e) of the Declarations is the most **We** will reimburse for all **Defense Expenses** resulting from all **Claims** covered under Insuring Agreement A.3. Payments under Insuring Agreement A.3. are in addition to the Limits of Liability applicable to all other insuring agreements.

5. Retention

Our obligation to pay or reimburse **Loss** or **Defense Expenses** under this Policy will only be in excess of the applicable Retention set forth in Item 4. of the Declarations. **We** will have no obligation to pay all or any portion of any Retention amount on behalf of an **Insured**, although **We** may, at **Our** sole discretion, advance such amount, in which event the **Insureds** agree to repay any amounts so advanced upon written request.

D. EXCLUSIONS

This Policy shall not apply to any **Claim** arising from or relating to:

1. The performance of any willful misconduct or dishonest, fraudulent, criminal or malicious act, error or omission by an **Insured**; the willful violation by an **Insured** of any law, statute, ordinance, rule or regulation; or an **Insured** gaining any profit, remuneration or advantage to which such **Insured** is not legally entitled.

Notwithstanding the above, **We** will defend the **Insured** or pay or reimburse **Defense Expenses** in connection with a **Claim** otherwise covered by this Policy until and unless the **Insured** admits, is adjudged or is otherwise proven to have committed any act, error or omission subject to this exclusion, in which case the **Insured** shall reimburse **Us** for any **Defense Expenses** advanced to or paid on behalf of such **Insured**.

2. The special educational needs of any student with a disability as that term is defined under the Individuals with Disabilities Education Act or any similar state statute; provided that this exclusion shall not apply to the reimbursement of **Defense Expenses** under Insuring Agreement A.3.
3. **Loss** or **Defense Expenses** covered under Insuring Agreements A.1. or A.2., if Insuring Agreement A.3. also applies.
4. A **Claim**, other than one alleging an **Employment Practices Wrongful Act**, that is brought by, on behalf of, or in the name or right of **You** or any of **Your** directors, officers, regents, trustees or school board members, or their functional equivalents, unless in the form of a cross-claim or third-party complaint arising from a **Claim** made against such director, officer, regent, trustee or school board member that is otherwise covered under this Policy.

Notwithstanding the above, this exclusion shall not apply to a **Claim** brought by a former director, officer, regent, trustee or school board member who has not served in that capacity for at least three (3) years prior to the date such **Claim** is first made and where such **Claim** is brought and maintained without the support, solicitation, assistance, participation or intervention of the **Named Insured** or an **Insured** not otherwise subject to this exception.

5. An actual or alleged violation of the Fair Labor Standards Act, the National Labor Relations Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, any workers' compensation, unemployment insurance, social security, or disability benefits law, other similar provisions of any federal, state or local statutory or common law or any rules or regulations promulgated under any of the foregoing; provided that this exclusion shall not apply to the extent that a **Claim** for an **Employment Practices Wrongful Act** alleges retaliatory action by an **Insured** in response to an **Employee's** exercise of rights under such statute or law.
6. Damage to, destruction or loss of use of tangible property, **bodily injury**, corporal punishment, sickness, disease or death.
7. Emotional distress, mental anguish, or humiliation not arising from an **Employment Practices Wrongful Act** or **Third Party Wrongful Act**.
8. **Sexual Abuse and Molestation**, including the allowance of or failure to prevent, stop, detect or reveal **Sexual Abuse and Molestation**.
9. The actual, alleged or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, seepage, migration, release, growth, infestation, spread, escape, treatment, removal or disposal of, any **Pollutant**, or any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutant**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request.
10. A **Benefit Plan Act**, provided that this exclusion shall not apply to any **Claim** for actual or alleged retaliation with regards to benefits paid or payable. **We** will defend a **Claim** otherwise subject to this exclusion subject to a \$25,000 Limit of Liability for all **Defense Expenses** in excess of the applicable Retention set forth in Item 4. of the Declarations. **Defense Expenses** payable under this section are part of and not in addition to the applicable Limits of Liability set forth in Item 3. of the Declarations, and payment of such **Defense Expenses** by **Us** will reduce such Limits of Liability.
11. An **Insured's** liability under a contract or agreement, other than a manual of employment policies or procedures issued by **You**, unless such liability would have attached in the absence of such express contract or agreement. This exclusion shall not apply to the payment of **Defense Expenses** in connection with a **Collective Bargaining Act** or to the payment of **Defense Expenses** incurred in connection with a **Claim** for an **Employment Practices Wrongful Act** in the form of an actual or alleged breach of a contract to commence or continue employment with **You**.
12. A failure to obtain, implement, effect, comply with, provide notice under or maintain insurance, reinsurance, self-insurance, suretyship or bond.
13. Facts, circumstances, situations, transactions, events or **Wrongful Acts**:
 - a. Underlying or alleged in any mediation, arbitration, grievance proceeding, litigation or administrative or regulatory proceeding brought prior to and/or pending as of the Inception Date set forth in Item 2. of the Declarations:
 - (1) to which an **Insured** is or was a party; or

- (2) with respect to which an **Insured**, as of the Inception Date set forth in Item 2. of the Declarations, knew or should reasonably have known that an **Insured** would be made a party thereto;
- b. Which was the subject of any notice given prior to the Inception Date set forth in Item 2. of the Declarations under any other Policy of insurance or plan or program of self-insurance; or
- c. Which was the subject of any **Claim** made prior to the Inception Date set forth in Item 2. of the Declarations.

If, however, this Policy is a renewal of one or more policies issued by **Us** or an affiliate to **You**, and such coverage was in effect without interruption from the inception date of the first such Policy to the Inception Date of this Policy, the reference in this exclusion to the Inception Date will be deemed to refer instead to the Inception Date of the first Policy under which **We** or an affiliate began to provide **You** with the continuous and uninterrupted coverage of which this Policy is a renewal.

14. A lockout, strike, picket line, hiring of replacement workers, riot or other civil commotion or other similar actions in connection with labor disputes or labor negotiations; provided that this exclusion shall not apply to the payment of **Defense Expenses** covered under Insuring Agreement A.3.
15. Construction, architectural, engineering, legal, procurement, security or other professional services, including any contract or agreement pertaining to such services.
16. War, whether or not declared, or any act or condition incidental to war, including civil war, insurrection, rebellion or revolution; or **Terrorism**.
17. The failure to integrate or desegregate student enrollment, or the operation or administration of any student program on a discriminatory basis, whether in violation of a court order or otherwise; provided that this exclusion shall not apply to the reimbursement of **Defense Expenses** in connection with a **Student Program Act**.
18. The actual or alleged performance of or failure to perform **Medical Services** by an **Insured** or any person or entity for whom an **Insured** may be legally liable, or the supervision, hiring, retaining or accreditation of or granting of privileges to any person performing **Medical Services**.
19. The Securities Act of 1933, the Securities Exchange Act of 1934, any state "blue sky" law, or any other federal, state or local securities law, or any rule or regulation promulgated under any of the foregoing; or any provision of the common law imposing liability in connection with the offer, sale or purchase of securities.
20. The sale or offering of securities by **You**, whether or not such securities are exempt from registration by the SEC; **Your** actual or proposed filing for an Initial Public Offering; or a debt offering or debt financing, including but not limited to bonds, notes, debentures and guarantees of debt.
21. Tax credits or tax incentives or the application thereof; the formulation of tax rates; the assessment, appraisal or valuation of property; the assessment of taxes or other fees; the collection of taxes, fees or other amounts; and the disbursement of tax refunds.

E. DEFINITIONS

Whenever used in this Policy, the term:

1. **Application** means all applications submitted to **Us**, including any and all attachments and other materials submitted to **Us** in connection with the underwriting of this Policy or for any other policy of

which this Policy is a renewal.

2. **Benefit Plan Act** means a **Claim** alleging liability under a pension, profit sharing, welfare benefit or other employee benefit program established in whole or part for the benefit of an **Insured**, or based upon, arising out of or in any way involving the Employee Retirement Security Act of 1974 (except Section 510 thereof) or any amendments thereto or regulations promulgated thereunder or similar provisions of any federal, state or local law or common law.
3. **Bodily Injury** means physical injury, sickness or disability of a person, including mental incapacity or death resulting from any of these at any time.
4. **Business Invitee** means a natural person, solely in their capacity as one who is invited to enter into and remain on any **Premises** for a purpose directly or indirectly connected with **Your** business or commercial dealings therein. A Business Invitee does not include a trespasser or any person who enters any **Premises** without **Your** knowledge or permission, or any **Employee**, student or minor.
5. **Claim** means:
 - a. A written demand for monetary damages or **Non-Monetary Relief**;
 - b. A written request to toll or waive any statute of limitations, or to waive any contractual time bar, relating to a potential suit against an **Insured** for a **Wrongful Act**;
 - c. A civil proceeding in a court of law or equity, including any appeal therefrom, which is commenced by the filing of a complaint, motion for judgment, or similar proceeding;
 - d. A criminal proceeding that is commenced by the return of an indictment or similar document;
 - e. An administrative or regulatory proceeding or investigation, including a proceeding brought by or before the Equal Employment Opportunity Commission or similar state or local agency, commenced by the filing of a notice of charges, formal order of investigation or similar document; or
 - f. An arbitration proceeding or other alternative dispute resolution proceeding, to which the **Insured** must submit or does submit with **Our** consent.
6. **Collective Bargaining Act** means a **Claim** made by or on behalf of an **Employee** that at all times during the course of such **Claim** exclusively alleges the breach of a collective bargaining agreement.
7. **Defense Expenses** means reasonable legal fees and expenses **We** incur for the investigation, defense and appeal of a **Claim** by attorney(s) retained by **Us**, as well as all other fees, costs or expenses resulting from the investigation, adjustment, defense and appeal of such **Claim** by **Us**, or by **You** with **Our** prior, written consent. Defense Expenses does not include any expenses incurred by **You** prior to the date a **Claim** is first reported to **Us**, nor does it include the time and expense incurred by **You** in resolving a **Claim**, including but not limited to the costs of **Your** in-house counsel.
8. **Educators Wrongful Act** means:
 - a. Any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty, including any **Personal Injury**, by an **Insured**, committed in the performance of his or her duties for **You**;

- b. Any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty by any natural person **Insured** while serving at the direction or request of the **Named Insured** in the natural person **Insured's** capacity as a board member or committee member of an organization, other than the **Named Insured**, that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The coverage provided by this Subsection b. is excess of, and shall not contribute with, any other insurance plan or program of self-insurance carried by such not-for-profit corporation, and any contribution or indemnification to which a natural person **Insured** is entitled to from such not-for-profit organization;
- c. Any matter claimed against an **Insured** solely by reason of his or her status as an **Insured** during the **Policy Period** and committed solely in the performance of duties for **You**.

An Educators Wrongful Act shall not include an **Employment Practices Wrongful Act** or a **Third Party Wrongful Act**.

- 9. **Employee** means the following natural persons, but only for **Wrongful Acts** committed while acting within the scope of employment for **You**:
 - a. Full-time, part-time, seasonal and temporary Employees, including, but not limited to, any teachers, principals, assistant principals, deans, administrators or similar educational service providers;
 - b. Teachers, administrators and similar educational service providers under written contract with, or under retainer for services provided for or on **Your** behalf;
 - c. Student teachers and student aides; and
 - d. Persons who perform services on a volunteer basis for **You**, and under **Your** direction and control.
- 10. **Employment Practices Wrongful Act** means any of the following, when alleged by any of **Your** past or present **Employees** or any applicant for employment with **You**, in connection with that person's actual or proposed employment relationship with **You**:
 - a. Wrongful dismissal, discharge or termination of employment, whether actual or constructive;
 - b. Harassment (including sexual harassment whether "quid pro quo," hostile work environment or otherwise);
 - c. Discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy or disability or any basis prohibited by federal, state or local laws;
 - d. Breach of any manual of employment policies or procedures issued to the **Insureds** by **You**;
 - e. Retaliatory action in response to that **Employee's**:
 - (1) disclosure or threat of disclosure of any act by an **Insured** alleged to be a violation of any federal, state, local or foreign law, common or statutory, or any rule or regulation promulgated thereunder;
 - (2) actual or attempted exercise of any right that **Employee** has under law;

- (3) filing of any **Claim** under the Federal False Claims Act or any other federal, state, local or foreign “whistleblower” law;
- f. Misrepresentation, libel, slander, humiliation, defamation, invasion of privacy, infliction of emotional distress or mental anguish;
- g. Wrongful failure to employ or promote, wrongful deprivation of career opportunity, including tenure, wrongful demotion or evaluation or wrongful discipline; or
- h. Breach of a contract to commence or continue employment with **You**.

An Employment Practices Wrongful Act shall not include an **Educators Wrongful Act**.

- 11. **IEP Act** means a **Claim** under the Individuals with Disabilities Education Act (IDEA), Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, or any similar state or federal statute, whether brought as a due process hearing, mediation, arbitration or lawsuit to address a dispute between the **Named Insured** and its student, or the parent or guardian of a student of the **Named Insured**, concerning: the **Named Insured’s** proposal of, or refusal to initiate or change the identification, evaluation or provisions of, an Individual Education Plan (“IEP”) or 504 Plan for such student; the implementation of the IEP or 504 Plan for such student; the educational placement of such student; or the provision of a free appropriate public education.
- 12. **Insured** means:
 - a. **You**;
 - b. **Your** past, present or future duly elected, appointed or employed directors, officers, regents, trustees or school board members, or their functional equivalents;
 - c. **Employees**;
 - d. In the event of the death, incapacity or bankruptcy of a natural person Insured, such Insured’s estate, heirs, legal representatives or assigns, but only in connection with a **Claim** arising from a **Wrongful Act** against the Insured individual; and
 - e. The lawful spouse or domestic partner of any individual Insured identified in the paragraphs above, but only with respect to liability arising out of **Wrongful Acts** committed by such individual, and provided that such spouse or domestic partner is represented by the same counsel as such individual with respect to any **Claim**.
- 13. **Loss** means damages, pre-judgment interest, post-judgment interest, front pay and back pay, judgments, settlements, punitive or exemplary damages where insurable under applicable law, or other amounts that an **Insured** is legally obligated to pay as a result of a **Claim**.

Loss will not include:

 - a. **Defense Expenses**;
 - b. **Non-Monetary Relief**;
 - c. Any amount representing the value of diminished or lost retirement, health care or other benefits;
 - d. Fines, taxes, penalties;
 - e. The cost of disaster response activities conducted by the **Insured** as required by the Federal Emergency Management Agency (FEMA);

- f. Amounts due under any contract to commence, continue or separate from employment with **You**, including but not limited to the value of any compensation or employment benefits lost, or the cost of specific performance in connection with any such contract; or
- g. The multiplied portion of multiplied damages; provided that Loss will include any multiplied damages awarded pursuant to the Age Discrimination in Employment Act or the Equal Pay Act ("Specified Multiplied Damages") that an **Insured** is obligated to pay as a result of a **Claim**, but only if such Specified Multiplied Damages are insurable under applicable law.

For the purpose of determining the insurability of punitive damages, exemplary damages or Specified Multiplied Damages under this Policy, the laws of the jurisdiction most favorable to the insurability of such damages shall control, provided that such jurisdiction:

- (1) is the location of the court which awarded or imposed such punitive, exemplary damages or Specified Multiplied Damages;
 - (2) is where **You** are incorporated or otherwise organized or have a place of business; or
 - (3) is where **We** are incorporated or has **Our** principal place of business.
14. **Medical Services** means services performed in the treatment or care of any person, including but not limited to: medical, dental, nursing, psychiatric, osteopathic, chiropractic or other medical professional care or services; the furnishing or dispensing of medications, drugs, blood, blood products, or medical, dental or surgical supplies, equipment or appliances in connection with such treatment or care; the furnishing of food or beverages in connection with such treatment or care; the providing of counseling or social services in connection with such treatment or care; and the handling of or performance of post-mortem examinations on human bodies, including autopsies, organ donations or other procedures. Medical Services shall also include an **Insured's** activities as a member of an accreditation, standards review or professional review board, quality assurance board or committee, or any similar board or committee for a healthcare entity or organization.
15. **Named Insured** means the educational entity set forth in Item 1. of the Declarations.
16. **Non-Monetary Relief** means relief or redress in any form other than compensatory or monetary damages, including: the costs of complying with any injunctive, declaratory or equitable relief, remedy or order; the costs of compliance with the Americans with Disabilities Act or any similar provisions of federal, state or local statutory or common law; and any award of claimant's or plaintiff's attorneys fees or costs, whether or not provided for by statute, but only with respect to **Claims** seeking such Non-Monetary Relief. Non-Monetary Relief shall not include the cost of disaster response activities conducted by the **Insured** as required by the Federal Emergency Management Agency (FEMA).
17. **Personal Injury** means the following, when alleged against an **Insured** by an entity or a person who is not a past or present **Insured**, or applicant for employment with the **Insured**: libel, slander, or other defamation, invasion of privacy, false arrest, wrongful detention or imprisonment, malicious prosecution, wrongful entry or eviction, infringement or copyright or trademark, or other unauthorized use of title, or plagiarism or misappropriation of ideas.
18. **Policy Period** means the period from the Inception Date of this Policy set forth, in Item 2. of the Declarations, to the Expiration Date of this Policy set forth in Item 2. of the Declarations, or to any earlier cancellation date of this Policy.

19. **Pollutant** means any of the following:
- a. Smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials (including medical or pharmaceutical supplies and materials which are intended to be or have been recycled, reconditioned or reclaimed) or other irritants, Pollutants or contaminants;
 - b. Mold(s), mildew(s), fungi and/or spore(s); or any materials, goods or products containing, harboring or nurturing any such mold(s), mildew(s), fungi and/or spore(s);
 - c. Lead, silica or asbestos, whether or not airborne as a particle, contained in or formed as part of a product, structure or other real or personal property, ingested or inhaled or transmitted in any fashion, or found in any form whatsoever; or
 - d. Nuclear reaction, radioactive contamination or any radiation of any kind, including but not limited to nuclear radiation and electromagnetic radiation.
20. **Premises** means the following, if located in the continental United States:
- a. A building, facility or other real property including adjoining ways, which **You** own, rent or lease and is used by **You** to conduct **Your** business, including administration, maintenance and recreational facilities;
 - b. A building, facility, or other real property being visited by **Your** elected, appointed or employed, directors, officers, regents, trustees, or school board members, or their functional equivalents, or **Employees**, on an official business trip on **Your** behalf;
 - c. A vehicle that **You** own or lease pursuant to a written contract, but solely if being used in the transportation of **Your** elected or appointed or employed, directors, officers, regents, trustees or school board members, or their functional equivalents, or **Employees**.
- Premises does not include any location for an event independently organized by **Employees** or others without **Your** knowledge or approval.
21. **Related Claims** means all **Claims** based upon, arising out of, resulting from, or in any way involving the same or related facts, circumstances, situations, transactions or events or the same or related series of facts, circumstances, situations, transactions or events, whether related logically, casually or in any other way. All Related Claims will be deemed to be a single **Claim** for purposes of Section **C. LIMITS OF LIABILITY / RETENTIONS**, Item 5.
22. **Retroactive Date** means the applicable date set forth in Item 7. of the Declarations.
23. **Sexual Abuse and Molestation** means any actual or alleged conduct, physical act, gesture or spoken or written word of a sexual nature directed by an **Insured**, or by any person for whom an **Insured** is legally responsible, toward any of **Your** students or any minor not a student of **You**, and including without limitation any actual, alleged or threatened sexual intimacy (even if allegedly consensual), molestation, assault or battery, exploitation or any other sexual act.
24. **Student Program Act** means a **Claim** alleging the failure to integrate or desegregate student enrollment, or the operation or administration of any student program on a discriminatory basis, whether in violation of a court order or otherwise.
25. **Terrorism** means "Certified Acts" as defined by the Terrorism Risk Insurance Act of 2002, or any subsequent amendments or reauthorizations of such Act (TRIA).
26. **Third Party Wrongful Act** means any of the following, when alleged against an **Insured** by **Your Business Invitee** or by a third party individual (other than another **Insured**, student or minor) with

whom an **Insured** interacts outside of the **Premises** for the purpose of conducting official business on **Your** behalf:

- a. Harassment (including sexual harassment);
- b. Discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy or disability or any basis prohibited by federal, state or local laws; or
- c. Invasion of privacy.

A Third Party Wrongful Act shall not include an **Educators Wrongful Act**.

27. **Wrongful Act** means, for purposes of Insuring Agreements A.1. or A.2., an **Educators Wrongful Act**, **Employment Practices Wrongful Act** or **Third Party Wrongful Act**. For purposes of Insuring Agreements A.3. **Wrongful Act** means an **IEP Act**, **Collective Bargaining Act** or **Student Program Act**.

F. CONDITIONS

1. Other Insurance:

Insurance provided under this Policy will be excess of and will not contribute with other valid and collectible insurance, including but not limited to any insurance under which there is a duty to defend, unless such other insurance is specifically stated to be in excess of this Policy by reference in such other policy to the Policy number of this Policy. This Policy will not be subject to the terms of any other insurance.

In the event that coverage is available for a **Claim** under any other insurance policy that applies to **Claims** for **Bodily Injury**, **Personal Injury** or property damage, **We** will have no duty to defend such **Claim**, or to pay any **Defense Expenses** incurred by **You** or on **Your** behalf, or to contribute to or reimburse **Defense Expenses** incurred by such other insurance policy in connection with such **Claim**.

2. Cooperation:

In the event of a **Claim**, the **Insured** will provide **Us** with all information, assistance and cooperation that **We** reasonably request, and will do nothing that may prejudice **Our** position or potential or actual rights of recovery. The **Insured** shall not make any payment, admit any liability, settle any **Claim**, assume any obligation, or incur any expense without **Our** consent. At **Our** request, the **Insured** will assist in any actions, suits, or proceedings, including but not limited to attending hearings, trials and depositions, securing and giving evidence, and obtaining the attendance of witnesses, and will also assist in making settlements.

3. Subrogation:

We will be subrogated to the extent of any payment **We** make under this Policy to all of the rights of recovery of the **Insured**. The **Insured** will execute all papers and do everything necessary to secure such rights, including the execution of any documents necessary to enable **Us** effectively to bring suit in their name. The obligations of the **Insured** under this condition will survive the expiration or cancellation of the Policy.

4. Extended Reporting Period:

- a. If this Policy is cancelled or non-renewed for any reason other than nonpayment of premium, the **Named Insured** will have the right to:

- (1) a seventy-five (75) day Automatic Extended Reporting Period, beginning on the effective date of such cancellation or non-renewal, for no additional premium charge; and
 - (2) to purchase an Additional Extended Reporting Period, beginning on the effective date of the cancellation or non-renewal, for an additional premium; provided that the **Named Insured** elects to purchase the Additional Extended Reporting Period in writing and provides **Us** any additional premium due within thirty (30) days of the effective date of cancellation or non-renewal, subject to the available options as set forth in subparagraph c.
- b. The coverage otherwise afforded by this Policy will be extended to apply to **Loss or Defense Expenses** from **Claims** first made during the Extended Reporting Period, but only if such **Claims** are for **Wrongful Acts** committed on or after the **Retroactive Date** and before the end of the **Policy Period**. An Extended Reporting Period does not increase or reinstate any Limit of Liability and may only be effective if all premiums and retentions due under the Policy have been paid. The Automatic Extended Reporting Period shall not become effective if the **Insured** procures replacement coverage. Once purchased, the Extended Reporting Period may not be canceled and the premium shall be deemed fully earned.
- c. Extended Reporting Period Options:
- (1) a one (1) year extended reporting period for an additional premium of seventy percent (70%) of the Premium set forth in Item 6. of the Declarations;
 - (2) a two (2) year extended reporting period for an additional premium of one hundred percent (100%) of the Premium set forth in Item 6. of the Declarations; or
 - (3) a three (3) year extended reporting period for an additional premium of one hundred and fifty percent (150%) of the Premium set forth in Item 6. of the Declarations.

5. **Notice; Timing, and Interrelationship of Claims:**

- a. As a condition precedent to any right to payment under this Policy, the **Insured** must give **Us** written notice of a **Claim** with full details, as soon as practicable after any of **Your** school administrators becomes aware of such **Claim** and in no event, no later than seventy-five (75) days after the expiration of the **Policy Period**.
- b. If, during the **Policy Period**, the **Insured** first becomes aware of any **Wrongful Act** that may subsequently give rise to a **Claim**, and, as soon as practicable thereafter but before the expiration or cancellation of this Policy:
 - (1) gives **Us** written notice of such **Wrongful Act**, including a description of the **Wrongful Act** in question, the identities of the potential claimants, the consequences that have resulted or may result from such **Wrongful Act**, the damages that may result from such **Wrongful Act** and the circumstances by which the **Insured** first became aware of such **Wrongful Act**; and
 - (2) requests coverage under this Policy for any subsequently resulting **Claim** for such **Wrongful Act**;

then **We** will treat any such subsequently resulting **Claim** as if it had been first made during the **Policy Period**.

- c. All notices under this condition must be sent in writing to the address or email address set

forth in Item 5. of the Declarations.

- d. All **Related Claims** will be treated as a single **Claim** made when the earliest of such **Related Claims** was first made, or when the earliest of such **Related Claims** is treated as having been made in accordance with Condition 5.b., whichever is earlier.

6. **Cancellation; No Obligation to Renew:**

- a. **We** may not cancel this Policy except for **Your** failure to pay a premium when due. **We** will deliver or mail by first class, registered or certified mail to **You** at **Your** last known address, written notice of cancellation at least twenty (20) days before the effective date of cancellation. Such notice shall state the reason for cancellation. A copy of such notice shall be sent to the agent of record.
- b. **You** may cancel this Policy by mailing to **Us** written notice stating when, not later than the Expiration Date set forth in Item 2. of the Declarations, such cancellation will be effective. In such event, return premium will be computed as 0.90 times the pro rata unearned premium shown in Item 6. of the Declarations and rounded to the nearest whole dollar. Premium adjustment may be made either at the time that cancellation by **You** is effective or as soon as practicable thereafter. If **Our** maximum aggregate Limit of Liability for Insuring Agreements A.1. and A.2., as set forth Item 3.(c) of the Declarations, is exhausted by the payment of **Loss** or **Defense Expenses**, the entire premium will be deemed fully earned.
- c. **We** will not be required to renew this Policy upon its expiration. If **We** elect not to renew this Policy, **We** will deliver or mail by first class, registered or certified mail to **You** at **Your** last known address, written notice to that effect at least sixty (60) days before the Expiration Date set forth in Item 2. of the Declarations. Such notice shall state the specific reason(s) for non-renewal. A copy of such notice shall be sent to the agent of record.

7. **Representations:**

The **Named Insured** represents that the statements contained in the **Application** are true, accurate and complete, and agrees that this Policy is issued in reliance upon the truth thereof, which are deemed to be incorporated into and to constitute a part of this Policy.

8. **Separation of Insureds; Protection of Innocent Insureds:**

- a. In the event of any material untruth, misrepresentation or omission in connection with any of the particulars or statements in the **Application**, this Policy will be void:
 - (1) with respect to any natural person **Insured** who knew of such untruth, misrepresentation or omission; and
 - (2) with respect to **You**, if, and only if, **Your** principal, assistant principal, dean, assistant dean, director, officer, regent, trustee or school board member, or any other person in a functionally equivalent position, knew of such untruth, misrepresentation or omission.
- b. No act, error or omission of any **Insured** will be imputed to any other **Insured** to determine the application of any exclusion set forth in Section **D. EXCLUSIONS** of this Policy. If it is determined that an exclusion applies to an **Insured** in connection with a **Claim**, no coverage shall be available under this Policy for such **Insured**, however, coverage shall continue in effect under this Policy for any other **Insured**, subject to all other terms, conditions, and exclusions herein.

9. **No Action against Us:**

- a. No action may be taken against **Us** unless, as conditions precedent thereto, there has been full compliance with all of the terms of this Policy and the amount of an **Insured's** obligation to pay has been finally determined either by judgment against an **Insured** after adjudicatory proceedings, or by written agreement of an **Insured**, the claimant and **Us**.
- b. No person or entity will have any right under this Policy to join **Us** as a party to any **Claim** to determine the liability of an **Insured**; nor may **We** be impleaded by an **Insured** or his, her or its legal representative in any such **Claim**.

10. **Insolvency of Insured:**

We will not be relieved of any of **Our** obligations under this Policy by the bankruptcy or insolvency of an **Insured**.

11. **Non-Accumulation of Limits:**

If coverage is provided under this Policy and any other policy or policies underwritten or reinsured by **Us** to **You**, the maximum amount payable in the aggregate under this Policy and all such other policies shall not exceed the single highest Limit of Liability available under all such policies. Only one retention or deductible will apply, which shall be the retention or deductible corresponding to the Limit of Liability applied to the **Claim**.

12. **Territory:**

This Policy applies to **Wrongful Acts** committed by an **Insured**, or to any **Claim** brought against an **Insured**, anywhere in the world.

13. **Authorization and Notices:**

The **Insureds** agree that **You** will act on their behalf with respect to receiving any notices and return premiums from **Us**.

14. **Changes:**

This Policy contains all the agreements between any and all **Insureds** and **Us** concerning this insurance. The **Named Insured** is authorized on behalf of all **Insureds** to make changes in the terms of this Policy with **Our** consent. This Policy's terms can be amended or waived only by endorsement issued by **Us** and made part of this Policy.

15. **Assignment:**

No assignment of interest under this Policy will bind **Us** without **Our** consent.

16. **Entire Agreement:**

The **Insured** agrees that this Policy, including the **Application** and any endorsements, constitutes the entire agreement between every **Insured** and **Us** or any of **Our** agents relating to this insurance.

17. **Choice of Law:**

All matters arising hereunder, including but not limited to questions related to the validity, interpretation, performance and enforcement of this Policy, shall be determined in accordance with the law and practice of the State of New York, notwithstanding New York's conflicts of law rules.

18. **Premium:**

The **Named Insured** shall be responsible for payment of all premiums and will be the payee of any return premium. The Policy premium may be changed at any time if the Policy terms and conditions are changed by, among other things, adding additional insureds, changing limits of liability or extending the **Policy Period**. The **Named Insured** or its designee agrees to pay all increased premiums promptly in accordance with the Company's invoices.

19. **Conformity to Statute:**

All terms of this Policy that conflict with any applicable laws or regulations are hereby amended to conform to such laws or regulations.

20. **Headings:**

The descriptions in the headings and sub-headings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage.

In witness whereof, the Insurer has caused this Policy to be executed on the Declarations Page.

SPECIMEN

EMPLOYERS FACE CONTINUOUSLY CHANGING EMPLOYMENT LAWS AND ONGOING EMPLOYEE ISSUES. The PGU Employer Resource Center is here to help with these challenges and deliver thousands of dollars of risk management value to your organization. These services have helped thousands of employers protect themselves from risk, and we encourage you to take full advantage.

Unlimited, specific, documented, and confidential advice from employment law attorneys



Online training courses, including sexual harassment prevention, available for both supervisors and employees



Online tools: a state-specific employee handbook builder, forms, posters, news, and more

== THOUSANDS OF DOLLARS
IN ANNUAL EMPLOYER VALUE

HOW DOES THE PGU EMPLOYER RESOURCE CENTER WORK?

Employers are provided valuable services and will be personally introduced to the following:

- + Direct access to employment law attorneys to receive confidential, documented responses to your organization's specific questions
- + Resources that address over 50 different employment law and HR/risk management issues
- + Live and recorded topical webinars, many with CE credits for HR personnel
- + A state-specific employee handbook and policy building tool and online training courses
- + Proactive regulatory updates based on each user's selected preferences
- + Dedicated relationship managers that can help you take full advantage of these benefits

NOTICE TO POLICYHOLDERS

FRAUD NOTICE

Arkansas	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Colorado	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
District of Columbia	WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
Florida	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
Kansas	A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.
Kentucky	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
Louisiana	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Maine	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
Maryland	Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
New Jersey	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.
New Mexico	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

NOTICE TO POLICYHOLDERS

<p>New York</p>	<p>General: All applications for commercial insurance, other than automobile insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p>All applications for automobile insurance and all claim forms: Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p> <p>Fire: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.</p> <p>The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.</p>
<p>Ohio</p>	<p>Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.</p>
<p>Oklahoma</p>	<p>WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.</p>
<p>Pennsylvania</p>	<p>All Commercial Insurance, Except As Provided for Automobile Insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.</p> <p>Automobile Insurance: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.</p>
<p>Puerto Rico</p>	<p>Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.</p>

NOTICE TO POLICYHOLDERS

Rhode Island	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Tennessee	<p>All Commercial Insurance, Except As Provided for Workers' Compensation It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.</p> <p>Workers' Compensation: It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers' compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.</p>
Utah	Workers' Compensation: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.
Virginia	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
Washington	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
West Virginia	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
All Other States	Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison. (In Oregon, the aforementioned actions may constitute a fraudulent insurance act which may be a crime and may subject the person to penalties).

NOTICE TO POLICYHOLDERS

PRIVACY POLICY

The XL Catlin insurance group (the “Companies”), believes personal information that we collect about our customers, potential customers, and proposed insureds (referred to collectively in this Privacy Policy as “customers”) must be treated with the highest degree of confidentiality. For this reason and in compliance with the Title V of the Gramm-Leach-Bliley Act (“GLBA”), we have developed a Privacy Policy that applies to all of our companies. For purposes of our Privacy Policy, the term “personal information” includes all information we obtain about a customer and maintain in a personally identifiable way. In order to assure the confidentiality of the personal information we collect and in order to comply with applicable laws, all individuals with access to personal information about our customers are required to follow this policy.

Our Privacy Promise

Your privacy and the confidentiality of your business records are important to us. Information and the analysis of information is essential to the business of insurance and critical to our ability to provide to you excellent, cost-effective service and products. We understand that gaining and keeping your trust depends upon the security and integrity of our records concerning you. Accordingly, we promise that:

1. We will follow strict standards of security and confidentiality to protect any information you share with us or information that we receive about you;
2. We will verify and exchange information regarding your credit and financial status only for the purposes of underwriting, policy administration, or risk management and only with reputable references and clearinghouse services;
3. We will not collect and use information about you and your business other than the minimum amount of information necessary to advise you about and deliver to you excellent service and products and to administer our business;
4. We will train our employees to handle information about you or your business in a secure and confidential manner and only permit employees authorized to use such information to have access to such information;
5. We will not disclose information about you or your business to any organization outside the XL Catlin insurance group of Companies or to third party service providers unless we disclose to you our intent to do so or we are required to do so by law;
6. We will not disclose medical information about you, your employees, or any claimants under any policy of insurance, unless you provide us with written authorization to do so, or unless the disclosure is for any specific business exception provided in the law;
7. We will attempt, with your help, to keep our records regarding you and your business complete and accurate, and will advise you how and where to access your account information (unless prohibited by law), and will advise you how to correct errors or make changes to that information; and
8. We will audit and assess our operations, personnel and third party service providers to assure that your privacy is respected.

Collection and Sources of Information

We collect from a customer or potential customer only the personal information that is necessary for (a) determining eligibility for the product or service sought by the customer, (b) administering the product or service obtained, and (c) advising the customer about our products and services. The information we collect generally comes from the following sources:

- Submission – During the submission process, you provide us with information about you and your business, such as your name, address, phone number, e-mail address, and other types of personal identification information;
- Quotes – We collect information to enable us to determine your eligibility for the particular insurance product and to determine the cost of such insurance to you. The information we collect will vary with the type of insurance you seek;

NOTICE TO POLICYHOLDERS

- Transactions – We will maintain records of all transactions with us, our affiliates, and our third party service providers, including your insurance coverage selections, premiums, billing and payment information, claims history, and other information related to your account;
- Claims – If you obtain insurance from us, we will maintain records related to any claims that may be made under your policies. The investigation of a claim necessarily involves collection of a broad range of information about many issues, some of which does not directly involve you. We will share with you any facts that we collect about your claim unless we are prohibited by law from doing so. The process of claim investigation, evaluation, and settlement also involves, however, the collection of advice, opinions, and comments from many people, including attorneys and experts, to aid the claim specialist in determining how best to handle your claim. In order to protect the legal and transactional confidentiality and privileges associated with such opinions, comments and advice, we will not disclose this information to you; and
- Credit and Financial Reports – We may receive information about you and your business regarding your credit. We use this information to verify information you provide during the submission and quote processes and to help underwrite and provide to you the most accurate and cost-effective insurance quote we can provide.

Retention and Correction of Personal Information

We retain personal information only as long as required by our business practices and applicable law. If we become aware that an item of personal information may be materially inaccurate, we will make reasonable effort to re-verify its accuracy and correct any error as appropriate.

Storage of Personal Information

We have in place safeguards to protect data and paper files containing personal information.

Sharing/Disclosing of Personal Information

We maintain procedures to assure that we do not share personal information with an unaffiliated third party for marketing purposes unless such sharing is permitted by law. Personal information may be disclosed to an unaffiliated third party for necessary servicing of the product or service or for other normal business transactions as permitted by law.

We do not disclose personal information to an unaffiliated third party for servicing purposes or joint marketing purposes unless a contract containing a confidentiality/non-disclosure provision has been signed by us and the third party. Unless a consumer consents, we do not disclose “consumer credit report” type information obtained from an application or a credit report regarding a customer who applies for a financial product to any unaffiliated third party for the purpose of serving as a factor in establishing a consumer’s eligibility for credit, insurance or employment. “Consumer credit report type information” means such things as net worth, credit worthiness, lifestyle information (piloting, skydiving, etc.) solvency, etc. We also do not disclose to any unaffiliated third party a policy or account number for use in marketing. We may share with our affiliated companies information that relates to our experience and transactions with the customer.

Policy for Personal Information Relating to Nonpublic Personal Health Information

We do not disclose nonpublic personal health information about a customer unless an authorization is obtained from the customer whose nonpublic personal information is sought to be disclosed. However, an authorization shall not be prohibited, restricted or required for the disclosure of certain insurance functions, including, but not limited to, claims administration, claims adjustment and management, detection, investigation or reporting of actual or potential fraud, misrepresentation or criminal activity, underwriting, policy placement or issuance, loss control and/or auditing.

NOTICE TO POLICYHOLDERS

Access to Your Information

Our employees, employees of our affiliated companies, and third party service providers will have access to information we collect about you and your business as is necessary to effect transactions with you. We may also disclose information about you to the following categories of person or entities:

- Your independent insurance agent or broker;
- An independent claim adjuster or investigator, or an attorney or expert involved in the claim;
- Persons or organizations that conduct scientific studies, including actuaries and accountants;
- An insurance support organization;
- Another insurer if to prevent fraud or to properly underwrite a risk;
- A state insurance department or other governmental agency, if required by federal, state or local laws; or
- Any persons entitled to receive information as ordered by a summons, court order, search warrant, or subpoena.

Violation of the Privacy Policy

Any person violating the Privacy Policy will be subject to discipline, up to and including termination.

For more information or to address questions regarding this privacy statement, please contact your broker.

NOTICE TO POLICYHOLDERS

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Policyholder Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC and possibly the U.S. Department of State. **Please read this Policyholder Notice carefully.**

OFAC administers and enforces sanctions policy based on Presidential declarations of "national emergency". OFAC has identified and listed numerous

- Foreign agents
- Front organizations
- Terrorists
- Terrorist organizations
- Narcotics traffickers

as *Specially Designated Nationals and Blocked Persons*. This list can be found on the U.S. Department of the Treasury's web site - <http://www.treas.gov/ofac>.

The Secretary of the Treasury also has identified a number of entities in the insurance, petroleum, and petrochemicals industries determined to be owned or controlled by the Iranian government. Business transactions with any of these entities are expressly prohibited. These entities have been added to OFAC's list of *Financial Institutions Determined To Be Owned or Controlled by the Government of Iran*. This list can be found on the U.S. Department of the Treasury's web site - <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/iran.aspx>, see List of CISADA and NDAA Prohibitions or Conditions

In accordance with OFAC regulations, or any applicable regulation promulgated by the U.S. Department of State, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance will be immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, neither payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

NOTICE TO POLICYHOLDERS

TEXAS

IMPORTANT NOTICE

To obtain information or make a complaint:

You may contact your agent.

You may call XL Catlin's toll-free telephone number for information or to make a complaint at:

1-800-622-7311

You may also write to XL Catlin at:

Seaview House
70 Seaview Avenue
Stamford, CT 06902-6040

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: www.tdi.texas.gov
Email: ConsumerProtection@tdi.texas.gov

To obtain price and policy form comparisons and other information relating to residential property insurance and personal automobile insurance, you may visit the Texas Department of Insurance/Office of Public Insurance Counsel Website:

www.helpinsure.com

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim, you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener información o para presentar una queja:

Usted puede comunicarse con su agente.

Usted puede llamar al número de teléfono gratuito de XL Catlin's para obtener información o para presentar una queja al:

1-800-622-7311

Usted también puede escribir a XL Catlin:

Seaview House
70 Seaview Avenue
Stamford, CT 06902-6040

Usted puede comunicarse con el Departamento de Seguros de Texas para obtener información sobre compañías, coberturas, derechos, o quejas al:

1-800-252-3439

Usted puede escribir al Departamento de Seguros de Texas a:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: www.tdi.texas.gov
Email: ConsumerProtection@tdi.texas.gov

Para obtener formas para la comparación de precios y pólizas y para obtener otra información sobre el seguro de propiedad residencial y de seguro de automóvil personal, visite el sitio web del Departamento de Seguros de Texas/Oficina del Asesor Público de Seguros:

www.helpinsure.com

DISPUTAS POR PRIMAS DE SEGUROS O

RECLAMACIONES: Si tiene una disputa relacionada con su prima de seguro o con una reclamación usted debe comunicarse con (el agente) (la compañía) primero. Si la disputa no es resuelta, usted puede comunicarse con el Departamento de Seguros de Texas.

ADJUNTE ESTE AVISO A SU PÓLIZA: Este aviso es solamente para propósitos informativos y no se convierte en parte o en condición del documento adjunto.

F. SCHOOL LEADERS ERRORS & OMISSIONS

School leaders errors and omissions coverage is requested on a claims-made form, as follows:

1. Limits of Liability - Please quote coverage at limits of \$1,000,000 each claim/\$1,000,000 annual aggregate, \$1,000,000 each claim/ \$2,000,000 annual aggregate, and \$2,000,000 each claim/\$4,000,000 annual aggregate.
2. Deductibles - Please quote optional SIR/deductibles of \$10,000 and \$25,000 per-claim.
3. The policy should be extended to allow a reasonable agreed upon rate for work done by the County Attorney's Office in connection with lawsuits or other necessary legal services to be applied toward satisfaction of the County's deductible/SIR.
4. Coverage is requested for the Webb County Juvenile Justice Alternative Education Program, including all employees, volunteers, student teachers, trustees, and board members, committee members, and volunteer organizations while acting on behalf of Webb County coverage should include heirs, estates, executors, administrators, legal representatives, and assigns in the event of death or bankruptcy.
5. Quote without a retroactive date. If a retroactive date is quoted, the preferred date is November 25, 2003. However, October 1, 2011 is acceptable.
6. The policy should provide defense cost outside the limits of the policy.
7. Defense coverage should be included for, but not limited to, IEP hearings, Desegregation. Breach of Contract, and Breach of Fiduciary Duty.
8. Punitive, exemplary and multiple damages should not be excluded. If excluded, an optional quotation to buy back the punitive damages, fines and penalties exclusions must be included.
9. Coverage should be extended to include, but not be limited to:
 - a. Liability arising from actual or alleged negligence, errors or omissions, breach of duty, malfeasance, misfeasance, nonfeasance, or any act of any insured.
 - b. Damages for violation of civil rights.
 - c. Claims against attorney, architect, medical personnel, engineer, psychologist, counselor, accountant, etc. acting within the scope of professional duties.
 - d. Claims seeking relief in forms other than monetary damages.
 - e. Faulty preparation of RFP specifications.
 - f. Claims for intentional acts.
 - g. Defense in the case of questionable or possibly excluded claims.
 - h. A non-imputation provision is requested with respect to the application for insurance and the exclusions.

- i. Claims arising out of desegregation or integration issues.
 - j. Claims arising out of corporal punishment with deletion of bodily injury and property damage exclusions.
 - k. Failure to maintain insurance.
 - l. Sexual misconduct claims, including abuse, molestation, harassment with deletion of bodily injury and property damage exclusions.
 - m. Breach of contract.
10. No insured vs. insured exclusion should be applicable to the coverage.
11. Coverage should be on a “pay-on-behalf-of” basis.
12. As an option, quote a broad employment practices liability (EPL) extension for front and back pay, sexual harassment, discrimination, wrongful termination, demotion, retaliation, and other work place torts. This would be as an alternative to a separate, stand-alone policy for EPL.
13. If an occurrence form is quoted, provide an option for no tail coverage and for tail coverage for at least three (3) years.
14. A three-year term is preferred.
15. The policy should contain an endorsement that reads: Knowledge of the occurrence of actual or potential claims by Webb County shall commence upon receipt of such information or advice by the Risk Management Director, or such other position as designated by Webb County.
16. Definition of claim should include oral or written notice from a claimant, or knowledge of circumstances which are known to Webb County during the policy period, or applicable extended reporting period, that may reasonably give rise to a future claim. This is provided written notice is given to the insurer during the policy period or any applicable extended reporting period.
17. Quote extended reporting periods of 12, 24, and 36 months.
18. Extended reporting option should have a bilateral trigger.
19. The definition of *insured* should be amended to include consultants and independent contractors, if required by written agreement.
20. The definition of *claim* should include the venue of an administrative hearing.
21. Include a sixty (60)-day notice-of-cancellation, non-renewal or material change.

PROPOSAL FORM FOR SCHOOL LEADERS E&O (COMPLETE AS APPLICABLE)

1. Proposed Insurer Indian Harbor Insurance Company
2. Please show premiums for the following (Coverage):

Limits (Per-Occ and Agg)	SIR/Deductibles	
	\$10,000	\$25,000
\$1,000,000/\$1,000,000	\$2,730 + tax and fee	\$2,630 + tax and fee
\$2,000,000/\$2,000,000	\$3,830 + tax and fee	\$3,730 + tax and fee
\$3,000,000/\$3,000,000	\$4,930 + tax and fee	\$4,830 + tax and fee

Are premiums quoted net of commission(s) or any other fee(s)?
 Yes No

3. Is coverage written on an occurrence basis? Yes No

4. Does coverage pick up the tail for the past three (3) years if written on an occurrence basis? Yes No

N/A

5. If coverage is claims-made, does the policy cover prior acts without a retroactive date restriction? Yes No

If not, what is the retroactive date? Full Prior Acts

6. Does coverage provide twelve (12), twenty-four (24), and thirty-six (36)-month extended discovery provision? Yes No

Can this clause be exercised by Webb County in the event the County chooses to cancel or not renew (i.e., bilateral trigger)? Yes No

7. Is defense coverage in addition to policy limits? Yes No

State exceptions, if any. _____

8. Is defense included for IEP hearings, Desegregation, Breach of Contract, and Breach of Fiduciary Duty? Yes No
IEP Act-YES; Breach of CBA-YES;

9. Has the policy been extended to allow a reasonable agreed upon rate for work done by the County Attorney's Office in connection with lawsuits or other necessary legal services to be applied toward satisfaction of the County's deductible/SIR? Yes No

10. Are punitive, exemplary and multiple damages covered? Yes No
Punitive-YES, Exemplary-YES, Multiple Damages-Depends (see policy wording)
 If no, indicate additional premium to buy back this coverage. _____

11. Does the policy include coverage for insured vs. insured claims?
Exclusion 4 - Includes carveback for former Bd Members Yes No

12. Does the policy include coverage for employment-related practices as outlined in question 13? Yes No

13. Is coverage included for the following:

a. Negligence, errors, omissions, breach of duty, malfeasance, misfeasance, nonfeasance, or any act of any insured. Yes No

b. Civil rights violations. Yes No

c. Claims against attorney, architect, medical personnel, psychologist, counselor, accountant, etc., acting within the scope of professional duties. Yes No

d. Claims seeking other than monetary relief. Yes No

e. Faulty preparation of RFP specifications. Yes No
Policy is Silent

f. Claims from intentional acts. Yes No

subject to the terms and conditions of the policy form and specifically exclusion D.1.
 g. Defense in the case of questionable or possibly excluded claims. Yes No

see exclusion D.1.

h. Non-imputation provision. Yes No

per condition 8. Separation of Insureds; Protection of Innocent Insureds

i. Claims arising out of desegregation/integration. Yes No
see the Student Program Act definition 24.

j. Failure to maintain insurance. Yes No
Exclusion 12.

k. Breach of contract Yes No

Exclusion 11, there is a carveback for Collective Bargaining Act (definition 6) and breach of contract in an employment practices context (definition of EPL Wrongful Act)

14. Will defense coverage apply on a "first-dollar" basis? Yes No

15. If defense costs are not on a "first-dollar" basis, will cost incurred by Webb County apply toward meeting the deductible? Yes No

It depends on the "cost incurred", but generally Yes

16. Is coverage on a "pay-on-behalf-of" basis? Yes No

17. Does the policy provide the following supplementary payments:

a. Premiums on appeal bond Yes No

b. Interest on judgments (pre and post judgement) Yes No

c. Expenses incurred in assisting Webb County in defense of a claim
 Yes No
See Comments below

Are these in addition to the policy limits? Yes No

Comments: all reasonable expenses incurred by the Insured at Our request to assist Us in the investigation or defense of any Claim. Yes - in addition to the limit regarding this statement.

18. Is coverage provided for corporal punishment with no bodily injury and property damage exclusion? Yes No

Explain: Exclusion No. 6 - Damage to, destruction or loss of use of tangible property, bodily injury, corporal punishment, sickness, disease or death.

19. Is coverage provided for sexual misconduct, including abuse, molestation, and harassment with no bodily injury and property damage exclusion? Yes No

Explain: Exclusion No. 8 - Sexual Abuse and Molestation, including the allowance of or failure to prevent, stop, detect or reveal Sexual Abuse and Molestation

20. Is knowledge of occurrence endorsement included? Yes No
If this means Incident Reporting, then YES

21. Are consultants and independent contractors included in the definition of *insured*?
Employee means the following natural persons, but only for Wrongful Acts committed while acting within the scope of employment for You: b. Teachers, administrators and similar educational service providers under written contract with, or under retainer for services provided for or on Your behalf

22. Are administrative hearings included in the definition of *claim*? Yes No

23. Please answer each item as follows: YES means covered while acting within the scope of Webb County's duties with no limitations; NO means not covered under this policy for any coverage parts regardless of the scope of duties; and LIMITED means coverage may be available while acting within the scope of duties, but limitations are noted in the attached sheet.

a. Who is insured? **See below definition** Webb County as legal entity

Webb County Juvenile Alternative Education Program Board of Trustees

See below definition Any legal entity owned or operated by Webb County

INSURED defined by Policy: Your past, present or future duly elected, appointed or employed directors, officers, regents, trustees or school board members, or their functional equivalents;

- b. Webb County Officials? See above definition Any elected officials
See above definition Any appointed officials
See above definition Any officer or director of the alternative education program
- c. Employees? See below definition Any employee

Employee means the following natural persons, but only for Wrongful Acts committed while acting within the scope of employment for You:

- a. Full-time, part-time, seasonal and temporary Employees, including, but not limited to, any teachers, principals, assistant principals, deans, administrators or similar educational service providers;
- b. Teachers, administrators and similar educational service providers under written contract with, or under retainer for services provided for or on Your behalf;
- c. Student teachers and student aides; and
- d. Persons who perform services on a volunteer basis for You, and under Your direction and control.

d. Volunteers?

Any volunteers

e. Others?

Heirs and legal representatives of insured

Student teachers

f. What damages are covered for bodily injury?

Professional Liab does not cover BI or PD

Bodily injury, sickness, disease, death

Care disability, loss of service

Humiliation, mental anguish, or injury arising solely from use of reasonable force to protect persons and/or property

Due to rendering or failure to render any professional services

Professional Liab does not cover BI or PD

g. Property damage?

- Injury to or destruction of tangible property
- Loss of use of injured or destroyed property
- Property of others in the care, custody or control of named insured
- Due to rendering or failure to render any professional services
- Resulting from hazardous properties of nuclear materials

h. Personal injury?

- Defamation, libel and slander
- Violation of civil rights
- Invasion of private occupancy
- Invasion of right of privacy
- False arrest, imprisonment and detention
- Malicious prosecution
- Wrongful injury or eviction
- Wrongful termination
- Discrimination arising out of employment or prospective employment
- Sexual harassment

24. Additional premium for extended discovery option of—

- 12 Months 70%
- 24 Months 100%
- 36 Months 150%
- Other _____

25. Is the notice of claim provision triggered if Webb County provides notice of circumstances which could give rise to a future claim? Yes No

If no, please explain. _____

26. What is the notice-of-cancellation, non-renewal or material change provision?

See Below

27. What experience modifier, if any, was used in this quotation? None

28. Indicate if premium is flat or auditable and composite rate. Flat

29. Indicate method of premium payment (monthly, quarterly, annually, etc.)

Finance Note (monthly, quarterly and annual pay plans are available)

30. Indicate the term of the coverage. Annual

If more than one year, are rates fixed? Yes No

31. Is your quote contingent on writing any other line(s)? Yes No

If so, what line(s)? _____

32. Are specimen policy forms and endorsements included? Yes No

Cancellation; No Obligation to Renew:

a. We may not cancel this Policy except for Your failure to pay a premium when due. We will deliver or mail by first class, registered or certified mail to You at Your last known address, written notice of cancellation at least twenty (20) days before the effective date of cancellation. Such notice shall state the reason for cancellation. A copy of such notice shall be sent to the agent of record.

b. You may cancel this Policy by mailing to Us written notice stating when, not later than the Expiration Date set forth in Item 2. of the Declarations, such cancellation will be effective. In such event, return premium will be computed as 0.90 times the pro rata unearned premium shown in Item 6. of the Declarations and rounded to the nearest whole dollar. Premium adjustment may be made either at the time that cancellation by You is effective or as soon as practicable thereafter. If Our maximum aggregate Limit of Liability for Insuring Agreements A.1. and A.2., as set forth Item 3.(c) of the Declarations, is exhausted by the payment of Loss or Defense Expenses, the entire premium will be deemed fully earned.

c. We will not be required to renew this Policy upon its expiration. If We elect not to renew this Policy, We will deliver or mail by first class, registered or certified mail to You at Your last known address, written notice to that effect at least sixty (60) days before the Expiration Date set forth in Item 2. of the Declarations. Such notice shall state the specific reason(s) for non-renewal. A copy of such notice shall be sent to the agent of record.

Eric Eustace
Authorized Signature

Baldwin Cox Allen
Company

7-21-2020
Date

EXCEPTION FORM FOR SCHOOL LEADERS E&O

Please use this page to explain any differences between the specification requirements and your proposal. This form must list all exceptions/additions to the specifications by line of coverage. Failure to list exceptions accurately could result in disqualification and rejection of your proposal.

The Named Insured is: **Webb County Juvenile Alternative Education Program**. This form refers to Webb County, but this quote is limited to the applicant, which is Webb County Juvenile Alternative Education Program

Please not I went by what the policy says and it covers Webb County Juvenile Alternative Education Program. The policy does not extend coverage beyond the applicant, because, when they say Webb County, then the exposures grow to a much larger scale. If Webb County needs to be named somehow, then we can go back to the underwriter, but it's not been requested.

Please be reminded, our terms are for a School Leaders policy, NOT a Public Officials policy. Some of these questions are geared towards a Public Officials policy, so some do not apply.

Attached terms from PGU on Indian Harbor Insurance Company (AXA XLC) paper. Coverage is on their combined Educators Legal (D&O/E&O) with EPL and defense outside limit subject to receipt of their app prior to binding.

Eric Eustace

Authorized Signature

Baldwin Cox Allen

Company

7-21-2020

Date

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of Policy No.
issued to
by

SERVICE OF PROCESS

The Commissioner of Insurance of the State of Texas is hereby designated the true and lawful attorney of the Company upon whom may be served all lawful process in any action, suit or proceeding arising out of this policy. The Company further designates:

Sarah Mims
Assistant Secretary
505 Eagleview Boulevard, Suite 100
Exton, Pennsylvania 19341-0636

as its agent in Texas to whom such process shall be forwarded by the Commissioner of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

All other terms and conditions of this policy remain unchanged.

(Authorized Representative)



AmWINS Brokerage of Texas, Inc.
 5910 North Central Expressway
 Suite 500
 Dallas, TX 75206
 amwins.com

July 30, 2020

Eric Eustace
 Baldwin-Cox Agency, LLC
 5930 Preston View Blvd
 Suite 200
 Dallas, TX 75240

RE: Webb County

BOILER & MACHINERY QUOTATION

Dear Eric,

Please find the attached quotations for Webb County. Here is a summary of the terms and conditions.

INSURED: Webb County

MAILING ADDRESS: Risk Management Department
 1110 Washington Street, Suite 204
 Suite 204
 Laredo, TX 78040

PROPOSED POLICY PERIOD: From 10/1/2020 to 10/1/2021
 12:01 A.M. Standard Time at the Mailing Address shown above

Quote Description	Carrier	Premium	TRIA	Fees	SL Taxes & Fees	Total
\$50K Deductible Option	The Hartford Steam Boiler Inspection and Insurance Company	\$10,772.00	Included	\$0.00	0.00	\$10,772.00
\$100K Deductible Option	The Hartford Steam Boiler Inspection and Insurance Company	\$9,357.00	Included	\$0.00	0.00	\$9,367.00

QUOTES SUMMARY

Carrier	Quote Description
The Hartford Steam Boiler Inspection and Insurance Company (Admitted)	\$50K Deductible Option

Policy Premium:

Premium	\$10,772.00
TRIA	Included in Premium Above
<u>Total for the above quote</u>	<u>\$10,772.00</u>

Minimum Earned Premium: 0%

Carrier	Quote Description
The Hartford Steam Boiler Inspection and Insurance Company (Admitted)	\$100K Deductible Option

Policy Premium:

Premium	\$9,367.00
TRIA	Included in Premium Above
<u>Total for the above quote</u>	<u>\$9,367.00</u>

Minimum Earned Premium: 0%

The attached Quotations from the carriers set forth the coverage terms and conditions being offered. Please review carefully with your client as terms and conditions may differ from those requested in your submission. It is your responsibility to ensure the quoted coverage terms and conditions are sufficient to meet your client's coverage needs.

If after your review you should have any questions or requested changes, please let us know as soon as possible so we can discuss with the carriers prior to the effective date of coverage.

Thank you for the opportunity to provide these Quotations and I look forward to hearing from you.

Sincerely,

Emily Carstens

Vice President | AmWINS Brokerage of Texas, Inc.
T 214.561.7032 | F 214.528.9101 | emily.carstens@amwins.com
5910 North Central Expressway | Suite 500 | Dallas, TX 75206 | amwins.com

In California: AmWINS Brokerage of Texas Insurance Services | License 0F41749

EQUIPMENT BREAKDOWN COVERAGE

Coverage Effective Date: October 1, 2020

Quotation Expiration Date: October 1, 2020
 Quotation ID: FBP-0154445-00(40)

Named Insured/Applicant: Webb County
 Location(s): Per Statement of Values submitted on July 27, 2020
 Total of 90 locations

Covered Cause of Loss

Accident	Included
Electronic Circuitry Impairment	Included

Coverage Applies To: All Locations

Coverages	Limits
Equipment Breakdown Limit	\$100,000,000
Property Damage	Included
Business Income	\$100,000
Extra Expense	Combined with Business Income
Civil Authority	Combined with Business Income
Contingent Business Income	\$100,000
Data Restoration	\$250,000
Demolition	\$250,000
Expediting Expenses	\$250,000
Green	\$100,000
Hazardous Substances	\$250,000
Mold	\$100,000
Newly Acquired Locations	\$1,000,000
Off Premises Equipment Breakdown	\$100,000
Ordinance or Law	\$250,000
Perishable Goods	\$250,000
Public Relations	\$5,000
Service Interruption	\$1,000,000

Deductible - Option 1

Direct Coverages	\$50,000
Indirect Coverages.....	24 Hours
Total Premium including Taxes and Surcharges	\$10,772.00

Deductible - Option 2

Direct Coverages	\$100,000
Indirect Coverages.....	24 Hours
Total Premium including Taxes and Surcharges	\$9,367.00

EQUIPMENT INSURANCE QUOTATION, continued

Other Conditions

Newly Acquired Locations: 90 Days

“Covered equipment” does not include any rotating biological contactor.

“Covered equipment” does not include any antenna, aerial, dish or tower, but does include equipment mounted on an antenna, aerial, dish or tower.

Extended Period of Restoration: 5 Days

Interruption of Service Waiting Period: 24 Hours

“Covered property” does not include plastic media used in trickle filters or other sewage processing equipment.

Covered Services as defined under “interruption of service” includes “cloud computing service”.

Terrorism Risk Insurance Act Disclosure

Applicable Premium

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$0, and does not include any charges for the portion of losses covered by the United States government under the Act.

Informational Notice

The following notice does not change your coverage under this quoted policy, but is provided for your information in compliance with the Terrorism Risk Insurance Act, as amended.

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers’ liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

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EQUIPMENT INSURANCE QUOTATION

HSB TECHADVANTAGE™ Equipment Breakdown and Technology Insurance Coverage

Coverage Highlights

Rapidly evolving technology drives the systems, equipment and operations of all businesses today. Small electronic components are at the core of virtually all modern equipment. Today's equipment is increasingly susceptible to breakdown and becoming more portable. Data is vital to any business, and businesses are using cloud computing more and more to help them be more productive. With these changes arise new and different equipment breakdown and reputation risks.

New HSB TechAdvantage™ is equipment breakdown and technology coverage that protects against losses caused by these increasingly common technology-related exposures, in addition to HSB's already market-leading equipment breakdown coverages

HSB TechAdvantage™ Equipment Breakdown Insurance Coverage now includes:

- Microelectronics Coverage – a groundbreaking new coverage adding a second cause of loss for microelectronics failures when physical damage is not detectable or when firmware or software failure causes non-physical damage
- Cloud Computing Service Interruption (for equipment breakdowns at Cloud Computing providers)
- Service Interruption Data Restoration
- Off Premises Business Income, Extra Expense and Data Restoration
- Public Relations Coverage
- And all of HSB's existing market-leading equipment breakdown coverages and services.

ADDITIONAL INSURANCE AVAILABLE

Data Compromise Coverage (DC)

Designed to help small and mid-sized businesses respond to the financial burden and service obligations in the event of a data breach of the personal data of employees, clients and others

- Response Expenses coverage responds to the cost burden and service obligations arising from a data breach
- Notifications and services to affected individuals
- Credit monitoring and identity restoration service
- Defense and Liability coverage responds to actions brought against the insured by an affected individual

Identity Recovery Coverage (IDR)

Combines identity theft insurance with services that help victims restore their credit history and identity records to pre-theft status

- Provides reimbursement for certain out of pocket expenses
- Restoration service does not erode the available limit
- Uses licensed investigators and a limited Power of Attorney to perform much of the work for the insured

Please [CLICK HERE](#) to link to our **Coverage Highlights** document for more detailed information.

The Hartford Steam Boiler Inspection and Insurance Company (HSB) is the leading provider of Equipment Breakdown insurance in North America. HSB offers claim mitigation, inspection services and engineering-based risk management that sets the standard for excellence worldwide. We anticipate risks and provide forward-thinking solutions that render tomorrow's world insurable. Visit us at www.hsb.com.

The Hartford Steam Boiler Inspection and Insurance is rated A++ (Superior) by A.M. Best Company.

EQUIPMENT INSURANCE COVERAGE HIGHLIGHTS

Equipment Breakdown covers the physical and financial damage that can result from an accidental equipment breakdown. Hartford Steam Boiler's Equipment Breakdown insurance is among the broadest in the industry, and our newest coverages included in HSB TechAdvantage™ are among the first of their kind. We offer a broad range of coverages and insure many types of equipment that other companies exclude. The highlights below summarize HSB's Equipment Breakdown and Technology coverages. Refer to the quoted policy for all coverage details, terms and exclusions.

HSB TECHADVANTAGE™ Equipment Breakdown and Technology Highlights

- **Property Damage** - cost to repair or replace damaged equipment
- **Off Premises Equipment Breakdown** - coverage for portable equipment taken off-site
- **Business Income** - business income lost due to an interruption caused by a breakdown
- **Extra Expense** - cost to maintain normal operations (e.g. equipment rental)
- **Expediting Expenses** - costs to make temporary repairs and expedite permanent repairs or replacement
- **Perishable Goods** - loss due to spoilage, including contamination by refrigerant, caused by a breakdown
- **Data Restoration** - cost to restore data that is lost or damaged due to a breakdown
- **Green Coverage** - pays for repair or replacement with environmentally friendly options

HSB TECHADVANTAGE™ Selected Coverage Highlights

- **Microelectronics Coverage** – A groundbreaking new coverage that responds to modern technology embedded in all types of equipment. A second cause of loss is added for microelectronics failures when physical damage is not detectable or when firmware or software failure causes non-physical damage. Triggered when covered equipment suddenly stops functioning as it had been and that equipment or a part containing electronic circuitry must be replaced. No special sublimits or deductibles – pays just as if there had been an equipment breakdown accident.
- **Cloud Computing Service Interruption** – Adds cloud computing services to service interruption coverage – pays for business interruption and extra expense when insured's service provider experiences an outage due to an accident.
- **Service Interruption Data Restoration** – Adds data restoration coverage for data lost when there is a covered service interruption, such as a loss of electrical power, due to an accident (triggering outage must exceed applicable waiting period). Data may be at the insured location or in the custody of the insured's cloud computing service provider.
- **Off-Premises Business Income, Extra Expense and Data Restoration Coverage** – Extends payment for off-premises equipment breakdown to include business income, extra expense and data restoration, in addition to physical damage.
- **Public Relations Coverage** – Pays for public relations assistance to help manage a reputation that may be damaged by an interruption of business – applies if there is a covered loss of business income.

Coverage Benefits

- Covers a wide range of types of equipment including new technologies
- HSB provides market leading jurisdictional inspection service for boilers and pressure vessels as an integral element of our Equipment Breakdown policies to help insureds prevent loss and comply with local inspection requirements, where applicable. With inspectors across the United States, we can service clients' inspection needs in a timely manner
- HSB Inspection Hot Line toll-free at 1-800-333-4677 (1-800-333-INSP)
- [HSB Client Connection](#) offers agents access to a secure, password-protected portion of HSB's web site for policy related information
- HSB's claim service can help insureds reduce down time, recover faster from loss and keep operations up and running

HSB TechAdvantage™

Equipment Breakdown Coverage Form

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties, and what is and is not covered.

Throughout this policy, the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we,” “us” and “our” refer to the Company providing this Insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section G - DEFINITIONS. Examples are shown for illustrative purposes only and do not represent predicted or expected outcomes.

A. COVERAGE

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in A.1. below. In the event of a Covered Cause of Loss, we will pay for loss as described in A.2. below.

1. Covered Cause of Loss

a. “Accident” and “Electronic Circuitry Impairment”

The following applies when Electronic Circuitry Impairment is shown as Included in the Declarations:

The Covered Cause of Loss for this Equipment Breakdown Coverage is an “accident” or “electronic circuitry impairment.” Without an “accident” or “electronic circuitry impairment” there is no Equipment Breakdown Coverage.

b. “Accident” Only

The following applies when Electronic Circuitry Impairment is shown as Not Included in the Declarations:

The Covered Cause of Loss for this Equipment Breakdown Coverage is an “accident.” Without an “accident,” there is no Equipment Breakdown Coverage.

2. Coverages Provided

This section lists the coverages that may apply in the event of a Covered Cause of Loss. Each coverage is subject to a specific limit as shown in the Declarations. See paragraph C.2. for details.

These coverages apply only to the direct result of a Covered Cause of Loss. For each coverage, we will pay only for that portion of the loss, damage or expense that is solely attributable to the Covered Cause of Loss.

a. Property Damage

We will pay for physical damage to “covered property” that is at a location

indicated in the Declarations at the time of the Covered Cause of Loss. When Electronic Circuitry Impairment is shown as Included in the Declarations, we will consider “electronic circuitry impairment” to be physical damage to “covered equipment.”

b. Business Income

(1) We will pay your actual loss of “business income” during the “period of restoration” that results directly from the necessary total or partial interruption of your business.

(2) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(3) We will consider the actual experience of your business before the Covered Cause of Loss and the probable experience you would have had without the Covered Cause of Loss in determining the amount of our payment.

c. Extra Expense

We will pay the reasonable and necessary “extra expense” to operate your business during the “period of restoration.”

d. Civil Authority

We will pay for your loss and expense as defined under Business Income and Extra Expense coverages that results from a civil authority prohibiting access to a location indicated in the Declarations due solely to a Covered Cause of Loss that causes damage to property within one mile of such

location, provided that such action is taken in response to dangerous physical conditions resulting from the Covered Cause of Loss, or to enable a civil authority to have unimpeded access to the damaged property.

e. Contingent Business Income

We will pay for your loss and expense as defined under Business Income and Extra Expense coverages that results from:

- (1) An “interruption of supply”; or
- (2) An “accident” at an “anchor location” that has been open for business for at least six months prior to the “accident” and is located within one mile of your scheduled location.

f. Course of Construction

This coverage is automatically included and does not need to be indicated in the Declarations.

- (1) You will notify us promptly of any expansion or rehabilitation of any location indicated in the Declarations.
- (2) All coverages applicable to any location indicated in the Declarations are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time you begin the expansion or rehabilitation project.
- (4) We will charge you additional premium for newly acquired equipment from the date the equipment is installed.

g. Data Restoration

- (1) We will pay for your reasonable and necessary cost to research, replace or restore lost “data.”
- (2) We will pay for your reasonable and necessary cost to research, replace or restore “data” that is lost as the result of an “interruption of service.”
- (3) Coverage under g.(2) above applies to “data” stored in “covered equipment.”
- (4) If “cloud computing services” is indicated in the Declarations as a Covered Service, coverage under

g.(2) above also applies to “data” stored in the equipment of a “cloud computing services” provider with whom you have a contract.

- (5) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of g.(1) and g.(2) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Data Restoration limit.

h. Demolition

- (1) This coverage applies if a Covered Cause of Loss damages a building that is “covered property” and the loss is increased by an ordinance or law that:
 - (a) Requires the demolition of a building that is otherwise repairable;
 - (b) Is in force at the time of the Covered Cause of Loss; and
 - (c) Is not addressed under Hazardous Substances coverage or Mold coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
 - (a) Your actual and necessary cost to demolish and clear the site of the undamaged parts of the building; and
 - (b) Your actual and necessary cost to reconstruct the undamaged parts of the building.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the Covered Cause of Loss.
- (4) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of h.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Demolition limit.

i. Expediting Expenses

With respect to your damaged “covered property,” we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

j. Green

(1) With respect to “covered property,” we will pay for additional costs you incur:

- (a) To repair damaged property using equipment, materials and service firms required or recommended by a Recognized Environmental Standards Program, if repair is the least expensive option as described in Section E. LOSS CONDITIONS, 10. Valuation, paragraph a.;
- (b) To replace damaged property using equipment, materials and service firms required or recommended by a Recognized Environmental Standards Program, if replacement is the least expensive option as described in Section E. LOSS CONDITIONS, 10. Valuation, paragraph a.;
- (c) To dispose of damaged property or equipment, if practicable, through a recycling process; and
- (d) To flush out reconstructed space with up to 100% outside air using new filtration media.

As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage in the absence of this Green coverage.

(2) With respect to any building that is “covered property” which, at the time of the Covered Cause of Loss was certified by a Recognized Environmental Standards Program, we will pay for costs you incur:

- (a) To prevent a lapse of such certification;
- (b) To reinstate the certification or

replace it with an equivalent certification;

- (c) For an engineer authorized by a Recognized Environmental Standards Program to oversee the repair or replacement of the damaged “covered property”; and
- (d) For a Professional Engineer to commission or recommission your damaged mechanical, electrical, or electronic building systems.

(3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of j.(1) and (2) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Green limit.

(4) This Green coverage is subject to the following provisions:

(a) This coverage applies in addition to any coverage that may apply under Section E. LOSS CONDITIONS, 10. Valuation, paragraph d. Environmental, Safety and Efficiency Improvements, or any other applicable coverage.

(b) This coverage only applies to “covered property” that must be repaired or replaced as a direct result of a Covered Cause of Loss.

(c) This coverage does not apply to any property or equipment that is valued on an Actual Cash Value basis under this policy.

(5) As used in this Green coverage, Recognized Environmental Standards Program means one of the following:

- (a) The United States Environmental Protection Agency ENERGY STAR® program;
- (b) The U.S. Green Building Council LEED® program;
- (c) The Green Building Initiative

GREEN GLOBES® program;
or

- (d) Any nationally or internationally recognized environmental standards program that is designed to achieve energy savings and related objectives of the type included in the programs listed above.

k. Hazardous Substances

- (1) We will pay for the additional cost to repair or replace “covered property” because of contamination by a “hazardous substance.” This includes the additional expenses to clean up or dispose of such property. This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in Perishable Goods, A.2.p.(3).
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.
- (3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of k.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Hazardous Substances limit.

l. Mold

- (1) We will pay for the additional cost to repair or replace “covered property” because of contamination by mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast, resulting from a Covered Cause of Loss. This includes the additional costs to clean up or dispose of such property. This does not include “spoilage” of personal property that is “perishable goods” to the extent that such “spoilage” is covered under Perishable Goods coverage.

- (2) As used in this Mold coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no mold, fungus, mildew, yeast, spores or toxins been involved.
- (3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of l.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Mold limit.
- (4) We will also pay the cost of testing performed after repair or replacement of the damaged “covered property” is completed only to the extent that there is reason to believe there is the presence of mold, fungus, mildew, yeast, spores or toxins.

m. Newly Acquired Locations

- (1) You will notify us promptly of any newly acquired location that you have purchased or leased during the Policy Period.
- (2) All coverages applicable to any scheduled location under this Equipment Breakdown Coverage are extended to a newly acquired location that you have purchased or leased during the Policy Period.
- (3) This coverage begins at the time you acquire the property. As respects newly constructed properties, we will only consider them to be acquired by you when you have fully accepted the completed project.
- (4) This coverage ends when any of the following first occurs:
 - (a) This Policy expires;
 - (b) The number of days specified in the Declarations for this coverage expires after you acquire the location;
 - (c) The location is incorporated into the regular coverage of this policy; or
 - (d) The location is incorporated into the regular coverage of another

Equipment Breakdown policy you have.

- (5) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations. However, the most we will pay for loss, damage or expense arising from any “one equipment breakdown” is the amount shown as the Newly Acquired Locations limit in the Declarations.
- (6) We will charge you additional premium for newly acquired locations from the date you acquire the property.

n. Off Premises Equipment Breakdown

- (1) We will pay for physical damage to transportable “covered equipment” that, at the time of the Covered Cause of Loss, is not at a location indicated in the Declarations.
- (2) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of n.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Off Premises Equipment Breakdown limit.
- (3) We will also pay for your loss and expense as defined under Data Restoration coverage that is the result of n.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Off Premises Equipment Breakdown limit.

o. Ordinance or Law

- (1) This coverage applies if a Covered Cause of Loss damages a building that is “covered property” and the loss is increased by an ordinance or law that:
 - (a) Regulates the construction or repair of buildings, including “building utilities”;
 - (b) Is in force at the time of the Covered Cause of Loss; and
 - (c) Is not addressed under

Demolition coverage, Hazardous Substances coverage, or Mold coverage.

- (2) We will pay for the following additional costs to comply with such ordinance or law:
 - (a) Your actual and necessary cost to repair the damaged portions of the building;
 - (b) Your actual and necessary cost to reconstruct the damaged portions of the building; and
 - (c) Your actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the Covered Cause of Loss.
- (4) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of o.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Ordinance or Law limit.

p. Perishable Goods

- (1) We will pay for physical damage to “perishable goods” due to “spoilage.”
- (2) We will also pay for physical damage to “perishable goods” due to “spoilage” that is the result of an “interruption of service.”
- (3) We will also pay for physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia.
- (4) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would

have been payable under this Perishable Goods coverage.

q. Public Relations

- (1) This coverage only applies if you have sustained an actual loss of "business income" covered under this policy.
- (2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:
 - (a) The media;
 - (b) The public; or
 - (c) Your customers, clients or members.
- (3) Such costs must be incurred during the "period of restoration" or up to 30 days after the "period of restoration" has ended.

r. Service Interruption

We will pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of an "interruption of service."

B. EXCLUSIONS

We will not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.

1. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from a Covered Cause of Loss.

a. Fire and Explosion

- (1) Fire, including smoke from a fire.
- (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
- (3) Any other explosion, except as specifically provided in the definition of "accident."

b. Ordinance or Law

The enforcement of, or change in, any ordinance, law, regulation, rule or ruling

regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in A.2.h., k., l. and o. (Demolition, Hazardous Substances, Mold and Ordinance or Law coverages).

c. Earth Movement

Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse or tsunami.

d. Nuclear Hazard

Nuclear reaction, detonation or radiation, or radioactive contamination, however caused.

e. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.

f. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow; or
- (3) Water that backs up or overflows from a sewer, drain or sump.

However, if electrical "covered equipment" requires drying out because of the above, we will pay for the amount you actually expend to dry out such equipment, subject to the applicable Property Damage limit and Direct Coverage deductible. We will not pay more than the Actual Cash Value of the affected electrical "covered equipment." We will not pay to replace such equipment or for any other loss, damage or expense.

g. Failure to Protect Property

Your failure to use all reasonable means to protect "covered property" from damage

following a Covered Cause of Loss.

h. Fines

Fine, penalty or punitive damage.

i. Mold

Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins, except as specifically covered under Mold coverage. However, this exclusion does not apply to "spoilage" of personal property that is "perishable goods" to the extent that such "spoilage" is covered under Perishable Goods coverage.

j. Vandalism

Vandalism, meaning a willful and malicious act that causes damage or destruction.

2. We will not pay for a Covered Cause of Loss caused by or resulting from any of the following causes of loss:

- a. Lightning.
- b. Windstorm or Hail. However, this exclusion does not apply when:
 - (1) "Covered equipment" located within a building or structure suffers a Covered Cause of Loss that results from wind-blown rain, snow, sand or dust; and
 - (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
- c. Collision or any physical contact caused by a "vehicle." This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed "vehicles" which you own or which are operated in the course of your business.
- d. Riot or Civil Commotion.
- e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.
- f. Volcanic Action.
- g. An electrical insulation breakdown test.

h. A hydrostatic, pneumatic or gas pressure test.

i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.

j. Elevator collision.

3. We will not pay for a Covered Cause of Loss caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.

- a. Falling Objects.
- b. Weight of Snow, Ice or Sleet.
- c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.
- d. Collapse.
- e. Breakage of Glass.
- f. Freezing caused by cold weather.
- g. Discharge of molten material from equipment, including the heat from such discharged material.

4. Exclusions 2. and 3. do not apply if all of the following are true:

- a. The excluded peril occurs away from any location indicated in the Declarations and causes an electrical surge or other electrical disturbance;
- b. Such surge or disturbance is transmitted through utility service transmission lines to an indicated location;
- c. At the indicated location, the surge or disturbance results in a Covered Cause of Loss to "covered equipment" that is owned or operated under the control of you or your landlord; and
- d. The loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.

5. With respect to Business Income, Extra Expense and Service Interruption, we will also not pay for:

- a. Loss associated with business that would not or could not have been carried on if the Covered Cause of Loss had not occurred;
- b. Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business;
- c. That part of any loss that extends beyond or occurs after the “period of restoration.” This includes, but is not limited to:
 - (1) “Business income” that would have been earned after the “period of restoration,” even if such loss is the direct result of the suspension, lapse or cancellation of a contract during the “period of restoration”; and
 - (2) “Extra expense” to operate your business after the “period of restoration,” even if such loss is contracted for and paid during the “period of restoration.”
- d. Any increase in loss resulting from an agreement between you and your customer or supplier. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated damages.

6. With respect to Civil Authority, Contingent Business Income, Off Premises Equipment Breakdown, Service Interruption, paragraph (2) of Data Restoration and paragraph (2) of Perishable Goods, we will also not pay for a Covered Cause of Loss caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance you have.

7. With respect to Data Restoration coverage, we will also not pay to reproduce:

- a. Software programs or operating systems that are not commercially available; or
- b. “Data” that is obsolete, unnecessary or useless to you.

8. With respect to Demolition and Ordinance or Law coverages, we will also not pay for:

- a. Increased demolition or reconstruction costs until they are actually incurred; or
- b. Loss due to any ordinance or law that:
 - (1) You were required to comply with

before the loss, even if the building was undamaged; and

- (2) You failed to comply with; whether or not you were aware of such non-compliance.

C. LIMITS OF INSURANCE

Any payment made under this Equipment Breakdown Coverage will not be increased if more than one insured is shown in the Declarations or if you are comprised of more than one legal entity.

1. Equipment Breakdown Limit

The most we will pay for loss, damage or expense arising from any “one equipment breakdown” is the amount shown as the Equipment Breakdown Limit in the Declarations.

2. Coverage Limits

- a. The limit of your insurance under each of the coverages listed in A.2. from loss, damage or expense arising from any “one equipment breakdown” is the amount indicated for that coverage in the Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the Covered Cause of Loss. If a coverage is shown as “Included,” that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown as Excluded in the Declarations, that coverage will be considered to have a limit of \$0.
- b. Loss arising from any “one equipment breakdown” may continue to be present or recur in a later policy period. This includes, but is not limited to, loss arising from mold, fungus, mildew or yeast as covered under Mold coverage. In such a case, the most we will pay for all loss, damage or expense arising out of any “one equipment breakdown” is the coverage limit applicable at the time of the Covered Cause of Loss.
- c. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:

- (1) You have a loss under one of the coverages listed in A.2.; and
- (2) All or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of your loss,

we will not pay the remaining amount of such loss under any other coverage.

EXAMPLE 1

Property Damage Limit: \$7,000,000

Business Income Limit: \$1,000,000

Newly Acquired Locations Limit: \$500,000

There is a Covered Cause of Loss at a newly acquired location that results in a Property Damage loss of \$200,000 and a Business Income loss of \$800,000.

We will pay \$500,000, because the entire loss is subject to the Newly Acquired Locations Limit of \$500,000.

EXAMPLE 2

Property Damage Limit: \$7,000,000

Business Income Limit: \$500,000

Hazardous Substances Limit: \$25,000

There is a Covered Cause of Loss that results in a loss of \$100,000. If no “hazardous substance” had been involved, the property damage loss would have been \$10,000 and the business income loss would have been \$20,000. The presence of the “hazardous substance” increased the loss by \$70,000 (increasing the clean up and repair costs by \$30,000 and increasing the business income loss by \$40,000).

We will pay \$55,000 (\$10,000 property damage plus \$20,000 business income plus \$25,000 hazardous substances).

D. DEDUCTIBLES

1. Deductibles for Each Coverage

- a. Unless the Declarations indicate that your deductible is combined for all coverages, multiple deductibles may apply to any “one equipment breakdown.”
- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss or damage exceeds the deductible amount indicated for that coverage in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit indicated in the Declarations.
- c. If deductibles vary by type of “covered equipment” and more than one type of

“covered equipment” is involved in any “one equipment breakdown,” only the highest deductible for each coverage will apply.

- d. The following applies when a deductible is expressed as a function of the horsepower rating of a refrigerating or air conditioning system. If more than one compressor is used with a single system, the horsepower rating of the largest motor or compressor will determine the horsepower rating of the system.

2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.
- b. Unless more specifically indicated in the Declarations:
 - (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where such coverage is provided in this Equipment Breakdown Coverage; and
 - (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this Equipment Breakdown Coverage.

EXAMPLE

A Covered Cause of Loss results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$ 35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration coverage)

\$ 5,000 Extra Expense Loss

In this case, the Indirect coverages loss totals \$40,000 before application of the Indirect Coverage Deductible. The Direct coverages loss totals the remaining \$60,000 before application of the Direct Coverage Deductible.

3. Application of Deductibles

a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any “one equipment breakdown” until the amount of loss, damage or expense exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount

of loss, damage or expense in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.

b. Time Deductibles

If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the Covered Cause of Loss. If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

c. Multiple of Average Daily Value (ADV) Deductibles

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the “business income” that would have been earned during the period of interruption had no Covered Cause of Loss occurred, divided by the number of working days in that period. The ADV applies to the “business income” value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the “period of restoration.”

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

EXAMPLE

Business is interrupted, partially or completely, for 10 working days. If there had been no Covered Cause of Loss, the total “business income” at the affected location for those 10 working days would have been \$5,000. The Indirect Coverages Deductible is 3 Times ADV.

$$\$5,000 / 10 = \$500 \text{ ADV}$$

$$3 \times \$500 = \$1,500 \text{ Indirect Coverages Deductible}$$

d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any

applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible.

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Brands and Labels

a. If branded or labeled merchandise that is “covered property” is damaged by a Covered Cause of Loss, but retains a salvage value, you may:

- (1) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

b. We will pay for any reduction in value of the salvage merchandise resulting from either of the two actions listed in 2.a. above, subject to all applicable limits.

c. We will also pay the reasonable and necessary expenses you incur to perform either of the two actions described in 2.a. above. We will pay for such expenses to the extent that they do not exceed the amount recoverable from salvage.

d. If a Brands and Labels Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

3. Coinsurance - Business Income Coverage

a. Unless otherwise shown in the Declarations, Business Income coverage is subject to coinsurance. This means that we will not pay the full amount of any “business income” loss if the “business income actual annual value” is greater than the “business income estimated annual value” at the affected location at the time of the Covered Cause of Loss. Instead, we will determine the most we will pay using the following steps:

- (1) Divide the “business income estimated annual value” by the “business income actual annual value” at the time of the Covered Cause of Loss;
- (2) Multiply the total amount of the covered loss of “business income” by the amount determined in paragraph (1) above;
- (3) Subtract the applicable deductible from the amount determined in paragraph (2) above;

The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each insured location.
- c. If you report a single “business income estimated annual value” for more than one location, without providing information on how that amount should be distributed among the locations, we will distribute the amount evenly among all applicable locations.

EXAMPLE 1 (Underinsurance)

When:

The “business income actual annual value” at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The “business income estimated annual value” shown in the Declarations for the location of loss is \$100,000.

The actual loss of “business income” resulting from the Covered Cause of Loss is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1: $\$100,000 / \$200,000 = .5$

Step 2: $\$40,000 \times .5 = \$20,000$

Step 3: $\$20,000 - \$5,000 = \$15,000$

The total “business income” loss recovery, after deductible, would be \$15,000. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

We will also charge you an additional premium in recognition of the actual “business income annual value.”

EXAMPLE 2 (Adequate insurance)

When:

The “business income actual annual value” at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The “business income estimated annual value” shown in the Declarations for the location of loss is \$200,000.

The actual loss of “business income” resulting from the Covered Cause of Loss is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1: $\$200,000 / \$200,000 = 1$

Step 2: $\$40,000 \times 1 = \$40,000$

Step 3: $\$40,000 - \$5,000 = \$35,000$

The total “business income” loss recovery, after deductible, would be \$35,000.

4. Coinsurance – Coverages other than Business Income

Coverages other than Business Income may be subject to coinsurance if so indicated in the Declarations. If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of the property subject to the coverage at the time of the Covered Cause of Loss times the Coinsurance percentage shown for it in the Declarations is greater than the applicable limit.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of the property subject to the coverage at the time of the Covered Cause of Loss by the Coinsurance percentage;
- (2) Divide the applicable limit by the amount determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the amount determined in step (2); and
- (4) Subtract the deductible from the amount determined in step (3).

We will pay the amount determined in step (4) or the applicable limit, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each insured location.

EXAMPLE 1 (Underinsurance)

When:

The actual value of “perishable goods” at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the Covered Cause of Loss is \$60,000.

The Perishable Goods deductible is \$5,000.

Step 1: $\$200,000 \times 80\% = \$160,000$

Step 2: $\$100,000/\$160,000 = .625$

Step 3: $\$60,000 \times .625 = \$37,500$

Step 4: $\$37,500 - \$5,000 = \$32,500$

The total Perishable Goods loss recovery, after deductible, would be \$32,500. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE 2 (Adequate insurance)

When:

The actual value of “perishable goods” at the location of loss at the time of the Covered Cause of Loss is \$100,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the Covered Cause of Loss is \$60,000.

The Perishable Goods deductible is \$5,000.

Step 1: $\$100,000 \times 80\% = \$80,000$

Step 2: $\$100,000/\$80,000 = 1.25$

Coinsurance does not apply.

Step 3: $\$60,000 - \$5,000 = \$55,000$

The total Perishable Goods loss recovery, after deductible, would be \$55,000.

5. Defense

We have the right, but are not obligated, to defend you against suits arising from claims of owners of property in your care, custody or control. When we do this, it will be at our expense.

6. Duties in the Event of Loss or Damage

You must see that the following are done in the event of loss or damage:

- a. Give us a prompt notice of the loss or damage, including a description of the property involved.
- b. You must reduce your loss, damage or expense, if possible, by:
 - (1) Protecting property from further damage. We will not pay for your failure to protect property, as stated in Exclusion B.1.g.;
 - (2) Resuming business, partially or completely at the location of loss or at another location;
 - (3) Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;
 - (4) Using merchandise or other property available to you;
 - (5) Using the property or services of others; and
 - (6) Salvaging the damaged property.
- c. Allow us a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the Covered Cause of Loss is removed. But you must take whatever measures are necessary for protection from further damage.
- d. Make no statement that will assume any obligation or admit any liability, for any loss, damage or expense for which we may be liable, without our consent.
- e. Promptly send us any legal papers or notices received concerning the loss, damage or expense.
- f. As often as may be reasonably required, permit us to inspect your property, premises and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- g. If requested, permit us to examine you and any of your agents, employees and representatives under oath. We may examine any insured under oath while not in the presence of any other insured. Such examination:

- (1) May be at any time reasonably required;
 - (2) May be about any matter relating to this insurance, your loss, damage or expense, or your claim, including, but not limited to, your books and records; and
 - (3) May be recorded by us by any methods we choose.
- h. Send us a signed, sworn proof of loss containing the information we request. You must do this within 60 days after our request.
 - i. Cooperate with us in the investigation and settlement of the claim.

7. Errors and Omissions

- a. We will pay your loss covered by this Equipment Breakdown coverage if such loss is otherwise not payable solely because of any of the following:
 - (1) Any error or unintentional omission in the description or location of property as insured under this policy;
 - (2) Any failure through error to include any premises owned or occupied by you at the inception of this policy; or
 - (3) Any error or unintentional omission by you that results in cancellation of any premises insured under this policy.
- b. No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.
- c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.
- d. If an Errors and Omissions Limit is indicated in the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

8. Proving Your Loss

It is your responsibility, at your own expense, to provide documentation to us:

- a. Demonstrating that the loss, damage or expense is the result of a Covered Cause of

Loss covered under this Equipment Breakdown Coverage; and

- b. Calculating the dollar amount of the loss, damage and expense that you claim is covered.

Your responsibility in 8.a. above is without regard to whether or not the possible Covered Cause of Loss occurred at your premises or involved your equipment.

9. Salvage and Recoveries

When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

10. Valuation

We will determine the value of “covered property” as follows:

- a. Except as specified otherwise, our payment for damaged “covered property” will be the smallest of:
 - (1) The cost to repair the damaged property;
 - (2) The cost to replace the damaged property on the same site; or
 - (3) The amount you actually spend that is necessary to repair or replace the damaged property.
- b. The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.
- c. Except as described in d. below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.

d. Environmental, Safety and Efficiency Improvements

If “covered equipment” requires replacement due to a Covered Cause of Loss, we will pay your additional cost to replace with equipment that we agree is better for the environment, safer for people or more energy or water efficient than the

equipment being replaced, subject to the following conditions:

- (1) We will not pay more than 150% of what the cost would have been to replace with like kind and quality;
 - (2) We will not pay to increase the size or capacity of the equipment;
 - (3) This provision only applies to Property Damage coverage;
 - (4) This provision does not increase any of the applicable limits;
 - (5) This provision does not apply to any property valued on an Actual Cash Value basis; and
 - (6) This provision does not apply to the replacement of component parts.
- e. The following property will be valued on an Actual Cash Value basis:
- (1) Any property that does not currently serve a useful or necessary function for you;
 - (2) Any "covered property" that you do not repair or replace within 24 months after the date of the Covered Cause of Loss; and
 - (3) Any "covered property" for which Actual Cash Value coverage is specified in the Declarations.

Actual Cash Value includes deductions for depreciation.

- f. If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
- (1) The property was manufactured by you;
 - (2) The sales price of the property is less than the replacement cost of the property; or
 - (3) You are unable to replace the property before its anticipated sale.
- g. Except as specifically provided for under Data Restoration coverage, "data" and "media" will be valued on the following basis:
- (1) For mass-produced and commercially available software, at the replacement cost.

- (2) For all other "data" and "media," at the cost of blank "media" for reproducing the records. We will not pay for "data" representing financial records based on the face value of such records.
- h. Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:
- (1) Repair or replace the damaged property and replace any lost CFC refrigerant;
 - (2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
 - (3) Replace the system with one using a non-CFC refrigerant.

In determining the least expensive option, we will include any associated Business Income or Extra Expense loss. If option (2) or (3) is more expensive than (1), but you wish to retrofit or replace anyway, we will consider this better for the environment and therefore eligible for valuation under paragraph d., Environmental, Safety and Efficiency Improvements. In such case, 10.d.(1) above is amended to read: "We will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality."

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

1. Additional Insured

If a person or organization is designated in this Equipment Breakdown Coverage as an additional insured, we will consider them to be an insured under this Equipment Breakdown Coverage only to the extent of their interest in the "covered property."

2. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve you or us of any obligation under this Equipment Breakdown Coverage.

3. Concealment, Misrepresentation or Fraud

We will not pay for any loss and coverage will be void if you or any additional insured at any

time:

- a. Intentionally cause or allow loss, damage or expense in order to collect on insurance; or
- b. Intentionally conceal or misrepresent a material fact concerning:
 - (1) This Equipment Breakdown Coverage;
 - (2) The “covered property”;
 - (3) Your interest in the “covered property”;
 - (4) A claim under this Equipment Breakdown Coverage.

4. Jurisdictional Inspections

It is your responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any “covered equipment” that is “covered property” requires inspection to comply with such regulations, at your option we agree to perform such inspection.

5. Legal Action Against Us

No one may bring a legal action against us under this Equipment Breakdown Coverage unless:

- a. There has been full compliance with all the terms of this Equipment Breakdown Coverage; and
- b. The action is brought within two years after the date of the Covered Cause of Loss; or
- c. We agree in writing that you have an obligation to pay for damage to “covered property” of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring us into an action to determine your liability.

6. Liberalization

If we adopt any standard form revision for general use that would broaden the coverage under this Equipment Breakdown Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the Covered Cause of Loss occurs.

7. Loss Payable

- a. We will pay you and the loss payee shown in the Declarations for loss covered by this Equipment Breakdown Coverage, as

interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part or on the part of the loss payee.

- b. We may cancel the policy as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee’s interest. If we cancel, we will mail you and the loss payee the same advance notice.
- c. If we make any payment to the loss payee, we will obtain their rights against any other party.

8. Maintaining Your Property and Equipment

It is your responsibility to appropriately maintain your property and equipment. We will not pay your costs to maintain, operate, protect or enhance your property or equipment, even if such costs are to comply with our recommendations or prevent loss, damage or expense that would be covered under this policy.

9. Mortgage Holders and Lender’s Loss Payable

- a. We will pay for direct damage to “covered property” due to a Covered Cause of Loss to “covered equipment” to you and each Mortgage Holder and Lender Loss Payee shown in the Declarations in their order of precedence, as interests in the “covered property” may appear.
- b. The Mortgage Holder and Lender Loss Payee have the right to receive loss payment even if they have started foreclosure or similar action on the “covered property.”
- c. If we deny your claim because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage, the Mortgage Holder and Lender Loss Payee will still have the right to receive loss payment, provided the Mortgage Holder and Lender Loss Payee does all of the following:
 - (1) Pays any premium due under this Equipment Breakdown Coverage at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so;
 - (3) Has notified us of any change in

ownership or material change in risk known to the mortgage holder; and

- (4) Has complied with all other terms and conditions of this Policy.

All of the terms of this Equipment Breakdown Coverage will then apply directly to the Mortgage Holder and Lender Loss Payee.

- d. If we pay the Mortgage Holder and Lender Loss Payee for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage:

- (1) The rights of the Mortgage Holder and Lender Loss Payee will be transferred to us to the extent of the amount we pay; and
- (2) The rights of the Mortgage Holder and Lender Loss Payee to recover the full amount of their claim will not be impaired.

At our option, we may pay to the Mortgage Holder and Lender Loss Payee the whole principal on the debt plus any accrued interest. In this event, the mortgage or debt will be transferred to us and you will pay your remaining mortgage or debt to us.

- e. If we cancel this policy, we will give written notice to the Mortgage Holder and Lender Loss Payee at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- f. If we elect not to renew this policy, we will give written notice to the Mortgage Holder and Lender Loss Payee at least 10 days before the expiration date of this policy.
- g. If we suspend coverage, it will also be suspended as respects the Mortgage Holder and Lender Loss Payee. We will give written notice of the suspension to the Mortgage Holder and Lender Loss Payee.

10. Other Insurance

If there is other insurance that applies to the same loss, damage or expense, this Equipment Breakdown Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

11. Policy Period, Coverage Territory

Under this Equipment Breakdown Coverage:

- a. The Covered Cause of Loss must occur during the Policy Period, but expiration of the policy does not limit our liability.
- b. The Covered Cause of Loss must occur within the following Coverage Territory:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.
- c. As respects Off Premises Equipment Breakdown coverage only, the Covered Cause of Loss may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.

12. Privilege to Adjust with Owner

In the event of loss, damage or expense involving property of others in your care, custody or control, we have the right to settle the loss, damage or expense with respect to such property with the owner of the property. Settlement with owners of that property will satisfy any claim of yours.

13. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from a Covered Cause of Loss to that "covered equipment." This can be done by delivering or mailing a written notice of suspension to:

- a. Your last known address; or
- b. The address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment."

If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

14. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Equipment Breakdown Coverage has rights to recover damages from

another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a Covered Cause of Loss.
- b. After a Covered Cause of Loss only if, at time of the Covered Cause of Loss, that party is one of the following:
 - (1) Someone insured by this Policy; or
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you.

G. DEFINITIONS

1. "Accident"

- a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
 - (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - (2) Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires;
 - (3) Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines;
 - (4) An event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;
 - (5) An event inside hot water boilers or other water heating equipment that damages such equipment; or
 - (6) Bursting, cracking or splitting.
- b. None of the following is an "accident," however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected. However, if an event as defined under 1.a. above results from any of the following, it will be considered an "accident."
 - (1) Depletion, deterioration, rust, corrosion, erosion, settling or wear and tear;
 - (2) Any gradually developing condition;

- (3) Any defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind;
- (4) Contamination by a "hazardous substance"; or
- (5) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

2. "Anchor Location" means a location, operated by others, upon which you depend to attract customers to your scheduled location.

3. "Boilers and Vessels" means:

- a. Boilers;
- b. Steam piping;
- c. Piping that is part of a closed loop used to conduct heat from a boiler;
- d. Condensate tanks; and
- e. Unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

4. "Building Utilities" means "covered equipment" permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or escalator services, central vacuum, natural gas service or communications. "Building utilities" does not include personal property or equipment used in manufacturing or processing.

5. "Buried Vessels or Piping" means any piping or vessel buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.

6. "Business Income" means the sum of:

- a. The Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal and necessary operating expenses incurred, including employee payroll.

7. **“Business Income Actual Annual Value”** means the “business income” for the current fiscal year that would have been earned had no Covered Cause of Loss occurred.

In calculating the “business income actual annual value,” we will take into account the actual experience of your business before the Covered Cause of Loss and the probable experience you would have had without the Covered Cause of Loss.

8. **“Business Income Estimated Annual Value”** means the anticipated “business income” reported to us and shown in the Declarations. If no value is shown in the Declarations, the “business income estimated annual value” will be the most recent report of anticipated “business income” values on file with us.

9. **“Cloud Computing Services”** means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. “Cloud computing services” include private clouds if such services are owned and operated by a third party.

10. **“Covered Equipment”**

- a. “Covered equipment” means the following:

- (1) Unless specified otherwise in the Declarations:
 - (a) Equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - (b) Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

“Covered equipment” may utilize conventional design and technology or new or newly commercialized design and technology.

- (2) Except as specifically provided for under Civil Authority, Contingent Business Income, Off Premises Equipment Breakdown, Service Interruption, paragraph (2) of Data Restoration and paragraph (2) of Perishable Goods, such equipment

must be at a location indicated in the Declarations and must be owned or leased by you, or operated under your control.

- b. None of the following is “covered equipment”:

- (1) Structure, including but not limited to the structural portions of buildings and towers and scaffolding;
- (2) Foundation;
- (3) Cabinet, compartment, conduit or ductwork;
- (4) Insulating or refractory material;
- (5) “Buried vessels or piping”;
- (6) Waste, drainage or sewer piping;
- (7) Piping, valves or fittings forming a part of a sprinkler or fire suppression system;
- (8) Water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
- (9) “Vehicle” or any equipment mounted on a “vehicle”;
- (10) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (11) Dragline, excavation or construction equipment;
- (12) Equipment manufactured by you for sale; or
- (13) “Data.”

11. **“Covered Property”**

- a. “Covered Property” means property that you own or property that is in your care, custody or control and for which you are legally liable. Such property must be at a location indicated in the Declarations except as provided under Off Premises Equipment Breakdown coverage.

- b. None of the following is “covered property”:

- (1) Accounts, bills, currency, deeds or other evidences of debt, money, notes or securities;
- (2) Fine arts, jewelry, furs or precious stones;
- (3) Precious metal, unless forming a part of “covered equipment”;

- (4) Animals;
 - (5) Contraband, or property in the course of illegal transportation or trade;
 - (6) Land (including land on which the property is located), water, trees, growing crops or lawns; or
 - (7) Shrubs or plants, unless held indoors for retail sale.
12. **“Data”** means information or instructions stored in digital code capable of being processed by machinery.

13. **“Electrical Generating Equipment”**

- a. “Electrical Generating Equipment” means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:
 - (1) Boilers used primarily to provide steam for one or more turbine-generator units;
 - (2) Turbine-generators (including steam, gas, water or wind turbines);
 - (3) Engine-generators;
 - (4) Fuel cells or other alternative electrical generating equipment;
 - (5) Electrical transformers, switchgear and power lines used to convey the generated electricity; and
 - (6) Associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.
- b. “Electrical Generating Equipment” does not mean:
 - (1) Elevator or hoist motors that generate electricity when releasing cable; or
 - (2) Equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

14. **“Electronic circuitry”** means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.

15. **“Electronic Circuitry Impairment”**

- a. “Electronic circuitry impairment” means a fortuitous event involving “electronic circuitry” within “covered equipment” that causes the “covered equipment” to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in b., c., and d. below.
- b. We shall determine that the reasonable and appropriate remedy to restore such “covered equipment’s” ability to function is the replacement of one or more “electronic circuitry” components of the “covered equipment.”
- c. The “covered equipment” must be owned or leased by you, or operated under your control.
- d. None of the following is an “electronic circuitry impairment”:
 - (1) Any condition that can be reasonably remedied by:
 - (a) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
 - (b) Rebooting, reloading or updating software or firmware; or
 - (c) Providing necessary power or supply.
 - (2) Any condition caused by or related to:
 - (a) Incompatibility of the “covered equipment” with any software or equipment installed, introduced or networked within the prior 30 days; or
 - (b) Insufficient size, capability or capacity of the “covered equipment.”
 - (3) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.

16. **“Extra Expense”** means the additional cost you incur to operate your business over and above the cost that you normally would have incurred to operate your business during the same period had no Covered Cause of Loss occurred.

17. **“Hazardous Substance”** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

18. **“Interruption of Service”**

- a. “Interruption of service” means a failure or disruption of the normal supply of any of the Covered Services listed in b. and c. below, when such failure or disruption is caused by an “accident” to “covered equipment,” subject to the conditions listed in d. through g. below. The failure or disruption must arise from an “accident” even if the Covered Cause of Loss for this policy includes “electronic circuitry impairment.”
- b. Covered Services are electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, wide area networks and data transmission.
- c. If indicated in the Declarations, Covered Services also includes “cloud computing services.”
- d. The “covered equipment” must either be:
 - (1) Owned by a company with whom you have a contract to supply you with one of the Covered Services; or
 - (2) Used to supply you with one of the Covered Services and located within one mile of a location indicated in the Declarations.
- e. If a Service Interruption Distance Limitation is indicated in the Declarations, the “covered equipment” suffering the “accident” must be located within the indicated distance of any location indicated in the Declarations.
- f. If an Interruption of Service Waiting Period is indicated in the Declarations, no failure or disruption of service will be considered to qualify as an “interruption of service” until the failure or disruption exceeds the indicated number of hours immediately following the “accident.”
- g. “Interruption of service” does not include

any failure or disruption, whether or not arising from or involving an “accident,” in which a supplier could have continued to provide service to the location but chose for any reason to reduce or discontinue service.

19. **“Interruption of Supply”**

- a. “Interruption of Supply” means a failure or disruption of the normal supply of any of the Covered Contingencies listed below, when such failure or disruption is caused by an “accident” to “covered equipment” that is located at a Contingent Business Income supplier or receiver location indicated in the Declarations. If no Contingent Business Income supplier or receiver location is indicated in the Declarations, the “covered equipment” must be owned by a supplier from whom you have received the Covered Contingency for at least six months prior to the “accident” or a receiver to whom you have supplied the Covered Contingency for at least six months prior to the “accident.”
- b. Covered Contingencies are raw materials, intermediate products, finished products, packaging materials and product processing services.

20. **“Media”** means material on which “data” is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.

21. **“One Equipment Breakdown”**

- a. If Electronic Circuitry Impairment is indicated in the Declarations as Included, “one equipment breakdown” means all “accidents” or “electronic circuitry impairments” occurring at the same time from the same event. If an “accident” or “electronic circuitry impairment” causes other “accidents” or “electronic circuitry impairments,” all will be considered “one equipment breakdown.”
- b. If Electronic Circuitry Impairment is indicated in the Declarations as Not Included, “one equipment breakdown” means all “accidents” occurring at the same time from the same event. If an “accident” causes other “accidents,” all will be considered “one equipment breakdown.”

22. **“Ordinary Payroll”** means the Payroll Expenses associated with all employees other than executives, department managers and employees under contract.

As used above, Payroll Expenses means all payroll, employee benefits directly related to payroll, FICA payments you pay, union dues you pay and workers compensation premiums.

“Ordinary payroll” does not include pensions or directors fees.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

23. “Period of Restoration”

a. Except as indicated in b. below, “period of restoration” means the period of time that begins at the time of the Covered Cause of Loss and continues until the earlier of:

- (1) The date the “covered equipment” is repaired or replaced; or
- (2) The date on which such equipment could have been repaired or replaced with the exercise of due diligence and dispatch,

plus the number of days, if any, shown in the Declarations for Extended Period of Restoration.

b. Only as respects Civil Authority coverage, “period of restoration” means the period of time that begins at the time access is prohibited by action of civil authority and continues until the earlier of:

- (1) Twenty one (21) days thereafter; or
- (2) The date access is restored.

24. “Perishable Goods” means any “covered property” subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.

25. “Production Machinery” means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, “production machinery” does not mean any boiler, or fired or unfired pressure vessel.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

26. “Spoilage” means any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid

or molten material and chemical reactions to material in process.

27. “Vehicle” means any machine or apparatus that is used for transportation or moves under its own power. “Vehicle” includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a “vehicle.”

O. MECHANICAL BREAKDOWN (COMPREHENSIVE BOILER & MACHINERY)

Quote Mechanical Breakdown (Boiler & Machinery) insurance as follows:

1. Comprehensive coverage at all locations per schedule at a blanket limit of \$100,000,000 for direct damage and BI/EE.
2. Provide quotes at per-occurrence direct damage deductibles of \$50,000 and \$100,000 for all objects:
3. We request the following coverage provisions:
 - a. Broad definition of accident.
 - b. Repair or replacement valuation.
 - c. If the Boiler & Machinery carrier is different from the Property carrier, include a Joint Loss Agreement.
 - d. Expediting Expense limit quoted at optional limits of \$250,000 and \$500,000.
 - e. No coinsurance is to apply.
 - f. Coverage for service interruption and extra expense.
 - g. Coverage for the electronic component of an "insured object."
 - h. Hazardous substance, water damage and ammonia contamination at \$250,000 limits.
 - i. Spoilage at a \$250,000 limit.
 - j. Automatic coverage for new locations or newly acquired objects, ninety (90) day reporting.
4. If coverage is not written with same carrier as the property coverage, include a joint loss agreement.

PROPOSAL FORM FOR MECHANICAL BREAKDOWN (COMPREHENSIVE BOILER & MACHINERY)

1. Proposed Insurer Hartford Steam Boiler Inspection and Insurance Company
2. Annual Premium:

Limits	Deductibles		
	\$50,000	\$100,000	Other
Direct Damage & BI/EE All Scheduled Locs— \$100,000,000	\$10,772	\$9,357	
Expediting Expense— \$250,000 \$500,000	Included in the premium above	Included in the premium above	
Hazardous Substance Water Damage Ammonia Contamination \$250,000	Included in the premium above	Included in the premium above	
Spoilage \$250,000	"Perishable Goods" Sublimited to \$250,000 <small>and included in the premium above</small>	"Perishable Goods" Sublimited to \$250,000 <small>and included in the premium above</small>	

Are premiums quoted net of commission(s) or any other fee(s)?

_____ Yes x No

3. Indicate if the following coverage extensions are included and additional premium, if any:

a. Broad definition of accident

 x Yes _____ No Included Premium

b. Repair or replacement valuation.

 x Yes _____ No Included Premium

c. Joint Loss Agreement, if Boiler & Machinery carrier is different from Property carrier.

 x Yes _____ No Included Premium

d. Waiver of any coinsurance provision.

 x Yes _____ No Included Premium

e. Coverage for service interruption and extra expense.

 x Yes _____ No Included Premium

f. Coverage for the electronic component of an "insured object."

 x Yes _____ No Included Premium

4. Is policy written subject to a blanket direct damage and time element limit? _____ Yes x No
- Subject to a combined per-occurrence deductible? _____ Yes x No
- Explain. _____

5. Describe automatic coverage and reporting provisions for new locations or newly acquired objects.
Automatic Coverage will extended to newly aquired locations, but is to be sublimited to \$1,000,000
and allowable for up to 90 days
6. Indicate if premium is flat or auditable and composite rate. Auditable Premium based
on Total Insurable Values, Composite Rate: \$0.00684/\$100
7. Indicate method of premium payment (monthly, quarterly, annually, etc.)
Annually
8. Indicate the term of the coverage. 1 Year
 If more than one year, are rates fixed? N/A Yes N/A No
9. Is your quote contingent on writing any other line(s)? _____ Yes x No
 If so, what line(s)? _____

10. Are specimen policy forms and endorsements included? x Yes _____ No

Eric Eustace
 Authorized Signature

BALDWIN COX ALLEN
 Company

7-30-2020
 Date

EXCEPTION FORM FOR COMPREHENSIVE BOILER & MACHINERY

Please use this page to explain any differences between the specification requirements and your proposal. This form must list all exceptions/additions to the specifications by line of coverage. Failure to list exceptions accurately could result in disqualification and rejection of your proposal.

Eric Eustace

Authorized Signature

BALDWIN COX ALLEN

Company

7-30-2020

Date



Wrap+®

Sophie A Harris
385 Washington St.
SB-02U Central Underwriting Facility
ST. PAUL, MN 55102
Phone: (651) 310-2230
Email: SAHARRI2@travelers.com

July 1, 2020

Eric R. Eustace
BALDWIN-COX AGENCY
5930 PRESTON VIEW BLVD STE 200
DALLAS, TX 75240

RE: Insured Name: WEBB COUNTY
1110 WASHINGTON ST STE 204
LAREDO, TX 78040-4470

Expiring Policy Number: N/A

Policy Period: July 31, 2020 to July 31, 2021

Dear Eric R. Eustace:

On behalf of **Travelers Casualty and Surety Company of America** we are pleased to provide the attached proposal of insurance for your review.

The quotes contained in this document are valid for 30 days, and are subject to the provision of, and Travelers' review and acceptance of, the required underwriting information noted in the Contingencies section. Travelers reserves the right to change the quotes in this document, or to refuse to bind coverage entirely, based on review of the required underwriting information or based on adverse change in the risk(s) to be insured prior to the quote expiration date noted in this document.

Travelers is pleased to offer Risk Management PLUS+ Online®[®], the industry's most comprehensive program for mitigating your management liability exposures, which is available to you at no additional cost. Please visit www.rmplusonline.com to view the services that are available. If you have additional questions about the site please contact your Underwriter.

Travelers Casualty and Surety Company of America, a subsidiary of The Travelers Companies, Inc., has consistently earned high ratings for financial strength and claims-paying ability from independent rating services, including a current A.M. Best rating of A++*. Founded in 1853, The Travelers Companies, Inc. is a Fortune 500 company, a component of the Dow Jones Industrial Average, and a leading provider of property casualty insurance for businesses.

Thank you for considering Travelers for your client's insurance coverages. We look forward to discussing this opportunity with you.

Sincerely,

Sophie A Harris
Travelers Bond & Specialty Insurance

*A.M. Best's rating of A++ applies to Travelers Casualty and Surety Company of America as well as to certain insurance subsidiaries of Travelers that are members of the Travelers Insurance Companies pool; other subsidiaries are included in another rating pool or are separately rated. For a listing of companies rated by A.M. Best and other rating services visit www.travelers.com. Ratings listed herein are as of October 2019, are used with permission, and are subject to changes by the rating services. For the latest rating, access www.ambest.com.

Travelers Casualty and Surety Company of America
QUOTE OPTION #1

CYBER COVERAGE:

Liability	Limit	Retention
Privacy and Security	\$5,000,000	\$25,000
Payment Card Costs	\$5,000,000	Subject to Privacy and Security Retention
Media	\$5,000,000	\$25,000
Regulatory Proceedings	\$5,000,000	\$25,000
Breach Response	Limit	Retention
Privacy Breach Notification	2,000,000 impacted parties	impacted parties threshold 100
Computer and Legal Experts	\$2,000,000 which is separate from the CyberRisk Aggregate Limit	\$25,000
Betterment	\$100,000	
Cyber Extortion	\$5,000,000	\$25,000
Data Restoration	\$5,000,000	\$25,000
Public Relations	\$5,000,000	\$25,000
Cyber Crime	Limit	Retention
Computer Fraud	\$5,000,000	\$25,000
Funds Transfer Fraud	\$5,000,000	\$25,000
Social Engineering Fraud	\$100,000	\$5,000
Telecom Fraud	\$100,000	\$5,000
Business Loss	Limit	Retention
Business Interruption	\$5,000,000	
Dependent Business Interruption	\$100,000	
Dependent Business Interruption - System Failure	\$100,000	
Dependent Business Interruption - Outsource Provider	\$100,000	
Dependent Business Interruption - Outsource Provider - System Failure	\$100,000	
Reputation Harm	\$1,000,000	\$25,000
System Failure	\$5,000,000	

Additional First Party Provisions

Accounting Costs Limit: \$25,000

Betterment Coparticipation: 50%

Period Of Restoration: 180 days

Period Of Indemnity: 30 days

Wait Period: 12 hours

Knowledge Date: As Expiring

P&P Date: As Expiring

Retro Date: N/A

TOTAL ANNUAL PREMIUM - \$42,782.00

(Other term options listed below, if available)

LIMIT DETAIL:

Shared Additional Defense Limit of Liability: N/A
CyberRisk Policy Aggregate Limit: \$5,000,000

EXTENDED REPORTING PERIOD AND RUN-OFF:

Extended Reporting Period for Cyber Coverage:

Additional Premium Percentage: 75%
Additional Months: 12

Run-Off Extended Reporting Period for Cyber Coverage:

Additional Premium Percentage: N/A
Additional Months: N/A

CLAIM DEFENSE FOR ASSOCIATION MANAGEMENT LIABILITY COVERAGE, LIABILITY COVERAGES AND/OR CYBER COVERAGE:

Duty to Defend

PREMIUM DETAIL:

Term	Payment Type	Premium	Taxes	Surcharges	Total Premium	Total Term Premium
1 Year	Prepaid	\$42,782.00	\$0.00	\$0.00	\$42,782.00	\$42,782.00

POLICY FORMS APPLICABLE TO QUOTE OPTION # 1:

AFE-15001-0119 Declarations
AFE-16001-0119 General Conditions
CYB-15001-0119 CyberRisk Declarations
CYB-16001-0119 CyberRisk Coverage

ENDORSEMENTS APPLICABLE TO QUOTE OPTION # 1:

AFE-17032-0119 Texas Changes Endorsement
AFE-19029-0719 Cap On Losses From Certified Acts Of Terrorism Endorsement
AFE-19030-0719 Federal Terrorism Risk Insurance Act Disclosure Endorsement
CYB-19101-0119 Per Impacted Parties And Computer And Legal Expert Costs Endorsement
CYB-19102-0119 Dependent Business Interruption - System Failure Endorsement
CYB-19104-0219 Dependent Business Interruption - Outsource Provider With System Failure Endorsement
CYB-19105-0119 Conviction Reward Endorsement
CYB-19122-0519 Vendor Or Client Payment Fraud Endorsement
CYB-19123-0519 Bricked Equipment Endorsement

CONTINGENCIES APPLICABLE TO QUOTE OPTION # 1:

This quote is contingent on the acceptable underwriting review of the following information prior to the quote expiration date.

- 1 Travelers Application (Attached)

Travelers Casualty and Surety Company of America
QUOTE OPTION #2

CYBER COVERAGE:

Liability	Limit	Retention
Privacy and Security	\$5,000,000	\$50,000
Payment Card Costs	\$5,000,000	Subject to Privacy and Security Retention
Media	\$5,000,000	\$50,000
Regulatory Proceedings	\$5,000,000	\$50,000
Breach Response	Limit	Retention
Privacy Breach Notification	2,000,000 impacted parties	impacted parties threshold 100
Computer and Legal Experts	\$2,000,000 which is separate from the CyberRisk Aggregate Limit	\$50,000
Betterment	\$100,000	
Cyber Extortion	\$5,000,000	\$50,000
Data Restoration	\$5,000,000	\$50,000
Public Relations	\$5,000,000	\$50,000
Cyber Crime	Limit	Retention
Computer Fraud	\$5,000,000	\$50,000
Funds Transfer Fraud	\$5,000,000	\$50,000
Social Engineering Fraud	\$100,000	\$5,000
Telecom Fraud	\$100,000	\$5,000
Business Loss	Limit	Retention
Business Interruption	\$5,000,000	
Dependent Business Interruption	\$100,000	
Dependent Business Interruption - System Failure	\$100,000	
Dependent Business Interruption - Outsource Provider	\$100,000	
Dependent Business Interruption - Outsource Provider - System Failure	\$100,000	
Reputation Harm	\$1,000,000	\$50,000
System Failure	\$5,000,000	

Additional First Party Provisions

Accounting Costs Limit: \$25,000

Betterment Coparticipation: 50%

Period Of Restoration: 180 days

Period Of Indemnity: 30 days

Wait Period: 12 hours

Knowledge Date: As Expiring

P&P Date: As Expiring

Retro Date: N/A

TOTAL ANNUAL PREMIUM - \$41,398.00

(Other term options listed below, if available)

LIMIT DETAIL:

Shared Additional Defense Limit of Liability: N/A
CyberRisk Policy Aggregate Limit: \$5,000,000

EXTENDED REPORTING PERIOD AND RUN-OFF:

Extended Reporting Period for Cyber Coverage:

Additional Premium Percentage: 75%
Additional Months: 12

Run-Off Extended Reporting Period for Cyber Coverage:

Additional Premium Percentage: N/A
Additional Months: N/A

CLAIM DEFENSE FOR ASSOCIATION MANAGEMENT LIABILITY COVERAGE, LIABILITY COVERAGES AND/OR CYBER COVERAGE:

Duty to Defend

PREMIUM DETAIL:

Term	Payment Type	Premium	Taxes	Surcharges	Total Premium	Total Term Premium
1 Year	Prepaid	\$41,398.00	\$0.00	\$0.00	\$41,398.00	\$41,398.00

POLICY FORMS APPLICABLE TO QUOTE OPTION # 2:

AFE-15001-0119 Declarations
AFE-16001-0119 General Conditions
CYB-15001-0119 CyberRisk Declarations
CYB-16001-0119 CyberRisk Coverage

ENDORSEMENTS APPLICABLE TO QUOTE OPTION # 2:

AFE-17032-0119 Texas Changes Endorsement
AFE-19029-0719 Cap On Losses From Certified Acts Of Terrorism Endorsement
AFE-19030-0719 Federal Terrorism Risk Insurance Act Disclosure Endorsement
CYB-19101-0119 Per Impacted Parties And Computer And Legal Expert Costs Endorsement
CYB-19102-0119 Dependent Business Interruption - System Failure Endorsement
CYB-19104-0219 Dependent Business Interruption - Outsource Provider With System Failure Endorsement
CYB-19105-0119 Conviction Reward Endorsement
CYB-19122-0519 Vendor Or Client Payment Fraud Endorsement
CYB-19123-0519 Bricked Equipment Endorsement

CONTINGENCIES APPLICABLE TO QUOTE OPTION # 2:

This quote is contingent on the acceptable underwriting review of the following information prior to the quote expiration date.

- 1 Travelers Application (Attached)

NOTICES:

It is the agent's or broker's responsibility to comply with any applicable laws regarding disclosure to the policyholder of commission or other compensation we pay, if any, in connection with this policy or program.

Important Notice Regarding Compensation Disclosure

For information about how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: http://www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Agency Compensation, One Tower Square, Hartford, CT 06183.

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA"), establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). Act Of Terrorism is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

- 85% with respect to such Insured Losses occurring in calendar year 2015.
- 84% with respect to such Insured Losses occurring in calendar year 2016.
- 83% with respect to such Insured Losses occurring in calendar year 2017.
- 82% with respect to such Insured Losses occurring in calendar year 2018.
- 81% with respect to such Insured Losses occurring in calendar year 2019.
- 80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

For each coverage provided by this policy that applies to such Insured Losses, the charge for such Insured Losses is no more than one percent of your premium, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA. Please note that no separate additional premium charge has been made for the terrorism coverage required by TRIA. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium.

Coverage Disclaimer:

THIS QUOTE DOES NOT AMEND, OR OTHERWISE AFFECT, THE PROVISIONS OR COVERAGE OF ANY RESULTING INSURANCE POLICY ISSUED BY TRAVELERS. IT IS NOT A REPRESENTATION THAT COVERAGE

DOES OR DOES NOT EXIST FOR ANY PARTICULAR CLAIM OR LOSS UNDER ANY SUCH POLICY. COVERAGE DEPENDS ON THE APPLICABLE PROVISIONS OF THE ACTUAL POLICY ISSUED, THE FACTS AND CIRCUMSTANCES INVOLVED IN THE CLAIM OR LOSS AND ANY APPLICABLE LAW.

THE PRECEDING OUTLINES THE COVERAGE FORMS, LIMITS OF INSURANCE, POLICY ENDORSEMENTS AND OTHER TERMS AND CONDITIONS PROVIDED IN THIS QUOTE. ANY POLICY COVERAGES, LIMITS OF INSURANCE, POLICY ENDORSEMENTS, COVERAGE SPECIFICATIONS, OR OTHER TERMS AND CONDITIONS THAT YOU HAVE REQUESTED THAT ARE NOT INCLUDED IN THIS QUOTE HAVE NOT BEEN AGREED TO BY TRAVELERS. PLEASE REVIEW THIS QUOTE CAREFULLY AND IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR TRAVELERS REPRESENTATIVE.

Affiliate (non-Subsidiary) Coverage Disclaimer:

Regardless of the submission of information or typical availability of coverage for any entity that is not a Subsidiary of the Named Insured, **such entity is not covered by the Policy unless an endorsement is provided that specifically schedules it.** Under the Wrap+® policy, coverage is generally afforded to the following entities (unless otherwise excluded): (1) the Named Insured and (2) its majority-owned Subsidiaries. A Subsidiary is defined in each coverage part of the Wrap+® policy and the definition can vary between coverage parts. An affiliate is not defined but generally has some ownership and/or management in common with the Named Insured or its Subsidiaries (but itself is not a Subsidiary of either one). Affiliate coverage will not be considered on a blanket basis nor will an individual entity be scheduled without proper underwriting information (please contact your underwriter to discuss specific requirements). For an actual description of coverages, terms and conditions, refer to the Policy. Sample policies can be found on the travelers.com website or contact your underwriter.

Only the Insuring Agreements with Limits shown in the CyberRisk Declarations apply.

Liability Insuring Agreements

Privacy And Security.	The Insurer will pay Loss on behalf of the Insured , resulting from a Claim that is first made during the Policy Period , or any applicable extended reporting period, for a Privacy And Security Act .
Media.	The Insurer will pay Loss on behalf of the Insured , resulting from a Claim that is first made during the Policy Period , or any applicable extended reporting period, for a Media Act .
Regulatory Proceedings.	The Insurer will pay Defense Costs and Regulatory Costs on behalf of the Insured , resulting from a Regulatory Proceeding that is first made during the Policy Period , or any applicable extended reporting period, for a Privacy And Security Act or Media Act .

Breach Response Insuring Agreements

Privacy Breach Notification.	The Insurer will reimburse, or pay on behalf of, the Insured for Privacy Breach Notification Costs resulting from an actual or suspected Privacy Breach that is Discovered during the Policy Period , or any applicable extended reporting period.
Computer And Legal Experts.	The Insurer will reimburse, or pay on behalf of, the Insured for Computer And Legal Expert Costs resulting from an actual or suspected: <ol style="list-style-type: none"> 1. Privacy Breach; 2. Security Breach; or 3. Cyber Extortion Threat, that is Discovered during the Policy Period , or any applicable extended reporting period.
Betterment.	The Insurer will reimburse the Insured for Betterment Costs , following a Security Breach that is Discovered during the Policy Period .
Cyber Extortion.	The Insurer will reimburse, or pay on behalf of, the Insured for Cyber Extortion Costs , resulting from a Cyber Extortion Threat that is Discovered during the Policy Period .
Data Restoration.	The Insurer will reimburse, or pay on behalf of, the Insured for Restoration Costs , directly caused by a Security Breach that is Discovered during the Policy Period .
Public Relations.	The Insurer will reimburse, or pay on behalf of, the Insured for Public Relations Costs , resulting from an actual or suspected: <ol style="list-style-type: none"> 1. Privacy Breach; 2. Security Breach; or 3. Media Act, that is Discovered during the Policy Period .

Cyber Crime Insuring Agreements

Computer Fraud.	The Insurer will pay the Insured Entity for its direct loss of Money , Securities , or Other Property , directly caused by Computer Fraud that is Discovered during the Policy Period .
Funds Transfer Fraud.	The Insurer will pay the Insured Entity for its direct loss of Money or Securities , directly caused by Funds Transfer Fraud that is Discovered during the Policy Period .

Social Engineering Fraud.	The Insurer will pay the Insured Entity for its direct loss of Money or Securities , directly caused by Social Engineering Fraud that is Discovered during the Policy Period .
Telecom Fraud.	The Insurer will pay the Insured Entity for its Telecom Charges , directly caused by Telecom Fraud that is Discovered during the Policy Period .

Business Loss Insuring Agreements

Business Interruption.	The Insurer will pay the Insured for its Business Interruption Loss that is directly caused by any of the following, if Discovered during the Policy Period : <ol style="list-style-type: none">1. A Security Breach that results in a total or partial interruption of a Computer System.2. A System Failure, if applicable.3. The voluntary shutdown of a Computer System by the Insured, if it is reasonably necessary to minimize the Loss caused by a Security Breach or Privacy Breach in progress.
Dependent Business Interruption.	The Insurer will pay the Insured for its Business Interruption Loss , directly caused by an IT Provider Breach that is Discovered during the Policy Period .
Reputation Harm.	The Insurer will pay the Insured for its Reputation Harm , directly caused by an Adverse Media Report or Notification that: <ol style="list-style-type: none">1. first occurs during, or within 60 days after, the Policy Period; and2. directly relates to a Privacy Breach or Security Breach that is Discovered during the Policy Period.

Definitions

<i>Accounting Costs.</i>	Means the reasonable fees or costs of a forensic accounting firm, incurred by the Insured Entity , to calculate Income Loss , even if such calculation shows there has been no Income Loss .
<i>Additional Insured.</i>	Means a person or entity, not otherwise an Insured , with whom the Insured Entity has entered into a written agreement to include as an Insured , but only for Wrongful Acts : <ol style="list-style-type: none">1. by, or on behalf of, the Insured Entity under such agreement; and2. that occur after the Insured Entity has executed such agreement.
<i>Adverse Media Report.</i>	Means any communication of an actual or potential Privacy Breach or Security Breach by a media outlet. Multiple Adverse Media Reports regarding the same Privacy Breach or Security Breach are deemed one Adverse Media Report .
<i>Approved Provider.</i>	Means a service provider approved by the Insurer in writing to the Insured .
<i>Automatic ERP.</i>	Means a 90-day extended reporting period starting on the effective date this Coverage is canceled or not renewed.
<i>Betterment Costs.</i>	<ol style="list-style-type: none">1. Means the reasonable costs incurred and paid by the Insured, with the Insurer's written consent, for hardware or software to improve a Computer System after a Security Breach, if:<ol style="list-style-type: none">a. the Security Breach has been stopped or contained, and resulted in covered Computer and Legal Expert Costs;b. the Approved Provider that provided computer services in response to such Security Breach:<ol style="list-style-type: none">i. has identified a weakness in a Computer System that caused, or contributed to, the Security Breach; andii. recommends the improvements to prevent a future Security Breach from exploiting such weakness; and

	<p>c. such improvements are incurred and paid for by the <u>Insured</u> within the earlier of 90 days after:</p> <ol style="list-style-type: none">i. the recommendation by the <u>Approved Provider</u>; orii. the end of the <u>Policy Period</u>. <p>Costs for improvements that are subject to a license, lease, or subscription will be limited to the pro rata portion of such costs for the first 12 months.</p> <p>2. Does not include wages, benefits, or overhead of any <u>Insured</u>.</p>
<p><i>Business Interruption Loss.</i></p>	<p>1. Means:</p> <ol style="list-style-type: none">a. <u>Income Loss</u> and <u>Extra Expense</u> incurred or paid by the <u>Insured Entity</u> during the <u>Period of Restoration</u>; andb. <u>Accounting Costs</u>, if the <u>Insured Entity's</u> business operations are interrupted beyond the <u>Wait Period</u>. <p>2. Does not include loss arising out of harm to the <u>Insured Entity's</u> reputation.</p>
<p><i>Change Of Control.</i></p>	<p>Means when:</p> <ol style="list-style-type: none">1. the Named Insured is, or most of its assets are, acquired;2. the Named Insured is merged with, or consolidated into, another entity, and the Named Insured is not the surviving entity; or3. the management that was in control over the Named Insured as of the inception of the <u>Policy Period</u> no longer has such control.
<p><i>Claim.</i></p>	<p>Means:</p> <ol style="list-style-type: none">1. a written demand for monetary or nonmonetary relief, including injunctive relief, commenced by an <u>Insured's</u> receipt of such written demand;2. a civil proceeding, commenced by the service of a complaint or similar pleading;3. an arbitration, mediation, or similar alternative dispute resolution proceeding, commenced by the service of an arbitration petition or similar legal document;4. a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding, commenced by an <u>Insured's</u> receipt of such written request; or5. for the Regulatory Proceedings Insuring Agreement only, a <u>Regulatory Proceeding</u>, commenced by:<ol style="list-style-type: none">a. the filing of charges;b. the filing of an investigative order;c. the service of a summons; ord. the service or filing of a similar document,against an <u>Insured</u> for a <u>Wrongful Act</u>. Except under Other Conditions, <u>Notice Of Claim</u>, a <u>Claim</u> is deemed made when commenced.
<p><i>Client.</i></p>	<p>Means a person or entity to whom the <u>Insured Entity</u>:</p> <ol style="list-style-type: none">1. provides goods; or2. performs services, for a fee, or under a written agreement.
<p><i>Computer And Legal Expert Costs.</i></p>	<p>1. Means the reasonable fees or costs incurred or paid by the <u>Insured</u> for services recommended and provided by an <u>Approved Provider</u>, to:</p> <ol style="list-style-type: none">a. conduct a forensic analysis to determine the existence and cause of a <u>Privacy Breach</u> or <u>Security Breach</u>;b. determine whose <u>Confidential Information</u> was lost or stolen; or accessed or disclosed without authorization;c. contain or stop a <u>Privacy Breach</u> or <u>Security Breach</u> in progress;d. certify the <u>Computer System</u> meets <u>Payment Card Security Standards</u>, if a <u>Security Breach Discovered</u> during the <u>Policy Period</u> results in noncompliance with such standards, but only for the first certification; or

	<ul style="list-style-type: none">e. provide legal services to respond to a Privacy Breach or Security Breach.
	<ul style="list-style-type: none">2. Does not include Defense Costs or Privacy Breach Notification Costs.
Computer Fraud.	<ul style="list-style-type: none">1. Means an intentional, unauthorized, and fraudulent entry or change of data or computer instructions, directly into or within, a Computer System, that:<ul style="list-style-type: none">a. is not made by an Insured Person, an Independent Contractor, or any other person under the direct supervision of the Insured; andb. causes Money, Securities, or Other Property to be transferred, paid, or delivered from inside the Insured Entity's premises or the Insured Entity's financial institution premises to a place outside of such premises.2. Does not include Social Engineering Fraud.
Computer System.	<p>Means a computer and connected input, output, processing, storage, or communication device, or related network, operating system, website, or application software, that is:</p> <ul style="list-style-type: none">1. under the operational control of, and owned by, licensed to, or leased to:<ul style="list-style-type: none">a. the Insured Entity; orb. an Insured Person, while authorized by, and transacting business on behalf of, the Insured Entity, except under the Betterment or Data Restoration Insuring Agreements, or any Cyber Crime Insuring Agreement; or2. operated by an IT Provider, but only the portion of such computer system used to provide hosted computer resources to the Insured Entity, except under the Betterment or Business Interruption Insuring Agreements.
Confidential Information.	<p>Means a third party's or Insured Person's private or confidential information that is in the care, custody, or control of the Insured Entity, or a service provider acting on behalf of the Insured Entity.</p>
Covered Material.	<ul style="list-style-type: none">1. Means content that is created or disseminated, via any form or expression, by, or on behalf of, the Insured Entity.2. Does not include:<ul style="list-style-type: none">a. tangible product designs; orb. content created or disseminated by the Insured Entity on behalf of a third party.
Cyber Extortion Costs.	<ul style="list-style-type: none">1. Means, with the Insurer's prior written consent:<ul style="list-style-type: none">a. Ransom;b. reasonable amounts incurred or paid by the Insured in the process of paying, or attempting to pay, Ransom; orc. reasonable amounts incurred or paid by the Insured, recommended by an Approved Provider, to mitigate Ransom.2. Does not include Computer And Legal Expert Costs or Restoration Costs.
Cyber Extortion Threat.	<p>Means a threat to:</p> <ul style="list-style-type: none">1. access or disclose:<ul style="list-style-type: none">a. Confidential Information; orb. an Insured Entity's information without authorization; or2. commit or continue a Security Breach, made against the Insured Entity for Ransom.
Defense Costs.	<ul style="list-style-type: none">1. Means reasonable fees and costs incurred by the Insurer, or the Insured with the Insurer's prior written consent, in the:<ul style="list-style-type: none">a. investigation;b. defense;c. settlement; ord. appeal,of a Claim.

	<ol style="list-style-type: none">Includes up to \$1,000 per day for loss of earnings due to an Insured Person's attendance in court, if at the Insurer's request.Does not include wages, benefits, or overhead of the Insurer or of the Insured.
<i>Discover, Discovered, Discovery.</i>	Means when an Executive Officer first becomes aware of facts that would cause a reasonable person to assume that a First Party Loss has been or will be incurred, regardless of when the act or acts causing or contributing to such First Party Loss occurred, even though the exact amount or details of such First Party Loss may not then be known.
<i>Employee.</i>	<ol style="list-style-type: none">Means a natural person while their labor is engaged and directed by the Insured Entity, and who is:<ol style="list-style-type: none">a full-time, part-time, seasonal, or temporary worker compensated directly by the Insured Entity through wages, salaries, or commissions;a volunteer, student, or intern; ora worker whose services have been leased to the Insured Entity by a labor leasing firm under a written agreement.For the Cyber Crime and Business Loss Insuring Agreements only, Employee also includes any natural person:<ol style="list-style-type: none">officer;partner;sole proprietor;in-house general counsel; ormember of a board of directors, trustees, or governors, of the Insured Entity.Does not include any:<ol style="list-style-type: none">agent;broker;consignee;independent contractor; orrepresentative, of the Insured Entity.
<i>Executive Officer.</i>	Means a natural person while acting as the Insured Entity's : <ol style="list-style-type: none">chief executive officer;chief financial officer;chief information security officer;risk manager;in-house general counsel; orthe functional equivalent of 1 through 5.
<i>Extra Expense.</i>	Means reasonable costs incurred by the Insured Entity , with the Insurer's written consent, that: <ol style="list-style-type: none">result from a First Party Event;are in excess of the Insured Entity's normal operating costs;are intended to reduce Income Loss; andwould not have been incurred had there been no First Party Event.
<i>First Party Event.</i>	<ol style="list-style-type: none">Means:<ol style="list-style-type: none">Computer Fraud;Cyber Extortion Threat;Funds Transfer Fraud;IT Provider Breach;Media Act;

	<ul style="list-style-type: none">f. Privacy Breach;g. Security Breach;h. Social Engineering Fraud;i. System Failure; orj. Telecom Fraud. <p>2. First Party Events that have a common:</p> <ul style="list-style-type: none">a. nexus;b. set of facts;c. circumstance;d. situation;e. event; orf. decision, <p>are deemed a single First Party Event.</p>
<i>First Party Insuring Agreements.</i>	Means the: <ul style="list-style-type: none">1. Breach Response Insuring Agreements;2. Business Loss Insuring Agreements; and3. Cyber Crime Insuring Agreements.
<i>First Party Loss.</i>	<ul style="list-style-type: none">1. Means:<ul style="list-style-type: none">a. Betterment Costs;b. Business Interruption Loss;c. Computer And Legal Expert Costs;d. Cyber Extortion Costs;e. Money;f. Other Property;g. Privacy Breach Notification Costs;h. Public Relations Costs;i. Reputation Harm;j. Restoration Costs;k. Securities; orl. Telecom Charges.2. Other than Accounting Costs, does not include amounts:<ul style="list-style-type: none">a. to establish First Party Loss; orb. to prepare the Insured Entity's Proof Of Loss.
<i>Funds Transfer Fraud.</i>	<ul style="list-style-type: none">1. Means a fraudulent instruction that:<ul style="list-style-type: none">a. is electronically sent to a financial institution that is not an Insured, at which the Insured Entity maintains an account;b. directs the transfer, payment, or delivery of Money or Securities from the Insured Entity's account;c. is purportedly sent by the Insured Entity;d. is sent by someone, other than an Insured; ande. is sent without the Insured Entity's knowledge or consent.2. Does not include Social Engineering Fraud.
<i>Impacted Parties.</i>	Means the persons or entities whose Confidential Information was, or is suspected to have been, stolen or lost, or accessed or disclosed without authorization.
<i>Income Loss.</i>	<ul style="list-style-type: none">1. Means pretax net profit the Insured Entity did not earn, and net loss the Insured Entity incurred, because of a First Party Event. Continuing normal and necessary operating expenses and payroll are part of the pretax net profit or net loss calculation.2. Does not include:

	<ol style="list-style-type: none">a. Extra Expense;b. contractual penalties;c. costs incurred to replace or improve a Computer System to a level of functionality beyond what existed prior to the First Party Event;d. costs incurred to identify or remediate computer system errors or vulnerabilities;e. interest or investment income; orf. Loss incurred due to unfavorable business conditions not related to the First Party Event.
<i>Independent Contractor.</i>	Means a natural person, other than an Employee , while performing services for the Insured Entity under a written agreement.
<i>Insured.</i>	Means: <ol style="list-style-type: none">1. Insured Persons;2. Insured Entities; or3. for the Liability Insuring Agreements only, also includes Additional Insureds.
<i>Insured Entity.</i>	Means: <ol style="list-style-type: none">1. the Named Insured; or2. Subsidiaries.
<i>Insured Person.</i>	Means: <ol style="list-style-type: none">1. Employees;2. natural persons while:<ol style="list-style-type: none">a. officers;b. partners;c. the sole proprietor;d. in-house general counsel; ore. members of a board of directors, trustees, or governors, of the Insured Entity; or3. for the Liability Insuring Agreements only, also includes Independent Contractors.
<i>IT Provider.</i>	Means an entity while under a written agreement with the Insured Entity to provide it with: <ol style="list-style-type: none">1. hosted computer application services;2. cloud services or computing;3. electronic data hosting, back-up, storage, and processing;4. co-location services;5. platform-as-a-service; or6. software-as-a-service.
<i>IT Provider Breach.</i>	Means: <ol style="list-style-type: none">1. unauthorized access to;2. use of authorized access to cause intentional harm to;3. a denial-of-service attack against; or4. the introduction of a Virus into, an IT Provider's computer system, resulting in total or partial interruption.
<i>Loss.</i>	<ol style="list-style-type: none">1. Means:<ol style="list-style-type: none">a. Defense Costs;b. damages, judgments, settlements, or prejudgment or postjudgment interest, that an Insured is legally obligated to pay as a result of a Claim, including:<ol style="list-style-type: none">i. court awarded legal fees; and

	<ul style="list-style-type: none">ii. punitive or exemplary damages, or the multiple portion of a multiplied damage award, to the extent insurable under the most favorable applicable law;c. Payment Card Contract Penalties;d. for the Regulatory Proceedings Insuring Agreement, means Regulatory Costs; ore. for First Party Insuring Agreements, means First Party Loss. <p>2. Loss, other than Defense Costs, does not include:</p> <ul style="list-style-type: none">a. civil or criminal fines, penalties, sanctions, or taxes, except for:<ul style="list-style-type: none">i. Payment Card Contract Penalties; orii. Regulatory Costs;b. amounts uninsurable under applicable law;c. restitution, return, or disgorgement of any profits;d. liquidated damages in excess of the amount for which the Insured would be liable absent the liquidated damages provision of a contract; ore. the cost of complying with injunctive or nonmonetary relief.
<i>Media Act.</i>	Means, in Covered Material : <ul style="list-style-type: none">1. the unauthorized use of copyright, title, slogan, trademark, trade dress, service mark, domain name, logo, or service name;2. the unauthorized use of a literary or artistic format, character, or performance;3. a violation of an individual's right of privacy or publicity;4. defamation, libel, slander, trade libel, or other tort related to disparagement or harm to the reputation or character of any person or entity;5. the misappropriation of ideas under an implied contract;6. improper deep-linking or framing; or7. unfair competition, when alleged in connection with 1 through 6.
<i>Merchant Service Agreement.</i>	Means a contract between the Insured Entity and an acquiring bank, or other acquiring institution, that establishes the terms and conditions for accepting and processing payment card transactions.
<i>Money.</i>	<p>1. Means:</p> <ul style="list-style-type: none">a. currency, coins, or bank notes in circulation;b. bullion;c. Virtual Currency;d. traveler's checks;e. certified or cashier's checks; orf. money orders. <p>2. Does not include Securities.</p>
<i>Notification.</i>	Means written notice to Impacted Parties about a Privacy Breach or Security Breach . Multiple Notifications about the same Privacy Breach or Security Breach are deemed one Notification .
<i>Optional ERP.</i>	Means an extended reporting period for the time shown in the Optional ERP Endorsement starting on the effective date this Coverage is: <ul style="list-style-type: none">1. canceled; or2. not renewed.
<i>Other Property.</i>	Means tangible property, other than Money or Securities that has intrinsic value.
<i>Payment Card Contract Penalties.</i>	Means fines, penalties, or assessments imposed under a Merchant Service Agreement against an Insured Entity for noncompliance with Payment Card Security Standards .

<i>Payment Card Security Standards.</i>	Means the Payment Card Industry Data Security Standard (PCI-DSS), or similar standard, to which the Insured Entity has agreed in a Merchant Service Agreement .
<i>Period Of Indemnity.</i>	Means the Period Of Indemnity shown in the CyberRisk Declarations. It begins on the earlier of the date of the first: <ol style="list-style-type: none">1. Notification; or2. Adverse Media Report, whichever is earlier.
<i>Period Of Restoration.</i>	Means the period of time that begins after the Wait Period ends, and ends on the earlier of: <ol style="list-style-type: none">1. the expiration of the Period Of Restoration shown in the CyberRisk Declarations; or2. when the Insured Entity's business operations have been restored for a consecutive 24-hour period to the level of operation that existed immediately before the First Party Event.
<i>Policy Period.</i>	Means the Policy Period shown in the Declarations, which is subject to the cancelation of this Policy.
<i>Pollutant.</i>	Means a solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.
<i>Potential Claim.</i>	Means conduct or circumstances that could reasonably be expected to give rise to a Claim .
<i>Privacy And Security Act.</i>	Means: <ol style="list-style-type: none">1. the failure to prevent a Privacy Breach;2. the failure to destroy Confidential Information;3. a violation of law, when alleged in connection with 1 or 2;4. the failure to provide Notification required by law;5. the failure to comply with a Privacy Policy;6. the unauthorized, unlawful, or wrongful collection of Confidential Information; or7. the failure to prevent a Security Breach, directly resulting in the:<ol style="list-style-type: none">a. alteration or deletion of Confidential Information;b. transmission of a Virus into a computer or network system that is not a Computer System;c. participation in a denial-of-service attack directed against a computer or network system that is not a Computer System; ord. failure to provide an authorized user with access to a Computer System.
<i>Privacy Breach.</i>	Means the loss or theft of, or unauthorized access to or disclosure of, Confidential Information .
<i>Privacy Breach Notification Costs.</i>	Means reasonable costs or fees incurred or paid by an Insured Entity , voluntarily or as required by agreement or law, for: <ol style="list-style-type: none">1. printing and delivering notice to;2. providing credit or identity monitoring for up to 24 months, or longer where required by law, to;3. call center services for;4. the costs to purchase an identity fraud insurance policy to benefit natural persons who are; or <ol style="list-style-type: none">5. with the Insurer's prior written consent, other services to mitigate Loss or provide notice to, Impacted Parties, if recommended and provided by an Approved Provider.
<i>Privacy Policy.</i>	Means the Insured Entity's publicly available written policies or procedures regarding Confidential Information .

<i>Public Relations Costs.</i>	Means reasonable costs or fees for public relations services recommended and provided by an Approved Provider to mitigate or prevent negative publicity resulting from a Privacy And Security Act or Media Act .
<i>Ransom.</i>	<ol style="list-style-type: none">1. Means:<ol style="list-style-type: none">a. Money;b. Securities; orc. the fair market value of property or services, paid or surrendered by, or on behalf of, the Insured, in direct response to a Cyber Extortion Threat.2. Will be valued as of the date paid or surrendered.
<i>Regulatory Costs.</i>	Means: <ol style="list-style-type: none">1. civil money fines;2. civil penalties; or3. amounts deposited in a consumer redress fund, imposed in a Regulatory Proceeding, to the extent insurable under the most favorable applicable law.
<i>Regulatory Proceeding.</i>	Means an administrative or regulatory proceeding, or a civil investigative demand, brought by a domestic or foreign governmental entity.
<i>Reputation Harm.</i>	Means damage to the Insured Entity's reputation incurred during the Period Of Indemnity that results in Income Loss , other than the value of: <ol style="list-style-type: none">1. coupons;2. price discounts;3. prizes;4. awards; or5. consideration given by the Insured in excess of the contracted or expected amount.
<i>Restoration Costs.</i>	<ol style="list-style-type: none">1. Means the reasonable amounts incurred or paid by the Insured, with the Insurer's prior written consent:<ol style="list-style-type: none">a. to restore or recover damaged or destroyed computer programs, software, or electronic data stored within a Computer System, to its condition immediately before a Security Breach; orb. to determine that such computer programs, software, or electronic data cannot reasonably be restored or recovered.2. Does not include:<ol style="list-style-type: none">a. costs to recover or replace computer programs, software, or electronic data that the Insured did not have a license to use;b. costs to design, update, or improve the operation of computer programs or software;c. costs to recreate work product, research, or analysis; ord. wages, benefits, or overhead of the Insured.
<i>Run-Off Period.</i>	Means the period starting on the date of the Change Of Control to the end of the Policy Period .
<i>Securities.</i>	Means written agreements representing Money or property, other than Virtual Currency .
<i>Security Breach.</i>	Means: <ol style="list-style-type: none">1. the unauthorized access to;2. the use of authorized access to cause intentional harm to;3. a denial-of-service attack against; or4. the introduction of a Virus into, a Computer System.

<i>Social Engineering Fraud.</i>	Means intentionally misleading an Employee , by providing an instruction that: <ol style="list-style-type: none">1. is not made by an Insured;2. is purportedly from a Vendor, Client, or Employee;3. directs the Employee to transfer, pay, or deliver Money or Securities;4. contains a misrepresentation of material fact; and5. is relied upon by the Employee, believing the material fact to be true.
<i>Subsidiary.</i>	Means: <ol style="list-style-type: none">1. an entity while the Named Insured owns more than 50% of the outstanding securities or voting rights representing the right to select the entity's board of directors, or functional equivalent;2. a nonprofit entity while the Named Insured exercises management control over such entity; or3. an entity while the Named Insured owns exactly 50%, as a joint venture, and while an Insured Entity controls the entity's management and operations under a written agreement.
<i>System Failure.</i>	Means an accidental, unintentional, and unplanned total or partial interruption of a Computer System , not caused by: <ol style="list-style-type: none">1. a Security Breach; or2. a total or partial interruption of a third party computer system or network.
<i>Telecom Charges.</i>	Means amounts charged to the Insured Entity by its telephone service provider.
<i>Telecom Fraud.</i>	Means the unauthorized access to, or use of, the Insured Entity's telephone system by a person or entity other than an Insured Person .
<i>Vendor.</i>	Means a person or entity that provides goods or services to the Insured Entity under an agreement.
<i>Virtual Currency.</i>	<ol style="list-style-type: none">1. Means a publicly available digital or electronic medium of exchange used and accepted as a means of payment.2. Does not include:<ol style="list-style-type: none">a. coupons;b. discounts;c. gift cards;d. rebates;e. reward points; orf. similar mediums of exchange.
<i>Virus.</i>	Means malicious code that could destroy, or change the integrity or performance of, electronic data, software, or operating systems.
<i>Wait Period.</i>	Means the Wait Period shown in the CyberRisk Declarations. It begins when a total or partial interruption to an Insured Entity's business operations is caused by a First Party Event . A separate Wait Period applies to each unrelated First Party Event .
<i>Wrongful Act.</i>	<ol style="list-style-type: none">1. Means any:<ol style="list-style-type: none">a. Media Act; orb. Privacy And Security Act.2. All Wrongful Acts that share a common:<ol style="list-style-type: none">a. nexus;b. set of facts;c. circumstance;d. situation;e. event; orf. decision,are deemed a single Wrongful Act that occurred at the time the first such Wrongful Act occurred.

Exclusions

- Assumed Liability.**
1. The Insurer will not pay [Loss](#) based upon or arising out of liability assumed by an [Insured](#).
 2. This does not apply:
 - a. when the [Insured](#) would have been liable in the absence of such assumption of liability;
 - b. to a [Claim](#) for [Payment Card Contract Penalties](#); or
 - c. to any privacy or confidentiality obligation that the [Insured](#) has agreed to under a [Privacy Policy](#) or nondisclosure agreement.
- Bodily Injury.**
1. The Insurer will not pay [Loss](#) for:
 - a. bodily injury;
 - b. sickness;
 - c. disease;
 - d. death; or
 - e. loss of consortium.
 2. This does not apply to:
 - a. emotional distress;
 - b. mental anguish;
 - c. humiliation; or
 - d. loss of reputation.
- Conduct.**
1. The Insurer will not pay [Loss](#) based upon or arising out of an [Insured's](#):
 - a. intentionally dishonest or fraudulent act or omission; or
 - b. willful violation of law or regulation.
 2. This does not apply to:
 - a. [Defense Costs](#); or
 - b. [Loss](#) other than [Defense Costs](#), unless a final nonappealable adjudication in the underlying action establishes such conduct occurred.
 3. In applying this exclusion, knowledge or conduct of an [Insured](#) will not be imputed to another [Insured](#), except that knowledge or conduct of an [Executive Officer](#) will be imputed to the [Insured Entity](#).
- Cyber Crime.**
- The Cyber Crime Insuring Agreements do not apply to:
1. indirect or consequential loss;
 2. potential income, including interest and dividends, not realized by an [Insured](#) or [Client](#);
 3. loss of confidential information;
 4. loss of intellectual property;
 5. loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, or other cards;
 6. loss resulting from a fraudulent instruction, if the sender or anyone acting in collusion with the sender, ever had authorized access to the [Insured's](#) password, PIN, or other security code;
 7. amounts the [Insured](#) incurs without a legal obligation to do so;
 8. loss resulting from forged, altered, or fraudulent negotiable instruments, securities, documents, or instructions used as source documentation to enter electronic data or send instructions, provided this does not apply to the [Social Engineering Fraud](#) Insuring Agreement;
 9. loss resulting from the failure of any party to perform under any contract; or
 10. loss due to any nonpayment of, or default upon, any loan, extension of credit, or similar promise to pay.
- Government Action.**
- The Insurer will not pay [Loss](#) based upon or arising out of:
1. seizure;
 2. confiscation;
 3. nationalization;

4. requisition; or
5. destruction of property,
by or under the order of domestic or foreign government authority.

Infrastructure. The Insurer will not pay [Loss](#) based upon or arising out of a total or partial interruption or failure of any:

1. satellite;
2. electrical or mechanical system;
3. electric, gas, water, or other utility;
4. cable, telecommunications, or Internet service provider; or
5. other infrastructure,
except when such is under the [Insured's](#) control.

- Insured vs. Insured.**
1. The Insurer will not pay [Loss](#) for a [Claim](#) brought by or on behalf of:
 - a. an [Insured](#); or
 - b. an entity that, at the time the [Wrongful Act](#) occurs, or the date the [Claim](#) is made:
 - i. is owned, operated, or controlled by any [Insured](#); or
 - ii. owns, operates, or controls any [Insured](#).
 2. This does not apply to a [Claim](#):
 - a. by an [Insured Person](#) for contribution or indemnity, if resulting from another covered [Claim](#); or
 - b. by or on behalf of an [Insured Person](#) or [Additional Insured](#) who did not commit or participate in the [Wrongful Act](#).

Intellectual Property. The Insurer will not pay [Loss](#) based upon or arising out of an [Insured's](#) misappropriation, infringement, or violation of:

1. copyrighted software;
2. patent rights or laws; or
3. trade secret rights or laws.

Labor Disputes. The Insurer will not pay [Loss](#) under the Business Loss Insuring Agreements based upon or arising out of labor disputes.

Licensing And Royalties. The Insurer will not pay [Loss](#) based upon or arising out of an obligation to pay licensing fees or royalties.

Ownership Rights. The Insurer will not pay [Loss](#) based upon a [Claim](#) by, or on behalf of, an independent contractor, joint venturer, or venture partner arising out of disputes over ownership rights in [Covered Material](#).

Physical Peril. The Insurer will not pay [Loss](#) based upon or arising out of:

1. fire, smoke, or explosion;
2. lightning, wind, rain, or hail;
3. surface water, waves, flood, or overflow of any body of water;
4. earthquake, earth movement, or earth sinking;
5. mudslide, landslide, erosion, or volcanic eruption;
6. collapse, wear and tear, rust, corrosion, or deterioration;
7. magnetic or electromagnetic fields;
8. extremes of temperature or humidity; or
9. any similar physical event or peril.

Pollution. The Insurer will not pay [Loss](#) based upon or arising out of:

1. the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of a [Pollutant](#); or

	<ol style="list-style-type: none">2. a request, demand, order, or statutory, or regulatory requirement that an Insured or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess, the effects of, a Pollutant; or3. testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of, a Pollutant.
Prior Acts.	The Insurer will not pay Loss based upon or arising out of a Wrongful Act that occurs prior to the Retro Date shown in the CyberRisk Declarations.
Prior Matters.	The Insurer will not pay Loss based upon or arising out of any fact, circumstance, situation, event, or Wrongful Act : <ol style="list-style-type: none">1. that is, or reasonably would be regarded as, the basis for a Claim under the Liability Insuring Agreements about which any Executive Officer had knowledge prior to the Knowledge Date shown in the CyberRisk Declarations;2. that, prior to the Inception date shown in the Declarations, was the subject of any notice of claim, or circumstance, given by or on behalf of any Insured and accepted under any policy of insurance that this Coverage directly renews, replaces, or succeeds in time; or3. previously alleged in a civil, criminal, administrative, or regulatory proceeding against any Insured prior to the P&P Date shown in the CyberRisk Declarations.
Property Damage.	<ol style="list-style-type: none">1. The Insurer will not pay Loss under the Liability or Breach Response Insuring Agreements for the:<ol style="list-style-type: none">a. damage to;b. destruction of;c. loss of; ord. loss of use of,any tangible property.2. The Insurer will not pay Loss under the Cyber Crime or Business Loss Insuring Agreements based upon or arising out of the:<ol style="list-style-type: none">a. damage to;b. destruction of;c. loss of; ord. loss of use of,any tangible property, other than loss of Other Property covered under the Computer Fraud Insuring Agreement.
Securities Laws.	The Insurer will not pay Loss based upon or arising out of: <ol style="list-style-type: none">1. a violation of a securities law or regulation; or2. except under the Cyber Crime Insuring Agreements:<ol style="list-style-type: none">a. the ownership of;b. the sale or purchase of; orc. the offer to sell or purchase,stock or other securities.
Unlawful Collection.	<ol style="list-style-type: none">1. The Insurer will not pay Loss based upon or arising out of a collection of Confidential Information in violation of law.2. This does not apply to Defense Costs.
Unsolicited Communications.	<ol style="list-style-type: none">1. The Insurer will not pay Loss based upon or arising out of a violation of a law that restricts or prohibits unsolicited communications.2. This does not apply to a Security Breach under the Breach Response Insuring Agreements.

- War.**
1. The Insurer will not pay [Loss](#) based upon or arising out of:
 - a. war, including undeclared or civil war;
 - b. warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
 - c. insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
 2. This does not apply to an actual or threatened attack against a [Computer System](#) with intent to cause harm, or further social, ideological, religious, political, or similar objectives, except when in support of 1a through 1c.

Limits And Retentions

- Limits Of Insurance.**
1. The most the Insurer will pay for all [Loss](#) is the CyberRisk Aggregate Limit shown in the CyberRisk Declarations.
 2. The most the Insurer will pay for all [Loss](#) under an Insuring Agreement is the applicable Limit for such Insuring Agreement shown in the CyberRisk Declarations; but:
 - a. The most the Insurer will pay for all [Payment Card Contract Penalties](#) is the Payment Card Costs Limit shown in the CyberRisk Declarations, which is within and will reduce the Privacy and Security Limit.
 - b. The most the Insurer will pay for all [Business Interruption Loss](#) that results from a [System Failure](#) is the System Failure Limit shown in the CyberRisk Declarations, which is within and will reduce the Business Interruption Limit.
 - c. Payment of [Loss](#) under the Dependent Business Interruption Insuring Agreement and Reputation Harm Insuring Agreement is within and will reduce, the remaining Business Interruption Limit.
 - d. The most the Insurer will pay for all [Accounting Costs](#) is the Accounting Costs Limit shown in the CyberRisk Declarations, which is within and will reduce the Limit for the applicable Business Loss Insuring Agreement.
 - e. If a Betterment Coparticipation percentage is shown in the CyberRisk Declarations, such percentage of [Betterment Costs](#) will be paid by the [Insured](#). The Insurer will pay the remaining [Betterment Costs](#), up to the Betterment Limit shown in the CyberRisk Declarations.
 3. The most the [Insured](#) will pay for all [Loss](#) with respect to an [Additional Insured](#) is the limit agreed to in the agreement between such [Additional Insured](#) and the [Insured Entity](#), or the applicable Limit shown in the CyberRisk Declarations, whichever is less.
 4. If the CyberRisk Declarations indicates that a Shared Limit applies, the most the Insurer will pay under all Shared Coverages is the Shared Limit shown in the Shared Limit Declarations.
 5. Once the CyberRisk Aggregate Limit or Shared Limit is exhausted, the premium is fully earned, and all obligations of the Insurer, including any duty to defend, will cease.
- Retention.**
1. The Insurer will only pay [Loss](#) once the applicable Retention shown in the CyberRisk Declarations has been paid by the [Insured](#).
 2. Except for the Betterment Insuring Agreement, if multiple Retentions apply to:
 - a. a [Claim](#);
 - b. a [First Party Event](#); or
 - c. [Claims](#) and [First Party Events](#) that share a common nexus, set of facts, circumstance, situation, event, or decision,the [Insured](#) will not pay more than the amount of the largest applicable Retention.
 3. The [Insured Person](#) is deemed indemnified by the [Insured Entity](#) to the extent permitted or required by law, written agreement, or the by-laws of the [Insured Entity](#). For the Liability Insuring Agreements, no Retention will apply to an [Insured Person](#) if indemnification by the [Insured Entity](#) is:
 - a. not permitted by law; or
 - b. not possible due to the financial insolvency of such [Insured Entity](#).

4. The Insurer may pay any amount of Retention. In such event, the Insured agrees to repay the Insurer such amounts.

Other Conditions

- | | |
|-------------------------------------|---|
| Allocation. | <ol style="list-style-type: none">1. Subject to Other Conditions, Settlement, if an <u>Insured</u> incurs:<ol style="list-style-type: none">a. <u>Loss</u> jointly with others who are not covered for a <u>Claim</u>; orb. <u>Loss</u> covered and loss not covered by this Coverage because a <u>Claim</u> includes both covered and uncovered matters,
then the <u>Insured</u> and the Insurer will use their best efforts to allocate such amount between covered <u>Loss</u> and uncovered loss based upon the relative legal and financial exposures of the parties to covered and uncovered matters.2. If the CyberRisk Declarations shows that the Insurer has the duty to defend <u>Claims</u>, all <u>Defense Costs</u> will be allocated to covered <u>Loss</u>. |
| Cancellation And Nonrenewal. | <ol style="list-style-type: none">1. The Insurer will cancel this Coverage only if premium is not paid when due. If nonpayment occurs, the Insurer will give written notice of cancellation to the Named Insured. Unless payment is received in full within 20 days of the <u>Insured's</u> receipt of such notice, this Coverage will be canceled.2. The Named Insured may cancel any part of this Coverage by giving advanced written notice to the Insurer, stating when such cancellation will be effective.3. If any part of this Coverage is canceled, the Insurer will refund the unearned premium on a pro rata basis.4. The Insurer is not required to renew this Coverage upon its expiration. If the Insurer elects not to renew, it will provide the Named Insured written notice to that effect at least 60 days before the Expiration date shown in the Declarations. |
| Change Of Structure. | <ol style="list-style-type: none">1. Under the Liability and Breach Response Insuring Agreements, if a <u>Change Of Control</u> occurs during the <u>Policy Period</u>, the coverage will continue for the <u>Run-Off Period</u>.2. Coverage during the <u>Run-Off Period</u> is only for <u>Wrongful Acts</u> or <u>First Party Events</u> occurring before such <u>Change Of Control</u>.3. Under the Cyber Crime and Business Loss Insuring Agreements, if an entity ceases to be an <u>Insured Entity</u> during the <u>Policy Period</u>, <u>First Party Loss</u> is only covered if:<ol style="list-style-type: none">a. such <u>First Party Loss</u> is sustained; andb. the applicable <u>First Party Event</u> is <u>Discovered</u>, prior to the time such entity ceased to be an <u>Insured Entity</u>.4. The Named Insured may request to extend the time of the <u>Run-Off Period</u>. |
| Claim Defense. | <ol style="list-style-type: none">1. If the CyberRisk Declarations shows that the Insurer has the duty to defend <u>Claims</u>, the Insurer:<ol style="list-style-type: none">a. has the right and duty to defend covered <u>Claims</u>, even if groundless or false;b. has the right to select defense counsel for such <u>Claims</u>; andc. has no duty to defend, or to continue to defend, <u>Claims</u> after the applicable Limit has been exhausted.2. If the CyberRisk Declarations shows that the Insurer does not have the duty to defend <u>Claims</u>:<ol style="list-style-type: none">a. the <u>Insured</u> has the duty to defend <u>Claims</u>;b. the Insurer has the right to participate in the selection of defense counsel;c. the Insurer has the right to participate in the investigation, defense, and settlement of such <u>Claims</u>;d. subject to the applicable Limit, the Insurer will reimburse the <u>Insured</u> for <u>Defense Costs</u>;e. upon written request, the Insurer will advance <u>Defense Costs</u>; andf. advanced <u>Defense Costs</u> will be repaid to the Insurer to the extent that the <u>Insured</u> is not entitled to such payment.3. With respect to a <u>Claim</u>, the <u>Insured</u> will not, without the Insurer's prior written consent: |

- a. make an offer to settle, or settle, a [Claim](#);
- b. admit liability; or
- c. except at the [Insured's](#) own cost, make a voluntary payment, pay or incur [Defense Costs](#) or other expense, or assume any obligation.

Cyber Crime And Business Loss Change.

The Cyber Crime and Business Loss Insuring Agreements will end upon:

1. a [Change Of Control](#); or
2. the voluntary liquidation or dissolution of the Named Insured.

ERP – Automatic.

1. The [Automatic ERP](#) applies without additional premium.
2. [Claims](#) resulting from [Wrongful Acts](#) that occur prior to cancellation or nonrenewal can be reported to the Insurer during the [Automatic ERP](#). Such [Claim](#) is deemed reported on the last day of the [Policy Period](#).
3. The most the Insurer will pay for [Loss](#) resulting from [Claims](#) reported during the [Automatic ERP](#) is the remaining portion of the applicable Limit shown in the CyberRisk Declarations as of the effective date of cancellation or nonrenewal.

ERP – Optional.

1. The Named Insured may elect to purchase an [Optional ERP](#) shown in the CyberRisk Declarations for any reason other than nonpayment of premium. The [Optional ERP](#) will only take effect if:
 - a. the Insurer receives written notice of such election no later than 90 days after cancellation or nonrenewal; and
 - b. the additional premium for the [Optional ERP](#) is paid when due.
2. [Claims](#) or [Potential Claims](#) resulting from [Wrongful Acts](#) that occur prior to cancellation or nonrenewal can be made and reported to the Insurer during the [Optional ERP](#). Such [Claim](#) or [Potential Claim](#) is deemed reported on the last day of the [Policy Period](#).
3. For the Computer And Legal Experts, Privacy Breach Notification, and Public Relations Insuring Agreements, [First Party Loss](#) that results from a [First Party Event](#) occurring prior to cancellation or nonrenewal can be [Discovered](#) during the [Optional ERP](#). Such [First Party Event](#) is deemed [Discovered](#) on the last day of the [Policy Period](#).
4. The premium due for the [Optional ERP](#) is shown in the CyberRisk Declarations. Such premium is fully earned at the start of the [Optional ERP](#).
5. The most the Insurer will pay for [Loss](#) resulting from [Claims](#) made, or [First Party Events](#) [Discovered](#), during the [Optional ERP](#) is the remaining portion of the applicable Limit shown in the CyberRisk Declarations as of the effective date of cancellation or nonrenewal.
6. When the [Optional ERP](#) applies, it replaces the [Automatic ERP](#).

Extended Discovery Period.

For the [First Party Insuring Agreements](#), the [Insured](#) has an extended period of time to [Discover](#) a [First Party Loss](#) arising out of a [First Party Event](#) that occurred prior to the effective date of cancellation. Such [First Party Event](#) will be deemed [Discovered](#) on the last day of the [Policy Period](#). This period begins on the effective date such First Party Insuring Agreement is canceled. It ends on the earlier of:

1. 90 days; or
2. the effective date of similar coverage purchased by the [Insured](#), even if such insurance does not provide coverage for loss sustained prior to its effective date.

Income Loss Appraisal.

If, after submission of the Proof Of Loss, the Insurer and [Insured](#) do not agree on the amount of [Income Loss](#), each party will select an appraiser. If the appraisers do not agree, they will select an umpire. Each appraiser will submit the amount of [Income Loss](#) to the umpire. Agreement by the umpire and at least one of the appraisers as to the amount of [Income Loss](#) is binding.

Each party will:

1. pay its own appraiser, except when covered as [Accounting Costs](#), and
2. share the fees and costs of the umpire equally.

- Notice Of Claim.**
1. If an Insured gives the Insurer written notice of a Potential Claim during the Policy Period, or any extended reporting period, then a Claim subsequently arising from such Potential Claim will be deemed made on the last day of the Policy Period. Such notice must include a description of the anticipated allegations of Wrongful Acts, potential damages, and the names of potential claimants and Insureds involved.
 2. Once an Executive Officer becomes aware that a Claim has been made, the Insured must give the Insurer written notice of such Claim as soon as practicable. If such Claim involves facts that are subject to a court order or law enforcement hold, the Insured must give the Insurer written notice of such Claim as soon as practicable once such order or hold is not in effect. Such notice must include a copy of the Claim or description of its particulars.
 3. All notices under this section must be sent to the Insurer at an address shown in the Declarations.

- Notice Of First Party Event.**
1. Upon the Discovery of a First Party Event, the Insured must give the Insurer written notice of the particulars of such event, as soon as practicable.
 2. If such First Party Event causes First Party Loss under the Cyber Crime or Business Loss Insuring Agreements in an amount more than 25% of the applicable Retention, the Insured must:
 - a. give the Insurer a detailed, sworn Proof of Loss within 120 days;
 - b. submit to an examination Under Oath, and give the Insurer a signed statement of the Insured's answers; and
 - c. notify law enforcement, if such First Party Event violates law.
 3. Demands for payment of First Party Loss must be provided to the Insurer by the Insured Entity.
 4. All notices and demands must be sent to the Insurer at an address shown in the Declarations.

- Other Insurance.**
1. The Breach Response and Business Loss Insuring Agreements are primary insurance.
 2. The Liability and Cyber Crime Insuring Agreements are excess over, and will not contribute with, any other valid and collectible insurance available to the Insured. This applies even if such other insurance is stated to be primary, excess, or otherwise, unless such other insurance states by specific reference that it is excess over this Coverage.

- Property Covered.** Coverage under the Cyber Crime Insuring Agreements is limited to property:
1. the Insured Entity:
 - a. owns;
 - b. leases; or
 - c. holds for others; or
 2. for which the Insured Entity is legally liable, except property located inside premises of the Insured Entity's client or such client's financial institution.

- Recovery And Subrogation.**
1. The Insurer has no duty to recover amounts paid under this Coverage.
 2. Amounts recovered from a third party, less costs incurred in obtaining such recovery, will be applied in this order:
 - a. to the Insurer for any Retention it paid on behalf of an Insured;
 - b. to the Insured for Loss the Insurer did not pay because the applicable Limit was exhausted;
 - c. to the Insurer for Loss it paid;
 - d. to the Insured for any Retention it paid; and then
 - e. to the Insured for any uncovered loss it paid.
 3. Recoveries do not include amounts from insurance or reinsurance.
 4. The Insurer is subrogated to, and the Insured must transfer to the Insurer, all of the Insured's rights of recovery against any person or organization for Loss the Insurer has paid under this Coverage. The Insured agrees to:
 - a. execute and deliver instruments and papers;
 - b. do everything necessary to secure such rights; and
 - c. will do nothing to impair or prejudice those rights.
 5. Subrogation will not apply if the Insured, prior to the date of a Wrongful Act or a First Party Event, waived its rights to recovery.

	<p>6. Any of the <u>Insured Entity's</u> property that the Insurer pays for becomes the Insurer's property.</p>
Related Claims.	<p>Multiple <u>Claims</u> arising out of the same <u>Wrongful Act</u> are a single <u>Claim</u> that is deemed first made on the date the earliest of such <u>Claims</u> is made, whether before or during the <u>Policy Period</u>.</p>
Representations.	<p>1. The Insurer has issued this coverage in reliance on the accuracy and completeness of the representations that the <u>Insured</u> made to the Insurer.</p> <p>2. If any such representation is untrue, and:</p> <ul style="list-style-type: none">a. was material to the acceptance of the risk; andb. is material to a covered <u>Loss</u>, <p>then this coverage will not apply to such <u>Loss</u> with respect to:</p> <ul style="list-style-type: none">i. an <u>Insured Person</u> who knew; orii. an <u>Insured Entity</u>, if an <u>Executive Officer</u> knew, <p>that such representation was untrue on the Inception date shown in the Declarations.</p>
Settlement.	<p>The Insurer may, with the written consent of the <u>Insured</u>, settle a <u>Claim</u>. If the Insurer and claimant agree to settle a <u>Claim</u> but the <u>Insured</u> withholds its consent, the <u>Insured</u> will be responsible for 20% of all:</p> <ul style="list-style-type: none">1. <u>Defense Costs</u> incurred after the date the <u>Insured</u> withheld its consent; and2. <u>Loss</u>, other than <u>Defense Costs</u>, in excess of such settlement offer.
Subsidiaries.	<p>If a <u>Subsidiary</u> is acquired or created by an <u>Insured Entity</u> during the <u>Policy Period</u>, and its revenues are:</p> <ul style="list-style-type: none">1. less than 35% of the total annual revenues of such <u>Insured Entity</u>, then it will be covered for <u>Wrongful Acts</u> or <u>First Party Events</u> that occur after its acquisition or creation; or2. are at least 35% of the total annual revenues of such <u>Insured Entity</u>, then it will be covered for:<ul style="list-style-type: none">a. <u>Wrongful Acts</u> that occur after its acquisition or creation, for <u>Claims</u> made; orb. <u>First Party Events</u> that occur after its acquisition or creation and that are <u>Discovered</u> and reported,within 90 days of its acquisition or creation, or the end of the <u>Policy Period</u>, whichever is earlier. Additional coverage may be negotiated at the time of acquisition or creation.
Suits Against The Insurer – Cyber Crime.	<p>The <u>Insured Entity</u> may not bring any legal action against the Insurer involving a <u>First Party Event</u> covered under the Cyber Crime Insuring Agreements:</p> <ul style="list-style-type: none">1. until 60 days after the <u>Insured Entity</u> has filed Proof of Loss; and2. unless such legal action is brought within two years from the date the <u>Insured Entity</u> <u>Discovers</u> the <u>First Party Event</u>.
Valuation Under First Party Insuring Agreements.	<ul style="list-style-type: none">1. <u>Money</u>, except <u>Virtual Currency</u>, is valued in the U.S. dollar equivalent determined at the rate of exchange published by <u>The Wall Street Journal</u>:<ul style="list-style-type: none">a. for the Cyber Crime Insuring Agreements, on the date the <u>First Party Event</u> was <u>Discovered</u>; andb. for the Breach Response and Business Loss Insuring Agreements, on the date of payment of <u>First Party Loss</u>.2. <u>Securities</u> are valued at market value as of the close of business on the date the <u>First Party Event</u> was <u>Discovered</u>; and at its discretion, the Insurer will:<ul style="list-style-type: none">a. pay the <u>Insured Entity</u> such value;b. replace such <u>Securities</u> in kind, in which case the <u>Insured Entity</u> must assign to the Insurer all rights, title, and interest in such <u>Securities</u>; orc. pay the cost of a Lost Securities Bond required when issuing duplicates of the <u>Securities</u>. Such Lost Securities Bond will have a penalty no more than the value of the <u>Securities</u> at the close of business on the date the <u>First Party Event</u> was <u>Discovered</u>.

3. Virtual Currency is valued in the U.S. dollar equivalent determined at the rate of exchange:
 - a. for the Cyber Crime Insuring Agreements, on the date the First Party Event was Discovered; and
 - b. for the Breach Response and Business Loss Insuring Agreements, on the date of payment of First Party Loss.
4. Other Property is valued for the lesser of:
 - a. the actual cash value of the Other Property on the date the First Party Event was Discovered; or
 - b. the cost to replace Other Property with comparable property, but only after such property is actually replaced.

This material does not amend, or otherwise affect, the provisions or coverages of any insurance policy or bond issued by Travelers. It is not a representation that coverage does or does not exist for any particular claim or loss under any such policy or bond. Coverage depends on the facts and circumstances involved in the claim or loss, all applicable policy or bond provisions, and any applicable law. Availability of coverage referenced in this document can depend on underwriting qualifications and state regulations.



CyberRisk Policyholder Benefits

Thank you for choosing Travelers for your cyber insurance needs. As our insured, Travelers provides you with innovative value-added pre and post breach risk management services at **no additional cost** to help you protect your business. These current benefits include:

Travelers eRisk Hub[®]:

Access to a private web-based portal containing information and technical resources that can assist you in the prevention of network, cyber and privacy events and support you in a timely response if an incident occurs. Travelers eRisk Hub portal powered by *NetDiligence[®]* features news, content and services from leading practitioners in risk management, computer forensics, forensic accounting, crisis communications, legal counsel, and other highly-specialized segments of cyber risk.

To register for Travelers eRisk Hub:

- 1. Go to www.eriskhub.com/travelerscyber**
 - 2. Complete the registration form. **Your Access Code is 13881-197****
 - 3. Once registered, you can access the portal immediately.**
-

Please note the following:

- Travelers eRisk Hub is a private site provided to certain cyber insureds of Travelers. Please do not share portal access instructions with anyone outside your organization. You are responsible for maintaining the confidentiality of the Access Code provided.
- Travelers eRisk Hub contains a directory of experienced providers of cyber risk management and breach recovery services. Travelers does not endorse these companies or their respective services. Before you engage any of these companies, we urge you to conduct your own due diligence to ensure the companies and their services meet your needs. Unless otherwise indicated or approved, payment for services provided by these companies is your responsibility.

This material does not amend, or otherwise affect, the provisions or coverages of any insurance policy or bond issued by Travelers. It is not a representation that coverage does or does not exist for any particular claim or loss under any such policy or bond. Coverage depends on the facts and circumstances involved in the claim or loss, all applicable policy or bond provisions, and any applicable law.

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SPECIMEN - QUOTE 1

CyberRisk Policyholder Benefits

Travelers Cyber Coaches –

Three cybersecurity coach services are available to help your organization extend your team with expert guidance at no additional cost, as follows:

- **Breach Coach® –**
Should you experience a data breach event, you may choose to call the Breach Coach listed in the Travelers *eRisk Hub* portal for immediate triage assistance. Your initial consultation of up to one half-hour is at no additional charge. Please be aware that the Breach Coach service is provided by a third-party law firm. Therefore, contacting the Breach Coach does NOT satisfy the claim or first-party notification requirements of your policy.
- **HIPAA Coach –**
To help your organization identify the cyber related issues HIPAA raises and help minimize potential exposures, you are entitled to consult with a HIPAA Coach listed in the Travelers *eRisk Hub* portal for up to one hour.
- **Security Coach –**
Talk with a Symantec™ security professional about general cybersecurity questions for up to one hour to help strengthen your organizations security posture with actionable advice and insights listed in the Travelers *eRisk Hub* portal.

Pre-Breach Services provided by Symantec™ :

Preparation is key in helping to mitigate a potential cyber related event. To assist policyholders achieve a higher level of cybersecurity for their organizations Travelers offers the following pre-breach services from Symantec, a global leader in cybersecurity solutions accessible through the Travelers *eRisk Hub*:

- **Symantec™ Cyber Resilience Readiness Assessment and Cyber Security Professional Consultation –**
An online assessment designed for an organization to quickly understand their current cybersecurity posture while receiving an official report and up to 1 hour consultation with a Symantec security professional to help in improving areas of weakness or vulnerability.
- **Symantec™ Cyber Security Awareness Training Videos –**
Gain access to security awareness training videos as a method of defense against cybersecurity threats by promoting proactive employee behavior. These courses can be used to complement your employee training requirements.
- **Symantec™ Service Discounts –**
Obtain meaningful discounts on Symantec products and services including Managed Security Services, Norton for Small Business Software, DeepSight™ Intelligence, Endpoint Encryption, Phishing Readiness and more.
- **Risk Management Whitepapers –**
Topical insights and expertise on current cyber related trends, risks and threats that face organizations in today's business environment. Available quarterly, these resource guides will help with your organization's preparedness when it comes to cyber related events.

Certain services are being provided to you by Symantec and in using them you must agree to Symantec's terms of use & privacy policy. Travelers Casualty and Surety Company of America and its property casualty affiliates ("Travelers") makes no warranty, guarantee, or representation as to the accuracy or sufficiency of any such services. The use of the services and the implementation of any product or practices suggested by Symantec or NetDiligence is at your sole discretion. Travelers disclaims all warranties, express or implied. In no event will Travelers be liable in contract or in tort for any loss arising out of the use of the services or Symantec's or any other vendor's products. eRisk Hub and Breach Coach are registered trademarks of NetDiligence.

This material does not amend, or otherwise affect, the provisions or coverages of any insurance policy or bond issued by Travelers. It is not a representation that coverage does or does not exist for any particular claim or loss under any such policy or bond. Coverage depends on the facts and circumstances involved in the claim or loss, all applicable policy or bond provisions, and any applicable law.



July 1, 2020

WEBB COUNTY
1110 WASHINGTON ST STE 204
LAREDO, TX 78040-4470

Re: Important Information about **Claims Information Line**

Dear **WEBB COUNTY**

Travelers Bond & Specialty Insurance is pleased to announce its **1-800-842-8496** Claims Information Line. This line is designed to provide insureds with an additional resource on how to report claims or those circumstances or events which may become claims.

Policyholders will be able to obtain assistance on the following topics from the Claims Information Line:

- The information that needs to be included with the claim notice
- The address, electronic mail address and/or facsimile number to which the policyholder can send claims related information
- Get questions on the claim process answered

The Declarations Page of your policy sets forth where you should report claims and claims related information. You should also review the policy's reporting requirements to be aware of how much time you have to report a claim to Travelers. The sooner Travelers is notified, the sooner we can become involved in the process and offer assistance to our policyholder. A delay in reporting may result in all or part of a matter to fall outside of the coverage provided.

The Claims Information Line should streamline the claim reporting process and allow policyholders to ask questions on what information is needed as well as other questions which will assist them in working with Travelers. While the Claims Information Line provides policyholders a valuable resource by answering questions and providing information, the line does not replace the reporting requirements contained in the Policy.

We hope this improvement to customer service is something our policyholders will find helps them understand the claim process and provides them a resource for reporting.

Best regards,
Sophie A Harris



One Tower Square
Hartford, CT 06183

7/1/2020

WEBB COUNTY

1110 WASHINGTON ST STE 204
LAREDO, TX 78040-4470

RE: Risk Management PLUS+ Online® from Travelers Bond & Specialty Insurance (www.rmplusonline.com)

As a Travelers Bond & Specialty Insured you receive risk management services, at no additional cost, to help protect you and your business.

Risk Management PLUS+ Online, is a robust website to assist you in the mitigation of risk relative to employment practices, directors and officers, fiduciary liability, cyber, crime, kidnap & ransom, and identity fraud exposures.

Highlights of Risk Management PLUS+ Online include:

- Thousands of articles on a variety of risk management topics
- Topical webinars and podcasts on current issues
- Checklists to assist in managing risk
- Web based training
- Model Employee Handbook, including policies and forms for downloading or printing that reduce risks in the workplace.

The following Risk Management PLUS+ Online Registration Instructions contain easy, step-by-step instructions to register for this valuable tool. For more information, call 1-888-712-7667 and ask for your Risk Management PLUS+ Online representative. It's that simple.

Thank you for choosing Travelers Bond & Specialty Insurance for your insurance needs. Travelers is a market leader in providing management liability and crime coverages that are specifically customized for your organization.

Instructions for Registration & Orientation to Risk Management PLUS+ Online®

Registration for Site Administrators:

The Site Administrator is the person in your organization who will oversee Risk Management PLUS+ Online for the organization. The Site Administrator is typically a person who leads human resources and/or financial functions or is responsible for legal matters pertaining to personnel. The Site Administrator may add other Site Administrators later to assist with their responsibilities. To register:

1. Go to www.rmplusonline.com.
2. In the Sign-In box, click **Register**.
3. Enter the password/passcode: TRVP110000
4. Fill in the Registration Information and click **Submit**.
5. Your organization is registered, and you are registered as Site Administrator.

Learning to Navigate the Site:

1. Go to www.rmplusonline.com. On each page, you will see a box outlined in blue that contains the instructions for use of that page.
2. If you have any questions, just click on **Contact Us** on the front page. Enter your question in the form provided, and the System Administrator will get back to you quickly with the answer.
3. You can also schedule a live walk-through of the site by sending a request for a walk-through via the contact link on the front page.

This notice provides no coverage, nor does it change any policy terms. To determine the scope of coverage and the insured's rights and duties under the policy, read the entire policy carefully. For more information about the content of this notice, the insured should contact their agent or broker. If there is any conflict between the policy and this notice, the terms of the policy prevail.

Independent Agent And Broker Compensation Notice

For information on how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html.

Or write or call:

Travelers, Agency Compensation
One Tower Square
Hartford, Connecticut 06183
(866) 904.8348

This notice provides no coverage, nor does it change any policy terms. To determine the scope of coverage and the insured's rights and duties under the policy, read the entire policy carefully. For more information about the content of this notice, the insured should contact their agent or broker. If there is any conflict between the policy and this notice, the terms of the policy prevail.

Texas Insurer And Insurance Department Contact Information Notice

Have a complaint or need help?

If you have a problem with a claim or your premium, call your insurance company first. If you can't work out the issue, the Texas Department of Insurance may be able to help.

Even if you file a complaint with the Texas Department of Insurance, you should also file a complaint or appeal through your insurance company. If you don't you may lose your right to appeal.

Travelers

To get information or file a complaint with your insurance company:

Call: **Consumer Affairs at 860.954.2382**

Toll-free: **866.894.0687**

Online: www.Travelers.com

Email: Complaints@travelers.com.

Mail: Consumer Affairs, One Tower Square, Hartford, CT 06183

The Texas Department of Insurance

To get help with an insurance question or file a complaint with the state:

Call with a question: 1.800.252.3439

File a complaint: www.tdi.texas.gov

Email: ConsumerProtection@tdi.texas.gov

Mail: MC 111-1ATexas, PO Box 149091, Austin, TX 78714-9091

This endorsement changes the Policy to comply with Texas law. It supersedes all terms of this Policy, including other endorsements.

Texas Changes Endorsement

If this Policy is construed under the laws of the state of Texas, the following applies:

1. **Cancelation And Nonrenewal.**

The Insurer will not cancel or not renew this Policy based solely on the fact that the Named Insured is an elected official.

2. **Premium.**

Any reference in this Policy to premium being "fully earned" is deleted.

This endorsement modifies any Coverage Part or Coverage Form included in this Policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended.

Cap On Losses From Certified Acts Of Terrorism Endorsement

The following is added to this Policy. This provision can limit coverage for any loss arising out of a *Certified Act Of Terrorism* if such loss is otherwise covered by this Policy. This provision does not apply if and to the extent that coverage for the loss is excluded or limited by an exclusion or other coverage limitation for losses arising out of *Certified Acts Of Terrorism* in another endorsement to this policy.

If aggregate insured losses attributable to *Certified Acts Of Terrorism* exceed \$100 billion in a calendar year and the Insurer has met its insurer deductible under *TRIA*, the Insurer will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Certified Act Of Terrorism means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of *TRIA*, to be an act of terrorism pursuant to *TRIA*. The criteria contained in *TRIA* for a *Certified Act Of Terrorism* include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to *TRIA*; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

TRIA means the federal Terrorism Risk Insurance Act of 2002 as amended.

This endorsement modifies any Coverage Part or Coverage Form included in this Policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended.

Federal Terrorism Risk Insurance Act Disclosure Endorsement

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA"), establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). Act Of Terrorism is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

- 85% with respect to such Insured Losses occurring in calendar year 2015.
- 84% with respect to such Insured Losses occurring in calendar year 2016.
- 83% with respect to such Insured Losses occurring in calendar year 2017.
- 82% with respect to such Insured Losses occurring in calendar year 2018.
- 81% with respect to such Insured Losses occurring in calendar year 2019.
- 80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

For each coverage provided by this policy that applies to such Insured Losses, the charge for such Insured Losses is no more than one percent of your premium, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA. Please note that no separate additional premium charge has been made for the terrorism coverage required by TRIA. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium.

Authorization And Changes.

The Named Insured will act on behalf of all *Insureds* regarding the payment of premium, receipt of return premium, change of coverage, and receipt of notices of cancelation or nonrenewal. Each *Insured* agrees that they have delegated such authority to the Named Insured.

The Named Insured may change this Policy with the Insurer's consent by endorsement to this Policy. No rights or duties under this policy may be transferred or assigned without the Insurer's written consent.

Conformity To Law.

Any part of this Policy that conflicts with applicable statutory or regulatory law is changed to conform to such law. This Policy provides coverage and benefits only to the extent that it does not expose the Insurer, or any of its subsidiaries, or affiliated companies, to a trade or economic sanction, prohibition, or restriction under a U.N. resolution, trade or economic sanction, or E.U., U.K., or U.S. law or regulation.

Consent And Cooperation.

Where the Insurer's consent is required, such consent will not be unreasonably withheld. The *Insured* agrees to give all information, assistance, and cooperation the Insurer reasonably requires.

Representatives.

In the event of an *Insured Person's* death, incapacity, or bankruptcy, this Policy will afford coverage to his or her:

1. estate;
2. legal representative;
3. legal spouse, domestic partner, or party to a civil union; or
4. assignee,

but only to the extent that it would have applied to such *Insured Person*.

Suits Against The Insurer.

No person or entity has the right under this Policy to join the Insurer as a party in an action against an *Insured* to determine such *Insured's* liability, nor may the Insurer be impleaded by any *Insured*. No action will lie against the Insurer unless there has been full compliance with all the terms of this Policy.

Territory And Valuation.

This Policy applies anywhere in the world, but it does not apply to *Loss* incurred by an *Insured* residing or domiciled in a country or jurisdiction in which the Insurer is not licensed to provide this insurance, to the extent that providing this insurance would violate any applicable foreign law or regulation ("Foreign Loss").

If an *Insured Entity* incurs Foreign Loss, the Insurer will reimburse the Named Insured for such Foreign Loss because of the Named Insured's financial interest in such *Insured Entity*. If an *Insured Person* incurs Foreign Loss not indemnified by an *Insured Entity*, such Foreign Loss will be paid in a country or jurisdiction mutually acceptable to such *Insured Person* and the Insurer, to the extent that doing so would not violate any applicable foreign law or regulation.

All amounts in this Policy are stated in U.S. Dollars. If amounts are due under a liability coverage and are stated in a different currency, payment will be made in U.S. Dollars at the exchange rate published in The Wall Street Journal at the time the final amount is determined.

Titles, Headings, And Defined Terms.

The titles and headings in this Policy do not affect coverage. Where appearing in this Policy, in singular or plural, words and phrases appearing in italicized type have the meaning shown in the Definitions of the applicable Coverage.

Only the Insuring Agreements with Limits shown in the CyberRisk Declarations apply.

Liability Insuring Agreements

Privacy And Security.	The Insurer will pay <i>Loss</i> on behalf of the <i>Insured</i> , resulting from a <i>Claim</i> that is first made during the <i>Policy Period</i> , or any applicable extended reporting period, for a <i>Privacy And Security Act</i> .
Media.	The Insurer will pay <i>Loss</i> on behalf of the <i>Insured</i> , resulting from a <i>Claim</i> that is first made during the <i>Policy Period</i> , or any applicable extended reporting period, for a <i>Media Act</i> .
Regulatory Proceedings.	The Insurer will pay <i>Defense Costs</i> and <i>Regulatory Costs</i> on behalf of the <i>Insured</i> , resulting from a <i>Regulatory Proceeding</i> that is first made during the <i>Policy Period</i> , or any applicable extended reporting period, for a <i>Privacy And Security Act</i> or <i>Media Act</i> .

Breach Response Insuring Agreements

Privacy Breach Notification.	The Insurer will reimburse, or pay on behalf of, the <i>Insured</i> for <i>Privacy Breach Notification Costs</i> resulting from an actual or suspected <i>Privacy Breach</i> that is <i>Discovered</i> during the <i>Policy Period</i> , or any applicable extended reporting period.
Computer And Legal Experts.	The Insurer will reimburse, or pay on behalf of, the <i>Insured</i> for <i>Computer And Legal Expert Costs</i> resulting from an actual or suspected: <ol style="list-style-type: none"> 1. <i>Privacy Breach</i>; 2. <i>Security Breach</i>; or 3. <i>Cyber Extortion Threat</i>, that is <i>Discovered</i> during the <i>Policy Period</i> , or any applicable extended reporting period.
Betterment.	The Insurer will reimburse the <i>Insured</i> for <i>Betterment Costs</i> , following a <i>Security Breach</i> that is <i>Discovered</i> during the <i>Policy Period</i> .
Cyber Extortion.	The Insurer will reimburse, or pay on behalf of, the <i>Insured</i> for <i>Cyber Extortion Costs</i> , resulting from a <i>Cyber Extortion Threat</i> that is <i>Discovered</i> during the <i>Policy Period</i> .
Data Restoration.	The Insurer will reimburse, or pay on behalf of, the <i>Insured</i> for <i>Restoration Costs</i> , directly caused by a <i>Security Breach</i> that is <i>Discovered</i> during the <i>Policy Period</i> .
Public Relations.	The Insurer will reimburse, or pay on behalf of, the <i>Insured</i> for <i>Public Relations Costs</i> , resulting from an actual or suspected: <ol style="list-style-type: none"> 1. <i>Privacy Breach</i>; 2. <i>Security Breach</i>; or 3. <i>Media Act</i>, that is <i>Discovered</i> during the <i>Policy Period</i> .

Cyber Crime Insuring Agreements

Computer Fraud.	The Insurer will pay the <i>Insured Entity</i> for its direct loss of <i>Money</i> , <i>Securities</i> , or <i>Other Property</i> , directly caused by <i>Computer Fraud</i> that is <i>Discovered</i> during the <i>Policy Period</i> .
Funds Transfer Fraud.	The Insurer will pay the <i>Insured Entity</i> for its direct loss of <i>Money</i> or <i>Securities</i> , directly caused by <i>Funds Transfer Fraud</i> that is <i>Discovered</i> during the <i>Policy Period</i> .

Social Engineering Fraud.	The Insurer will pay the <i>Insured Entity</i> for its direct loss of <i>Money</i> or <i>Securities</i> , directly caused by <i>Social Engineering Fraud</i> that is <i>Discovered</i> during the <i>Policy Period</i> .
Telecom Fraud.	The Insurer will pay the <i>Insured Entity</i> for its <i>Telecom Charges</i> , directly caused by <i>Telecom Fraud</i> that is <i>Discovered</i> during the <i>Policy Period</i> .

Business Loss Insuring Agreements

Business Interruption.	The Insurer will pay the <i>Insured</i> for its <i>Business Interruption Loss</i> that is directly caused by any of the following, if <i>Discovered</i> during the <i>Policy Period</i> : <ol style="list-style-type: none">1. A <i>Security Breach</i> that results in a total or partial interruption of a <i>Computer System</i>.2. A <i>System Failure</i>, if applicable.3. The voluntary shutdown of a <i>Computer System</i> by the <i>Insured</i>, if it is reasonably necessary to minimize the <i>Loss</i> caused by a <i>Security Breach</i> or <i>Privacy Breach</i> in progress.
Dependent Business Interruption.	The Insurer will pay the <i>Insured</i> for its <i>Business Interruption Loss</i> , directly caused by an <i>IT Provider Breach</i> that is <i>Discovered</i> during the <i>Policy Period</i> .
Reputation Harm.	The Insurer will pay the <i>Insured</i> for its <i>Reputation Harm</i> , directly caused by an <i>Adverse Media Report</i> or <i>Notification</i> that: <ol style="list-style-type: none">1. first occurs during, or within 60 days after, the <i>Policy Period</i>; and2. directly relates to a <i>Privacy Breach</i> or <i>Security Breach</i> that is <i>Discovered</i> during the <i>Policy Period</i>.

Definitions

Accounting Costs.	Means the reasonable fees or costs of a forensic accounting firm, incurred by the <i>Insured Entity</i> , to calculate <i>Income Loss</i> , even if such calculation shows there has been no <i>Income Loss</i> .
Additional Insured.	Means a person or entity, not otherwise an <i>Insured</i> , with whom the <i>Insured Entity</i> has entered into a written agreement to include as an <i>Insured</i> , but only for <i>Wrongful Acts</i> : <ol style="list-style-type: none">1. by, or on behalf of, the <i>Insured Entity</i> under such agreement; and2. that occur after the <i>Insured Entity</i> has executed such agreement.
Adverse Media Report.	Means any communication of an actual or potential <i>Privacy Breach</i> or <i>Security Breach</i> by a media outlet. Multiple <i>Adverse Media Reports</i> regarding the same <i>Privacy Breach</i> or <i>Security Breach</i> are deemed one <i>Adverse Media Report</i> .
Approved Provider.	Means a service provider approved by the Insurer in writing to the <i>Insured</i> .
Automatic ERP.	Means a 90-day extended reporting period starting on the effective date this Coverage is canceled or not renewed.
Betterment Costs.	<ol style="list-style-type: none">1. Means the reasonable costs incurred and paid by the <i>Insured</i>, with the Insurer's written consent, for hardware or software to improve a <i>Computer System</i> after a <i>Security Breach</i>, if:<ol style="list-style-type: none">a. the <i>Security Breach</i> has been stopped or contained, and resulted in covered <i>Computer and Legal Expert Costs</i>;b. the <i>Approved Provider</i> that provided computer services in response to such <i>Security Breach</i>:<ol style="list-style-type: none">i. has identified a weakness in a <i>Computer System</i> that caused, or contributed to, the <i>Security Breach</i>; andii. recommends the improvements to prevent a future <i>Security Breach</i> from exploiting such weakness; and

	<p>c. such improvements are incurred and paid for by the <i>Insured</i> within the earlier of 90 days after:</p> <ul style="list-style-type: none">i. the recommendation by the <i>Approved Provider</i>; orii. the end of the <i>Policy Period</i>. <p>Costs for improvements that are subject to a license, lease, or subscription will be limited to the pro rata portion of such costs for the first 12 months.</p> <p>2. Does not include wages, benefits, or overhead of any <i>Insured</i>.</p>
<i>Business Interruption Loss.</i>	<p>1. Means:</p> <ul style="list-style-type: none">a. <i>Income Loss</i> and <i>Extra Expense</i> incurred or paid by the <i>Insured Entity</i> during the <i>Period of Restoration</i>; andb. <i>Accounting Costs</i>, if the <i>Insured Entity's</i> business operations are interrupted beyond the <i>Wait Period</i>. <p>2. Does not include loss arising out of harm to the <i>Insured Entity's</i> reputation.</p>
<i>Change Of Control.</i>	<p>Means when:</p> <ul style="list-style-type: none">1. the Named Insured is, or most of its assets are, acquired;2. the Named Insured is merged with, or consolidated into, another entity, and the Named Insured is not the surviving entity; or3. the management that was in control over the Named Insured as of the inception of the <i>Policy Period</i> no longer has such control.
<i>Claim.</i>	<p>Means:</p> <ul style="list-style-type: none">1. a written demand for monetary or nonmonetary relief, including injunctive relief, commenced by an <i>Insured's</i> receipt of such written demand;2. a civil proceeding, commenced by the service of a complaint or similar pleading;3. an arbitration, mediation, or similar alternative dispute resolution proceeding, commenced by the service of an arbitration petition or similar legal document;4. a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding, commenced by an <i>Insured's</i> receipt of such written request; or5. for the Regulatory Proceedings Insuring Agreement only, a <i>Regulatory Proceeding</i>, commenced by:<ul style="list-style-type: none">a. the filing of charges;b. the filing of an investigative order;c. the service of a summons; ord. the service or filing of a similar document,against an <i>Insured</i> for a <i>Wrongful Act</i>. Except under Other Conditions, Notice Of Claim, a <i>Claim</i> is deemed made when commenced.
<i>Client.</i>	<p>Means a person or entity to whom the <i>Insured Entity</i>:</p> <ul style="list-style-type: none">1. provides goods; or2. performs services, for a fee, or under a written agreement.
<i>Computer And Legal Expert Costs.</i>	<p>1. Means the reasonable fees or costs incurred or paid by the <i>Insured</i> for services recommended and provided by an <i>Approved Provider</i>, to:</p> <ul style="list-style-type: none">a. conduct a forensic analysis to determine the existence and cause of a <i>Privacy Breach</i> or <i>Security Breach</i>;b. determine whose <i>Confidential Information</i> was lost or stolen; or accessed or disclosed without authorization;c. contain or stop a <i>Privacy Breach</i> or <i>Security Breach</i> in progress;d. certify the <i>Computer System</i> meets <i>Payment Card Security Standards</i>, if a <i>Security Breach Discovered</i> during the <i>Policy Period</i> results in noncompliance with such standards, but only for the first certification; or

	<ul style="list-style-type: none">e. provide legal services to respond to a <i>Privacy Breach</i> or <i>Security Breach</i>. <ul style="list-style-type: none">2. Does not include <i>Defense Costs</i> or <i>Privacy Breach Notification Costs</i>.
<i>Computer Fraud.</i>	<ul style="list-style-type: none">1. Means an intentional, unauthorized, and fraudulent entry or change of data or computer instructions, directly into or within, a <i>Computer System</i>, that:<ul style="list-style-type: none">a. is not made by an <i>Insured Person</i>, an <i>Independent Contractor</i>, or any other person under the direct supervision of the <i>Insured</i>; andb. causes <i>Money</i>, <i>Securities</i>, or <i>Other Property</i> to be transferred, paid, or delivered from inside the <i>Insured Entity's</i> premises or the <i>Insured Entity's</i> financial institution premises to a place outside of such premises.2. Does not include <i>Social Engineering Fraud</i>.
<i>Computer System.</i>	Means a computer and connected input, output, processing, storage, or communication device, or related network, operating system, website, or application software, that is: <ul style="list-style-type: none">1. under the operational control of, and owned by, licensed to, or leased to:<ul style="list-style-type: none">a. the <i>Insured Entity</i>; orb. an <i>Insured Person</i>, while authorized by, and transacting business on behalf of, the <i>Insured Entity</i>, except under the Betterment or Data Restoration Insuring Agreements, or any Cyber Crime Insuring Agreement; or2. operated by an <i>IT Provider</i>, but only the portion of such computer system used to provide hosted computer resources to the <i>Insured Entity</i>, except under the Betterment or Business Interruption Insuring Agreements.
<i>Confidential Information.</i>	Means a third party's or <i>Insured Person's</i> private or confidential information that is in the care, custody, or control of the <i>Insured Entity</i> , or a service provider acting on behalf of the <i>Insured Entity</i> .
<i>Covered Material.</i>	<ul style="list-style-type: none">1. Means content that is created or disseminated, via any form or expression, by, or on behalf of, the <i>Insured Entity</i>.2. Does not include:<ul style="list-style-type: none">a. tangible product designs; orb. content created or disseminated by the <i>Insured Entity</i> on behalf of a third party.
<i>Cyber Extortion Costs.</i>	<ul style="list-style-type: none">1. Means, with the Insurer's prior written consent:<ul style="list-style-type: none">a. <i>Ransom</i>;b. reasonable amounts incurred or paid by the <i>Insured</i> in the process of paying, or attempting to pay, <i>Ransom</i>; orc. reasonable amounts incurred or paid by the <i>Insured</i>, recommended by an <i>Approved Provider</i>, to mitigate <i>Ransom</i>.2. Does not include <i>Computer And Legal Expert Costs</i> or <i>Restoration Costs</i>.
<i>Cyber Extortion Threat.</i>	Means a threat to: <ul style="list-style-type: none">1. access or disclose:<ul style="list-style-type: none">a. <i>Confidential Information</i>; orb. an <i>Insured Entity's</i> information without authorization; or2. commit or continue a <i>Security Breach</i>, made against the <i>Insured Entity</i> for <i>Ransom</i>.
<i>Defense Costs.</i>	<ul style="list-style-type: none">1. Means reasonable fees and costs incurred by the Insurer, or the <i>Insured</i> with the Insurer's prior written consent, in the:<ul style="list-style-type: none">a. investigation;b. defense;c. settlement; ord. appeal, of a <i>Claim</i> .

	<ol style="list-style-type: none">Includes up to \$1,000 per day for loss of earnings due to an <i>Insured Person's</i> attendance in court, if at the Insurer's request.Does not include wages, benefits, or overhead of the Insurer or of the <i>Insured</i>.
<i>Discover, Discovered, Discovery.</i>	Means when an <i>Executive Officer</i> first becomes aware of facts that would cause a reasonable person to assume that a <i>First Party Loss</i> has been or will be incurred, regardless of when the act or acts causing or contributing to such <i>First Party Loss</i> occurred, even though the exact amount or details of such <i>First Party Loss</i> may not then be known.
<i>Employee.</i>	<ol style="list-style-type: none">Means a natural person while their labor is engaged and directed by the <i>Insured Entity</i>, and who is:<ol style="list-style-type: none">a full-time, part-time, seasonal, or temporary worker compensated directly by the <i>Insured Entity</i> through wages, salaries, or commissions;a volunteer, student, or intern; ora worker whose services have been leased to the <i>Insured Entity</i> by a labor leasing firm under a written agreement.For the Cyber Crime and Business Loss Insuring Agreements only, <i>Employee</i> also includes any natural person:<ol style="list-style-type: none">officer;partner;sole proprietor;in-house general counsel; ormember of a board of directors, trustees, or governors, of the <i>Insured Entity</i>.Does not include any:<ol style="list-style-type: none">agent;broker;consignee;independent contractor; orrepresentative, of the <i>Insured Entity</i>.
<i>Executive Officer.</i>	Means a natural person while acting as the <i>Insured Entity's</i> : <ol style="list-style-type: none">chief executive officer;chief financial officer;chief information security officer;risk manager;in-house general counsel; orthe functional equivalent of 1 through 5.
<i>Extra Expense.</i>	Means reasonable costs incurred by the <i>Insured Entity</i> , with the Insurer's written consent, that: <ol style="list-style-type: none">result from a <i>First Party Event</i>;are in excess of the <i>Insured Entity's</i> normal operating costs;are intended to reduce <i>Income Loss</i>; andwould not have been incurred had there been no <i>First Party Event</i>.
<i>First Party Event.</i>	<ol style="list-style-type: none">Means:<ol style="list-style-type: none"><i>Computer Fraud</i>;<i>Cyber Extortion Threat</i>;<i>Funds Transfer Fraud</i>;<i>IT Provider Breach</i>;<i>Media Act</i>;

	<ul style="list-style-type: none">f. <i>Privacy Breach</i>;g. <i>Security Breach</i>;h. <i>Social Engineering Fraud</i>;i. <i>System Failure</i>; orj. <i>Telecom Fraud</i>. <p>2. <i>First Party Events</i> that have a common:</p> <ul style="list-style-type: none">a. nexus;b. set of facts;c. circumstance;d. situation;e. event; orf. decision, <p>are deemed a single <i>First Party Event</i>.</p>
<i>First Party Insuring Agreements.</i>	Means the: <ul style="list-style-type: none">1. Breach Response Insuring Agreements;2. Business Loss Insuring Agreements; and3. Cyber Crime Insuring Agreements.
<i>First Party Loss.</i>	<p>1. Means:</p> <ul style="list-style-type: none">a. <i>Betterment Costs</i>;b. <i>Business Interruption Loss</i>;c. <i>Computer And Legal Expert Costs</i>;d. <i>Cyber Extortion Costs</i>;e. <i>Money</i>;f. <i>Other Property</i>;g. <i>Privacy Breach Notification Costs</i>;h. <i>Public Relations Costs</i>;i. <i>Reputation Harm</i>;j. <i>Restoration Costs</i>;k. <i>Securities</i>; orl. <i>Telecom Charges</i>. <p>2. Other than <i>Accounting Costs</i>, does not include amounts:</p> <ul style="list-style-type: none">a. to establish <i>First Party Loss</i>; orb. to prepare the <i>Insured Entity's</i> Proof of Loss.
<i>Funds Transfer Fraud.</i>	<p>1. Means a fraudulent instruction that:</p> <ul style="list-style-type: none">a. is electronically sent to a financial institution that is not an <i>Insured</i>, at which the <i>Insured Entity</i> maintains an account;b. directs the transfer, payment, or delivery of <i>Money</i> or <i>Securities</i> from the <i>Insured Entity's</i> account;c. is purportedly sent by the <i>Insured Entity</i>;d. is sent by someone, other than an <i>Insured</i>; ande. is sent without the <i>Insured Entity's</i> knowledge or consent. <p>2. Does not include <i>Social Engineering Fraud</i>.</p>
<i>Impacted Parties.</i>	Means the persons or entities whose <i>Confidential Information</i> was, or is suspected to have been, stolen or lost, or accessed or disclosed without authorization.
<i>Income Loss.</i>	<p>1. Means pretax net profit the <i>Insured Entity</i> did not earn, and net loss the <i>Insured Entity</i> incurred, because of a <i>First Party Event</i>. Continuing normal and necessary operating expenses and payroll are part of the pretax net profit or net loss calculation.</p> <p>2. Does not include:</p>

- a. *Extra Expense*;
- b. contractual penalties;
- c. costs incurred to replace or improve a *Computer System* to a level of functionality beyond what existed prior to the *First Party Event*;
- d. costs incurred to identify or remediate *computer system* errors or vulnerabilities;
- e. interest or investment income; or
- f. *Loss* incurred due to unfavorable business conditions not related to the *First Party Event*.

Independent Contractor. Means a natural person, other than an *Employee*, while performing services for the *Insured Entity* under a written agreement.

Insured. Means:

1. *Insured Persons*;
2. *Insured Entities*; or
3. for the Liability Insuring Agreements only, also includes *Additional Insureds*.

Insured Entity. Means:

1. the Named Insured; or
2. *Subsidiaries*.

Insured Person. Means:

1. *Employees*;
2. natural persons while:
 - a. officers;
 - b. partners;
 - c. the sole proprietor;
 - d. in-house general counsel; or
 - e. members of a board of directors, trustees, or governors, of the *Insured Entity*; or
3. for the Liability Insuring Agreements only, also includes *Independent Contractors*.

IT Provider. Means an entity while under a written agreement with the *Insured Entity* to provide it with:

1. hosted computer application services;
2. cloud services or computing;
3. electronic data hosting, back-up, storage, and processing;
4. co-location services;
5. platform-as-a-service; or
6. software-as-a-service.

IT Provider Breach. Means:

1. unauthorized access to;
2. use of authorized access to cause intentional harm to;
3. a denial-of-service attack against; or
4. the introduction of a *Virus* into, an *IT Provider's* computer system, resulting in total or partial interruption.

Loss. 1. Means:

- a. *Defense Costs*;
- b. damages, judgments, settlements, or prejudgment or postjudgment interest, that an *Insured* is legally obligated to pay as a result of a *Claim*, including:
 - i. court awarded legal fees; and

- ii. punitive or exemplary damages, or the multiple portion of a multiplied damage award, to the extent insurable under the most favorable applicable law;
 - c. *Payment Card Contract Penalties*;
 - d. for the Regulatory Proceedings Insuring Agreement, means *Regulatory Costs*; or
 - e. for *First Party Insuring Agreements*, means *First Party Loss*.
2. *Loss*, other than *Defense Costs*, does not include:
- a. civil or criminal fines, penalties, sanctions, or taxes, except for:
 - i. *Payment Card Contract Penalties*; or
 - ii. *Regulatory Costs*;
 - b. amounts uninsurable under applicable law;
 - c. restitution, return, or disgorgement of any profits;
 - d. liquidated damages in excess of the amount for which the *Insured* would be liable absent the liquidated damages provision of a contract; or
 - e. the cost of complying with injunctive or nonmonetary relief.

Media Act. Means, in *Covered Material*:

- 1. the unauthorized use of copyright, title, slogan, trademark, trade dress, service mark, domain name, logo, or service name;
- 2. the unauthorized use of a literary or artistic format, character, or performance;
- 3. a violation of an individual's right of privacy or publicity;
- 4. defamation, libel, slander, trade libel, or other tort related to disparagement or harm to the reputation or character of any person or entity;
- 5. the misappropriation of ideas under an implied contract;
- 6. improper deep-linking or framing; or
- 7. unfair competition, when alleged in connection with 1 through 6.

Merchant Service Agreement. Means a contract between the *Insured Entity* and an acquiring bank, or other acquiring institution, that establishes the terms and conditions for accepting and processing payment card transactions.

- Money.*
- 1. Means:
 - a. currency, coins, or bank notes in circulation;
 - b. bullion;
 - c. *Virtual Currency*;
 - d. traveler's checks;
 - e. certified or cashier's checks; or
 - f. money orders.
 - 2. Does not include *Securities*.

Notification. Means written notice to *Impacted Parties* about a *Privacy Breach* or *Security Breach*. Multiple *Notifications* about the same *Privacy Breach* or *Security Breach* are deemed one *Notification*.

Optional ERP. Means an extended reporting period for the time shown in the Optional ERP Endorsement starting on the effective date this Coverage is:

- 1. canceled; or
- 2. not renewed.

Other Property. Means tangible property, other than *Money* or *Securities* that has intrinsic value.

Payment Card Contract Penalties. Means fines, penalties, or assessments imposed under a *Merchant Service Agreement* against an *Insured Entity* for noncompliance with *Payment Card Security Standards*.

<i>Payment Card Security Standards.</i>	Means the Payment Card Industry Data Security Standard (PCI-DSS), or similar standard, to which the <i>Insured Entity</i> has agreed in a <i>Merchant Service Agreement</i> .
<i>Period Of Indemnity.</i>	Means the Period Of Indemnity shown in the CyberRisk Declarations. It begins on the earlier of the date of the first: <ol style="list-style-type: none">1. <i>Notification</i>; or2. <i>Adverse Media Report</i>, whichever is earlier.
<i>Period Of Restoration.</i>	Means the period of time that begins after the <i>Wait Period</i> ends, and ends on the earlier of: <ol style="list-style-type: none">1. the expiration of the Period Of Restoration shown in the CyberRisk Declarations; or2. when the <i>Insured Entity's</i> business operations have been restored for a consecutive 24-hour period to the level of operation that existed immediately before the <i>First Party Event</i>.
<i>Policy Period.</i>	Means the Policy Period shown in the Declarations, which is subject to the cancelation of this Policy.
<i>Pollutant.</i>	Means a solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.
<i>Potential Claim.</i>	Means conduct or circumstances that could reasonably be expected to give rise to a <i>Claim</i> .
<i>Privacy And Security Act.</i>	Means: <ol style="list-style-type: none">1. the failure to prevent a <i>Privacy Breach</i>;2. the failure to destroy <i>Confidential Information</i>;3. a violation of law, when alleged in connection with 1 or 2;4. the failure to provide <i>Notification</i> required by law;5. the failure to comply with a <i>Privacy Policy</i>;6. the unauthorized, unlawful, or wrongful collection of <i>Confidential Information</i>; or7. the failure to prevent a <i>Security Breach</i>, directly resulting in the:<ol style="list-style-type: none">a. alteration or deletion of <i>Confidential Information</i>;b. transmission of a <i>Virus</i> into a computer or network system that is not a <i>Computer System</i>;c. participation in a denial-of-service attack directed against a computer or network system that is not a <i>Computer System</i>; ord. failure to provide an authorized user with access to a <i>Computer System</i>.
<i>Privacy Breach.</i>	Means the loss or theft of, or unauthorized access to or disclosure of, <i>Confidential Information</i> .
<i>Privacy Breach Notification Costs.</i>	Means reasonable costs or fees incurred or paid by an <i>Insured Entity</i> , voluntarily or as required by agreement or law, for: <ol style="list-style-type: none">1. printing and delivering notice to;2. providing credit or identity monitoring for up to 24 months, or longer where required by law, to;3. call center services for;4. the costs to purchase an identity fraud insurance policy to benefit natural persons who are; or5. with the Insurer's prior written consent, other services to mitigate <i>Loss</i> or provide notice to, <i>Impacted Parties</i>, if recommended and provided by an <i>Approved Provider</i>.
<i>Privacy Policy.</i>	Means the <i>Insured Entity's</i> publicly available written policies or procedures regarding <i>Confidential Information</i> .

<i>Public Relations Costs.</i>	Means reasonable costs or fees for public relations services recommended and provided by an <i>Approved Provider</i> to mitigate or prevent negative publicity resulting from a <i>Privacy And Security Act</i> or <i>Media Act</i> .
<i>Ransom.</i>	<ol style="list-style-type: none">1. Means:<ol style="list-style-type: none">a. <i>Money</i>;b. <i>Securities</i>; orc. the fair market value of property or services, paid or surrendered by, or on behalf of, the <i>Insured</i>, in direct response to a <i>Cyber Extortion Threat</i>.2. Will be valued as of the date paid or surrendered.
<i>Regulatory Costs.</i>	Means: <ol style="list-style-type: none">1. civil money fines;2. civil penalties; or3. amounts deposited in a consumer redress fund, imposed in a <i>Regulatory Proceeding</i>, to the extent insurable under the most favorable applicable law.
<i>Regulatory Proceeding.</i>	Means an administrative or regulatory proceeding, or a civil investigative demand, brought by a domestic or foreign governmental entity.
<i>Reputation Harm.</i>	Means damage to the <i>Insured Entity's</i> reputation incurred during the <i>Period Of Indemnity</i> that results in <i>Income Loss</i> , other than the value of: <ol style="list-style-type: none">1. coupons;2. price discounts;3. prizes;4. awards; or5. consideration given by the <i>Insured</i> in excess of the contracted or expected amount.
<i>Restoration Costs.</i>	<ol style="list-style-type: none">1. Means the reasonable amounts incurred or paid by the <i>Insured</i>, with the Insurer's prior written consent:<ol style="list-style-type: none">a. to restore or recover damaged or destroyed computer programs, software, or electronic data stored within a <i>Computer System</i>, to its condition immediately before a <i>Security Breach</i>; orb. to determine that such computer programs, software, or electronic data cannot reasonably be restored or recovered.2. Does not include:<ol style="list-style-type: none">a. costs to recover or replace computer programs, software, or electronic data that the <i>Insured</i> did not have a license to use;b. costs to design, update, or improve the operation of computer programs or software;c. costs to recreate work product, research, or analysis; ord. wages, benefits, or overhead of the <i>Insured</i>.
<i>Run-Off Period.</i>	Means the period starting on the date of the <i>Change Of Control</i> to the end of the <i>Policy Period</i> .
<i>Securities.</i>	Means written agreements representing <i>Money</i> or property, other than <i>Virtual Currency</i> .
<i>Security Breach.</i>	Means: <ol style="list-style-type: none">1. the unauthorized access to;2. the use of authorized access to cause intentional harm to;3. a denial-of-service attack against; or4. the introduction of a <i>Virus</i> into, a <i>Computer System</i>.

<i>Social Engineering Fraud.</i>	Means intentionally misleading an <i>Employee</i> , by providing an instruction that: <ol style="list-style-type: none">1. is not made by an <i>Insured</i>;2. is purportedly from a <i>Vendor, Client, or Employee</i>;3. directs the <i>Employee</i> to transfer, pay, or deliver <i>Money or Securities</i>;4. contains a misrepresentation of material fact; and5. is relied upon by the <i>Employee</i>, believing the material fact to be true.
<i>Subsidiary.</i>	Means: <ol style="list-style-type: none">1. an entity while the Named Insured owns more than 50% of the outstanding securities or voting rights representing the right to select the entity's board of directors, or functional equivalent;2. a nonprofit entity while the Named Insured exercises management control over such entity; or3. an entity while the Named Insured owns exactly 50%, as a joint venture, and while an <i>Insured Entity</i> controls the entity's management and operations under a written agreement.
<i>System Failure.</i>	Means an accidental, unintentional, and unplanned total or partial interruption of a <i>Computer System</i> , not caused by: <ol style="list-style-type: none">1. a <i>Security Breach</i>; or2. a total or partial interruption of a third party computer system or network.
<i>Telecom Charges.</i>	Means amounts charged to the <i>Insured Entity</i> by its telephone service provider.
<i>Telecom Fraud.</i>	Means the unauthorized access to, or use of, the <i>Insured Entity's</i> telephone system by a person or entity other than an <i>Insured Person</i> .
<i>Vendor.</i>	Means a person or entity that provides goods or services to the <i>Insured Entity</i> under an agreement.
<i>Virtual Currency.</i>	<ol style="list-style-type: none">1. Means a publicly available digital or electronic medium of exchange used and accepted as a means of payment.2. Does not include:<ol style="list-style-type: none">a. coupons;b. discounts;c. gift cards;d. rebates;e. reward points; orf. similar mediums of exchange.
<i>Virus.</i>	Means malicious code that could destroy, or change the integrity or performance of, electronic data, software, or operating systems.
<i>Wait Period.</i>	Means the Wait Period shown in the CyberRisk Declarations. It begins when a total or partial interruption to an <i>Insured Entity's</i> business operations is caused by a <i>First Party Event</i> . A separate <i>Wait Period</i> applies to each unrelated <i>First Party Event</i> .
<i>Wrongful Act.</i>	<ol style="list-style-type: none">1. Means any:<ol style="list-style-type: none">a. <i>Media Act</i>; orb. <i>Privacy And Security Act</i>.2. All <i>Wrongful Acts</i> that share a common:<ol style="list-style-type: none">a. nexus;b. set of facts;c. circumstance;d. situation;e. event; orf. decision,are deemed a single <i>Wrongful Act</i> that occurred at the time the first such <i>Wrongful Act</i> occurred.

Exclusions

- Assumed Liability.** 1. The Insurer will not pay *Loss* based upon or arising out of liability assumed by an *Insured*.
2. This does not apply:
a. when the *Insured* would have been liable in the absence of such assumption of liability;
b. to a *Claim* for *Payment Card Contract Penalties*; or
c. to any privacy or confidentiality obligation that the *Insured* has agreed to under a *Privacy Policy* or nondisclosure agreement.
- Bodily Injury.** 1. The Insurer will not pay *Loss* for:
a. bodily injury;
b. sickness;
c. disease;
d. death; or
e. loss of consortium.
2. This does not apply to:
a. emotional distress;
b. mental anguish;
c. humiliation; or
d. loss of reputation.
- Conduct.** 1. The Insurer will not pay *Loss* based upon or arising out of an *Insured's*:
a. intentionally dishonest or fraudulent act or omission; or
b. willful violation of law or regulation.
2. This does not apply to:
a. *Defense Costs*; or
b. *Loss* other than *Defense Costs*, unless a final nonappealable adjudication in the underlying action establishes such conduct occurred.
3. In applying this exclusion, knowledge or conduct of an *Insured* will not be imputed to another *Insured*, except that knowledge or conduct of an *Executive Officer* will be imputed to the *Insured Entity*.
- Cyber Crime.** The Cyber Crime Insuring Agreements do not apply to:
1. indirect or consequential loss;
2. potential income, including interest and dividends, not realized by an *Insured* or *Client*;
3. loss of confidential information;
4. loss of intellectual property;
5. loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, or other cards;
6. loss resulting from a fraudulent instruction, if the sender or anyone acting in collusion with the sender, ever had authorized access to the *Insured's* password, PIN, or other security code;
7. amounts the *Insured* incurs without a legal obligation to do so;
8. loss resulting from forged, altered, or fraudulent negotiable instruments, securities, documents, or instructions used as source documentation to enter electronic data or send instructions, provided this does not apply to the Social Engineering Fraud Insuring Agreement;
9. loss resulting from the failure of any party to perform under any contract; or
10. loss due to any nonpayment of, or default upon, any loan, extension of credit, or similar promise to pay.
- Government Action.** The Insurer will not pay *Loss* based upon or arising out of:
1. seizure;
2. confiscation;
3. nationalization;

	<ol style="list-style-type: none">4. requisition; or5. destruction of property, by or under the order of domestic or foreign government authority.
Infrastructure.	<p>The Insurer will not pay <i>Loss</i> based upon or arising out of a total or partial interruption or failure of any:</p> <ol style="list-style-type: none">1. satellite;2. electrical or mechanical system;3. electric, gas, water, or other utility;4. cable, telecommunications, or Internet service provider; or5. other infrastructure, except when such is under the <i>Insured's control</i>.
Insured vs. Insured.	<ol style="list-style-type: none">1. The Insurer will not pay <i>Loss</i> for a <i>Claim</i> brought by or on behalf of:<ol style="list-style-type: none">a. an <i>Insured</i>; orb. an entity that, at the time the <i>Wrongful Act</i> occurs, or the date the <i>Claim</i> is made:<ol style="list-style-type: none">i. is owned, operated, or controlled by any <i>Insured</i>; orii. owns, operates, or controls any <i>Insured</i>.2. This does not apply to a <i>Claim</i>:<ol style="list-style-type: none">a. by an <i>Insured Person</i> for contribution or indemnity, if resulting from another covered <i>Claim</i>; orb. by or on behalf of an <i>Insured Person</i> or <i>Additional Insured</i> who did not commit or participate in the <i>Wrongful Act</i>.
Intellectual Property.	<p>The Insurer will not pay <i>Loss</i> based upon or arising out of an <i>Insured's</i> misappropriation, infringement, or violation of:</p> <ol style="list-style-type: none">1. copyrighted software;2. patent rights or laws; or3. trade secret rights or laws.
Labor Disputes.	<p>The Insurer will not pay <i>Loss</i> under the Business Loss Insuring Agreements based upon or arising out of labor disputes.</p>
Licensing And Royalties.	<p>The Insurer will not pay <i>Loss</i> based upon or arising out of an obligation to pay licensing fees or royalties.</p>
Ownership Rights.	<p>The Insurer will not pay <i>Loss</i> based upon a <i>Claim</i> by, or on behalf of, an independent contractor, joint venturer, or venture partner arising out of disputes over ownership rights in <i>Covered Material</i>.</p>
Physical Peril.	<p>The Insurer will not pay <i>Loss</i> based upon or arising out of:</p> <ol style="list-style-type: none">1. fire, smoke, or explosion;2. lightning, wind, rain, or hail;3. surface water, waves, flood, or overflow of any body of water;4. earthquake, earth movement, or earth sinking;5. mudslide, landslide, erosion, or volcanic eruption;6. collapse, wear and tear, rust, corrosion, or deterioration;7. magnetic or electromagnetic fields;8. extremes of temperature or humidity; or9. any similar physical event or peril.
Pollution.	<p>The Insurer will not pay <i>Loss</i> based upon or arising out of:</p> <ol style="list-style-type: none">1. the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of a <i>Pollutant</i>; or

	<ol style="list-style-type: none">2. a request, demand, order, or statutory, or regulatory requirement that an <i>Insured</i> or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess, the effects of, a <i>Pollutant</i>; or3. testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of, a <i>Pollutant</i>.
Prior Acts.	The Insurer will not pay <i>Loss</i> based upon or arising out of a <i>Wrongful Act</i> that occurs prior to the Retro Date shown in the CyberRisk Declarations.
Prior Matters.	The Insurer will not pay <i>Loss</i> based upon or arising out of any fact, circumstance, situation, event, or <i>Wrongful Act</i> : <ol style="list-style-type: none">1. that is, or reasonably would be regarded as, the basis for a <i>Claim</i> under the Liability Insuring Agreements about which any <i>Executive Officer</i> had knowledge prior to the Knowledge Date shown in the CyberRisk Declarations;2. that, prior to the Inception date shown in the Declarations, was the subject of any notice of claim, or circumstance, given by or on behalf of any <i>Insured</i> and accepted under any policy of insurance that this Coverage directly renews, replaces, or succeeds in time; or3. previously alleged in a civil, criminal, administrative, or regulatory proceeding against any <i>Insured</i> prior to the P&P Date shown in the CyberRisk Declarations.
Property Damage.	<ol style="list-style-type: none">1. The Insurer will not pay <i>Loss</i> under the Liability or Breach Response Insuring Agreements for the:<ol style="list-style-type: none">a. damage to;b. destruction of;c. loss of; ord. loss of use of,any tangible property.2. The Insurer will not pay <i>Loss</i> under the Cyber Crime or Business Loss Insuring Agreements based upon or arising out of the:<ol style="list-style-type: none">a. damage to;b. destruction of;c. loss of; ord. loss of use of,any tangible property, other than loss of <i>Other Property</i> covered under the Computer Fraud Insuring Agreement.
Securities Laws.	The Insurer will not pay <i>Loss</i> based upon or arising out of: <ol style="list-style-type: none">1. a violation of a securities law or regulation; or2. except under the Cyber Crime Insuring Agreements:<ol style="list-style-type: none">a. the ownership of;b. the sale or purchase of; orc. the offer to sell or purchase,stock or other securities.
Unlawful Collection.	<ol style="list-style-type: none">1. The Insurer will not pay <i>Loss</i> based upon or arising out of a collection of <i>Confidential Information</i> in violation of law.2. This does not apply to <i>Defense Costs</i>.
Unsolicited Communications.	<ol style="list-style-type: none">1. The Insurer will not pay <i>Loss</i> based upon or arising out of a violation of a law that restricts or prohibits unsolicited communications.2. This does not apply to a <i>Security Breach</i> under the Breach Response Insuring Agreements.

- War.**
1. The Insurer will not pay *Loss* based upon or arising out of:
 - a. war, including undeclared or civil war;
 - b. warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
 - c. insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
 2. This does not apply to an actual or threatened attack against a *Computer System* with intent to cause harm, or further social, ideological, religious, political, or similar objectives, except when in support of 1a through 1c.

Limits And Retentions

- Limits Of Insurance.**
1. The most the Insurer will pay for all *Loss* is the CyberRisk Aggregate Limit shown in the CyberRisk Declarations.
 2. The most the Insurer will pay for all *Loss* under an Insuring Agreement is the applicable Limit for such Insuring Agreement shown in the CyberRisk Declarations; but:
 - a. The most the Insurer will pay for all *Payment Card Contract Penalties* is the Payment Card Costs Limit shown in the CyberRisk Declarations, which is within and will reduce the Privacy and Security Limit.
 - b. The most the Insurer will pay for all *Business Interruption Loss* that results from a *System Failure* is the System Failure Limit shown in the CyberRisk Declarations, which is within and will reduce the Business Interruption Limit.
 - c. Payment of *Loss* under the Dependent Business Interruption Insuring Agreement and Reputation Harm Insuring Agreement is within and will reduce, the remaining Business Interruption Limit.
 - d. The most the Insurer will pay for all *Accounting Costs* is the Accounting Costs Limit shown in the CyberRisk Declarations, which is within and will reduce the Limit for the applicable Business Loss Insuring Agreement.
 - e. If a Betterment Coparticipation percentage is shown in the CyberRisk Declarations, such percentage of *Betterment Costs* will be paid by the *Insured*. The Insurer will pay the remaining *Betterment Costs*, up to the Betterment Limit shown in the CyberRisk Declarations.
 3. The most the *Insured* will pay for all *Loss* with respect to an *Additional Insured* is the limit agreed to in the agreement between such *Additional Insured* and the *Insured Entity*, or the applicable Limit shown in the CyberRisk Declarations, whichever is less.
 4. If the CyberRisk Declarations indicates that a Shared Limit applies, the most the Insurer will pay under all Shared Coverages is the Shared Limit shown in the Shared Limit Declarations.
 5. Once the CyberRisk Aggregate Limit or Shared Limit is exhausted, the premium is fully earned, and all obligations of the Insurer, including any duty to defend, will cease.
- Retention.**
1. The Insurer will only pay *Loss* once the applicable Retention shown in the CyberRisk Declarations has been paid by the *Insured*.
 2. Except for the Betterment Insuring Agreement, if multiple Retentions apply to:
 - a. a *Claim*;
 - b. a *First Party Event*; or
 - c. *Claims* and *First Party Events* that share a common nexus, set of facts, circumstance, situation, event, or decision,the *Insured* will not pay more than the amount of the largest applicable Retention.
 3. The *Insured Person* is deemed indemnified by the *Insured Entity* to the extent permitted or required by law, written agreement, or the by-laws of the *Insured Entity*. For the Liability Insuring Agreements, no Retention will apply to an *Insured Person* if indemnification by the *Insured Entity* is:
 - a. not permitted by law; or
 - b. not possible due to the financial insolvency of such *Insured Entity*.

4. The Insurer may pay any amount of Retention. In such event, the *Insured* agrees to repay the Insurer such amounts.

Other Conditions

Allocation.	<ol style="list-style-type: none">1. Subject to Other Conditions, Settlement, if an <i>Insured</i> incurs:<ol style="list-style-type: none">a. <i>Loss</i> jointly with others who are not covered for a <i>Claim</i>; orb. <i>Loss</i> covered and loss not covered by this Coverage because a <i>Claim</i> includes both covered and uncovered matters,then the <i>Insured</i> and the Insurer will use their best efforts to allocate such amount between covered <i>Loss</i> and uncovered loss based upon the relative legal and financial exposures of the parties to covered and uncovered matters.2. If the CyberRisk Declarations shows that the Insurer has the duty to defend <i>Claims</i>, all <i>Defense Costs</i> will be allocated to covered <i>Loss</i>.
Cancellation And Nonrenewal.	<ol style="list-style-type: none">1. The Insurer will cancel this Coverage only if premium is not paid when due. If nonpayment occurs, the Insurer will give written notice of cancellation to the Named Insured. Unless payment is received in full within 20 days of the <i>Insured's</i> receipt of such notice, this Coverage will be canceled.2. The Named Insured may cancel any part of this Coverage by giving advanced written notice to the Insurer, stating when such cancellation will be effective.3. If any part of this Coverage is canceled, the Insurer will refund the unearned premium on a pro rata basis.4. The Insurer is not required to renew this Coverage upon its expiration. If the Insurer elects not to renew, it will provide the Named Insured written notice to that effect at least 60 days before the Expiration date shown in the Declarations.
Change Of Structure.	<ol style="list-style-type: none">1. Under the Liability and Breach Response Insuring Agreements, if a <i>Change Of Control</i> occurs during the <i>Policy Period</i>, the coverage will continue for the <i>Run-Off Period</i>.2. Coverage during the <i>Run-Off Period</i> is only for <i>Wrongful Acts</i> or <i>First Party Events</i> occurring before such <i>Change Of Control</i>.3. Under the Cyber Crime and Business Loss Insuring Agreements, if an entity ceases to be an <i>Insured Entity</i> during the <i>Policy Period</i>, <i>First Party Loss</i> is only covered if:<ol style="list-style-type: none">a. such <i>First Party Loss</i> is sustained; andb. the applicable <i>First Party Event</i> is <i>Discovered</i>, prior to the time such entity ceased to be an <i>Insured Entity</i>.4. The Named Insured may request to extend the time of the <i>Run-Off Period</i>.
Claim Defense.	<ol style="list-style-type: none">1. If the CyberRisk Declarations shows that the Insurer has the duty to defend <i>Claims</i>, the Insurer:<ol style="list-style-type: none">a. has the right and duty to defend covered <i>Claims</i>, even if groundless or false;b. has the right to select defense counsel for such <i>Claims</i>; andc. has no duty to defend, or to continue to defend, <i>Claims</i> after the applicable Limit has been exhausted.2. If the CyberRisk Declarations shows that the Insurer does not have the duty to defend <i>Claims</i>:<ol style="list-style-type: none">a. the <i>Insured</i> has the duty to defend <i>Claims</i>;b. the Insurer has the right to participate in the selection of defense counsel;c. the Insurer has the right to participate in the investigation, defense, and settlement of such <i>Claims</i>;d. subject to the applicable Limit, the Insurer will reimburse the <i>Insured</i> for <i>Defense Costs</i>;e. upon written request, the Insurer will advance <i>Defense Costs</i>; andf. advanced <i>Defense Costs</i> will be repaid to the Insurer to the extent that the <i>Insured</i> is not entitled to such payment.3. With respect to a <i>Claim</i>, the <i>Insured</i> will not, without the Insurer's prior written consent:

- a. make an offer to settle, or settle, a *Claim*;
- b. admit liability; or
- c. except at the *Insured's* own cost, make a voluntary payment, pay or incur *Defense Costs* or other expense, or assume any obligation.

Cyber Crime And Business Loss Change.

The Cyber Crime and Business Loss Insuring Agreements will end upon:

1. a *Change Of Control*; or
2. the voluntary liquidation or dissolution of the Named Insured.

ERP – Automatic.

1. The *Automatic ERP* applies without additional premium.
2. *Claims* resulting from *Wrongful Acts* that occur prior to cancellation or nonrenewal can be reported to the Insurer during the *Automatic ERP*. Such *Claim* is deemed reported on the last day of the *Policy Period*.
3. The most the Insurer will pay for *Loss* resulting from *Claims* reported during the *Automatic ERP* is the remaining portion of the applicable Limit shown in the CyberRisk Declarations as of the effective date of cancellation or nonrenewal.

ERP – Optional.

1. The Named Insured may elect to purchase an *Optional ERP* shown in the CyberRisk Declarations for any reason other than nonpayment of premium. The *Optional ERP* will only take effect if:
 - a. the Insurer receives written notice of such election no later than 90 days after cancellation or nonrenewal; and
 - b. the additional premium for the *Optional ERP* is paid when due.
2. *Claims* or *Potential Claims* resulting from *Wrongful Acts* that occur prior to cancellation or nonrenewal can be made and reported to the Insurer during the *Optional ERP*. Such *Claim* or *Potential Claim* is deemed reported on the last day of the *Policy Period*.
3. For the Computer And Legal Experts, Privacy Breach Notification, and Public Relations Insuring Agreements, *First Party Loss* that results from a *First Party Event* occurring prior to cancellation or nonrenewal can be *Discovered* during the *Optional ERP*. Such *First Party Event* is deemed *Discovered* on the last day of the *Policy Period*.
4. The premium due for the *Optional ERP* is shown in the CyberRisk Declarations. Such premium is fully earned at the start of the *Optional ERP*.
5. The most the Insurer will pay for *Loss* resulting from *Claims* made, or *First Party Events Discovered*, during the *Optional ERP* is the remaining portion of the applicable Limit shown in the CyberRisk Declarations as of the effective date of cancellation or nonrenewal.
6. When the *Optional ERP* applies, it replaces the *Automatic ERP*.

Extended Discovery Period.

For the *First Party Insuring Agreements*, the *Insured* has an extended period of time to *Discover* a *First Party Loss* arising out of a *First Party Event* that occurred prior to the effective date of cancellation. Such *First Party Event* will be deemed *Discovered* on the last day of the *Policy Period*. This period begins on the effective date such *First Party Insuring Agreement* is canceled. It ends on the earlier of:

1. 90 days; or
2. the effective date of similar coverage purchased by the *Insured*, even if such insurance does not provide coverage for loss sustained prior to its effective date.

Income Loss Appraisal.

If, after submission of the Proof of Loss, the Insurer and *Insured* do not agree on the amount of *Income Loss*, each party will select an appraiser. If the appraisers do not agree, they will select an umpire. Each appraiser will submit the amount of *Income Loss* to the umpire. Agreement by the umpire and at least one of the appraisers as to the amount of *Income Loss* is binding.

Each party will:

1. pay its own appraiser, except when covered as *Accounting Costs*, and
2. share the fees and costs of the umpire equally.

- Notice Of Claim.**
1. If an *Insured* gives the Insurer written notice of a *Potential Claim* during the *Policy Period*, or any extended reporting period, then a *Claim* subsequently arising from such *Potential Claim* will be deemed made on the last day of the *Policy Period*. Such notice must include a description of the anticipated allegations of *Wrongful Acts*, potential damages, and the names of potential claimants and *Insureds* involved.
 2. Once an *Executive Officer* becomes aware that a *Claim* has been made, the *Insured* must give the Insurer written notice of such *Claim* as soon as practicable. If such *Claim* involves facts that are subject to a court order or law enforcement hold, the *Insured* must give the Insurer written notice of such *Claim* as soon as practicable once such order or hold is not in effect. Such notice must include a copy of the *Claim* or description of its particulars.
 3. All notices under this section must be sent to the Insurer at an address shown in the Declarations.
- Notice Of First Party Event.**
1. Upon the *Discovery* of a *First Party Event*, the *Insured* must give the Insurer written notice of the particulars of such event, as soon as practicable.
 2. If such *First Party Event* causes *First Party Loss* under the Cyber Crime or Business Loss Insuring Agreements in an amount more than 25% of the applicable Retention, the *Insured* must:
 - a. give the Insurer a detailed, sworn Proof of Loss within 120 days;
 - b. submit to an examination Under Oath, and give the Insurer a signed statement of the *Insured's* answers; and
 - c. notify law enforcement, if such *First Party Event* violates law.
 3. Demands for payment of *First Party Loss* must be provided to the Insurer by the *Insured Entity*.
 4. All notices and demands must be sent to the Insurer at an address shown in the Declarations.
- Other Insurance.**
1. The Breach Response and Business Loss Insuring Agreements are primary insurance.
 2. The Liability and Cyber Crime Insuring Agreements are excess over, and will not contribute with, any other valid and collectible insurance available to the *Insured*. This applies even if such other insurance is stated to be primary, excess, or otherwise, unless such other insurance states by specific reference that it is excess over this Coverage.
- Property Covered.**
- Coverage under the Cyber Crime Insuring Agreements is limited to property:
1. the *Insured Entity*:
 - a. owns;
 - b. leases; or
 - c. holds for others; or
 2. for which the *Insured Entity* is legally liable, except property located inside premises of the *Insured Entity's* client or such client's financial institution.
- Recovery And Subrogation.**
1. The Insurer has no duty to recover amounts paid under this Coverage.
 2. Amounts recovered from a third party, less costs incurred in obtaining such recovery, will be applied in this order:
 - a. to the Insurer for any Retention it paid on behalf of an *Insured*;
 - b. to the *Insured* for *Loss* the Insurer did not pay because the applicable Limit was exhausted;
 - c. to the Insurer for *Loss* it paid;
 - d. to the *Insured* for any Retention it paid; and then
 - e. to the *Insured* for any uncovered loss it paid.
 3. Recoveries do not include amounts from insurance or reinsurance.
 4. The Insurer is subrogated to, and the *Insured* must transfer to the Insurer, all of the *Insured's* rights of recovery against any person or organization for *Loss* the Insurer has paid under this Coverage. The *Insured* agrees to:
 - a. execute and deliver instruments and papers;
 - b. do everything necessary to secure such rights; and
 - c. will do nothing to impair or prejudice those rights.
 5. Subrogation will not apply if the *Insured*, prior to the date of a *Wrongful Act* or a *First Party Event*, waived its rights to recovery.

	<p>6. Any of the <i>Insured Entity's</i> property that the Insurer pays for becomes the Insurer's property.</p>
Related Claims.	<p>Multiple <i>Claims</i> arising out of the same <i>Wrongful Act</i> are a single <i>Claim</i> that is deemed first made on the date the earliest of such <i>Claims</i> is made, whether before or during the <i>Policy Period</i>.</p>
Representations.	<p>1. The Insurer has issued this coverage in reliance on the accuracy and completeness of the representations that the <i>Insured</i> made to the Insurer.</p> <p>2. If any such representation is untrue, and:</p> <ul style="list-style-type: none">a. was material to the acceptance of the risk; andb. is material to a covered <i>Loss</i>, <p>then this coverage will not apply to such <i>Loss</i> with respect to:</p> <ul style="list-style-type: none">i. an <i>Insured Person</i> who knew; orii. an <i>Insured Entity</i>, if an <i>Executive Officer</i> knew, <p>that such representation was untrue on the Inception date shown in the Declarations.</p>
Settlement.	<p>The Insurer may, with the written consent of the <i>Insured</i>, settle a <i>Claim</i>. If the Insurer and claimant agree to settle a <i>Claim</i> but the <i>Insured</i> withholds its consent, the <i>Insured</i> will be responsible for 20% of all:</p> <ul style="list-style-type: none">1. <i>Defense Costs</i> incurred after the date the <i>Insured</i> withheld its consent; and2. <i>Loss</i>, other than <i>Defense Costs</i>, in excess of such settlement offer.
Subsidiaries.	<p>If a <i>Subsidiary</i> is acquired or created by an <i>Insured Entity</i> during the <i>Policy Period</i>, and its revenues are:</p> <ul style="list-style-type: none">1. less than 35% of the total annual revenues of such <i>Insured Entity</i>, then it will be covered for <i>Wrongful Acts</i> or <i>First Party Events</i> that occur after its acquisition or creation; or2. are at least 35% of the total annual revenues of such <i>Insured Entity</i>, then it will be covered for:<ul style="list-style-type: none">a. <i>Wrongful Acts</i> that occur after its acquisition or creation, for <i>Claims</i> made; orb. <i>First Party Events</i> that occur after its acquisition or creation and that are <i>Discovered</i> and reported,within 90 days of its acquisition or creation, or the end of the <i>Policy Period</i>, whichever is earlier. Additional coverage may be negotiated at the time of acquisition or creation.
Suits Against The Insurer – Cyber Crime.	<p>The <i>Insured Entity</i> may not bring any legal action against the Insurer involving a <i>First Party Event</i> covered under the Cyber Crime Insuring Agreements:</p> <ul style="list-style-type: none">1. until 60 days after the <i>Insured Entity</i> has filed Proof of Loss; and2. unless such legal action is brought within two years from the date the <i>Insured Entity</i> <i>Discovers</i> the <i>First Party Event</i>.
Valuation Under First Party Insuring Agreements.	<p>1. <i>Money</i>, except <i>Virtual Currency</i>, is valued in the U.S. dollar equivalent determined at the rate of exchange published by <u>The Wall Street Journal</u>:</p> <ul style="list-style-type: none">a. for the Cyber Crime Insuring Agreements, on the date the <i>First Party Event</i> was <i>Discovered</i>; andb. for the Breach Response and Business Loss Insuring Agreements, on the date of payment of <i>First Party Loss</i>. <p>2. <i>Securities</i> are valued at market value as of the close of business on the date the <i>First Party Event</i> was <i>Discovered</i>; and at its discretion, the Insurer will:</p> <ul style="list-style-type: none">a. pay the <i>Insured Entity</i> such value;b. replace such <i>Securities</i> in kind, in which case the <i>Insured Entity</i> must assign to the Insurer all rights, title, and interest in such <i>Securities</i>; orc. pay the cost of a Lost Securities Bond required when issuing duplicates of the <i>Securities</i>. Such Lost Securities Bond will have a penalty no more than the value of the <i>Securities</i> at the close of business on the date the <i>First Party Event</i> was <i>Discovered</i>.

3. *Virtual Currency* is valued in the U.S. dollar equivalent determined at the rate of exchange:
 - a. for the Cyber Crime Insuring Agreements, on the date the *First Party Event* was *Discovered*; and
 - b. for the Breach Response and Business Loss Insuring Agreements, on the date of payment of *First Party Loss*.
4. *Other Property* is valued for the lesser of:
 - a. the actual cash value of the *Other Property* on the date the *First Party Event* was *Discovered*; or
 - b. the cost to replace *Other Property* with comparable property, but only after such property is actually replaced.

This endorsement changes the CyberRisk Coverage.

There are three changes described below:

1. The following is added to **Definitions**:

Additional Response Costs. Means the amount the Insurer will pay for:

1. *Computer And Legal Expert Costs* incurred by the *Insured Entity*, but only the amount of such that exceeds the Computer And Legal Expert Limit shown on the CyberRisk Declarations; and
2. *Privacy Breach Notification Costs* incurred by the *Insured Entity*, but only such costs applicable to the number of *Impacted Parties* that exceed the number of Impacted Parties shown as the Privacy Breach Notification Limit on the CyberRisk Declarations.

2. The following replaces **Limits And Retentions, Limit Of Insurance**:

Limits Of Insurance.

1. The most the Insurer will pay for *Additional Response Costs* under the Computer and Legal Expert or Privacy Breach Notification Insuring Agreement and all *Loss* under all other Insuring Agreements is the CyberRisk Aggregate Limit shown in the CyberRisk Declarations.
2. The most the Insurer will pay for all *Loss* under an Insuring Agreement is the applicable Limit for such Insuring Agreement shown in the CyberRisk Declarations, but:
 - a. The most the Insurer will pay for all *Payment Card Contract Penalties* is the Payment Card Limit shown in the CyberRisk Declarations, which is within the Privacy and Security Limit.
 - b. The most the Insurer will pay for all *Business Interruption Loss* that results from a *System Failure* is the System Failure Limit shown in the CyberRisk Declarations, which is within the Business Interruption Limit.
 - c. Payment of *Loss* under the Dependent Business Interruption Insuring Agreement and Reputation Harm Insuring Agreement is subject to, and will reduce, the remaining Business Interruption Limit.
 - d. The most the Insurer will pay for all *Accounting Costs* is the Accounting Costs Limit shown in the CyberRisk Declarations, which is within the Limit for the applicable Business Loss Insuring Agreement.
 - e. If a Betterment Co-insurance percentage is shown in the CyberRisk Declarations, the Insurer and the *Insured* will share the payment of *Betterment Costs*. The *Insured's* share of payment will be such percentage shown. The Insurer will pay the remaining percentage of *Betterment Costs*, up to the Betterment Limit shown in the CyberRisk Declarations.
 - f. For *Computer And Legal Experts Costs*, the most the Insurer will pay is the Computer And Legal Experts Insuring Agreement Limit shown in the CyberRisk Declarations, which is outside of, and will not reduce, the CyberRisk Aggregate Limit or any Shared Limit.
 - g. For *Privacy Breach Notification Costs*, the maximum number of *Impacted Parties* for whom the Insurer will pay to notify is the number of Impacted Parties shown as the Privacy Breach Notification Limit in the CyberRisk Declarations, which is outside of, and will not reduce, the CyberRisk Aggregate Limit or any Shared Limit.
3. The most the Insurer will pay for all *Loss* with respect to an *Additional Insured* is the limit agreed to in the contract between such *Additional Insured* and the *Insured Entity*, or the applicable Limit shown in the CyberRisk Declarations, whichever is less.
4. The most the Insurer will pay for *Additional Response Costs* under the Computer And Legal Experts or Privacy Breach Notification Insuring Agreements, and all *Loss* under all other Insuring Agreements, if the CyberRisk Declarations indicates that a Shared Limit applies, is the Shared Limit shown in the Shared Limit Declarations.
5. Once the CyberRisk Aggregate Limit or Shared Limit is exhausted the premium is fully earned, and all obligations of the Insurer, including any duty to defend, will cease.

3. For the Privacy Breach Notification Insuring Agreement only, the following is added to **Limits And Retentions, Retention, 1**:

The Insurer will only pay *Privacy Breach Notification Costs* if the number of *Impacted Parties* equals or exceeds the number of *Impacted Parties* shown as the Privacy Breach Notification Threshold on the CyberRisk Declarations. Once the Privacy Breach Notification Threshold is met, *Privacy Breach Notification Costs* will be paid for all *Impacted Parties*, subject to the applicable Limit.

This endorsement changes the CyberRisk Coverage.

There are four changes described below:

1. The following is added to **Business Loss Insuring Agreements, Dependent Business Interruption**:

The Insurer will also pay the *Insured* for its *Business Interruption Loss*, directly caused by an *IT Provider System Failure* that is *Discovered* during the *Policy Period*.

2. The following is added to **Definitions, First Party Event**:

Includes an *IT Provider System Failure*.

3. The following is added to **Definitions**:

IT Provider System Failure. Means an accidental, unintentional, and unplanned total or partial interruption of an *IT Provider's* computer system not caused by an *IT Provider Breach*.

4. The following is added to **Limits and Retentions, Limit of Insurance, 2**:

The most the Insurer will pay for *Business Interruption Loss* that results from an *IT Provider System Failure* is the Dependent Business Interruption - System Failure Limit shown in the CyberRisk Declarations, which is within and will reduce the Dependent Business Interruption Limit.

This endorsement changes the CyberRisk Coverage.

There are four changes described below:

1. The following is added to **Business Loss Insuring Agreements, Dependent Business Interruption:**

Dependent Business Interruption - Outsource Provider. The Insurer will pay the *Insured* for its *Business Interruption Loss*, directly caused by an *Outsource Provider Breach* that is *Discovered* during the *Policy Period*.

Dependent Business Interruption - Outsource Provider - System Failure. The Insurer will pay the *Insured* for its *Business Interruption Loss*, directly caused by an *Outsource Provider System Failure* that is *Discovered* during the *Policy Period*.

2. The following is added to **Definitions, First Party Event:**

Includes an *Outsource Provider Breach* and *Outsource Provider System Failure*.

3. The following are added to **Definitions:**

Outsource Provider. Means a provider, other than an *IT Provider*, that:

1. provides goods to, or performs services for, the *Insured* under a written contract; and
2. the *Insured* does not own, operate, or control.

Outsource Provider Breach. Means:

1. the unauthorized access to;
2. the use of authorized access to cause intentional harm to;
3. a denial-of-service attack against; or
4. the introduction of a *Virus* into,
an *Outsource Provider's* computer system, resulting in an interruption of such computer system.

Outsource Provider System Failure. Means an accidental, unintentional, and unplanned interruption of an *Outsource Provider's* computer system not caused by an *Outsource Provider Breach*.

4. The following is added to **Limits And Retentions, Limit Of Insurance, 2:**

The most the Insurer will pay for all *Business Interruption Loss* that results from an *Outsource Provider Breach* is the Dependent Business Interruption - Outsource Provider Limit shown in the CyberRisk Coverage Declarations, which is within and will reduce the Dependent Business Interruption Limit.

The most the Insurer will pay for all *Business Interruption Loss* that results from an *Outsource Provider System failure* is the Dependent Business Interruption - Outsource Provider - System Failure Limit shown in the CyberRisk Coverage Declarations, which is within and will reduce the Dependent Business Interruption Limit.

There are three changes described below:

1. The following is added to **Cyber Crime Insuring Agreements**:

Conviction Reward. The Insurer will pay the *Insured Entity* for *Conviction Reward Costs* following a *First Party Event* that is *Discovered* during the *Policy Period*.

2. The following is added to **Definitions**:

Conviction Reward Costs. Means the reasonable amount paid by the *Insured Entity*, with the Insurer's prior written consent, for information that leads to the arrest and conviction of a natural person responsible for a *First Party Event*.

3. The following is added to the **CyberRisk Declarations**:

	Limit	Retention
Conviction Reward:	\$25,000	0

There are three changes described below:

1. The following is added to **Definitions, Extra Expense**:

Includes such reasonable costs incurred by the *Insured Entity*, with the Insurer's written consent, to replace any *Bricked Equipment* with functionally equivalent equipment, if such *Bricked Equipment* is inoperable:

1. directly as a result of a *Security Breach*; and
2. if reasonable attempts to restore such *Bricked Equipment* fail.

Such costs may include newer versions or models of such *Bricked Equipment*.

2. The following is added to **Definitions**:

Bricked Equipment. Means any inoperable computer, input, output, processing, storage, or communication device:

1. owned by;
2. leased to;
3. licensed to; or
4. under the direct operational control of,

the *Insured Entity*, or an *Insured Person*, while authorized by, and transacting business on behalf of, the *Insured Entity*.

3. The following is added to **Exclusions, Property Damage 2**:

This does not apply to *Business Interruption Loss* resulting from the loss of use of a *Computer System*.

This endorsement changes the CyberRisk Coverage.

There are ten changes described below:

1. The following is added to **Cyber Crime Insuring Agreements**:

Vendor Or Client Payment Fraud.

The Insurer will pay the *Insured Entity* for *Vendor Or Client Payment Fraud Loss* that arises out of a *Security Breach* that is discovered during the Policy Period.

2. The following is added to **Definitions**:

Vendor Or Client Payment Fraud. Means an instruction that intentionally misleads a *Vendor* or *Client*, when such instruction:

1. is not made by an *Insured*;
2. is purportedly from an *Insured*;
3. directs such *Vendor* to perform services or deliver goods, or such *Client* to deliver payment to, an unintended recipient;
4. contains a misrepresentation of material fact; and
5. is relied upon by such *Vendor* or *Client*, believing the material fact to be true.

Vendor Or Client Payment Fraud Loss. Means:

1. *Money* owed to the *Insured Entity* but not collected for services rendered or goods delivered to a *Client*, or
2. the amount the *Insured Entity* paid a *Vendor* for goods or services the *Insured Entity* did not receive; directly caused by *Vendor Or Client Payment Fraud*.

3. The following is added to **Definitions, Computer Fraud**:

Does not include *Vendor Or Client Payment Fraud*.

4. The following is added to **Definitions, First Party Event**:

Includes *Vendor Or Client Payment Fraud*.

5. The following is added to **Definitions, First Party Loss**:

Includes *Vendor Or Client Payment Fraud Loss*.

6. The following is added to **Definitions, Funds Transfer Fraud**:

Does not include *Vendor Or Client Payment Fraud*.

7. The following replaces **Exclusions, Cyber Crime, 8**:

loss resulting from forged, altered, or fraudulent negotiable instruments, securities, documents, or instructions used as source documentation to enter electronic data or send instructions, provided this does not apply to the Social Engineering Fraud or the Vendor Or Client Payment Fraud Insuring Agreements.

8. The following is added to **Other Conditions, Property Covered**:

This does not apply to the Vendor Or Client Payment Fraud Insuring Agreement.

9. The following is added to **Other Conditions**:

Property Covered – Vendor Or Client Payment Fraud

Coverage under the Vendor Or Client Payment Fraud Insuring Agreement is limited to:

1. *Money* owed to the *Insured Entity* but not collected for services rendered or goods delivered to a *Client*, or
2. the amount the *Insured Entity* paid a *Vendor* for goods or services the *Insured Entity* did not receive.

10. The following is added to the Declarations:

Vendor Or Client Payment Fraud Limit

\$100,000

Vendor Or Client Payment Fraud Retention

\$5,000

K. CYBER LIABILITY

1. Quote coverage for unauthorized disclosure or access to data in any form or format, including electronic and hard copies, as follows:
 - a. Security and Privacy Liability **Yes**
 - b. Data Breach costs, including notification (not less than 250,000), monitoring, **Yes** investigation, forensic, legal, public relations and voluntary costs. No time limitation should apply to incurring data breach expenses. International notification costs are to be included as well as breach response services.
 - c. Post breach remedial services. **Yes**
 - d. Regulatory coverage actions (defense) and fines/penalties **Yes**
 - e. Media Liability **Yes**
 - f. Network/cyber Extortion **Yes**
 - g. Business Interruption including security breach and system failure. **Yes**
 - h. Dependent Business Loss resulting from Dependent Security Breach. **Yes**
 - i. Data Recovery expense **Yes**
 - j. Payment Card Industry (PCI) liability coverage, costs and fines **Yes**
 - k. Crypto jacking **Yes**
 - l. Invoice Manipulation **Yes**
2. Quote alternate limits of \$5,000,000 and \$10,000,000 (including policy aggregate) for security/privacy and data breach, including regulatory fines, media liability and network extortion; and quote \$5,000,000 for BI, Data Recovery, PCI and BI, subject to alternate basket deductibles of \$10,000, \$25,000 and \$50,000. **\$5M only Option Travelers will Quote**
3. Limits quoted for Legal, Forensic and Public Relations/Crisis Management should be in addition to policy aggregate limits. **Yes – outside the limits**
4. Include a minimum \$50,000 sublimit for criminal reward. **\$25k is the highest Travelers will offer**
5. Include a minimum \$1,000,000 sublimit for reputational loss, including a minimum \$50,000 for claim preparation. **Yes - Offered**
6. Include a minimum of \$500,000 for bricking. **Yes – no sublimit on this so limit can be up to agg**
7. Definition of Security Breach should include voluntary shutdown. **Yes - offered**
8. Coverage is to apply to personal information of employees. **Yes - Personal information stored by our insured entity is covered (see confidential information)**
9. Security and privacy liability to include denial of access. **Please refer to the definition of Privacy and Security to see Travelers intent**
10. Include duty to defend. **Yes - offered**
11. There should be no insured versus insured exclusion regarding employee personal information. **Yes - we don't exclude employees information being compromised**
12. There should be no exclusion for contingent bodily injury. **No – Travelers will not remove the exclusion**
13. Coverage should be “pay on behalf of.” **Yes - offered**

14. Quote alternate extended discovery periods of 12 months, 24 months and 36 months. **I don't believe we have anything like this... are you referring to run off ERP?**
15. Extended discovery should have a bilateral trigger. **No – Travelers does not offer**
16. Retroactive date, if any, should be October 1, 2019. **Yes - offered**
17. Coverage is to extend to liability and data breach response costs arising out of data that is breached from an EDP contractor storing the insureds electronic information. **See definition of Confidential Information**
18. Damages to include punitive, exemplary and multiple. **See definition of defense costs and regulatory proceeding to show coverage intent**
19. Coverage includes a notice of circumstances provision that could reasonably give rise to a future claim that will effectively trigger the claims-made provision of the policy. **See privacy and security act definition**
20. If a hammer clause is applicable, 80/20 is requested. **Yes - offered**
21. Include coverage for cyber terrorism. **Need clarification on what their definition of cyber terrorism is to address this concern**
22. Include coverage for social engineering and telephone fraud at alternate limits of \$100,000 and \$250,000. **Yes - \$100 limits offered. For the \$250,000 limit Travelers can consider we just need their Supplemental Application Completed. Can send upon request.**
23. Include volunteer and independent contractors as insureds but only for work performed on behalf of the named insured. **See definition of insured person**
24. Include a minimum of \$1,000,000 defense coverage to apply to allegations related to
1. HIPAA with respect to cyber exposures. **Yes – included in Confidential Information**
25. Include a minimum of \$1,000,000 defense coverage to apply to allegations related to the Americans With Disabilities Act, including but not limited to access to the County website. **Potential coverage for ADA related claims but see definition of Privacy and Security to see what we intend to cover**

PROPOSAL FORM FOR CYBER LIABILITY

1. Proposed Insurer Travelers Casualty and Surety Company of America

2. Annual Premium:

Coverages/Limits	Deductibles		
	\$10,000	\$25,000	\$50,000
Security/Privacy Data Breach \$5,000,000 \$10,000,000		\$42,782.00	\$41,398.00
Regulatory Media Liability Network/Cyber Extortion Crypto Jacking Business Interruption			
Dependent Business Loss Data Recovery PCI			

Please note \$5M Limit is the MAX limit Travelers will be able to offer. And the \$25k deductible is the lowest retention that they will offer.

3. Data Breach Costs include:

- | | | | | |
|-------------------------------------|-------------------------------------|-----|-------------------------------------|----|
| a. Notification Costs | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| b. Monitoring Costs | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| c. Investigation Costs | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| d. Forensic Costs | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| e. Legal Costs | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| f. Public Relations Costs | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | No |
| g. Voluntary Costs | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| h. International Notification Costs | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| i. Breach Response Services | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| j. Post Breach Remedial Services | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |

4. Please indicate if the following coverages are included and any additional premium:

- a. Duty to defend.
 Yes No Premium
- b. Employee personal information and denial of access.
 Yes No Premium
- c. "Pay-on-behalf of".
 Yes No Premium
- d. Damage includes punitive, exemplary and multiple awards.
 Yes No Premium
- e. No exclusion for Contingent Bodily Injury.
 Yes No Premium
- f. Minimum \$500,000 for bricking.
 Yes No Premium

- g. Minimum \$1,000,000 for reputational loss, including \$50,000 claim preparation
 Yes No _____ Premium
- h. Extended discovery has a bilateral trigger.
 Yes No _____ Premium
- i. Denial of Access. **Please refer to the definition of Privacy and Security to see Travelers intent**
 Yes No _____ Premium
- j. No time limitation for incurring response costs.
 Yes No _____ Premium
- k. Data breach from EDP contractor
 Yes No _____ Premium
- l. Notice of circumstance provision triggers claims made during the policy period. –
Please see definition of a claim
 Yes No _____ Premium
- m. If included, hammer Clause is 80%.
 80/20 Yes No _____ Premium
 If not, what is the percentage? 80%
- n. Cyber Terrorism included
 Yes No _____ Premium
- o. Social Engineering, fraudulent instruction and transfer fraud, is included.
 Yes No _____ Premium
- p. Telephone fraud included.
 Yes No _____ Premium
- q. Independent contractors/volunteers included as insureds.
 Yes No _____ Premium
- r. Cover allegations related to the Americans With Disabilities Act. **not Travelers intent – Potential coverage for ADA related claims but see definition of Privacy and Security to see what we intend to cover**
 Yes No _____ Premium

s. Coverage does not exclude HIPAA.
 Yes No _____ Premium

t. Definition of Security Breach includes voluntary shut down.
 Yes No _____ Premium

u. Limits quoted for legal, forensic and public relations/crisis management are in addition to policy aggregate.
 Yes No _____ Premium

5. Indicate retro date quoted. 10-1-2019

6. Is there a continuity date? Yes No

If yes, what is the date? Can add at your request

7. Indicate extended reporting provisions:

12 Months 75%
24 Months Travelers will only indicate 12 months on the quote and will offer on case by case and decided when the policy is going into run off
36 Months See above

8. Is premium flat or auditable? Flat

9. Indicate premium payment mode (monthly, quarterly, etc.) Finance note (monthly, quarterly or annual payment plans are available)

10. Please attach copies of all policy forms and endorsements. Attached

11. Indicate term of coverage. 10-31-2020 to 10-31-2021

If more than one year, are rates fixed? Yes No

12. Is coverage contingent on writing any other lines? Yes No

If so, explain _____

13. Are specimen policy forms and endorsements included? Yes No

Eric Eustace
Authorized Signature

BALDWIN COX ALLEN
Company

7-28-2020
Date

EXCEPTION FORM FOR CYBER LIABILITY

Please use this page to explain any differences between the specification requirements and your proposal. This form must list all exceptions and/or additions to the specifications, by line of coverage. Failure to list the exceptions accurately could result in disqualification and rejection of your proposal.

Please note the Beazley policy is a reimbursement policy (specifically for ransomware) vs pay on behalf (which is what Travelers is). Also, Beazley has a call back provision for the SEF (Social Engineering Fraud Coverage) which means basically if the county received a request to change a bank account, the county is required to call or verify in another way so that the request is legitamit.

Eric Eustace

Authorized Signature

BALDWIN COX ALLEN

Company

7-28-2020

Date



Jul 23, 2020

Eric Eustace
AssuredPartners of Texas LLC dba Baldwin-Cox Agency
5930 Preston View Blvd.
Suite 200
Dallas, TX 75240

Re: Webb County Juvenile Alternative Education Program, Ref# 8637339-C
Proposed Effective 7/31/2020 to 7/31/2021

Dear Eric:

We are pleased to confirm the attached quotation is being offered with **AXIS Insurance Company**. This carrier is **Admitted** in the state of **TX**. Please note that this quotation is based on the coverage, terms and conditions as stated in the attached quotation, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this quotation carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, Inc. disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms quoted as per the attached and those terms originally requested. The attached quotation may not be bound without a fully executed CRC brokerage agreement.

NOTE: If insured is located outside your resident state, we must receive a copy of your non-resident license prior to binding.

The Insurance Carrier indicated in this quotation reserves the right, at its sole discretion, to amend or withdraw this quotation if it becomes aware of any new, corrected or updated information that is believed to be a material change and consequently would change the original underwriting decision.

Should coverage be elected as quoted per the attached, Premium and Commission are as follows:

Premium:	\$27,888.00 - Option 1; see carrier quote for all options
Broker Fee	\$1,000.00
Total:	\$28,888.00

Broker Fees & Policy Fees are Fully Earned at Binding

Should **Webb County Juvenile Alternative Education Program** elect to bind coverage as per the attached, simply complete the Request to Bind box below and return to our office prior to the requested effective date of coverage. Should you have any questions, please feel free to contact our office.

CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as "contingent commissions" or "incentive commissions"), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

Sincerely,

Vince Vitanza
972-371-7071
vvitanza@crcgroup.com
8637339

REQUEST TO BIND COVERAGE

Complete and return to Vince Vitanza via email at vvitanza@crcgroup.com .

Submission #: 8637339-C Webb County Juvenile Alternative Education Program

Agency Response: [] Yes, please bind as quoted, effective: _____

PREMIUM IS BEING FINANCED BY _____ **ACCOUNT #** _____
Name of Premium Finance Company

Signed by: _____ Date: _____
Representative of AssuredPartners of Texas LLC dba Baldwin-Cox Agency

CONFIDENTIAL



QUOTE

07/22/2020

q

DELIVERED TO:

Vince J. Vitanza
CRC Insurance Services Inc [Dallas]
13737 Noel Rd, 10th Floor
Dallas, TX 75240

AXIS is pleased to offer the following quote. This quote contemplates AXIS policy forms and endorsements, which may not conform to industry standard policy language, terms and conditions. The terms and conditions of this quote may not conform to the specifications as originally submitted. Please review this quote carefully.

***This quote expires in 30 days, or on the proposed policy effective date, whichever is earlier
(unless extended in writing by AXIS or unless superseded by the binder).***

NAMED INSURED	Webb County 1110 Washington St, Ste 204 Laredo, TX 78041
BROKER OF RECORD	CRC Insurance Services Inc [Dallas] 13737 Noel Rd, 10th Floor Dallas, TX 75240

INSURER	AXIS Insurance Company (Admitted) 111 South Wacker Drive, Suite 3500 Chicago, IL 60606 (866) 259-5435 A Stock Insurer
POLICY FORM	AXIS EXCESS INSURANCE POLICY AXIS 1010302 0817
POLICY NUMBER	TBD
POLICY PERIOD	Effective Date: 07/31/2020 Expiration Date: 07/31/2021 <i>Both dates at 12:01 a.m. standard time at the Named Insured's address stated herein.</i>



TOTAL POLICY PREMIUM	\$27,888.00
MINIMUM EARNED PREMIUM <i>(percentage of Total Policy Premium)</i>	N/A
TERRORISM PREMIUM FOR CERTIFIED ACTS OF TERRORISM <i>(included in Total Policy Premium)</i>	Included for no additional premium
SURCHARGE / TAX <i>(included in Total Policy Premium)</i>	N/A

AXIS LIMITS OF INSURANCE	
Aggregate Limit	\$5,000,000 excess of \$5,000,000

SCHEDULE OF SUBLIMITED COVERAGE	
Coverage Description	AXIS Sublimit of Insurance
Dependent Business Interruption	\$100,000 excess of \$100,000
Dependent Business Interruption - System Failure	\$100,000 excess of \$100,000
Social Engineering Fraud	\$100,000 excess of \$100,000
Telecom Fraud	\$100,000 excess of \$100,000
Dependent Business Interruption - Outsource Provider	\$100,000 excess of \$100,000
Dependent Business Interruption - Outsource Provider - System Failure	\$100,000 excess of \$100,000
Betterment	\$100,000 excess of \$100,000
Reputation Harm	\$1,000,000 excess of \$1,000,000

**SCHEDULE OF UNDERLYING INSURANCE****PRIMARY (FOLLOWED POLICY)**

Coverage Description	Cyber Risk Wrap	
Insurer	Travelers Casualty and Surety Company of America	
Policy Number	TBD	
Aggregate Limit of Insurance	\$5,000,000	
Retention	\$25,000	
Sublimited Coverages	Sublimits of Insurance	Retention
Dependent Business Interruption	\$100,000	12 Hours
Dependent Business Interruption - System Failure	\$100,000	12 Hours
Social Engineering Fraud	\$100,000	\$5,000
Telecom Fraud	\$100,000	\$5,000
Dependent Business Interruption - Outsource Provider	\$100,000	12 Hours
Dependent Business Interruption - Outsource Provider - System Failure	\$100,000	12 Hours
Betterment	\$100,000	\$25,000
Reputation Harm	\$1,000,000	\$25,000



SUBJECTIVITIES PRIOR TO BINDING:

Please complete, sign, and date the following applications, supplements, and warranties:

- AXIS Excess Warranty Letter

Please provide the following documentation:

- Copy of primary policy subjectivities (if any)
- Copy of underlying binders

SUBJECTIVITIES PRIOR TO POLICY ISSUANCE:

Please provide the following documentation:

- Copy of underlying policies


This quote is strictly conditioned upon (1) no change in exposure or risk occurring between the date of this quote and the inception date of the proposed policy, and (2) no receipt of any additional information that the insurer determines would impact the risk in any manner. In the event of any such change in exposure or risk or receipt of additional information, the insurer may in its sole discretion modify or withdraw this offer, whether or not this offer has already been accepted by the applicant.

Coverage may be bound only pursuant to the terms of a written binder. No authority is granted to the agent or broker to bind coverage.

In order to complete the underwriting process, the insurer requires that the applicant provide all requested additional information and reserves the right to refuse to bind coverage prior to receipt and underwriting approval of this information. However, if the insurer does bind coverage prior to receipt and underwriting approval of such information, the terms and conditions indicated above may be amended at the insurer's sole discretion until such information is received and approved.

For additional information about products, please visit our website [here](#).



SCHEDULE OF FORMS & ENDORSEMENTS		
DOUBLE-CLICK THE PAPERCLIP ICON FOR SPECIMENS: 		
Policyholder Notices and Policy Forms		Form Number and Edition Date
Policyholder Notice - Economic And Trade Sanctions		AXIS 906 0316
Texas Notice		AXIS TX901 0420
Texas Notice - Prompt Payment of Insurance Claims		AXIS TX904 0619
Policyholder Disclosure - Notice Of Terrorism Insurance Coverage		TRIA DISCLOSURE 0115
AXIS Excess Insurance Policy		AXIS 1010302 0817
Endorsements		Form Number and Edition Date
1	Sublimited Coverage Endorsement (First Excess)	AXIS 1010310 0817
2	Cap on Losses from Certified Acts of Terrorism Endorsement	AXIS 1011040 0817
3	Follow Crisis Management / Fraud Response Coverage Endorsement (First Excess)	AXIS 1010310A 1217
4	Pending or Prior Litigation Exclusion Endorsement	AXIS 1010333 0817
5	Not Follow Specified Coverage Endorsement	AXIS 1010338 0817



QUOTE

07/22/2020

DELIVERED TO:

Vince J. Vitanza
CRC Insurance Services Inc [Dallas]
13737 Noel Rd, 10th Floor
Dallas, TX 75240

AXIS is pleased to offer the following quote. This quote contemplates AXIS policy forms and endorsements, which may not conform to industry standard policy language, terms and conditions. The terms and conditions of this quote may not conform to the specifications as originally submitted. Please review this quote carefully.

***This quote expires in 30 days, or on the proposed policy effective date, whichever is earlier
(unless extended in writing by AXIS or unless superseded by the binder).***

NAMED INSURED	Webb County 1110 Washington St, Ste 204 Laredo, TX 78041
BROKER OF RECORD	CRC Insurance Services Inc [Dallas] 13737 Noel Rd, 10th Floor Dallas, TX 75240

INSURER	AXIS Insurance Company (Admitted) 111 South Wacker Drive, Suite 3500 Chicago, IL 60606 (866) 259-5435 A Stock Insurer
POLICY FORM	AXIS EXCESS INSURANCE POLICY AXIS 1010302 0817
POLICY NUMBER	TBD
POLICY PERIOD	Effective Date: 07/31/2020 Expiration Date: 07/31/2021 <i>Both dates at 12:01 a.m. standard time at the Named Insured's address stated herein.</i>



TOTAL POLICY PREMIUM	\$26,902.00
MINIMUM EARNED PREMIUM <i>(percentage of Total Policy Premium)</i>	N/A
TERRORISM PREMIUM FOR CERTIFIED ACTS OF TERRORISM <i>(included in Total Policy Premium)</i>	Included for no additional premium
SURCHARGE / TAX <i>(included in Total Policy Premium)</i>	N/A

AXIS LIMITS OF INSURANCE	
Aggregate Limit	\$5,000,000 excess of \$5,000,000

SCHEDULE OF SUBLIMITED COVERAGE	
Coverage Description	AXIS Sublimit of Insurance
Dependent Business Interruption	\$100,000 excess of \$100,000
Dependent Business Interruption - System Failure	\$100,000 excess of \$100,000
Social Engineering Fraud	\$100,000 excess of \$100,000
Telecom Fraud	\$100,000 excess of \$100,000
Dependent Business Interruption - Outsource Provider	\$100,000 excess of \$100,000
Dependent Business Interruption - Outsource Provider - System Failure	\$100,000 excess of \$100,000
Betterment	\$100,000 excess of \$100,000
Reputation Harm	\$1,000,000 excess of \$1,000,000



SCHEDULE OF UNDERLYING INSURANCE

PRIMARY (FOLLOWED POLICY)		
Coverage Description	Cyber Risk Wrap	
Insurer	Travelers Casualty and Surety Company of America	
Policy Number	TBD	
Aggregate Limit of Insurance	\$5,000,000	
Retention	\$50,000	
Sublimited Coverages	Sublimits of Insurance	Retention
Dependent Business Interruption	\$100,000	12 Hours
Dependent Business Interruption - System Failure	\$100,000	12 Hours
Social Engineering Fraud	\$100,000	\$50,000
Telecom Fraud	\$100,000	\$50,000
Dependent Business Interruption - Outsource Provider	\$100,000	12 Hours
Dependent Business Interruption - Outsource Provider - System Failure	\$100,000	12 Hours
Betterment	\$100,000	\$50,000
Reputation Harm	\$1,000,000	\$50,000



SUBJECTIVITIES PRIOR TO BINDING:

Please complete, sign, and date the following applications, supplements, and warranties:

- AXIS Excess Warranty Letter

Please provide the following documentation:

- Copy of primary policy subjectivities (if any)
- Copy of underlying binders

SUBJECTIVITIES PRIOR TO POLICY ISSUANCE:

Please provide the following documentation:

- Copy of underlying policies


This quote is strictly conditioned upon (1) no change in exposure or risk occurring between the date of this quote and the inception date of the proposed policy, and (2) no receipt of any additional information that the insurer determines would impact the risk in any manner. In the event of any such change in exposure or risk or receipt of additional information, the insurer may in its sole discretion modify or withdraw this offer, whether or not this offer has already been accepted by the applicant.

Coverage may be bound only pursuant to the terms of a written binder. No authority is granted to the agent or broker to bind coverage.

In order to complete the underwriting process, the insurer requires that the applicant provide all requested additional information and reserves the right to refuse to bind coverage prior to receipt and underwriting approval of this information. However, if the insurer does bind coverage prior to receipt and underwriting approval of such information, the terms and conditions indicated above may be amended at the insurer's sole discretion until such information is received and approved.

For additional information about products, please visit our website [here](#).



SCHEDULE OF FORMS & ENDORSEMENTS		
DOUBLE-CLICK THE PAPERCLIP ICON FOR SPECIMENS: 		
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4	Pending or Prior Litigation Exclusion Endorsement	AXIS 1010333 0817
5	Not Follow Specified Coverage Endorsement	AXIS 1010338 0817



POLICYHOLDER NOTICE

ECONOMIC AND TRADE SANCTIONS

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by the Office of Foreign Assets Control (OFAC).

THE OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") OF THE US DEPARTMENT OF THE TREASURY ADMINISTERS AND ENFORCES ECONOMIC AND TRADE SANCTIONS BASED ON US FOREIGN POLICY AND NATIONAL SECURITY GOALS AGAINST TARGETED FOREIGN COUNTRIES AND REGIMES, TERRORISTS, INTERNATIONAL NARCOTICS TRAFFICKERS, THOSE ENGAGED IN ACTIVITIES RELATED TO THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION, AND OTHER THREATS TO THE NATIONAL SECURITY, FOREIGN POLICY OR ECONOMY OF THE UNITED STATES.

WHENEVER COVERAGE PROVIDED BY THIS POLICY WOULD BE IN VIOLATION OF ANY U.S. ECONOMIC OR TRADE SANCTIONS, SUCH COVERAGE SHALL BE NULL AND VOID.

FOR MORE INFORMATION, PLEASE REFER TO:

[HTTPS://WWW.TREASURY.GOV/RESOURCE-CENTER/SANCTIONS/PAGES/DEFAULT.ASPX](https://www.treasury.gov/resource-center/sanctions/pages/default.aspx)



TEXAS NOTICE

Have a complaint or need help?

If you have a problem with a claim or your premium, call your insurance company first. If you can't work out the issue, the Texas Department of Insurance may be able to help.

Even if you file a complaint with the Texas Department of Insurance, you should also file a complaint or appeal through your insurance company. If you don't, you may lose your right to appeal.

AXIS Insurance

To get information or file a complaint with your insurance company:

Call: Consumer Complaints Manager at 1-866-259-5435

Toll-free: 1-866-259-5435

Email: ShdMbx-ConsumerComplaints@axiscapital.com

Mail: 10000 Avalon Way, Suite 200, Alpharetta, GA 30009

The Texas Department of Insurance

To get help with an insurance question or file a complaint with the state:

Call with a question: 1-800-252-3439

File a complaint: www.tdi.texas.gov

Email: ConsumerProtection@tdi.texas.gov

Mail: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091



AXIS Insurance Company

TEXAS NOTICE-PROMPT PAYMENT OF INSURANCE CLAIMS

With respect to liability insurance:

The Insurer will notify the insured in writing of:

1. an initial offer to settle a claim made or "suit" brought against any insured ("insured") under this coverage. The notice will be given not later than the 10th day after the date on which the offer is made; and
2. any settlement of a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the date of the settlement.

With respect to first-party insurance:

1. Within 15 days after the Insurer receives written notice of a claim (or, if the insurer is an eligible surplus lines insurer, thirty business days after the date an insurer receives written notice of a claim), the Insurer will:
 - a. acknowledge receipt of such claim. If the Insurer does not acknowledge receipt of the claim in writing, the Insurer will keep a record of the date, method and content of the acknowledgement;
 - b. begin any investigation of the claim; and
 - c. request a signed, sworn proof of loss, specify the information the insured must provide and supply the insured with the necessary forms. The Insurer may request more information at later date, if during the investigation of the claim such additional information is necessary.
2. The Insurer will notify the insured in writing as to whether:
 - a. the claim or part of the claim will be paid;
 - b. the claim or part of the claim has been denied, and inform the insured of the reasons for denial;
 - c. more information is necessary; or
 - d. the Insurer needs additional time to reach a decision. If the Insurer needs additional time, the Insurer will inform the insured of the reasons for such need.

The Insurer will provide such notification within: (i) 15 business days after the Insurer receives the signed, sworn proof of loss and all information the Insurer requested, or (ii) 30 days after the Insurer receive the signed, sworn proof of loss and all information the Insurer requested, if the Insurer has reason to believe the loss resulted from arson.

If the Insurer has notified the insured that the Insurer needs additional time to reach a decision, the Insurer must then either approve or deny the claim within 45 days of such notice.

3. The Insurer will pay for covered loss or damage within five business days after:
 - a. the Insurer has notified the insured that payment of the claim or part of the claim will be made and have reached agreement with the Named Insured on the amount of loss; or
 - b. an award has been made.

However, if payment of the claim or part of the claim is conditioned on the insured's compliance with any of the terms of this Policy, the Insurer will make payment within five business days after the date the insured has complied with such terms.



If the Insurer is an eligible surplus lines insurer, the Insurer must pay the claim not later than the 20th business day after the date of notice of payment by the Insurer or the date of compliance by the insured.

4. If a claim results from a weather-related catastrophe or major natural disaster, the claim handling and claim payment deadlines described above are extended for an additional 15 days.
5. As used herein:
 - a. The term "catastrophe or major natural disaster" means a weather-related event which is (i) declared a disaster under the Texas Disaster Act of 1975, or (ii) determined to be a catastrophe by the Texas Department of Insurance.
 - b. The term "business day", means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

**POLICYHOLDER DISCLOSURE****NOTICE OF TERRORISM INSURANCE COVERAGE**

The Terrorism Risk Insurance Act established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. You are hereby notified that an "act of terrorism", as defined in Section 102(1) of the Terrorism Risk Insurance Act, as amended (the "Act"), means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

Please note that your policy includes the terrorism coverage required to be offered by the Act, and that no separate additional premium charge has been made for such terrorism coverage. The policy premium does not include any charges for the portion of losses covered by the United States government under the Act.

NOTICE TO BROKER**MANDATORY POLICYHOLDER DISCLOSURE****RE: TERRORISM INSURANCE COVERAGE**

We are required by the Terrorism Risk Insurance Act, as amended (the "Act"), to provide policyholders with clear and conspicuous disclosures. This notice must be provided at the time of offer and renewal of the policy.

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In consideration of the premium paid, and subject to the provisions of this Policy and the Declarations and any Schedules and Endorsements attached hereto, all of which are made a part of this Policy, the Insurer and **Named Insured**, on behalf of all **Insureds**, agree as follows:

INSURING AGREEMENT

Except as specifically set forth herein, and subject to the Limits of Insurance shown on the Declarations, this Policy shall provide insurance excess of the **Underlying Insurance** in conformance with all provisions of the **Followed Policy**. Liability shall attach to the Insurer only after the full amount of the applicable **Underlying Limit**, and any applicable retention or deductible, has been paid, in legal currency, by the insurers of the **Underlying Insurance**, the **Insureds**, or others on behalf of the **Insureds**, in any combination, in accordance with the terms of the **Underlying Insurance**.

DEFINITIONS

Whether expressed in the singular or the plural, whenever appearing in bold in this Policy, the following terms have the meanings set forth below.

Followed Policy means the insurance policies identified as such in the Schedule of Underlying Insurance attached hereto.

Insureds means all persons and entities identified as such in the **Followed Policy**.

Named Insured means the persons or entities designated as such in the Declarations.

Policy Period means the period designated as such in the Declarations.

Underlying Insurance means the **Followed Policy** and all other policies, if any, identified as such in the Schedule of Underlying Insurance attached hereto.

Underlying Limit means an amount equal to the aggregate of all applicable limits of insurance set forth in the Schedule of Underlying Insurance attached hereto.

CONDITIONS

- A. Wherever the term claim appears in this Policy, it refers to claim, loss or occurrence, or the equivalent of such terms, as used in the **Followed Policy**.
- B. This Policy shall not apply to any coverage under the **Followed Policy** that is subject to a sublimit of insurance in any **Underlying Insurance**, unless specifically listed as a sublimited coverage on the Schedule of Underlying Insurance. However, payment for any sublimited coverage in any manner described in the INSURING AGREEMENT section of this Policy shall reduce the **Underlying Limit** by the amount of such payment, whether or not such coverage is listed on the Schedule of Underlying Insurance.
- C. The **Insureds** shall give written notice to the Insurer if any **Underlying Insurance** is changed or terminated or if any insurer of the **Underlying Insurance** becomes financially unable to pay its limit of insurance. No such event shall affect coverage under this Policy, unless the Insurer so agrees in writing. The failure of the **Insureds** to comply with this section shall not invalidate coverage. However, the Insurer shall not be liable to a greater extent than it would have been had no such event occurred.
- D. All notices to the Insurer must be in writing and delivered by prepaid express courier or certified mail, facsimile, or electronic mail to the applicable address, fax number, or email address designated in the Declarations. Notice to any other insurer shall not constitute notice to the Insurer unless also given to the Insurer as provided herein.
- E. The Insurer may, at its sole discretion, elect to participate in the investigation, defense and settlement of any claim or other matter to which the coverage under this Policy could apply even if the applicable **Underlying Limit** has not been exhausted. The **Insureds** shall provide the Insurer with information, assistance and cooperation as the Insurer reasonably requests and shall do nothing to prejudice the Insurer's position or potential rights of recovery; provided, however, the failure of an **Insured** to comply with such request shall not be imputed to any other natural person **Insured** under this Policy. No action by any other insurer shall bind the Insurer under this Policy.

SIGNATURE PAGE FOLLOWS.



Endorsement Number	Effective Date of Endorsement	Policy Number	Premium
TBD	TBD	SPECIMEN	N/A

**SUBLIMITED COVERAGE ENDORSEMENT
(FIRST EXCESS)**

SCHEDULE OF SUBLIMITED COVERAGE		
Coverage Description	Sublimit of Insurance	Attachment Point
Dependent Business Interruption	\$100,000	\$100,000
Social Engineering Fraud	\$100,000	\$100,000
Telecom Fraud	\$100,000	\$100,000
Dependent Business Interruption - System Failure	\$100,000	\$100,000
Dependent Business Interruption - Outsource Provider	\$100,000	\$100,000
Dependent Business Interruption - Outsource Provider - System Failure	\$100,000	\$100,000
Betterment	\$100,000	\$100,000
Reputation Harm	\$1,000,000	\$1,000,000

It is agreed that the **CONDITIONS** section, paragraph B., is amended by the addition of the following:

Notwithstanding the above, this Policy shall apply to those coverages that are described in the above Schedule of Sublimited Coverage, subject to all other provisions in this Policy and to the respective sublimits of Insurance set forth above, which limits are part of, and not in addition to, all other applicable Limits of Insurance shown in the Declarations.

All other provisions of the Policy remain unchanged.



Endorsement Number	Effective Date of Endorsement	Policy Number	Premium
TBD	TBD	SPECIMEN	N/A

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM ENDORSEMENT

It is agreed that:

I. The following definition is added:

Certified act of terrorism means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a **certified act of terrorism** include the following:

1. The act resulted in Insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from a **certified act of terrorism** may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year.

If aggregate Insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case Insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

II. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this policy.

All other provisions of the policy remain unchanged.



Endorsement Number	Effective Date of Endorsement	Policy Number	Premium
TBD	TBD	SPECIMEN	N/A

**FOLLOW CRISIS MANAGEMENT / FRAUD RESPONSE COVERAGE ENDORSEMENT
(FIRST EXCESS)**

It is agreed that the CONDITIONS section, paragraph B., is amended by the addition of the following:

Notwithstanding the above, this Policy shall apply to the Privacy Breach Notification / Crisis Management coverage in the **Followed Policy**, subject to all other provisions in this Policy, subject to the cost of notifying 100 individuals or the cost of notification of up to \$2,000,000, whichever is less, which limits are part of, and not in addition to, all other applicable Limits of Insurance shown in the Declarations.

All other provisions of the Policy remain unchanged.



Endorsement Number	Effective Date of Endorsement	Policy Number	Premium
TBD	TBD	SPECIMEN	N/A

PENDING OR PRIOR LITIGATION EXCLUSION ENDORSEMENT

It is agreed that this Policy shall not apply to any claim based upon, arising out of or attributable to any demand, litigation, administrative or regulatory proceeding, investigation or alternative dispute proceeding that was pending, or any order, decree or judgment entered, on or prior to the Pending or Prior Date set forth below, or any act, error, omission, fact, circumstance, situation, transaction or event underlying or alleged therein:

07/31/2020

For purposes of determining when this Policy attaches, the Insurer shall recognize amounts paid for such claim under **Underlying Insurance** as reducing the applicable **Underlying Limit** by such amounts.

All other provisions of the Policy remain unchanged.



Endorsement Number	Effective Date of Endorsement	Policy Number	Premium
TBD	TBD	SPECIMEN	N/A

NOT FOLLOW SPECIFIED COVERAGE ENDORSEMENT

It is agreed that this Policy shall not follow, and coverage under this Policy shall not apply in conformance with, any coverage listed below provided in the **Followed Policy**:

Computer Fraud
Funds Transfer Fraud

For purposes of determining when this Policy attaches, the Insurer shall not recognize amounts paid under the above coverage as reducing the applicable **Underlying Limit** by such amounts.

Notwithstanding anything to the contrary in the above, this Policy shall not apply to any coverage under the **Followed Policy** that is subject to a sublimit of insurance in any **Underlying Insurance**, unless specifically listed as a sublimited coverage on the Schedule of Underlying Insurance.

All other provisions of the Policy remain unchanged.

K. CYBER LIABILITY

1. Quote coverage for unauthorized disclosure or access to data in any form or format, including electronic and hard copies, as follows:
 - a. Security and Privacy Liability
 - b. Data Breach costs, including notification (not less than 250,000), monitoring, investigation, forensic, legal, public relations and voluntary costs. No time limitation should apply to incurring data breach expenses. International notification costs are to be included as well as breach response services.
 - c. Post breach remedial services.
 - d. Regulatory coverage actions (defense) and fines/penalties
 - e. Media Liability
 - f. Network/cyber Extortion
 - g. Business Interruption including security breach and system failure.
 - h. Dependent Business Loss resulting from Dependent Security Breach.
 - i. Data Recovery expense
 - j. Payment Card Industry (PCI) liability coverage, costs and fines
 - k. Crypto jacking
 - l. Invoice Manipulation
2. Quote alternate limits of \$5,000,000 and \$10,000,000 (including policy aggregate) for security/privacy and data breach, including regulatory fines, media liability and network extortion; and quote \$5,000,000 for BI, Data Recovery, PCI and BI, subject to alternate basket deductibles of \$10,000, \$25,000 and \$50,000.
3. Limits quoted for Legal, Forensic and Public Relations/Crisis Management should be in addition to policy aggregate limits.
4. Include a minimum \$50,000 sublimit for criminal reward.
5. Include a minimum \$1,000,000 sublimit for reputational loss, including a minimum \$50,000 for claim preparation.
6. Include a minimum of \$500,000 for bricking.
7. Definition of Security Breach should include voluntary shutdown.
8. Coverage is to apply to personal information of employees.
9. Security and privacy liability to include denial of access.
10. Include duty to defend.
11. There should be no insured versus insured exclusion regarding employee personal information.
12. There should be no exclusion for contingent bodily injury.
13. Coverage should be "pay on behalf of."
14. Quote alternate extended discovery periods of 12 months, 24 months and 36 months.
15. Extended discovery should have a bilateral trigger.
16. Retroactive date, if any, should be October 1, 2019.

17. Coverage is to extend to liability and data breach response costs arising out of data that is breached from an EDP contractor storing the insureds electronic information.
18. Damages to include punitive, exemplary and multiple.
19. Coverage includes a notice of circumstances provision that could reasonably give rise to a future claim that will effectively trigger the claims-made provision of the policy.
20. If a hammer clause is applicable, 80/20 is requested.
21. Include coverage for cyber terrorism.
22. Include coverage for social engineering and telephone fraud at alternate limits of \$100,000 and \$250,000.
23. Include volunteer and independent contractors as insureds but only for work performed on behalf of the named insured.
24. Include a minimum of \$1,000,000 defense coverage to apply to allegations related to HIPAA with respect to cyber exposures.
25. Include a minimum of \$1,000,000 defense coverage to apply to allegations related to the Americans With Disabilities Act, including but not limited to access to the County website.

- g. Minimum \$1,000,000 for reputational loss, including \$50,000 claim preparation
 \$1,000,000 xs \$1,000,000 Yes No Included Premium
- h. Extended discovery has a bilateral trigger. Follow-Form
 Yes No Included Premium
- i. Denial of Access. Follow-Form
 Yes No _____ Premium
- j. No time limitation for incurring response costs. Follow-Form
 Yes No _____ Premium
- k. Data breach from EDP contractor
 Follow-Form Yes No Included Premium
- l. Notice of circumstance provision triggers claims made during the policy period.
 Follow-Form Yes No Included Premium
- m. If included, hammer Clause is 80%.
 Follow-Form Yes No _____ Premium
- n. Cyber Terrorism included Follow-Form
 Yes No Included Premium
- o. Social Engineering, fraudulent instruction is included. \$100,000 xs \$100,000
 Yes No Included Premium
Non-Follow on Funds Transfer Fraud
- p. Telephone fraud included. \$100,000 xs \$100,000
 Yes No Included Premium
- q. Independent contractors/volunteers included as insureds.
 Follow-Form _____
- r. Cover allegations related to the Americans With Disabilities Act.
 Follow-Form Yes No _____ Premium
- s. Coverage does not exclude HIPAA. Follow-Form
 Yes No _____ Premium
- t. Definition of Security Breach includes voluntary shut down.
 Follow-Form _____
- u. Limits quoted for legal, forensic and public relations/crises management are in addition to policy aggregate.
 Follow-Form Yes No Included Premium
5. Indicate retro date quoted. Per Specs: 10/1/2019

6. Is there a continuity date? Yes No
 If yes, what is the date? Inception - 7/31/2020
Pending or Prior Litigation Date: 7/31/2020 - via Endt AXIS 1010333 0817
7. Indicate extended reporting provisions: **Follow-Form**
 12 Months _____
 24 Months _____
 36 Months _____
8. Is premium flat or auditable? Flat
9. Indicate premium payment mode (monthly, quarterly, etc.) Annual
10. Please attach copies of all policy forms and endorsements.
11. Indicate term of coverage. Annual
 If more than one year, are rates fixed? Yes No
12. Is coverage contingent on writing any other lines? Yes No
 If so, explain _____
-
13. Are specimen policy forms and endorsements included? Yes No

*** SUBLIMITED COVERAGE ENDORSEMENT (FIRST EXCESS)**

SCHEDULE OF SUBLIMITED COVERAGE

Coverage Description - Sublimit of Insurance - Attachment Point

Dependent Business Interruption - \$100,000 xs \$100,000;

Social Engineering Fraud - \$100,000 xs \$100,000;

Telecom Fraud - \$100,000 xs \$100,000;

Dependent Business Interruption - System Failure - \$100,000 xs \$100,000;

Dependent Business Interruption - Outsource Provider - \$100,000 xs \$100,000;

Dependent Business Interruption - Outsource Provider - System Failure - \$100,000 xs \$100,000;

Betterment - \$100,000 xs \$100,000;

Reputation Harm - \$1,000,000 xs \$1,000,000;

*****Non Follow Specified Coverage: Computer Fraud, and Funds Transfer Fraud**

**** FOLLOW CRISIS MANAGEMENT / FRAUD RESPONSE COVERAGE ENDORSEMENT (FIRST EXCESS)**

It is agreed that the CONDITIONS section, paragraph B., is amended by the addition of the following:

Notwithstanding the above, this Policy shall apply to the Privacy Breach Notification / Crisis Management coverage in the Followed Policy, subject to all other provisions in this Policy, subject to the cost of notifying 100 individuals or the cost of notification of up to \$2,000,000, whichever is less, which limits are part of, and not in addition to, all other applicable Limits of Insurance shown in the Declarations.

Eric Eustace

BALDWIN COX ALLEN

7-29-2020

Authorized Signature

Company

Date

EXCEPTION FORM FOR CYBER LIABILITY

Please use this page to explain any differences between the specification requirements and your proposal. This form must list all exceptions and/or additions to the specifications, by line of coverage. Failure to list the exceptions accurately could result in disqualification and rejection of your proposal.

Eric Eustace

Authorized Signature

BALDWIN COX ALLEN

Company

7-29-2020

Date

COMMERCIAL INSURANCE PROGRAM



333 S Wabash, Chicago, IL 60604

Presented to:

**ERIC EUSTACE
BALDWIN-COX AGENCY
5930 PRESTON VIEW BLVD STE 200
DALLAS, TX 75240**

Representing:

**WEBB COUNTY
300 N COIT RD STE 810, C/O RWL GROUP
RICHARDSON, TX 75080**

Prepared by:

**Kathy Cooksey
Underwriting Consultant
Kathy.Cooksey@cna.com
214-220-5571**



7/13/2020

TO: ERIC EUSTACE
BALDWIN-COX AGENCY

RE: Monoline Inland Marine Quotation

Account Name: WEBB COUNTY
Effective Date: 7/31/2020
New/Renewal: New
SBU: Inland Marine
Program: N/A

Account Premium Recap

Coverage	Quote #	Eff/Exp Date	Company	Premium
Monoline Inland Marine	6081462114	07/31/2020 to 07/31/2021	Continental Casualty Company	\$ 40,262 TRIA prem, if any, not incl.

Additional Information and Comments Applicable to this Quote:

<p>RATE / PREMIUM BREAKOUT Leased / Rented From Others = \$145 Charge Owned Equipment - .29 / \$35,593 Blanket Equipment (Radios) - .29 / \$4,524 Terrorism - \$70 Charge</p>

Only the relevant insurance policy can provide the full terms, conditions, amounts and exclusions applicable to the coverage herein. The relevant insurance policy will include the Contractors Equipment Coverage Form and any applicable schedules and endorsements, including any state mandatory endorsements and policy holder notices that may be required. If you have questions about the coverage being quoted, please contact the underwriter who prepared this quote letter.

CNA Inland Marine provides a full range of product offerings including Property, Contractors Equipment, Medical and Scientific Equipment Coverage, Railroad Rolling Stock, Fine Arts coverage for museums, galleries and collectors, Radio and TV Towers and related Communications Equipment, Motor Truck Cargo and other related Transportation products such as Logistics, Freight Brokers, Warehouse Legal Liability and Transportation.

This quotation is based upon your responses in the application or representations made by your agent. A change in any of your responses could affect this offer. All quotes are subject to the application of the correct modification factors, any pending rate changes, and risk reservation. No alterations in the proposal may be made without the prior written approval of CNA. This quotation is valid for 30 days or the inception date whichever is first.



Account Name: WEBB COUNTY

IMPORTANT INFORMATION

NOTICE OF INSURANCE COVERAGE FOR ACTS OF TERRORISM AND DISCLOSURE OF PREMIUM

You are hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. Originally, the Act provided that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest as part of an effort to coerce the government or population of the United States. However, the 2007 re-authorization of the Act no longer requires the act of terrorism to be committed by or on behalf of a foreign interest and certified acts of terrorism now encompass, for example, a terrorist act committed against the United States government by a United States citizen when the act is determined by the federal government to be "a certified act of terrorism".

In accordance with this Act, we are required to continue to offer you coverage for losses resulting from an act of terrorism that is certified under the federal program. The policy's other provisions, including nuclear, war or military action exclusions, will still apply to such an act. The premium for this coverage will be included for each coverage part as shown below under DISCLOSURE OF PREMIUM and is included in, not in addition to, the premium shown on the Account Premium Recap.

Disclosure of Premium:

Quote #	Coverage	Premium	Eff/Exp Date
6081462114	Inland Marine	\$ 70	07/31/2020 to 07/31/2021
	Inland Marine - Fire Following *	\$ -	

The United States Department of the Treasury will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on our liability, pursuant to the federal law where, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and, in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

* Due to state Standard Fire Policy regulations, this premium must be retained even if certified acts of terrorism coverage is excluded for locations in the following states: CA, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, WA, WV, and WI (the same regulations apply to terrorism premium retained for Inland Marine for locations in the states of CA, HI, ME, MO, OR and WI).



REJECTION OF CERTIFIED ACTS OF TERRORISM COVERAGE

INSTRUCTIONS TO INSURED:

You are hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

This Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism, which is an act committed by an individual or individuals to coerce the government or population of the United States, that results in aggregate losses of \$5 million or more. The 2007 re-authorization no longer requires the act of terrorism to be committed by or on behalf of a foreign interest and certified acts of terrorism now encompass, for example, a terrorist act committed against the United States government by a United States citizen when the act is determined by the federal government to be "a certified act of terrorism."

You may choose to exclude Certified Acts of Terrorism, as described above. This Rejection of Certified Acts of Terrorism Coverage Form is valid only if fully completed and returned to us. For each Coverage Part rejected, the corresponding "Reject" area must be checked, and the "Policy Number" and "Policy Period" must be indicated. In addition, the SIGNATURE BLOCK (below) must be completed in its entirety. The applicable policy will then be endorsed to exclude terrorism, and the premium recalculated.

The states of CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, WA, WI, and WV have Standard Fire Policy (SFP) statutes that are applicable to your Property and, in CA, ME, MO, OR and WI, to your Inland Marine coverages. In these states, coverage is required to be provided for fire damage that results or follows from any cause of loss, even those that are otherwise excluded. As a result, although certified acts of terrorism are excluded from your policy, we are statutorily required to insure against fire damage that might result from otherwise excluded acts of terrorism. In addition, certain states may not allow coverage for certified acts of terrorism to be rejected for any coverage part. Terrorism coverage can not be rejected for Workers' Compensation in any state.

If the circumstances in the above paragraph apply, the United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on our liability, pursuant to the federal law where if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

This Rejection of Certified Acts of Terrorism Coverage Form applies only during the "Policy Period" indicated below. Please consult your CNA agent with any questions regarding this form.



REJECTION OF TERRORISM STATEMENT

Account Name: WEBB COUNTY
Policy Number: IM 6081462114
Effective Period: 07/31/2020 to 07/31/2021

<input type="checkbox"/>	I hereby elect to purchase coverage for losses arising out of certified acts of terrorism, as defined in the Act and subject to all applicable policy provisions.
--------------------------	---

<input type="checkbox"/>	I hereby agree to the rejection of terrorism coverage for the listed policy, as indicated above. I understand that a rejection of terrorism coverage means the exclusion of foreign and domestic acts of terrorism that are determined by the Department of Treasury to be Certified Acts of Terrorism as defined in the Terrorism Risk Insurance Act. I also recognize by waiving this coverage, if I so choose to add terrorism coverage on at a later date within this policy term, coverage will not be available if the alert level has been raised above "orange". I hereby agree that I am abiding by the rules and terms of my mortgagee, loss payee or additional insured as interest may appear, and have notified them of my intent to reject coverage.
--------------------------	--

SIGNATURE BLOCK

By: _____ <i>Authorized Representative's Signature</i>	_____ <i>Authorized Representative's Title</i>
_____ <i>Named Insured</i>	_____ <i>Date of Signature</i>



INLAND MARINE CONTRACTORS EQUIPMENT COVERAGE SUMMARY

Account Name: WEBB COUNTY
Quote Number: 6081462114
Company: Continental Casualty Company
Effective Period: 07/31/2020 to 07/31/2021

GENERAL POLICY

Total Equipment Values	13,933,515
Maximum per Occurrence Limit	14,073,515
Policy Level Deductible (except where otherwise specified)	2,500
Coinsurance (except where otherwise specified)	80%
Valuation (except where otherwise specified)	Actual Cash Value

PREMIUM SUMMARY

Physical Damage	40,262
Business Income, Contractual Penalties and Extra Expense	-
Additional Coverages, Coverage Extensions and Manuscript Endorsements	-
Terrorism	70
Terrorism - Fire Following	-
Total (Does not include taxes, fees, and surcharges which are subject to state-specific rules)	\$ 40,332

Minimum Premium Payment Plan None

MANUSCRIPT ENDORSEMENTS:

TIERED DEDUCTIBLE - \$2,500 Ded on items valued \$0 - \$250,000;
\$5,000 Ded on items valued \$250,001 & more

VALUATION MODIFICATION - Replacement Cost applies to items 5 yrs old & newer



333 S Wabash, Chicago, IL 60604

Account Name: WEBB COUNTY
Quote Number: 6081462114

COVERED PROPERTY: COVERAGE DETAILS

Equipment Type	Limit	Deductible ¹	Coinsurance	Category	Valuation ²
General Equipment	100,000	2,500	Waived	Leased/Rented From Others	
General Equipment	12,273,395	2,500	80%	Itemized List	
General Equipment	1,560,120	2,500	80%	Blanket Coverage	
Notes:	None.				

COVERED PROPERTY: PER-ITEM LIMITS

Limit

Blanket Coverage on Equipment - per item	20,000
Small Tools - per item	Not Covered
Employee Tools - per item	Not Covered
Employee Tools - per employee	Not Covered
Leased & Rented Equipment to Others - per item	Not Covered
Leased, Borrowed, Rented Equipment from Others - per item	100,000

BUSINESS INCOME, CONTRACTUAL PENALTIES AND EXTRA EXPENSE

Limit per Occurrence	Not Covered
Limit per Day	
Waiting Period	

ADDITIONAL COVERAGES

Limit

Premium

Arson and Crime Reward	5,000	-
Data Restoration Expense	25,000	-
Debris Removal Additional Amount	25,000	-
Fire Dept Charge & Extinguishing Expense	25,000	-
Loss Adjustment Expense	25,000	-
Maintenance Supplies, Spare Parts, Fuel	10,000	-
Recharge of Fire Suppression Equipment	25,000	-

¹ *Deductible Abbreviations: When shown, the letter "K" represents thousands and "M" represents millions*

² *Valuation Abbreviations: ACV = Actual Cash Value; RC = Replacement Cost; AV = Actual Value*



Account Name: WEBB COUNTY
Quote Number: 6081462114

COVERAGE EXTENSIONS

	<u>Limit</u>	<u>Premium</u>
Expediting Expense	50,000	-
Pollutant Cleanup and Removal	50,000	-
Unintentional Errors and Omissions	25,000	-
Equipment Loaned To Others	Included	-
Preservation of Property	Included	-
Waterborne Property in Transit	Included	-
Weight of Load Coverage ³	Included	-
Waterborne Property	Excluded	-
Newly Acquired Property (Physical Damage)		-
Limit per Occurrence	500,000	
Limit per Item	25,000	
Time Limit	120 days	
Deductible	2,500	
Newly Acquired Property (Business Income)		-
Limit per Occurrence	-	
Limit per Day	-	
Rental Reimbursement		-
Limit per Occurrence	Not Covered	
Aggregate Limit	Not Covered	
Waiting Period	Not Covered	

NAMED STORM

Location	Occurrence Limit	Occurrence Deductible ⁴
All (except for those listed below)	14,073,515	Same as SCOL

EARTHQUAKE & FLOOD

,IF(AND(PercentDed8="",DollarDed8="",EQ_Ded_All=""),"",IF(PercentDed8="",DollarDed8,CONCAT

Hazard Area	Earthquake			Flood		
	Limits		Occurrence Deductible ⁴	Limits		Occurrence Deductible ⁴
	Annual Agg	Occurrence		Annual Agg	Occurrence	
Critical / High						
Moderate						
Low						
All	None	14,073,515	25,000	None	14,073,515	25,000
Maximum Annual Deductible:			None			None

Flood is Excluded in the following: High Hazard Zones,

³ Premium not priced separately. Included in Premium Summary above.

⁴ If applicable, SCOL = Special Cause of Loss

COMMERCIAL INSURANCE PROGRAM



333 S Wabash, Chicago, IL 60604

Presented to:

**ERIC EUSTACE
BALDWIN-COX AGENCY
5930 PRESTON VIEW BLVD STE 200
DALLAS, TX 75240**

Representing:

**WEBB COUNTY
300 N COIT RD STE 810, C/O RWL GROUP
RICHARDSON, TX 75080**

Prepared by:

**Kathy Cooksey
Underwriting Consultant
Kathy.Cooksey@cna.com
214-220-5571**



7/30/2020

TO: ERIC EUSTACE
BALDWIN-COX AGENCY

RE: Monoline Inland Marine Quotation

Account Name: WEBB COUNTY
Effective Date: 7/31/2020
New/Renewal: New
SBU: Inland Marine
Program: N/A

Account Premium Recap

Coverage	Quote #	Eff/Exp Date	Company	Premium
Monoline Inland Marine	6081462114	07/31/2020 to 07/31/2021	Continental Casualty Company	\$ 36,930 TRIA prem, if any, not incl.

Additional Information and Comments Applicable to this Quote:

<p>RATE / PREMIUM BREAKOUT Leased / Rented From Others = \$133 Charge Owned Equipment - .266 / \$32,647 Blanket Equipment (Radios) - .266 / \$4,150 Terrorism - \$70 Charge</p>

Only the relevant insurance policy can provide the full terms, conditions, amounts and exclusions applicable to the coverage herein. The relevant insurance policy will include the Contractors Equipment Coverage Form and any applicable schedules and endorsements, including any state mandatory endorsements and policy holder notices that may be required. If you have questions about the coverage being quoted, please contact the underwriter who prepared this quote letter.

CNA Inland Marine provides a full range of product offerings including Property, Contractors Equipment, Medical and Scientific Equipment Coverage, Railroad Rolling Stock, Fine Arts coverage for museums, galleries and collectors, Radio and TV Towers and related Communications Equipment, Motor Truck Cargo and other related Transportation products such as Logistics, Freight Brokers, Warehouse Legal Liability and Transportation.

This quotation is based upon your responses in the application or representations made by your agent. A change in any of your responses could affect this offer. All quotes are subject to the application of the correct modification factors, any pending rate changes, and risk reservation. No alterations in the proposal may be made without the prior written approval of CNA. This quotation is valid for 30 days or the inception date whichever is first.



Account Name: WEBB COUNTY

IMPORTANT INFORMATION

NOTICE OF INSURANCE COVERAGE FOR ACTS OF TERRORISM AND DISCLOSURE OF PREMIUM

You are hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. Originally, the Act provided that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest as part of an effort to coerce the government or population of the United States. However, the 2007 re-authorization of the Act no longer requires the act of terrorism to be committed by or on behalf of a foreign interest and certified acts of terrorism now encompass, for example, a terrorist act committed against the United States government by a United States citizen when the act is determined by the federal government to be "a certified act of terrorism".

In accordance with this Act, we are required to continue to offer you coverage for losses resulting from an act of terrorism that is certified under the federal program. The policy's other provisions, including nuclear, war or military action exclusions, will still apply to such an act. The premium for this coverage will be included for each coverage part as shown below under DISCLOSURE OF PREMIUM and is included in, not in addition to, the premium shown on the Account Premium Recap.

Disclosure of Premium:

Quote #	Coverage	Premium	Eff/Exp Date
6081462114	Inland Marine	\$ 70	07/31/2020 to 07/31/2021
	Inland Marine - Fire Following *	\$ -	

The United States Department of the Treasury will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on our liability, pursuant to the federal law where, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and, in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

* Due to state Standard Fire Policy regulations, this premium must be retained even if certified acts of terrorism coverage is excluded for locations in the following states: CA, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, WA, WV, and WI (the same regulations apply to terrorism premium retained for Inland Marine for locations in the states of CA, HI, ME, MO, OR and WI).



REJECTION OF CERTIFIED ACTS OF TERRORISM COVERAGE

INSTRUCTIONS TO INSURED:

You are hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

This Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism, which is an act committed by an individual or individuals to coerce the government or population of the United States, that results in aggregate losses of \$5 million or more. The 2007 re-authorization no longer requires the act of terrorism to be committed by or on behalf of a foreign interest and certified acts of terrorism now encompass, for example, a terrorist act committed against the United States government by a United States citizen when the act is determined by the federal government to be "a certified act of terrorism."

You may choose to exclude Certified Acts of Terrorism, as described above. This Rejection of Certified Acts of Terrorism Coverage Form is valid only if fully completed and returned to us. For each Coverage Part rejected, the corresponding "Reject" area must be checked, and the "Policy Number" and "Policy Period" must be indicated. In addition, the SIGNATURE BLOCK (below) must be completed in its entirety. The applicable policy will then be endorsed to exclude terrorism, and the premium recalculated.

The states of CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, WA, WI, and WV have Standard Fire Policy (SFP) statutes that are applicable to your Property and, in CA, ME, MO, OR and WI, to your Inland Marine coverages. In these states, coverage is required to be provided for fire damage that results or follows from any cause of loss, even those that are otherwise excluded. As a result, although certified acts of terrorism are excluded from your policy, we are statutorily required to insure against fire damage that might result from otherwise excluded acts of terrorism. In addition, certain states may not allow coverage for certified acts of terrorism to be rejected for any coverage part. Terrorism coverage can not be rejected for Workers' Compensation in any state.

If the circumstances in the above paragraph apply, the United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on our liability, pursuant to the federal law where if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

This Rejection of Certified Acts of Terrorism Coverage Form applies only during the "Policy Period" indicated below. Please consult your CNA agent with any questions regarding this form.



REJECTION OF TERRORISM STATEMENT

Account Name: WEBB COUNTY
Policy Number: IM 6081462114
Effective Period: 07/31/2020 to 07/31/2021

<input type="checkbox"/>	I hereby elect to purchase coverage for losses arising out of certified acts of terrorism, as defined in the Act and subject to all applicable policy provisions.
--------------------------	---

<input type="checkbox"/>	I hereby agree to the rejection of terrorism coverage for the listed policy, as indicated above. I understand that a rejection of terrorism coverage means the exclusion of foreign and domestic acts of terrorism that are determined by the Department of Treasury to be Certified Acts of Terrorism as defined in the Terrorism Risk Insurance Act. I also recognize by waiving this coverage, if I so choose to add terrorism coverage on at a later date within this policy term, coverage will not be available if the alert level has been raised above "orange". I hereby agree that I am abiding by the rules and terms of my mortgagee, loss payee or additional insured as interest may appear, and have notified them of my intent to reject coverage.
--------------------------	--

SIGNATURE BLOCK

By: _____ <i>Authorized Representative's Signature</i>	_____ <i>Authorized Representative's Title</i>
_____ <i>Named Insured</i>	_____ <i>Date of Signature</i>



INLAND MARINE CONTRACTORS EQUIPMENT COVERAGE SUMMARY

Account Name: WEBB COUNTY
Quote Number: 6081462114
Company: Continental Casualty Company
Effective Period: 07/31/2020 to 07/31/2021

GENERAL POLICY

Total Equipment Values	13,933,515
Maximum per Occurrence Limit	14,073,515
Policy Level Deductible (except where otherwise specified)	5,000
Coinsurance (except where otherwise specified)	80%
Valuation (except where otherwise specified)	Actual Cash Value

PREMIUM SUMMARY

Physical Damage	36,930
Business Income, Contractual Penalties and Extra Expense	-
Additional Coverages, Coverage Extensions and Manuscript Endorsements	-
Terrorism	70
Terrorism - Fire Following	-
Total (Does not include taxes, fees, and surcharges which are subject to state-specific rules)	\$ 37,000

Minimum	None
Premium Payment	-
Plan	

MANUSCRIPT ENDORSEMENTS:

TIERED DEDUCTIBLE - \$2,500 Ded on items valued \$0 - \$250,000;
\$5,000 Ded on items valued \$250,001 & more

VALUATION MODIFICATION - Replacement Cost applies to items 5 yrs old & newer



333 S Wabash, Chicago, IL 60604

Account Name: WEBB COUNTY
Quote Number: 6081462114

COVERED PROPERTY: COVERAGE DETAILS

Equipment Type	Limit	Deductible ¹	Coinsurance	Category	Valuation ²
General Equipment	100,000	5,000	Waived	Leased/Rented From Others	
General Equipment	12,273,395	5,000	80%	Itemized List	
General Equipment	1,560,120	5,000	80%	Blanket Coverage	
Notes:	None.				

COVERED PROPERTY: PER-ITEM LIMITS

Limit

Blanket Coverage on Equipment - per item	20,000
Small Tools - per item	Not Covered
Employee Tools - per item	Not Covered
Employee Tools - per employee	Not Covered
Leased & Rented Equipment to Others - per item	Not Covered
Leased, Borrowed, Rented Equipment from Others - per item	100,000

BUSINESS INCOME, CONTRACTUAL PENALTIES AND EXTRA EXPENSE

Limit per Occurrence	Not Covered
Limit per Day	
Waiting Period	

ADDITIONAL COVERAGES

Limit

Premium

Arson and Crime Reward	5,000	-
Data Restoration Expense	25,000	-
Debris Removal Additional Amount	25,000	-
Fire Dept Charge & Extinguishing Expense	25,000	-
Loss Adjustment Expense	25,000	-
Maintenance Supplies, Spare Parts, Fuel	10,000	-
Recharge of Fire Suppression Equipment	25,000	-

¹ *Deductible Abbreviations: When shown, the letter "K" represents thousands and "M" represents millions*

² *Valuation Abbreviations: ACV = Actual Cash Value; RC = Replacement Cost; AV = Actual Value*



Account Name: WEBB COUNTY
Quote Number: 6081462114

COVERAGE EXTENSIONS

	<u>Limit</u>	<u>Premium</u>
Expediting Expense	50,000	-
Pollutant Cleanup and Removal	50,000	-
Unintentional Errors and Omissions	25,000	-
Equipment Loaned To Others	Included	-
Preservation of Property	Included	-
Waterborne Property in Transit	Included	-
Weight of Load Coverage ³	Included	-
Waterborne Property	Excluded	-
Newly Acquired Property (Physical Damage)		-
Limit per Occurrence	500,000	
Limit per Item	25,000	
Time Limit	120 days	
Deductible	2,500	
Newly Acquired Property (Business Income)		-
Limit per Occurrence	-	
Limit per Day	-	
Rental Reimbursement		-
Limit per Occurrence	Not Covered	
Aggregate Limit	Not Covered	
Waiting Period	Not Covered	

NAMED STORM

Location	Occurrence Limit	Occurrence Deductible ⁴
All (except for those listed below)	14,073,515	Same as SCOL

EARTHQUAKE & FLOOD

,IF(AND(PercentDed8="",DollarDed8="",EQ_Ded_All=""),"",IF(PercentDed8="",DollarDed8,CONCAT

Hazard Area	Earthquake			Flood		
	Limits		Occurrence Deductible ⁴	Limits		Occurrence Deductible ⁴
	Annual Agg	Occurrence		Annual Agg	Occurrence	
Critical / High						
Moderate						
Low						
All	None	14,073,515	25,000	None	14,073,515	25,000
Maximum Annual Deductible:			None			None

Flood is Excluded in the following: High Hazard Zones,

³ Premium not priced separately. Included in Premium Summary above.

⁴ If applicable, SCOL = Special Cause of Loss



Mono-line Inland Marine Quotation

Presented to:

ERIC EUSTACE

**BALDWIN-COX AGENCY
5930 PRESTON VIEW BLVD STE 200
DALLAS, TX 75240**

Representing:

**WEBB COUNTY
c/o RWL Group
300 N COIT RD STE 810
RICHARDSON, TX 75080**

Prepared by:

Kathy Cooksey

NOTE: This quotation is based upon your responses in the application or representations made by your agent. A change in any of your responses could affect this offer. All quotes are subject to the application of the correct modification factors, any pending rate changes, and risk reservation. No alterations in the proposal may be made without the prior written approval of CNA. This quotation is valid for 30 days or the inception date whichever is first.]

This represents a quote based on the information provided in the application and does not guarantee coverage. Coverages and limits quoted may differ from those requested in the application. The dollar amounts are estimates and may not be actual premiums. The agent does not have authority to bind premium amounts. Only the insurance policy can provide the actual coverages, conditions and premium.



PROPOSAL SUMMARY

Inland Marine

Account Recap (Pricing Summary)

TRIA Rejection Letter

Commission

Agents Quotation Response



LOCATION SUMMARY

Throughout this quotation, location numbers referenced will respond to the location summary shown below:

Loc	Address	City	ST	Zip Code
0001	300 N COIT RD STE 810	RICHARDSON	TX	75080



INLAND MARINE

Quote #	6081462114	Company	Continental Casualty
Effective	07/31/20	Expiration	07/31/21

COVERAGE SUMMARY:

Loc	Building	Coverage	Limits	Deductible	Coinsurance	Premium
0001	0001	Electronic Data Processing	See EDP Location Limits Schedule	\$50,000	80%	\$16,602

Inland Marine Taxes, Fees, and Surcharges	\$0.00
Terrorism Premium	\$0.00
Terrorism Fire Following Premium	\$0.00
Additional to Meet Minimum Premium	\$0.00
Total Inland Marine Premium	\$16,602.00

Special Notations/Comments:

FORM SUMMARY:

The policy quoted includes the following forms, endorsements and exclusions, which may not be deleted.

FORM	ED. DATE	FORM NAME
CM0001	09/04	Commercial Inland Marine Conditions
CM0112	09/13	Texas Changes
CNA81758XX	03/15	Notice - Offer of Terrorism Disclosure of Premium
CNA96151TX	09/19	Policy Holder Notice - Texas Flood Insurance
G144291A	03/03	Economic And Trade Sanctions Condition
G145041A	05/03	IMP INF Economic And Trade Sanctions Condition
G15028A	08/89	Loss Payable Provision
G53752D42I		Important Information for Texas Policyholders
IL0003	08/02	Calculation of Premium
IL0017	11/98	Common Policy Conditions
IL0171	09/07	Texas Changes - Loss Payment
IL0288	12/19	Texas Changes - Cancellation and Nonrenewal
IL0952	01/15	Cap on Losses From Certified Acts of Terrorism
G134843A42	09/99	Texas Changes - EDP
G44067D42	02/01	Texas EDP Declarations Page
G44068D	02/01	Electronic Data Processing Systems Coverage Form

Electronic Data Processing Systems Coverage

Earth Movement Coverage	INCLUDED
Water (Flood) Coverage	INCLUDED

Electronic Data Processing Additional Coverages



Newly Acquired Hardware and Software	\$500,000
Newly Acquired Locations Hardware and Software	\$500,000
Newly Acquired Locations Extra Expense	\$10,000
Duplicate Storage Locations	\$50,000
Temporary Locations - Hardware and Software In Coverage Territory	Same limits as location where normally located
Temporary Locations - Hardware and Software Outside of Coverage Territory	\$10,000
Property in Transit-Hardware and Software In Coverage Territory	\$50,000
Property in Transit-Hardware and Software outside Coverage Territory	\$10,000
Property in Transit-Extra Expense	\$10,000
Communication and Power Disturbance	INCLUDED
Discharge of Fire Suppression System	\$25,000
Debris Removal Additional Amount	\$5,000
Preservation of Property	INCLUDED
Pollutant Clean Up and Removal	\$10,000
Cost of Preparing a Statement of Loss	\$1,000
Temporary Locations - Extra Expense	\$10,000

Electronic Data Processing Location Limits Schedule

Location	Building	Description	Limit
0001	0001	Electronic Data Processing Systems - Hardware & Software	\$4,337,107
		Electronic Data Processing Systems - Protection & Control Systems	\$0
		Electronic Data Processing Systems - Communications Systems	\$0
		Electronic Data Processing Systems - Extra Expense	\$100,000



Kathy Cooksey
Kathy.cooksey@cna.com

July 13, 2020

TO: ERIC EUSTACE
Baldwin-Cox Agency

RE: Mono line Inland Marine Quotation

Account Name: **WEBB COUNTY**
Effective Date: **July 31, 2020** New Renewal
SBU: **MM**

Account Premium Recap

Coverage	Quote #	Eff/Exp Date	Company	Premium
Mono-line Inland Marine	6081462114	07/31/20 To 07/31/21	Continental Casualty	\$16,602.00
Total Account Premium				\$16,602.00

Comments: **OPTIONAL QUOTE – Extra Expense at \$200,000 Limit - \$16,977**

CNA Inland Marine provides a full range of product offerings including Property, Contractors Equipment, Medical & Scientific Equipment Coverage, Railroad Rolling Stock, Fine Arts coverage for museums, galleries and collectors, Radio and TV Towers and related Communications Equipment, Motor Truck Cargo and other related Transportation products such as Logistics, Freight Brokers, Warehouse Legal Liability and Transportation.

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Account Name: WEBB COUNTY

IMPORTANT INFORMATION

NOTICE OF INSURANCE COVERAGE FOR ACTS OF TERRORISM AND DISCLOSURE OF PREMIUM

You are hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. Originally, the Act provided that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest as part of an effort to coerce the government or population of the United States. However, the 2007 re-authorization of the Act no longer requires the act of terrorism to be committed by or on behalf of a foreign interest and certified acts of terrorism now encompass, for example, a terrorist act committed against the United States government by a United States citizen when the act is determined by the federal government to be "a certified act of terrorism".

In accordance with this Act, we are required to continue to offer you coverage for losses resulting from an act of terrorism that is certified under the federal program. The policy's other provisions, including nuclear, war or military action exclusions, will still apply to such an act. The premium for this coverage will be included for each coverage part as shown below under DISCLOSURE OF PREMIUM and is included in, not in addition to, the premium shown on the Account Premium Recap.

DISCLOSURE OF PREMIUM:

Quote Number	Coverage Part	Terrorism Premium*	Effective Date
6081462114	Inland Marine	\$0	07/31/2020
	Inland Marine - Fire Following *		07/31/2020

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

The United States Department of the Treasury will pay a share of terrorism losses insured under the federal program. In 2015, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention, and shall decrease by 1 percentage point per calendar year until equal to 80%.

However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Calendar Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on our liability, pursuant to the federal law where, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Calendar Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and, in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

* Due to state Standard Fire Policy regulations, this premium must be retained even if certified acts of terrorism coverage is excluded for locations in the following states: CA, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, WA, WV, and WI (the same regulations apply to terrorism premium retained for Inland Marine for locations in the states of CA, HI, ME, MO, OR and WI).



REJECTION OF CERTIFIED ACTS OF TERRORISM COVERAGE

INSTRUCTIONS TO INSURED:

You are hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

This Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism, which is an act committed by an individual or individuals to coerce the government or population of the United States, that results in aggregate losses of \$5 million or more. The 2007 re-authorization no longer requires the act of terrorism to be committed by or on behalf of a foreign interest and certified acts of terrorism now encompass, for example, a terrorist act committed against the United States government by a United States citizen when the act is determined by the federal government to be "a certified act of terrorism."

You may choose to exclude Certified Acts of Terrorism, as described above. This Rejection of Certified Acts of Terrorism Coverage Form is valid only if fully completed and returned to us. To reject coverage, the "Reject" area must be checked, and the "Policy Number" and "Policy Period" must be indicated. In addition, the SIGNATURE BLOCK (below) must be completed in its entirety. The applicable policy will then be endorsed to exclude terrorism, and the premium recalculated.

The states of CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, WA, WI, and WV have Standard Fire Policy (SFP) statutes that are applicable to your property coverage and, in CA, ME, MO, OR and WI, to your Inland Marine coverages. In these states, coverage is required to be provided for fire damage that results or follows from any cause of loss, even those that are otherwise excluded. As a result, although certified acts of terrorism are excluded from your policy, we are statutorily required to insure against fire damage that might result from otherwise excluded acts of terrorism. The states of CA, IL and NY also have capping regulations that limit the terrorism premium (including the applicable premium because of SFP statutes) to no more than 25% of the property premium. Accordingly, if you reject coverage for certified acts of terrorism for property coverage you may only receive a partial premium return or no return premium because the terrorism premium is recalculated, applying the 25% cap to premium still due based on the SFP statutory requirements and which may exceed the return of the non-SFP portion of the premium. In addition, certain states may not allow coverage for certified acts of terrorism to be rejected. Finally, terrorism coverage cannot be rejected for Workers' Compensation in any state.

If the circumstances in the above paragraphs apply, the United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. In 2015, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention, and shall decrease by 1 percentage point per calendar year until equal to 80%.

However, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Calendar Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on our liability, pursuant to the federal law where if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Calendar Year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

This Rejection of Certified Acts of Terrorism Coverage Form applies only during the "Policy Period" indicated below. Please consult your CNA agent with any questions regarding this form.



REJECTION OF TERRORISM STATEMENT

Coverage Part/Policy Form	Reject	Policy Number	Policy Period	
Mono-line Inland Marine	X	IM 6081462114	07/31/20	07/31/21

I hereby acknowledge that I have been notified that under the Terrorism Risk Insurance Act, any covered losses caused by a "Certified Act of Terrorism" will be partially reimbursed by the United States and I have been notified of the amount of my premium of such coverage.

I hereby agree to the rejection of terrorism coverage for the listed coverage parts, as indicated above. I understand that a rejection of terrorism coverage means the exclusion of foreign and domestic acts of terrorism that are determined by the Department of Treasury to be Certified Acts of Terrorism as defined in the Terrorism Risk Insurance Act. I also recognize by waiving this coverage, the insurer has no obligation to add terrorism coverage at a later date within this policy term. I hereby agree that I am abiding by the rules and terms of my mortgagee, loss payee or additional insured as interest may appear, and have notified them of my intent to reject coverage.

SIGNATURE BLOCK

By: _____ Authorized Representative's Signature	_____ Authorized Representative's Title
<u>WEBB COUNTY</u> _____ Named Insured	_____ Date of Signature

Disclosure

If commissions or other amounts of compensation are payable to producer by CNA, producer agrees that the terms of such commissions or other sums will be disclosed, and such client consent obtained, as may be required by the laws of each state applicable to this business or pursuant to any duty owed by producer to its client.

Payment of Commission

No commission is payable on any fees, state assessment or surcharges, loss funds, or loss fund charges.
Final Adjustment of commission will be made after collection of final audit(s).



To: **Kathy Cooksey**
CNA Insurance Companies

Date: _____

From: **ERIC EUSTACE**
Baldwin-Cox Agency

RE: **Agents Quotation Response**

Account Name:	Webb County	New [X]	Renewal []
Effective Date:	July 31, 2020		

BILLING METHOD: **AGENCY BILL**_____ **DIRECT BILL**_____

Please choose your billing option:

- ___ **Prepaid/Full Pay**
- ___ **Semi-Annual (60% down and 1 installment at 180 days)**
- ___ **Quarterly (33% down and 3 installments at 90 / 180 / 270 days)**
- ___ **Monthly (25% down and 7 monthly installments)**
- ___ **Monthly (25% down and 9 monthly installments)**
- ___ **WC Pay as You Go**

Indicate Your Response Below	Quote #	Coverage	Quoted Premium	Agency Sold Premium
Please Bind Issue as Quoted Not Taken	6081462114	Mono-line Inland Marine	\$16,602.00	
Please Bind All Coverages Issue All Policies per Quote Account Not Taken [] Due to Price [] Due to Coverage		Total Account Premium	\$16,602.00	

We will need your Issue Instructions to issue the policy:

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ELECTRONIC DATA PROCESSING SYSTEMS COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F – DEFINITIONS**.

A. COVERAGE

We will pay for direct physical “Loss” to Covered Property at the locations described in the Declarations caused by or resulting from any of the Covered Causes of Loss.

1. Covered Property, as used in this Coverage Form, means the following types of property. This property may be your property or the property of others in your care, custody or control.

- a. “Hardware”;
- b. “Software”;
- c. “Communication Systems”; and
- d. “Protection and Control Systems”.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, money, evidences of debt, securities, valuable papers, abstracts, records, deeds, manuscripts, program documentation or other documents, except those that are in “Software” form and then only in that form;
- b. Your stock in trade;
- c. Property you rent or lease to others while it is away from your locations;
- d. “Software” which cannot be replaced with other of the same kind or quality, unless such items are covered for a specific amount per article and such items and values per article are endorsed onto this Coverage Form.
- e. Contraband or property in the course of illegal transportation or trade.
- f. Any machinery or equipment run by, controlled by, or operated by “Hardware”. However, this does not apply to any part of “Communication Systems” or “Protection and Control Systems”.

3. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL “LOSS” except those causes of “Loss” listed in the Exclusions.

4. Additional Coverages

a. Communication and Power Disturbance

(1) The insurance provided for:

- (a) “Loss” to Covered Property;
- (b) Extra Expense; and
- (c) Loss of Business Income when the Electronic Data Processing Business Income Endorsement applies;

is extended to apply to such “Loss” or expense caused by or resulting from “Electrical Disturbance” or “Communication or Power Supply Disturbance” to your premises.

(2) Insurance under this Additional Coverage applies only if the “Electrical Disturbance” or “Communication or Power Supply Disturbance” results from direct physical “Loss” by a Covered Cause of Loss to the following property:

- (a) **Power Supply Property**, meaning the following types of property located on other than your premises, supplying electricity to your premises:
 - i. Utility generating plants;
 - ii. Switching stations;
 - iii. Substations;
 - iv. Transformers; and
 - v. Transmission lines.

But Power Supply Property does not include overhead power transmission lines.

- (b) **Communication Supply Property**, meaning property at premises other than your premises, supplying communication services to your premises, including telephone or microwave services, such as:

- i. Coaxial cables;
- ii. Microwave radio relays, except satellites; and

iii. Communication transmission lines.

But Communication Supply Property does not include overhead communication transmission lines.

- (3) Insurance under this Additional Coverage also applies to brownouts or power surges (except as covered under paragraphs 2(a) and (b) above) resulting from acts or decisions of the utility or governmental authority relating to the curtailment of power or communication services. However, the most we will pay in any one occurrence under this paragraph (3) for "Loss" to Covered Property, Extra Expense and Business Income is \$25,000.

Brownout, as used in this Coverage Form, means a curtailment or cutting back of electric power.

- (4) The insurance provided under this Additional Coverage (including paragraph (3) above) is part of and not in addition to the Limit(s) of Insurance that apply to your coverage for "Loss" to Covered Property, Extra Expense and Business Income.

b. Newly Acquired Hardware and Software

- (1) We will pay for "Loss" to newly acquired "Hardware" and "Software" at the locations described in the Declarations caused by or resulting from a Covered Cause of Loss.

The most we will pay for "Loss" in any one occurrence under this Additional Coverage is \$500,000 unless a higher limit is shown in the Declarations for Newly Acquired Hardware and Software.

The Additional Condition, Coinsurance, does not apply to this Additional Coverage.

- (2) Insurance under this Additional Coverage for each item of newly acquired "Hardware" or "Software" will end when any of the following first occurs:

- (a) This policy expires;
- (b) 90 days expire after the date you acquire the equipment; or
- (c) You report the value of the equipment to us.

We will charge you additional premium for values reported from the date you acquire the equipment.

c. Newly Acquired Locations

We will pay for "Loss" to Covered Property at any "Newly Acquired Location" caused by or resulting from a Covered Cause of Loss.

The most we will pay for "Loss" in any one occurrence under this Additional Coverage is \$500,000, unless a higher limit is shown in the Declarations for Newly Acquired Locations.

The Additional Condition, Coinsurance, does not apply to this Additional Coverage.

d. Discharge of Fire Suppression System

With respect to any automatic fire suppression system which specifically services your Covered Property at any location where the insurance provided under this Coverage Form applies, we will pay the actual and necessary expenses you incur:

- (1) To recharge the automatic fire suppression system. The recharge must be needed due to the accidental leakage or discharge of the fire suppressant system; or
- (2) If the suppressant is Halon and the discharge is caused by or results from a Covered Cause of Loss, you may elect to convert your existing automatic fire suppression system to a system utilizing an agent other than Halon. The replacement system must be designed and installed to meet NFPA 2001, Clean Agent Extinguishing Systems, 1994 Standards with agents approved by both NFPA 2001, 1994 Standards (or latest standards) and listed as approved on the E.P.A. Snap List.

The most we will pay for your expense in any one occurrence under this Additional Coverage is \$25,000.

e. Duplicate Storage Locations

We will pay for "Loss" to duplicate or back-up "Software" permanently stored at locations other than described locations.

Insurance under this Additional Coverage applies only if "Loss" is caused by a Covered Cause of Loss.

The most we will pay for "Loss" at any one "Software" location in any one occurrence

under this Additional Coverage is \$50,000, unless a higher Limit of Insurance is shown in the Declarations for Duplicate Storage.

f. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. This includes the cost of demolition of any part of the Covered Property which is no longer useful for its intended purpose as a result of the "Loss".
- (2) The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical "Loss".
- (3) The most we will pay under this Additional Coverage is 25% of the amount payable for the direct physical "Loss" before we apply the deductible to such "Loss".

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section of this Coverage Form.

- (4) This Additional Coverage does not apply to costs to:
 - (a) Extract "Pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.

g. Preservation of Property

If it is necessary to move Covered Property from a location to preserve it from "Loss" by a Covered Cause of Loss, we will pay for any direct physical "Loss" to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the "Loss" occurs within 30 days after the property is first moved.

h. Extra Expense

- (1) We will pay the actual and necessary "Extra Expense" you incur during the "Period of Restoration" to continue your normal electronic data processing operations which are interrupted due to direct physical "Loss" to:
 - (a) "Hardware" and "Software" at the locations described in the Declarations;

- (b) "Hardware" and "Software" at any "Newly Acquired Location",
- (c) "Hardware" and "Software" that is temporarily at a location you do not own, lease or operate;
- (d) "Hardware" and "Software" in the due course of transit, but not including property shipped by mail other than registered mail;
- (e) The building in which the Covered Property described in (a) or (b) above is located, provided the building is damaged to an extent which prevents access to the Covered Property;
- (f) The air conditioning system at the described locations or at any "Newly Acquired Location" which specifically services your data processing operations at those locations; or
- (g) The electrical system at the described locations or any "Newly Acquired Location" which specifically services your data processing operations at those locations;

caused by or resulting from a Covered Cause of Loss.

We will also pay the actual and necessary "Extra Expense" you incur when a civil authority prohibits access to the locations described in the Declarations due to direct physical "Loss" to property at any location other than the described locations, caused by or resulting from any Covered Cause of Loss. This coverage will apply for a period of up to 21 consecutive days from the date of the civil authority action.

- (2) The most we will pay for "Extra Expense" in any one occurrence under this Additional Coverage is \$10,000, unless a higher Limit of Insurance is shown in the Declarations for Extra Expense.

i. Pollutant Clean Up and Removal

We will pay your expense to extract "Pollutants" from land or water at the described location if the discharge, dispersal, seepage, migration, release or escape of the "Pollutants" is caused by or results from a Covered Cause of Loss to Covered Property that occurs during the

policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical "Loss".

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "Pollutants". But we will pay for testing which is performed in the course of extracting the "Pollutants" from the land or water.

The most we will pay under this Additional Coverage for your expense to extract "Pollutants" from land or water at each location is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

j. Cost of Preparing a Statement of Loss

We will pay the cost of preparing a statement of "Loss" or any other exhibits required in connection with any claim under this Coverage Form.

The most we will pay for the cost of preparing a statement of "Loss" or other exhibits under this Additional Coverage is \$1,000 for any one claim.

k. Temporary Locations

We will pay for "Loss" to Covered Property that is temporarily at a location you do not own, lease or operate. This Additional Coverage applies only if the "Loss" is caused by a Covered Cause of Loss. This Additional Coverage does not apply to property:

- (1) In the due course of transit; or
- (2) At any location for more than 60 days.

The most we will pay for "Loss" in any one occurrence under this Additional Coverage is:

- (a) The Limit of Insurance that applies to the Covered Property at the described location where the property is normally located, if the "Loss" occurs in the Coverage Territory; or
- (b) \$10,000, if the "Loss" occurs outside the Coverage Territory.

The Additional Condition Coverage Territory does not apply to paragraph (b) in this Additional Coverage.

l. Property In Transit

We will pay for "Loss" to Covered Property in the due course of transit caused by or resulting from a Covered Cause of Loss. This Additional Coverage does not apply to property shipped by mail, except registered mail.

The most we will pay for "Loss" in any one occurrence under this Additional Coverage is:

- (1) \$50,000, unless a higher Limit of Insurance is shown in the Declarations for Property in Transit, if the "Loss" occurs in the Coverage Territory; or
- (2) \$10,000, if the "Loss" occurs outside the Coverage Territory.

The Additional Condition, Coinsurance, does not apply to this Additional Coverage; also, the Additional Condition, Coverage Territory, does not apply to paragraph (2) in this Additional Coverage.

B. EXCLUSIONS

1. We will not pay for "Loss" caused directly or indirectly by any of the following. Such "Loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "Loss".

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for "Loss" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the "Loss" caused by that fire.

c. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
- d. **A "Computer Virus"**
- e. **"System Penetration"**
- 2. We will not pay for "Loss" caused by or resulting from any of the following:
 - a. Delay, loss of use, loss of market, or any consequential "Loss" of any nature, except Extra Expense as provided in this Coverage Form;
 - b. Dishonest acts by you, a partner, your officers, your directors or your trustees, acting alone or in collusion with other persons, whether or not occurring during the hours of employment.
- 3. We will not pay for "Loss" caused by or resulting from any of the following, **3.a.** through **3.d.** But if an excluded cause of "Loss" that is listed in **3.a.** through **3.d.** results in a Covered Cause of Loss, we will pay for the "Loss" caused by that Covered Cause of Loss.
 - a. Wear and tear, gradual deterioration, depreciation or obsolescence.
 - b. Error or omission in machine programming or incorrect instructions to a machine;
 - c. Errors, omissions or deficiencies in design, specifications, materials or workmanship.
 - d. Any change in power or other utility service supplied to the premises where the Covered Property is located if the change originates away from such premises.

But this exclusion does not apply to the insurance provided under the Communication and Power Disturbance Additional Coverage.
- 4. The following additional exclusions apply only to the Extra Expense Additional Coverage. We will not pay for:
 - a. Any "Extra Expense" you incur due to:
 - (1) Interference by strikers or other persons with repairs to damaged property, or with resumption of your normal data processing operations;
 - (2) The suspension, lapse or cancellation of any lease, license or contract beyond the "Period of Restoration";
 - (3) Mechanical or machinery breakdown of any property not named in the Extra Expense Additional Coverage; or

- b. Any other consequential "Loss".

C. LIMITS OF INSURANCE

1. The most we will pay in any one occurrence for "Loss" to Covered Property at a location described in the Declarations is the applicable Limit(s) of Insurance shown in the Declarations for Covered Property at that location.
2. The limits that apply to the following Additional Coverages are in addition to the Limits of Insurance that apply to "Loss" to Covered Property at the described locations:
 - a. Newly Acquired Hardware and Software;
 - b. Newly Acquired Locations;
 - c. Discharge of Fire Suppression System;
 - d. Duplicate Storage Locations;
 - e. Extra Expense;
 - f. Pollutant Clean Up and Removal;
 - g. Cost of Preparing a Statement of Loss;
 - h. Temporary Locations, if the "Loss" occurs outside the Coverage Territory; and
 - i. Property in Transit.
3. Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:
 - a. Preservation of Property;
 - b. Communication and Power Disturbance Coverage; or
 - c. Debris Removal; But if:
 - (1) The sum of direct physical "Loss" and debris removal expense exceeds the Limit of Insurance; or
 - (2) The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage; we will pay up to an additional \$5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

D. DEDUCTIBLE

1. We will not pay for "Loss" in any one occurrence until the amount of the adjusted "Loss" (including any Extra Expense incurred) before applying the applicable Limits of Insurance exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of the adjusted "Loss" in excess of the applicable Deductible, up to the applicable Limit of Insurance, after any deduction required by the Coinsurance Condition.

2. If an optional Breakdown Deductible is selected, it applies to losses resulting from:
 - a. Mechanical breakdown or failure of the Covered Property;
 - b. Short circuit, blow-out or other electrical or magnetic disturbance, other than lightning, within electrical equipment, apparatus or devices;
 - c. Any repairing, servicing or processing operation;
 - d. Damage to "Software" when data processing equipment or word processing equipment breaks down or malfunctions while "Software" is being run through the system.
3. If an optional Earth Movement Deductible is selected, it applies to losses resulting from any earth movement, including but limited to earthquake, volcanic eruption, landslide, mudflow, earth sinking, earth rising or shifting.
4. If an optional Flood Deductible is selected, it applies to losses resulting from:
 - a. flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
 - b. mudslide or mudflow
 - c. water under the ground surface pressing on, or flowing or seeping through:
 - (1) foundations, walls, floors or paved surfaces;
 - (2) basements, whether paved or not; or
 - (3) doors, windows or other openings.
5. The Deductible applies to all losses under this Coverage Form unless a different deductible is shown in the Declarations.

If a different deductible is shown for:

 - a. Breakdown, that deductible applies to losses described in **2.a.** through **d.** above;
 - b. Earth Movement, that deductible applies to losses described in **3.** above;
 - c. Flood, that deductible applies to losses described in **4.b.** through **c.** above.
6. If more than one Deductible applies to loss or damage in any one occurrence under this Coverage Form, we will apply each Deductible separately. But the total of all Deductible amounts applied will not exceed the single highest Deductible.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. Coverage Territory

Under this Coverage Form, we cover "Loss" occurring within or between:

- a. The United States of America (including its territories and possessions);
- b. Puerto Rico; and
- c. Canada.

but we do not cover any property in transit to or from Puerto Rico or Hawaii.

2. Coinsurance

We will not pay the full amount of any "Loss" if the value of Covered Property at the time of "Loss" times the Coinsurance percentage indicated in the Declarations is greater than the Limit of Insurance for the Covered Property.

- a. We will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of "Loss" by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the Covered Property by the figure determined in (1) above;
- (3) Multiply the total amount of the covered "Loss" before the application of any Deductible, by the figure determined in (2) above; and
- (4) Subtract the Deductible amount from the figure determined in step (3).

The amount determined in (3) above is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the "Loss" yourself.

- b. This condition does not apply to Covered Property covered under the following Additional Coverages:

- (1) Newly Acquired Hardware and Software;
- (2) Newly Acquired Locations; or
- (3) Property in Transit.

3. Valuation

The Valuation General Condition is replaced by the following:

a. Covered Property (except “Software”)

(1) The most we will pay on a replacement cost basis is:

- (a) The amount necessary to repair the equipment; or
- (b) The amount necessary to replace the equipment with material of the same kind or quality. If the equipment cannot be replaced with substantially identical equipment, we will pay the cost of replacing equipment with new property capable of performing the same functions. Or,

(c) The applicable Limit of Insurance; whichever is less.

(2) We will not pay on a replacement cost basis for any “Loss”:

- (a) Until the lost or damaged property is actually repaired or replaced; and
- (b) Unless the repairs or replacement are made as soon as reasonably possible after the “Loss”.

(3) If you decide not to repair or replace the damaged property we will pay you the actual cash value of the Covered Property that was damaged. Even if you choose this option, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 120 days after the “Loss”.

b. Software

(1) The value of data (information which has been converted to a form usable in data or word processing equipment) or programming records will be the actual cost of replacing the data or programming records. If it is not replaced or reproduced, we will pay the cost of the blank media.

(2) The value of media (the material on which data is recorded) will be the cost to repair or replace the media with material of the same kind or quality.

c. Extra Expense

The amount of “Extra Expense” will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by your data processing operations during the period of time your coverage for “Extra Expense”

applies had no direct physical “Loss” occurred.

We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for the temporary use during the period of time your coverage for “Extra Expense” applies; and

(b) Any “Extra Expense” that is paid for by other insurance, except for insurance that is written subject to the same terms, conditions and provisions as this insurance; and

(2) All necessary expenses that reduce the “Extra Expense” that otherwise would have been incurred.

You must resume all or part of your data processing operations as quickly as possible. If you fail to do so, we will reduce the amount of your “Extra Expense” loss to the extent you can return your data processing operations to normal and discontinue such “Extra Expense”.

F. DEFINITIONS

1. “**Communication or Power Supply Disturbance**” means interruption or change in the electrical power supply or communication services (including telephone or microwave services), power surge, blackout or brownout.

2. “**Communication Systems**” means telephone components and equipment including telephone switchgear, operating programs, related software, facsimile transmission equipment, telex equipment and other related hardware (including computers) used for the transmission of communications;

3. “**Computer Virus**” means any “Software” introduced or implanted without authorization into “Hardware” or “Software” which causes the corruption, distortion, deletion, destruction, unauthorized copying or loss of functionality of “Software”.

4. “**Electrical Disturbance**” means electrical injury, magnetic injury, disturbance of electronic recordings or erasure of electronic recordings.

5. “**Extra Expense**” means necessary expenses you incur that would not have been incurred if there had been no direct physical “Loss” to property:

a. To avoid or minimize the suspension of your data processing operations and to continue such operations:

- (1) At your locations; or
 - (2) At replacement or temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations; or
- b. To repair or replace any property; or to research, replace or restore the lost information on damaged valuable papers and records; but only to the extent it reduces the amount of loss that otherwise would have been payable under the Extra Expense Additional Coverage.
6. **“Hardware”** means a network of machine components capable of accepting information, processing it according to a plan and producing the desired results. It includes “Hardware” used exclusively in your data processing operations but does not include “Software”.
7. **“Loss”** means accidental loss or damage.
8. **“Newly Acquired Location”** means any location you acquire during the Policy Period. But insurance under this Coverage Form with respect to each “Newly Acquired Location” will end when any of the following first occurs:
- a. This policy expires;
 - b. 90 days expire after the date you acquire the location; or
 - c. You report the value of Covered Property at the newly acquired location to us.

We will charge you additional premium for values reported from the date you acquire the equipment.

9. **“Period of Restoration”** means the period of time that:
- a. Begins with the date of direct physical “Loss” caused by or resulting from any Covered Cause of Loss; and
 - b. Ends on the date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

“Period of Restoration” does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “Pollutants”.

The expiration of this policy will not cut short the “Period of Restoration”.

10. **“Pollutants”** means any solid, liquid, gaseous or thermal irritants, or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
11. **“Protection and Control Systems”** means:
- a. Air conditioning equipment used exclusively in the operation of the “Hardware”;
 - b. Fire protection equipment used for the protection of the “Hardware”, this includes automatic and manual fire suppression equipment and smoke and heat detectors;
 - c. Uninterruptible power supply system, line conditioner and voltage regulator.
12. **“Software”** means:
- a. Electronic data processing, recording or storage media such as films, tapes, cards, discs, drums or cells; and
 - b. Data and programming records, used for electronic data processing or electronically controlled equipment, stored on media.
13. **“System Penetration”** means the intentional and malicious use of a computer to obtain unauthorized access to information and resources stored on “Hardware” in the form of “Software”.



CONTRACTORS EQUIPMENT COVERAGE FORM

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CONTRACTORS EQUIPMENT COVERAGE FORM

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and what is not covered.

Throughout this Policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **G – DEFINITIONS**.

A. COVERAGE

Subject to the Limits of Liability specified in the Declarations, and all other Policy provisions "we" will pay for direct physical "loss" to Covered Property described herein from any Covered Cause of Loss.

1. Covered Property, as used in this Coverage Form, means the contractors equipment property described in the Declarations page and subject to **Section A.2. (Property Not Covered)** below. This Covered Property may be "your" property, or the property of others in "your" care, custody or control.

2. Property Not Covered

a. Automobiles, motor trucks, tractors, trailers and similar conveyances designed for highway use and used for over the road transportation of people or cargo. However, this does not include:

- (1) Self-propelled vehicles designed and used primarily to carry mounted Covered Property, or
- (2) Vehicles designed for highway use that are unlicensed and not operated on public roads;

b. Aircraft or watercraft;

c. Contraband, or property in the course of illegal transportation or trade;

d. Equipment leased or rented to others, unless indicated in the Declarations;

e. Equipment loaned to others, except as provided in **Section A. Coverage Extension 6.a.**;

f. Property while airborne;

g. Property while waterborne, except as provided in **Section A. Coverage Extension 6.h. or in Coverage Extension 6.i.**

3. Time Element

a. Business Income, Contractual Penalties and Extra Expense

(1) As used in this Coverage Form:

(a) **Business Income** means:

(i) Net income including net rental income (net profit or "loss" before income taxes) that would have been earned or incurred; and

(ii) Continuing normal operating expenses incurred.

But, Business Income does not include any incentive bonus which would have been received if the project had been completed ahead of schedule.

(b) **Contractual Penalties** means amounts which, under the terms of "your" contract, "you" are required to pay due to "your" inability to fulfill the contractual obligations due to a delay. "Your" inability to fulfill contractual obligations due to a delay must be as a direct result of a "loss" to "your" Covered Property due to a Covered Cause of Loss.

(c) **Extra Expense** means necessary additional expenses "you" incur to avoid or minimize the suspension of business and to continue operations. This includes additional expenses incurred to make temporary repairs to, and expedite the permanent repair or replacement of Covered Property that is damaged by a Covered Cause of Loss, such as overtime and the additional cost of express or other means of rapid transportation.

All necessary expenses that "you" incur to reduce "loss" of Business Income other than Fire Department Service Charges and Extinguishing Expenses, but "we" will not pay more than the actual amount by which the "loss" of Business Income is reduced.

- (2) "We" will pay for;
- (a) The actual "loss" of Business Income "you" sustain during the "period of restoration," after the waiting period. If applicable, "we" will deduct from this amount all charges and expenses which do not necessarily continue during the "period of restoration."
 - (b) The actual "loss" of Business Income "you" sustain directly from a total or partial "loss" to "your" Covered Property, but no more than the Maximum Per Day Limit of Insurance specified in the Declarations for each day "your" operations are suspended.
- This period of time will not be limited by the expiration date of the Policy.
- (3) The most "we" will pay for all "loss" of Business Income, Contractual Penalties and Extra Expense arising out of any one occurrence under this Coverage Form is the Business Income, Contractual Penalties and Extra Expense Limit of Insurance specified in the Declarations.
- (4) A Waiting Period Deductible is the amount of time, immediately following the date and time of direct physical "loss," during which "you" are responsible for the amount of Business Income "loss" sustained or Contractual Penalties incurred or Extra Expense incurred. "We" will then pay the amount of Business Income "loss" sustained and Contractual Penalties incurred and Extra Expense incurred during the remainder of the "Period of Restoration," up to the Limit of Insurance specified in the Declarations that applies to this Coverage. The Waiting Period Deductible that applies to "your" coverage for "loss" of Business Income, Contractual Penalties and Extra Expense is the Business Income, Contractual Penalties and Extra Expense Waiting Period Deductible specified in the Declarations. No other Deductible applies to the insurance provided under this Coverage Form.
- (5) "We" will discontinue payments for "loss" when:
- (a) The total amount paid for the "loss" of income equals the per occurrence Limit of Insurance specified in the Declarations; or
 - (b) The "Period of Restoration" is completed, whichever occurs first.

4. Covered Causes of Loss

Covered Causes of Loss means all causes of direct physical "loss" except those causes of loss listed in **Section B. (EXCLUSIONS)**.

5. Additional Coverages

a. Arson and Crime Reward Payments

- (1) In the event of an arson, theft or vandalism "loss" to which the insurance provided by this Coverage Form applies, "we" will reimburse "you" for amounts "you" offer, and subsequently pay, as a reward to anyone, other than "you" or "your" officers, partners or directors, for information leading to:
- (a) The arrest and conviction of any person(s) responsible for the arson, theft or vandalism "loss"; or
 - (b) The recovery of the stolen property.
- (2) The most "we" will pay under this Additional Coverage for all rewards paid for information regarding any one arson, theft, or vandalism "loss" is the Arson and Crime Reward Payments Limit of Insurance specified in the Declarations.
- (3) No deductible applies to this Additional Coverage.

b. Data Restoration Expense

- (1) The insurance provided by this Coverage Form covers "your" costs to research, replace or restore the lost data on lost or damaged "media" which is used in or with "your" Covered Property.
- (2) This Additional Coverage applies only if the direct physical "loss" is caused by or results from a Covered Cause of Loss.
- (3) The most "we" will pay in any one occurrence under this Additional Coverage for "your" costs to research, replace, or restore the lost data on lost or damaged "media" is the Data Restoration Expense Limit of Insurance specified in the Declarations.

c. Debris Removal

- (1) "We" will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.
- (2) The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical "loss."
- (3) The most "we" will pay under this Additional Coverage is 25% of:
 - (a) The amount "we" pay for the direct physical "loss" to Covered Property, plus
 - (b) The Deductible in this Policy applicable to that "loss."

But, this limitation does not apply to any additional debris removal limit provided under the **Additional Coverage and Coverage Extension** Declarations Schedule.

- (4) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water, or
 - (b) Remove, restore, or replace polluted land or water.

d. Fire Department Service Charge and Extinguishing Expense

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, "we" will pay up to the Fire Department Service Charge and Extinguishing Expense Limit of Insurance specified in the Declarations for "your" liability for fire department service charges:

- (1) Assumed by contract or agreement prior to "loss"; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

e. Loss Adjustment Expense

In the event of covered "loss" under this Coverage Form, "we" will pay for reasonable expenses incurred by "you," at our request, to assist us in the determination of the amount of "loss," such as taking inventory and appraisals.

"We" will not pay for public adjustors' fees.

No Deductible applies to this Additional Coverage.

f. Maintenance Supplies, Spare parts and Fuel

"We" will pay for "loss" to spare parts and accessories for Covered Property, fluids for vehicles including fuel oil, grease, and similar maintenance supplies usual to "your" operations caused by or resulting from a Covered Cause of Loss. This Additional Coverage does not apply to products, such as fuels in underground tanks.

g. Recharge of Fire Protection Equipment

"We" will pay the cost to recharge discharged Fire Protection Equipment whether or not there is direct physical "loss" to Covered Property. The most "we" will pay for this Additional Coverage is the Recharge of Fire Protection Limit of Insurance specified in the Declarations.

6. Coverage Extensions

a. Equipment Loaned To Others

If Equipment Loaned to Others is shown as INCLUDED in the Declarations, "we" will pay for direct physical "loss" as a result of a Covered Cause of Loss to Equipment Loaned to Others for a period of less than 12 Months.

b. Expediting Expenses

"We" will pay reasonable and necessary costs incurred by the insured to expedite repairs to Covered Property following "loss" covered under this Coverage Form. This includes payment of overtime wages and extra cost to use express or other rapid means of transportation. However, coverage is not included hereunder for costs recoverable elsewhere in the Policy or for permanent repair or replacement of damaged Covered Property. The most "we" will pay under this Coverage Extension is the Expediting Expenses Limit of Insurance specified in the Declarations.

c. Newly Acquired Property

- (1) The insurance provided by this Coverage Form is extended to apply to direct physical "loss" to property of the type described in the Declarations which "you" acquire during the policy period.

"We" will also pay for the actual "loss" of Business Income "you" sustain and Contractual Penalties "you" incur and necessary Extra Expense "you" incur during the "Period of Restoration" due to direct physical "loss" or damage to the "Newly Acquired Property."

- (2) Insurance under this Coverage Extension applies only if the direct physical "loss" or damage is caused by or results from a Covered Cause of Loss.
- (3) The most "we" will pay in any one occurrence under this Coverage Extension is the Limits of Insurance specified in the Declarations for:
- (a) "Newly Acquired Property" Limit per item;
 - (b) "Newly Acquired Property" limit per occurrence;
 - (c) Business Income, Contractual Penalties and Extra Expense from "Newly Acquired Property" Limit per day;
 - (d) Business Income, Contractual Penalties and Extra Expense from "Newly Acquired Property" Limit per occurrence.
- (4) The Deductible that applies to the Business Income, Contractual Penalties, and Extra Expense coverage afforded **under Section A.3.a. Time Element** of this Coverage Form also applies to this Coverage Extension for "loss" of Business Income, Contractual Penalties and Extra Expense. No other Deductible applies to this coverage for "loss" of Business Income, Contractual Penalties and Extra Expense.
- (5) The insurance provided under this Coverage Extension for each newly acquired piece of Covered Property will end when any of the following first occurs:
- (a) The Policy expires;
 - (b) The "Newly Acquired Property" Time Limit specified in the Declarations has lapsed; or
 - (c) "You" report the value of the Covered Property to us.

"We" will charge "you" additional premium for values reported from the date "you" acquire the Covered Property.

d. Pollutant Clean Up and Removal

"We" will pay "your" expense to extract "Pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "Pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to "us" in writing within 180 days of the date on which the Covered Loss occurs.

This Coverage Extension does not apply to costs to test for, monitor or assess the existence, concentration or effects of "Pollutants," but, "we" will pay for testing which is performed in the course of extracting the "Pollutants" from the land or water.

The most we will pay for the sum of all covered expenses arising out of Covered Cause of Loss occurring during each separate 12 month period of this Policy is the Pollutant Clean Up and Removal Limit of Insurance specified in the Declarations.

e. Preservation of Property

If it is necessary to move Covered Property from a premises to preserve it from "loss" by a Covered Cause of Loss, "we" will pay for any direct physical "loss" to that Covered Property:

- (1) While it is being moved, or while temporarily stored at another location; and
- (2) Only if the "loss" occurs within 30 days after the Covered Property is first moved.

f. Rental Reimbursement

We will reimburse "you" for the rental of equipment that is necessary to replace owned Covered Property and Covered Property in "your" care, custody and control, and that was made inoperable due to direct physical "loss" by a Covered Cause of Loss.

"We" will not reimburse "you" if "you" have other similar equipment available to "you" at no additional expense, which can be used to continue or resume "your" operations.

A Waiting Period Deductible is the amount of time, immediately following the date and time of direct physical "loss," during which "you" are responsible for the amount of rental reimbursement "loss" incurred. The Waiting Period Deductible that applies to "your" coverage for "loss" of rental reimbursement is the Rental Reimbursement Waiting Period Deductible specified in the Declarations. "Our" payment will be limited to expenses incurred during the period beginning after the Rental Reimbursement Waiting Period Deductible, and ending when the Covered Property has been replaced, restored to service or is no longer needed, whichever occurs first. "Our" payment will not be limited by the expiration date of the Policy. No other Deductible applies to this Coverage Extension.

The most "we" will reimburse "you" for rental expense in any one occurrence under this Coverage Extension is specified in the Declarations. "We" will not pay more for all rental expenses in any one Policy year than the Aggregate Limit of Insurance for Rental Expense specified in the Declarations.

g. Unintentional Errors and Omissions

This insurance shall not be prejudiced by any unintentional or inadvertent error, omission, incorrect valuation or incorrect description of the interest, risk or property, provided notice is given to the Company as soon as practicable upon discovery of any such error, omission, incorrect valuation or incorrect description. The most "we" will pay under this Coverage Extension is the Unintentional Errors and Omissions Limit of Insurance specified in the Declarations.

h. Waterborne Property in Transit

If Waterborne Property in Transit is shown as INCLUDED in the Declarations "we" will pay for direct physical "loss" to Waterborne Property in Transit as a result of a Covered Cause of Loss.

i. Waterborne Property

If Waterborne Property, other than Waterborne in Transit, is shown as INCLUDED in the Declarations, "we" will pay for direct physical "loss" to Waterborne Property as a result of a Covered Cause of Loss.

j. Weight of Load

"We" will pay for "loss" due to Weight of Load exceeding the registered lifting capacity of any Covered Property under normal operating conditions at the time of "loss" if Weight of Load is shown as INCLUDED in the Declarations.

B. EXCLUSIONS

1. "We" will not pay for "loss" caused directly or indirectly by any of the following causes - such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss":

a. Governmental Action

Seizure or destruction of Covered Property by order of governmental authority. But, "we" will pay for "loss" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would otherwise be covered under this Coverage Form.

b. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused. But if nuclear reaction or radiation, or radioactive contamination results in fire, "we" will pay for the "loss" caused by that fire.

c. War and Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. "We" will not pay for "loss" caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or, except as specifically provided, consequential "loss" of any nature.
- b. Unexplained disappearance, except for unexplained disappearance of Covered Property in the custody of a carrier for hire.
- c. Shortage found upon taking inventory.
- d. Dishonest or criminal acts by "you," any of "your" partners, employees, directors, trustees or authorized representatives, or anyone to whom "you" entrust the Covered Property for any purpose, other than a carrier or other bailee for hire.

This Exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This Exclusion does not apply to acts of destruction by employees, but theft by employees is not covered.

- e. Voluntary parting with any property by "you" or anyone else to whom "you" have entrusted the Covered Property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- f. Discharge, dispersal, seepage, migration, release, or escape of "Pollutants":
 - (1) Unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "Specified Causes of Loss"; or
 - (2) Except as provided for under the Coverage Extension Pollutant Clean Up and Removal.

But if "loss" by the "specified causes of loss" results from the discharge, dispersal, seepage, migration, release or escape of "pollutants," we will pay for the resulting "loss" caused by the "specified cause of loss."

- g. The weight of a load exceeding the registered lifting capacity of any machine under the operating conditions at the time of "loss," except as provided in **Section A.6.j.**

3. "We" will not pay for direct physical "loss" caused by or resulting from any of the following causes of "loss" (3. a. through 3.j.), but, if any excluded cause of "loss" listed in said 3.a. through 3.j. results in a Covered Cause of Loss, "we" will pay for "loss" caused by that Covered Cause of Loss:

- a. Weather conditions - but this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **Section B. Exclusion 1.** of this Coverage Form to produce the direct physical "loss";
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body;
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, installation, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, installation, construction, renovation or remodeling; or
 - (4) Maintenance;of part or all of any Covered Property, wherever located.
- d. Wear and tear, rust, corrosion, fungus, decay, depreciation, gradual deterioration, hidden or latent defect, or any quality in the Covered Property that causes it to damage or destroy itself;
- e. Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- f. Dampness or dryness of atmosphere, changes in or extremes of temperature, marring or scratching, breakage of tubes, bulbs, lamps or articles made largely of glass (except lenses) but, "we" will pay for

such "loss" caused directly by the "Specified Causes of Loss" when those "Specified Causes of Loss" are Covered Cause of Loss;

- g. "Computer Virus";
 - h. Malfunction or failure of Covered Property to operate, due to, but not limited to adjustment, alignment, calibration, cleaning or modification;
 - i. Functioning of any safety or protective device; and/or
 - j. Mechanical breakdown or any artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.
4. The following additional **exclusions** apply only to the insurance provided under this Coverage Form for "loss" of "Business Income" and "Extra Expense." "We" will not pay for:
- a. "Loss" of "Business Income" or "Extra Expense" caused by or resulting from programming errors or faulty machine instructions.
 - b. Any increase of "loss" of "Business Income" or "Extra Expense" caused by or resulting from:
 - (1) Delay in rebuilding, repairing or replacing damaged Covered Property or in resuming "your" business operations, due to interference by strikers or other persons at "your" premises or the premises of "your" normal business operations; or
 - (2) Suspension, lapse, or cancellation of any license, lease, or contract. But if the suspension, lapse or cancellation is directly caused by the interruption of "your" business operations, "we" will cover such "loss" that affects "your" "Business Income" during the "Period of Restoration"; or
 - c. Any other consequential "loss."

C. LIMITS OF INSURANCE

- 1. The most "we" will pay for "loss" in any one occurrence is the Maximum Per Occurrence Limit specified in the Declarations.
- 2. Except where specifically indicated otherwise, payments under any Additional Coverages are in addition to the Property and Time Element Limits of Insurance.
- 3. Except where specifically indicated otherwise, payment under the Coverage Extensions does not increase the applicable Property and Time Element Limits of Insurance.
- 4. The most "we" will pay for any Additional Coverage or any Extension of Coverage under this Coverage Form is the Limit of Insurance specified in the Declarations.

D. DEDUCTIBLE

"We" will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible amount specified in the Declarations. "We" will then pay the adjusted "loss" in excess of the Deductible amount, or Percentage Deductible up to the applicable Limit of Insurance. If a "loss" involves two or more Covered Property items, the Percentage Deductible will apply only to the Covered Property with the highest value at the time of "loss." Except as may be otherwise provided in this Policy, in the event of any one Occurrence where two or more Deductibles apply, the total to be deducted shall not exceed the largest Deductible applicable, except that in the event of one Occurrence, where both a physical damage and a Time Element deductible are involved, each such Deductible shall apply separately.

E. VALUATION CONDITIONS

General Conditions F. Valuation in the Commercial Inland Marine Conditions is replaced by the following:

- 1. In the event of "loss," the value of Covered Property will be determined as of the time of "loss."
- 2. If a covered "loss" occurs to an item of Covered Property and the total amount of this "loss" is less than 20% of the value of the item at the time of "loss," no depreciation will be applied to the damaged Covered Property in the settlement of the claim.
- 3. We will deduct the amount of any security deposit you retain on Covered Property leased or rented to others from what we would otherwise pay in the settlement of a claim.
- 4. **Actual Cash Value (ACV)**

- a. Unless otherwise indicated on the Declarations or in Section E.4.b. below, the value of Covered Property will be the least of the following amounts:
 - (1) The actual cash value of the lost or damaged Covered Property at the time of direct physical loss or damage;
 - (2) The cost of repairing the lost or damaged Covered Property with other property of like kind and quality;
 - (3) The cost of replacing the lost or damaged Covered Property with other property of like kind and quality;
 - (4) If the Covered Property is leased or rented, "your" liability imposed by law or assumed by contract; or
 - (5) The Limit of Insurance applicable to the lost or damaged Covered Property.
- b. With respect to Equipment Leased or Rented From Others, if the written lease or rental agreement requires that "you" insure such property on a replacement cost basis, the valuation is changed to replacement cost as described in Section E.5. of this Coverage Form below.

5. Replacement Cost (RC)

If Replacement Cost is indicated in the Declarations, the following valuation provisions will apply:

- a. In the event of a "loss," "we" will determine the value of lost or damaged Covered Property on the basis of replacement cost without deduction for depreciation.
- b. "We" will establish the value of the "loss" at the time of its occurrence, but "we" will not pay more than the least of:
 - (1) The cost of repairing the lost or damaged Covered Property with property of like kind and quality;
 - (2) (i) The cost of replacing the lost or damaged Covered Property with property of like kind and quality; or
(ii) If replacement with property of like kind and quality is not possible, the cost of replacing the lost or damaged property with property of the nearest better kind and quality available;
 - (3) The amount "you" actually spend that is necessary to repair or replace the lost or damaged Covered Property; or
 - (4) If the Covered Property is leased or rented, "your" liability imposed by law or assumed by contract; or
 - (5) The Limit of Insurance applicable to the lost or damaged Covered Property.
- c. "We" will not pay on a replacement cost basis for any "loss":
 - (1) Until the lost or damaged Covered Property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the "loss."
- d. "You" may make a claim for "loss" covered by this Coverage Form on an actual cash value basis (as described in Section E.4.a. above of this Coverage Form **(Actual Cash Value (ACV))**) instead of on a replacement cost basis. In the event "you" elect to have a "loss" settled on an actual cash value basis, "you" may still make a claim on a replacement cost basis if "you" notify "us" of "your" intent to do so within 180 days after the "loss."

6. Agreed Value (AV)

If Agreed Value is indicated in the Declarations, "we" will determine the value of the Covered Property as follows:

- a. With respect to individual items listed in the Schedule on file with "us," each item is valued at and insured for the amount indicated in the Schedule and without depreciation.
- b. With respect to items not listed in the Schedule on file with "us" with a specific limit but covered under the terms of this Policy, each item shall be valued at and insured for:
 - (1) if owned by "you," the cost price to "you," without deduction for depreciation, or

(2) If not owned by "you," the amount for which "you" may be legally liable contractually or otherwise.

Notwithstanding the foregoing, "we" may elect to repair any damaged Covered Property or replace any damaged Covered Property with another of like quality and value.

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. Carriers for Hire

"You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the actual cash value of the Covered Property.

2. Coverage Territory

"We" will cover Covered Property wherever located within:

- a. The United States of America
- b. Puerto Rico; and
- c. Canada.

3. Coinsurance

- a. All Covered Property must be insured for at least the percentage coinsurance amount, as specified in the Declarations, of its value as of the time of "loss" or "you" will incur a penalty.
- b. The penalty is that "we" will pay only the proportion of any "loss" that the Limit of Insurance specified in the Declarations for the lost or damaged Covered Property bears to the Coinsurance percentage of its value as of the time of "loss."
- c. Coinsurance does not apply:
 - (1) if waived on the Declarations;
 - (2) to Small Tools;
 - (3) to Employee Tools and Work Clothing; or
 - (4) "Short Term Equipment Leased, Borrowed or Rented From Others."

4. Deductible Waiver for Pre-Loss Risk Protection

- a. In the event of a theft "loss," we agree to waive the Deductible amount - up to \$10,000 - if any piece of stolen Covered Property:
 - (1) is protected by a LoJack Stolen Vehicle Police Recovery System; or
 - (2) is registered on the National Equipment Register (NER) database prior to the date and time of theft.
- b. The following provisions are added to the Commercial Inland Marine Conditions, "Duties In The Event Of Loss":
 - (1) For Covered Property protected by a LoJack Stolen Vehicle Police Recovery System:
 - (a) Work with the police having jurisdiction in the area which the theft occurred to insure that the piece of Covered Property is entered as a vehicle into their computer system; and
 - (b) Provide LoJack with the same information you provided the local law enforcement agency.
 - (2) For Covered Property registered on the National Equipment Register Database:
 - (a) Ensure that a report of theft is submitted to law enforcement and that the NER is also notified of the loss; and
 - (b) Provide evidence, or request that the NER provide evidence, that the Covered Property is registered in the NER database when claiming a Deductible waiver.

5. Minimum Earned Premium

If a Minimum Earned Premium is specified in the Declarations, this is the minimum premium "we" will earn and retain regardless of the Policy's term except when the Policy is rescinded or cancelled as of the Policy effective date.

6. Reporting Conditions

Subject to the "Reporting Period" indicated in the Declarations, the Reporting Conditions will be as follows:

- a. Within 30 days after the end of each "reporting period," "you" must file with "us" reports of the Premium Base(s) shown in the Declarations.
- b. If, at the time of "loss," "you" have failed to file with us:
 - (1) The first required report, "we" will not pay more than 90% of the amount "we" would otherwise have paid;
 - (2) Any required report after the first report; "we" will not pay more than the value stated in the last report filed with us before the "loss."
- c. "We" will not pay more than the applicable Limit of Insurance even if the value "you" report exceeds the limit.
- d. After each Premium Adjustment Period, "we" will compute the earned premium using the rate indicated multiplied by the average reported values, per \$100. The average reported value is determined by dividing the total reported values by the number of reports, including the report of values at Policy inception.
- e. The premium specified in the Declarations is a deposit premium. When the "reporting period" is:
 - (1) On an annual basis, "we" will compare the total computed premium to the deposit premium. If the computed premium is:
 - (a) More than the deposit premium, "you" will pay us the difference; or
 - (b) Less than the deposit premium, "we" will pay "you" the difference.
 - (2) On other than an annual basis, "we" will apply the computed premium to the deposit premium until it is used up. "You" will pay us all premiums that exceed the deposit premium.
 - (a) "You" must pay at least the minimum premium specified in the Declarations. The minimum premium will only apply when the computed premium for the policy period is less than the minimum premium and the policy period is fully completed.
 - (b) If this insurance is cancelled, "you" must report the total value of all Covered Property up to and including the date of cancellation.

7. Resume Operations

The following applies when Business Income, Contractual Penalties and Extra Expense is indicated in the Declarations:

"You" must take all reasonable steps to minimize "your" loss of Business Income either by making use of "your" own property or by using other property to continue "your" operations. "You" must also resume at least partial operations as soon as practicable after a "loss."

G. DEFINITIONS

1. "Computer Virus" means any "software" introduced or implanted without authorization into "hardware" or "Software" which causes the corruption, distortion, deletion, destruction, unauthorized copying or "loss" of functionality of "software."
2. "Employee":
 - a. "Employee" means:
 - (1) Any natural person:
 - (a) while in "your" service or for 30 days after termination of service;
 - (b) who "you" compensate directly by salary, wages or commissions; and
 - (c) who "you" have the right to direct and control while performing services for "you."

- (2) Any natural person who is furnished temporarily to "you";
 - (a) to substitute for a permanent "employee" as defined in Paragraph above;
 - (b) who is on leave; or
 - (c) to meet seasonal or short-term work load conditions,
while that person is subject to "your" direction and control and performing services for "you," excluding any such person while having care, and custody of Covered Property not on "your" premises.
 - (3) Any natural person who is leased to "you" under a written agreement between "you" and a labor leasing firm, to perform duties related to the conduct of "your" business, but does not mean a temporary "employee" as defined in Section **G.2.a.(2)** above;
 - (4) Any natural person who is a former "employee," director, partner, member, manager, representative or trustee retained as a consultant while performing services for "you"; or
 - (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care, and custody of Covered Property outside the premises.
- b. "Employee" does not mean:
- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
 - (2) Any manager, director or trustee except while performing acts coming within the scope of the usual duties of an "employee."
3. "Hardware" means a network of electronic machine components capable of accepting instructions and information, processing the information according to the instructions, and producing desired results. "Hardware" does not include "software."
4. "Loss" means accidental loss of or damage to the Covered Property.
5. "Media" means processing, recording, or storage materials used with "hardware." This includes but is not limited to films, tapes, cards, discs, drums, cartridges, or cells.
6. "Newly Acquired Property" means property purchased or borrowed by you during the policy period but does not include property you rent, hire or lease from others, except property for which you have a written rent or lease agreement of no less than 12 months.
7. "Period of Restoration" means the period of time that;
- a. begins with the date of direct physical "loss" caused by or resulting from any Covered Cause of Loss to a Scheduled item; and
 - b. ends on the date when the Covered Property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- "Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
- a. regulates the construction, use or repair, or requires the tearing down of any property or Covered Property; or
 - b. requires any insured or others to test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."
- The expiration of the Policy will not cut short the "Period of Restoration."
8. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
9. "Premium base" means the basis upon which the premium for the Covered Property which "you" lease or rent will be determined. The "premium base" is shown in the Declarations.
10. "Reporting Period" means the period of time for which new reports of value are due, as specified in the Declarations:

- a. Monthly, reports must show values as of the last day of the month; and the "reporting period" ends on the last day of each month.
 - b. Quarterly, reports must show values as of the last day of each month; but the "reporting period" ends on the last day of each third month from Policy inception.
 - c. Semi-Annual, reports must show values as of the last day of each month; but the "reporting period" ends on the last day of the sixth month from Policy inception and on the Policy anniversary date.
 - d. Annual, reports must show values as of the last day of each month; but the "reporting period" ends on the Policy anniversary date.
11. "Short Term Equipment Leased, Borrowed or Rented From Others" means Covered Property that "you" have leased, borrowed or rented from others for a period of less than 12 months.
12. "Specified Causes of Loss" means: fire; lightning; explosion; windstorm; hail; smoke; riot or civil commotion; vandalism; theft; leakage from fire extinguishing equipment; aircraft or vehicles and objects thrown up by vehicles; "sinkhole collapse," volcanic action; falling objects; weight of snow, ice or sleet; "water damage" elevator collision; sonic shock waves; or accident to the vehicle while carrying Covered Property.
- a. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of "loss" does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. "Water damage" means "loss" caused by accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
13. "Software" means:
- a. Electronic data processing, recording or storage "media"; and
 - b. Data and programming records, used for electronic data processing or electronically controlled equipment, stored on "media."

N. INLAND MARINE

These coverages may be quoted under a separate policy(ies), or included in the policy insuring the County's buildings and contents. The coverage should be quoted as follows:

ELECTRONIC DATA PROCESSING EQUIPMENT/MEDIA—

1. Quote limits as follows:

- EDP Equipment, including Media/Software Blanket Per Schedule
- EDP In Transit/Unnamed Locations \$50,000 and \$100,000
- EDP Extra Expense \$100,000 and \$200,000

2. Quote alternate per-occurrence deductibles of \$50,000 and \$100,000.

3. The policy should include the following coverage provisions:

- a. Location defined as "any location owned or occupied by the County."
- b. Coverage to include damage due to electrical and magnetic injury, mechanical breakdown, and losses arising out of changes in temperature, humidity, dampness, etc.
- c. Valuation for equipment on a replacement-cost basis.
- d. Electronic data processing/extra expense has no defined measure of recovery.
- e. Damage to data from inland marine causes of loss is to be included.
- f. Automatic coverage for all newly acquired electronic data processing property, subject to sixty (60)-day reporting.
- g. A provision to the effect that unintentional errors or omissions in reporting insurable exposures will not prejudice the coverage.
- h. Coverage for damage due to flood and earthquake.
- i. A joint loss agreement, if property insurance carrier is different from EDP carrier.

CONTRACTORS EQUIPMENT, TOOLS AND MISCELLANEOUS EQUIPMENT—

1. Equipment is to be insured for its stated value per schedule, or for its repair or replacement cost, whichever is less.
2. Quote per-occurrence deductibles of \$2,500 for equipment and tools valued under \$250,000 and \$5,000 for equipment and tools valued over \$250,000.
3. Specify whether coverage is subject to coinsurance and what percentage.
4. Coverage is to extend to insured equipment when used by others.
5. Include coverage for flood and earthquake.
6. Include coverage on rented or borrowed equipment.

PROPOSAL FORM FOR INLAND MARINE

EDP EQUIPMENT AND MEDIA—

1. Proposed Insurer Continental Casualty Company (CNA)
2. Estimated Annual Premium:

Limits/Coverages	Combined Per-Occurrence Deductibles		
	\$50,000	\$100,000	Other
Equipment (Incl Media/Software) Blanket Per Schedule	1) \$16,602 2) \$16,977	Deductible not available from C N A	
In-Transit/Unnamed Loc \$50,000 \$100,000	1) \$50,000 2) In TX carrier cannot increase Transit to \$100,000		
Extra Expense \$100,000 \$200,000	1) \$100,000 2) \$200,000		
Premium to include Flood & Earthquake	1) Included in above premium 2) Included at \$500,00 Limit		

Are premiums quoted net of commission(s) or any other fee(s)? Yes No

3. Please indicate if coverage is extended to include the following and any additional premium:

a. Location defined as “any location owned or occupied by the County.”

Yes No _____ Premium

b. Coverage to include damage due to electrical and magnetic injury, mechanical breakdown and losses arising out of changes in temperature, humidity, dampness, etc.

Yes No _____ Premium

c. Valuation for equipment on a replacement-cost basis.

Yes No _____ Premium

d. No defined measure of recovery (EDP/EE).

Yes No _____ Premium

Damage to data included.

Yes No _____ Premium

f. Automatic coverage for newly acquired EDP.

- \$500,00 Limit
 Yes No _____ Premium

g. Unintentional errors or omissions in reporting will not prejudice the coverage.

Yes No _____ Premium

h. Coverage included for flood and earthquake.
 Yes No _____ Premium

i. Joint loss agreement, if necessary.
 Yes No _____ Premium

CONTRACTORS EQUIPMENT, TOOLS AND MISCELLANEOUS EQUIPMENT—

1. Proposed Insurer Continental Casualty Company (CNA)

2. Estimated Annual Premium:

Limits/Coverages	Per-Occurrence Deductibles		
	\$2,500	\$5,000	Other
Contractors Equipment Valued under \$250,000	\$40,332	\$36,930	
Contractors Equipment Valued over \$250,000	Included in above premium subject to \$5,000 deductible on equipment \$250,001 or more		
Miscellaneous Tools and Equipment	Included subject to terms above		

Are premiums quoted net of commission(s) or any other fee(s)?
 Yes No

3. Specify the coinsurance percentage, if applicable. 80%

4. Please indicate if coverage is extended to include the following and any additional premium:

a. Coverage written on an "all-risk" basis, including flood and earthquake.
 Yes No _____ Premium

b. Coverage included for equipment used by others.
 Yes No _____ Premium

c. Coverage included for flood and earthquake.
 Yes No _____ Premium

d. Coverage included for rented and borrowed equipment.
 Yes No _____ Premium

APPLICABLE TO ALL INLAND MARINE COVERAGES—

1. Indicate if premium is flat or auditable and composite rate. Flat

2. Please indicate method of premium payment (monthly, quarterly, annually, etc.)
monthly; 33% down and 10 monthly installments; semi-annual; 60% down; monthly; 25% down and 9 installments; full pay

3. Indicate the term of the coverage. 1 year

If more than one year, are rates fixed? Yes No

4. Is your quote contingent on writing other line(s)? Yes No
If so, what line(s)? _____
5. Are specimen policy forms and endorsements included?
 Yes No

Eric Custace
Authorized Signature

BALDWIN COX ALLEN
Company

7-29-2020
Date

EXCEPTION FORM FOR INLAND MARINE

Please use this page to explain any differences between the specification requirements and your proposal. This form must list all exceptions/additions to the specifications by line of coverage. Failure to list exceptions accurately could result in disqualification and rejection of your proposal.

Eric Eustace
Authorized Signature

BALDWIN COX ALLEN
Company

7-29-2020
Date



Quote Analysis

I am pleased to present an outline of what AXA XL Catlin can provide for the Site Pollution terms for the SOV provided for Webb County. Please note that we may be able to broaden the terms below with additional information provided.

Premium and terms projections for a PARLL program for Webb County Juvenile Justice Alternative Education Program :

Retro Date – 10/1/14 (For the 1998 retro date-Information related to this date was not provided, so the terms at this point will be referenced with the date that the loss runs date back to (10/1/14). If you have additional information to support the 1998 retro date please send that over and I am happy to consider)

Covered Location: Locations on the SOV (titled: Exhibit X_Master Asset)

TRIA: AP: 3% additional if elected

- \$1m/\$3m/\$25k SIR 1 Yr = \$132,500
- \$2m/\$6m/\$25K SIR 1 Yr = \$189,950

Minimum earned: 35%

Coverage Summary:

- IHIC EVCRP Parl X (0419) Policy base form (see copy attached)
- Blanket Aboveground Storage Tanks;
- Emergency Response Coverage – Coverage grant within form. XL Catlin does have a 24/7 Emergency Response Hotline as well
- Additional Legal Expense (\$100,000)
- Included in form:
 - Blanket NODS – within the form (retro 10/1/14);
 - Disaster Response,
 - Litigation Expense,
 - Subpoena Expense,
 - contingent transportation in form;
 - Broad Insured;
 - Business property of others,
 - Green bldg. materials,
 - abandoned materials
 - Mold cover in form
 - 90 Days cancellation
 - Waiver of Subro – per contract



- Municipality Endorsement (see attached marketing brochure)
 - Addl Disaster Response Expense (\$500K)
 - Broad ANI for municipalities
 - Insured Owned / leased cover
 - Sewer Back UP Cover (\$100K SIR)
 - Asb / Pb paint exclusion amendment
 - Contractors Cover (Municipality Site)
- Aggregate SIR
- Time Element for specific Locations – Police Firing stations, ranges
- Business Interruption and Extra Expense (5 day deductible)
- Mold Matter SIR: \$50K for School and daycare properties
- SIR for Specific Locations: \$100K for wastewater / water treatment plants and related
- UST Schedule

Subject to:

-Completed XL Catlin Application (Can utilize another carrier application – add on Decs & Reps endt)

-Mold Supplemental Application

-Legionella Supplemental

-USTs – Please provide recent tightness testing or equivalent

-For schools: Please detail what they county has been doing to maintain the schools during shutdowns – how are they managing mold and legionella. (May require a phone survey with the Insured to get full details on this)

<Select One>

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

This is a “claims-made and reported” Policy. For coverage to apply, a **Claim** must be first made against you during the **Policy Period** and reported to us, in writing, during the **Policy Period**, or, where applicable, the Extended Reporting Period. However, this does not apply to coverages provided under A.2., B.1., B.2., and C.2. stated in SECTION I – INSURING AGREEMENT. Please read this Policy carefully, including the Declarations and all Endorsements.

This Policy contains provisions that limit the amount of **Legal Expense** we are responsible to pay.

Throughout this Policy, the words “we”, “us”, and “our” mean the Company stated in the Declarations. The words “you” and “your” mean the **Insured**.

Words that are **bolded**, except for caption headings, have the meaning set forth in SECTION III – DEFINITIONS, whether expressed in singular or plural throughout this Policy.

In consideration of the payment of premium, in reliance upon the Application and subject to the Declarations and the terms and conditions of this Policy, we agree with you as follows:

SECTION I - INSURING AGREEMENTS

A. Your Location Coverage

We will pay on your behalf for **Pollution Loss**, as a result of a **Pollution Condition** on, at, under or migrating from **Your Location** that first commenced on or after the **Retroactive Date**, if applicable, and first commenced prior to the **Reverse Retroactive Date**, if applicable, provided that:

1. (i) the **Pollution Condition** results in a **Claim** against you; (ii) the **Claim** is for **Pollution Loss** that you become legally obligated to pay; and (iii) the **Claim** is first made against you during the **Policy Period** and reported to us, in writing, during the **Policy Period**, or, where applicable, the Extended Reporting Period; or
2. the **Pollution Condition** is first discovered by you during the **Policy Period** and reported to us, in writing, during the **Policy Period**, or, where applicable, the Extended Reporting Period.

B. Emergency Remediation Expense Coverage

We will indemnify you for **Emergency Remediation Expense** incurred by you, as a result of a **Pollution Condition** on, at, under or migrating from **Your Location**, provided that:

1. the **Emergency Remediation Expense** is incurred within seventy-two (72) hours of the commencement of the **Pollution Condition**; and
2. the **Pollution Condition** and notice of the **Emergency Remediation Expense** are reported to us, in writing, during the **Policy Period**, but in no event later than fourteen (14) days from the discovery of the **Pollution Condition**, or the end of the **Policy Period**, whichever occurs first.

C. Contingent Transportation Coverage

We will pay on your behalf for **Pollution Loss**, as a result of a **Pollution Condition** that first commences and finally ends during the course of **Transportation** by a **Carrier**, provided that:

1. the **Transportation** takes place during the **Policy Period**, and

2. the **Pollution Condition** is first discovered during the **Policy Period** and reported to us, in writing, during the **Policy Period**, or, where applicable, the Extended Reporting Period; or
3. (i) the **Pollution Condition** results in a **Claim** against you; (ii) the **Claim** is for **Pollution Loss** that you become legally obligated to pay; and (iii) the **Claim** is first made against you during the **Policy Period** and reported to us, in writing, during the **Policy Period**, or, where applicable, the Optional Extended Reporting Period.

D. Non-Owned Disposal Site Coverage

We will pay on your behalf for **Pollution Loss**, as a result of a **Pollution Condition** on, at, under or migrating from a **Non-Owned Disposal Site** that first commenced on or after the **Retroactive Date**, if applicable, and first commenced prior to the **Reverse Retroactive Date**, if applicable, provided that:

1. the **Pollution Condition** arises from **Pollutants** generated by you that originate from **Your Location**;
2. the **Pollution Condition** results in a **Claim** against you; and
3. the **Claim** is first made against you during the **Policy Period** and reported to us, in writing, during the **Policy Period**, or, where applicable, the Extended Reporting Period.

This coverage also applies to any **Non-Owned Disposal Site** that is identified in the Non-Owned Disposal Site Schedule, if endorsed onto this Policy.

SECTION II - SUPPLEMENTAL COVERAGES

The following Supplemental Coverages are afforded under this Policy. Any amounts paid under these coverages do not qualify as **Pollution Loss** or **Emergency Remediation Expense**. In no event will we pay more than the Limits of Liability specified below. The Limits of Liability for each of the following Supplemental Coverages are separate from and in addition to the Limits of Liability for the coverages in SECTION I - INSURING AGREEMENTS of this Policy, and payments made under these Supplemental Coverages do not erode the Aggregate Limits of Liability of this Policy. No Self-Insured Retention Amount applies to these Supplemental Coverages.

A. Disaster Response Expense Coverage

We will pay on your behalf up to an aggregate limit of liability of \$250,000 for any reasonable and necessary expenses incurred by you, with our prior written consent, for a public relations or crisis management firm hired by you, and approved by us, to minimize potential harm to your reputation by maintaining or restoring public confidence in you resulting from a **Pollution Condition** on, at, under or migrating from **Your Location**, that has or is likely to result in a **Media Event**. This limit of liability is the most we will pay regardless of the number of **Pollution Condition(s)**.

B. Green Building Materials Expense Coverage

We will pay on your behalf up to an aggregate limit of liability of \$250,000 for any reasonable and necessary expenses incurred by you in the use of **Green Building Materials**, even when the use of such materials is not necessary, as part of **Restoration Costs** when otherwise covered under this Policy. This limit of liability is the most we will pay regardless of the number of **Pollution Condition(s)**.

C. Litigation Expense Coverage

We will indemnify you up to an aggregate limit of liability of \$25,000 for the actual loss of earnings and reasonable and necessary expenses incurred by you for attendance at depositions, hearings, arbitrations, **Mediation** or trials, at our written request, for **Claim(s)** covered under this Policy. This limit of liability is the most we will pay regardless of the number of **Claim(s)**, events or persons attending.

D. Subpoena Expense Coverage

We will pay on your behalf up to an aggregate limit of liability of \$25,000 for reasonable and necessary fees and costs of counsel retained by us to advise you regarding the production of subpoenaed documents or to represent you while preparing for or giving testimony in response to a subpoena that is both served on you during the **Policy Period** and reported by you to us, in writing, during the **Policy Period**, or, where applicable, the Extended Reporting Period, and arises from a **Pollution Condition** on, at, under or migrating from **Your Location**. This limit of liability is the most we will pay regardless of the number of subpoenas served.

SECTION III - DEFINITIONS

A. Additional Insured means:

1. any person or entity endorsed onto this Policy as an **Additional Insured**;
2. all of your first mortgagees for loans on **Your Location**; or
3. any person or entity, as required by a written contract or agreement signed by the **First Named Insured**, provided that such written contract or agreement is signed by the **First Named Insured** prior to the commencement of the **Pollution Condition**.

Coverage for such **Additional Insured** only applies for:

- a. a **Pollution Condition** on, at, under or migrating from **Your Location**;
- b. the person's, entity's or mortgagee's liability, to the extent permitted by law, arising out of the **First Named Insured's** ownership, occupation, development, operation, maintenance, financing or use of **Your Location**; and
- c. only if the person, entity or mortgagee is named in a suit as a co-defendant with the **First Named Insured**, alleging that the person or entity is liable on the basis described in Subsection A.3.b. immediately above,

If coverage is required by a written contract or agreement, under Subsection A.3. referenced above, the most we will pay on behalf of the **Additional Insured** is the lesser of: (i) the amount of insurance required by the written contract or agreement; or (ii) the amount of insurance available under the applicable Limit of Liability set forth in Item (4) of the Declarations. Coverage shall not increase the applicable Limit of Liability set forth in Item (4) of the Declarations.

B. Additional Named Insured means any person or entity endorsed onto this Policy as an **Additional Named Insured**, but solely with respect to the liability of such person or entity as a result of their ownership, occupation, development, operation, maintenance, financing or use of **Your Location**.

C. Bodily Injury means each of the following caused by a **Pollution Condition**:

1. physical injury, sickness, disease or building related illness sustained by any person, including death resulting therefrom, and any accompanying medical or environmental monitoring; or

2. mental anguish, emotional distress, or shock, sustained by any person.

D. Business Personal Property of Others means property of others located on or at **Your Location**, consisting of the following:

1. furniture and fixtures;
2. machinery and equipment;
3. all other personal property not owned by you but used in your business; or
4. leased **Business Personal Property of Others** for which you have a contractual responsibility to insure.

Business Personal Property of Others does not include your interest as tenant in improvements and betterments. For use of this definition, improvements and betterments means fixtures, alterations, installations or additions:

- a. made a part of the building or structure you do not own; or
- b. acquired or made at your expense and which cannot legally be removed.

E. Carrier means any person or entity, other than you or any of your subsidiaries or affiliate companies, engaged by you or on your behalf, licensed and in the business of transporting property for hire by land motor vehicle, trailer, semi-trailer, mobile equipment or watercraft.

F. Claim means any written demand, notice, or assertion of a legal right, alleging liability or responsibility on your part, and includes, but is not limited to, a lawsuit, petition, order or government or regulatory action commenced against you.

G. Emergency Remediation Expense means **Remediation Expense** incurred by you on an emergency basis that we determine was reasonable and necessary to mitigate the immediate effects of the **Pollution Condition** on, at, under or migrating from **Your Location** where any delay on your part would cause immediate injury to any person or immediate damage to any property.

H. First Named Insured means the person or entity stated in Item (1) of the Declarations.

I. Green Building Materials means building products or materials that are recognized by The Leadership in Energy and Environmental Design (LEED®), Green Globes Assessment and Rating System, International Green Construction Code or Energy Star as:

1. being environmentally preferable or sustainable; or
2. providing enhanced energy efficiency.

J. Insured means:

1. the **First Named Insured** and its parent company;
2. any **Additional Insured**;
3. any **Additional Named Insured** endorsed onto this Policy;
4. the **First Named Insured's** or any **Additional Named Insured's** current and former directors, partners, principals, members, officers, stockholders, or trustees, but solely while acting within the course and scope of their duties as such;

5. the **First Named Insured's** or any **Additional Named Insured's** current and former employees, including a **Leased Worker**, but solely while acting within the course and scope of their employment or leased worker agreement;
 6. the **First Named Insured's** heirs, executors, administrators, assigns or legal representatives in the event of death, incapacity or bankruptcy, but only with respect to the liability of the **First Named Insured** otherwise insured herein;
 7. any entity of the **First Named Insured** in which the **First Named Insured** or entity thereof did or does have at least a fifty percent (50%) or more ownership interest, or management control over, by written agreement;
 8. any entity for which the **First Named Insured** or any entity that falls under Subsection J.7. referenced immediately above has the responsibility, by written contract or agreement, of placing insurance, but only to the extent of the tort liability of the **First Named Insured** or any entity that falls under Subsection J.7. referenced immediately above;
 9. any present or former member, director, officer, shareholder, partner, trustee, employee, spouse, **Leased Worker** of Subsections J.7. and J.8. referenced immediately above, while any of the foregoing are acting within the course and scope of their duties as such; and
 10. the **First Named Insured** to the extent of its participation in a legal entity, including a limited liability company or joint venture, but only to the extent of the **First Named Insured's** legal liability under the respective legal entity.
- K. Insured Contract** means that part of any written contract or agreement, listed in the Insured Contract Schedule endorsed onto this Policy, under which you assume the tort liability of another party to pay compensatory damages for **Bodily Injury, Property Damage or Remediation Expense** to a third-person or entity, provided that such written contract or agreement is signed by you prior to the **Bodily Injury, Property Damage or Remediation Expense**. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- L. Leased Worker** means a person leased to you by a labor leasing firm, under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business.
- M. Legal Expense** means legal costs, charges and expenses incurred by you or on your behalf in the investigation or defense of a **Claim for Pollution Loss**, or in connection with **Remediation Expense**, and includes any necessary expert fees paid to experts retained by defense counsel.

Legal Expense does not include any of the following:

1. time and expense incurred by you assisting us in the investigation or resolution of a **Claim** or in connection with **Remediation Expense**, including but not limited to, the costs of your in-house counsel, salary charges of your regular employees or officials, and fees and expenses of counsel retained by you;
 2. salary charges of our employees; or
 3. legal cost, charges and expenses incurred in connection with **Emergency Remediation Expense**.
- N. Low-Level Radioactive Waste and Material** means waste or material that when disposed is acceptable for disposal in a near-surface disposal facility or a land disposal facility as defined in 10 CFR 61.2.
- O. Media Event** means a spontaneous event that results in coverage by any television news or newspapers, in either print or internet editions.

Coverage in e-mails, blogs, vlogs or other private or not for profit media does not constitute a **Media Event**.

- P. Mediation** means an informal and non-binding dispute settlement process overseen by a neutral third-party approved by us.
- Q. Mold Matter** means mold, mildew or any type or form of fungus, including any mycotoxins, spores, or byproducts produced or released by fungi.
- R. Mold Matter Remediation Standards** means those standards that govern the required investigation and abatement of **Mold Matter**, as imposed by a Federal, State, Local or Provincial governmental authority pursuant to law or regulation. If no standards have been imposed by such authority, then the standards for investigation and abatement will be those necessary to protect human health at **Your Location**, as determined in consultation with a **Mold Matter Professional**, and will be no less than those remediation activities recommended by the New York City Department of Health & Mental Hygiene Guidelines on Assessment and Remediation of Fungi in Indoor Environments (“NYC Guidelines”), or any subsequent amendments thereof.
- S. Mold Matter Professional** means a Certified Industrial Hygienist, or similarly qualified health and safety professional experienced in performing mold investigation and remediation, retained by you with our prior written consent.
- T. Natural Resource Damage** means physical injury to, or destruction of, as well as the assessment of such injury or destruction, including the resulting loss of use of the land or resources to the general public, fish, wildlife, biota, air, water, groundwater, drinking water supplies, and other such resources belonging to, or managed by, held in trust by, appertaining to, or otherwise controlled by the United States including the resources of the fishery conservation zone established by the Magnuson-Stevens Fishery Conservation and Management Act 16 U.S.C. 1801 et. seq.), any State, Local or Provincial government, any foreign government, any Native American tribe or, if such resources are subject to a trust restriction on alienation, any member of a Native American tribe. The terms Natural Resource Damage and Natural Resource Damage Assessments are as further defined by statute [CERCLA §§101(6); 107(a)(4)(C); OPA §§1001(5); 1002(b)(2)] and regulation [43 CFR Part 11; 15 CFR Part 990].
- U. Non-Owned Disposal Site** means a location used by you for the treatment, storage or disposal of **Pollutants**, provided that:
1. the **Non-Owned Disposal Site** is not managed, operated, owned or leased by you or your affiliate;
 2. the **Non-Owned Disposal Site** is permitted or licensed by the applicable Federal, State, Local or Provincial authorities to accept such **Pollutants** as of the date the waste or material is treated, stored or disposed at the **Non-Owned Disposal Site**; and
 3. the **Non-Owned Disposal Site** is not listed on a proposed or final Federal National Priorities List or any State or Provincial equivalent National Priority List, Superfund or Hazardous Waste List prior to the treatment, storage or disposal of the **Pollutants** at the **Non-Owned Disposal Site**.
- V. Policy Period** means the period stated in Item (2) of the Declarations or any shorter period resulting from cancellation.
- W. Pollutants** mean any solid, liquid, gaseous or thermal irritant, contaminant or hazardous substance, including, but not limited to, acids, alkalis, electromagnetic fields, fumes, bacteria, **Low-Level Radioactive Waste and Material, Mold Matter**, odors, smoke, soot, toxic chemicals, vapors and waste materials, including medical, infectious and pathological wastes.
- X. Pollution Condition** means:
1. the discharge, dispersal, release, seepage, migration, or escape of **Pollutants** into or upon land, or structures thereupon, the atmosphere, or any watercourse or body of water including groundwater; the continued discharge, dispersal, release, seepage, migration or escape of such **Pollutants**

comprises a single **Pollution Condition**;

2. the presence of any uncontrolled or uncontained **Pollutants** in land, the atmosphere, or any watercourse or body of water including groundwater;
3. the illicit abandonment of **Pollutants**, or any drums, tanks or similar containers holding such **Pollutants**, in, on or under the soil or any watercourse or body of water including groundwater, or inside a building leased by you to a tenant, on, at or under **Your Location**, by anyone other than you, provided that you are without knowledge of the use and/or presence of such **Pollutants** or any drums, tanks or similar containers holding such **Pollutants**; and
4. the presence of **Mold Matter** in or on buildings or structures.

Except as to Subsection X.3. referenced above, a **Pollution Condition** shall not include the presence of **Pollutants** in any container or structure that holds or contains **Pollutants**.

Y. Pollution Loss means each of the following that results from a **Pollution Condition** that first commenced on or after the **Retroactive Date** stated in Item (4) of the Declarations, if applicable, or first commenced prior to the **Reverse Retroactive Date** stated in Item (4) of the Declarations, if applicable:

1. monetary judgment, or settlement that is entered into with our prior written consent (which consent shall not be unreasonably withheld), of compensatory damages for:
 - a. **Bodily Injury or Property Damage**; or
 - b. **Remediation Expense**;
2. with regard to SECTION I – INSURING AGREEMENTS, A. Your Location Coverage and C. Contingent Transportation Coverage, **Remediation Expense** that is incurred with our prior written consent (which consent shall not be unreasonably withheld);
3. civil fines and penalties assessed against you, but only where insurance coverage for such fines and penalties is allowable by law;
4. punitive, exemplary or multiplied damages that you are legally liable for, but only where insurance coverage for such damages is allowable by law;
5. **Legal Expense** associated with Subsections Y.1. through Y.4. referenced immediately above, that is incurred with our prior written consent (which consent shall not be unreasonably withheld);

Pollution Loss does not include:

- a. injunctive or equitable relief;
- b. the return of fees or charges, or services rendered;
- c. salaries of your employees or any **Leased Worker**; or
- d. your profit, overhead or mark-up.

Z. Property Damage means each of the following caused by a **Pollution Condition**:

1. physical injury to or destruction of third-party tangible property, including the resulting loss of use thereof;
2. loss of use of third-party tangible property that has not been physically injured or destroyed;

3. diminished third-party property value, but only where there is physical injury to or the destruction of such tangible property; or
4. **Natural Resource Damage.**

Property Damage does not include **Remediation Expense**.

AA. Remediation Expense means reasonable and necessary expenses caused by a **Pollution Condition** and incurred to investigate, assess, remove, dispose of, treat, contain or neutralize a **Pollution Condition**, including any associated monitoring and testing costs, to the extent required by:

1. Federal, State, Local or Provincial Laws, Regulations or Statutes, or any subsequent amendments thereof, or **Mold Matter Remediation Standards**, enacted to address a **Pollution Condition**, including any individual or entity acting under the authority thereof; or
2. a legally executed State voluntary program governing the clean-up of a **Pollution Condition**.

Remediation Expense shall also include **Legal Expense** associated with Subsections AA.1. and AA.2. referenced immediately above and **Restoration Costs**.

Remediation Expense does not include any capital improvements.

BB. Responsible Insured means any of your officers, directors, partners, members, managers, supervisors or foremen, or any of your employees or agents that have responsibility, in whole or in part, for risk control, risk management, health and safety or environmental affairs, control or compliance, and any manager of **Your Location**.

CC. Restoration Costs means reasonable and necessary costs incurred by you to restore, repair or replace real or personal property to substantially the same condition it was in prior to being damaged during work performed in the course of incurring **Remediation Expense**.

However, these costs shall not exceed the Actual Cash Value of such real or personal property immediately prior to incurring the **Remediation Expense** or include costs associated with improvements or betterments. Actual Cash Value is defined as the cost to replace such real or personal property, immediately prior to incurring the **Remediation Expense**, minus the accumulated depreciation of the real or personal property.

DD. Retroactive Date means the date stated in Item (4) of the Declarations for each applicable coverage that is specified, if any, or any **Retroactive Date** listed on an endorsement to this Policy.

EE. Reverse Retroactive Date means the date stated in Item (4) of the Declarations for each applicable coverage that is specified, if any, or any **Reverse Retroactive Date** listed on an endorsement to this Policy.

FF. Transportation means:

1. the movement by a **Carrier** of your waste or material generated by you, after the **Carrier** crosses the legal boundary of **Your Location** until the waste or material has arrived and is unloaded at its final destination, provided that the **Pollution Condition** occurs at a location other than **Your Location**; or
2. the loading and movement by a **Carrier** of waste or material, from a location other than **Your Location**, until the **Carrier** crosses the legal boundary of **Your Location**.

GG. Underground Storage Tank means any stationary container or vessel, which is ten percent (10%) or more beneath the surface of the ground at **Your Location**, and includes the associated underground piping, underground ancillary equipment and containment system(s) connected thereto, and is:

1. constructed primarily of non-earthen materials; and
2. designed to contain any substance.

For purposes of this definition, associated underground piping means piping leading to and away from the **Underground Storage Tank** until such piping is above ground or terminates in another **Underground Storage Tank**, receptacle, dispenser, or crosses the legal boundaries of **Your Location**.

HH. Your Location means any location listed in the Your Location(s) Schedule endorsed onto this Policy.

SECTION IV - EXCLUSIONS

This Policy does not apply to any **Claim, Pollution Loss, Emergency Remediation Expense**, or any other coverage afforded under this Policy, including SECTION II – SUPPLEMENTAL COVERAGES, directly or indirectly based upon or arising out of:

A. Asbestos and Lead-Based Paint

the existence of, or required removal or abatement of, lead-based paint or asbestos, in any form, in or on any building or structure on or at **Your Location**, including but not limited to products containing asbestos, asbestos fibers, asbestos dust, and asbestos containing materials.

This exclusion does not apply to the existence of, or required removal or abatement of, lead-based paint or asbestos, in any form, in or upon land, the atmosphere (outside of any building or structure), or any watercourse or body of water including groundwater.

B. Communicable Diseases

the exposure to infected humans or animals, or contact with bodily fluids of infected humans or animals.

C. Contractual Liability

your:

1. assumption of liability in a contract or agreement; or
2. breach of contract or agreement.

This exclusion does not apply to:

- a. liability that you would have in the absence of a contract or agreement; or
- b. liability assumed by you in an **Insured Contract**.

D. Divested Location

any **Pollution Condition** on, at, under or migrating from **Your Location**, where the actual discharge, dispersal, release, seepage, migration or escape of **Pollutants** commenced subsequent to the time **Your Location** was sold, given away, no longer used or leased by you, abandoned by you, or condemned.

E. Employer's Liability

any injury to:

1. any of your employees, including any **Leased Workers** under your supervision, directors, partners, principals, members, officers, stockholders or trustees, but solely within the course and scope of their employment or lease agreement and only if such injury arises in the course of:

- a. employment by you; or
 - b. performing duties related to the conduct of your business.
2. the spouse, domestic partner, child, parent, brother or sister of anyone set forth in Subsection E.1. immediately above, as a consequence of any injury to any of the persons described in Subsection E.1. immediately above.

This exclusion applies whether you may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability you assumed under an **Insured Contract**.

F. Hostile Acts

any consequence, whether direct or indirect, of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power, strike, riot, or civil commotion.

G. Insured versus Insured

any **Claim** made by an **Insured** against any other **Insured**.

H. Intentional and Dishonest Acts

- 1. intentional disregard of, or non-compliance with, any statute, regulation, ordinance, law or order, by you or at your direction or at your agent's direction; or
- 2. actual or alleged fraudulent, dishonest, malicious or intentionally or inherently harmful conduct by you.

This exclusion does not apply to any **Insured** that did not allegedly commit or allegedly participate in committing any of the forgoing described above.

I. Known Circumstances or Conditions

- 1. a **Claim** for **Pollution Loss** or **Remediation Expense** reported to or known by a **Responsible Insured** prior to the inception of the **Policy Period**; or
- 2. any **Pollution Condition**, known by a **Responsible Insured** prior to the inception of the **Policy Period**, which was not identified by you in the statements, declarations and information contained in the Application for this Policy including any other supplemental materials submitted to us as part of the Application process prior to the inception of the **Policy Period** or prior to **Your Location** being endorsed onto this Policy; or
- 3. a circumstance or condition known by a **Responsible Insured** prior to the inception of the **Policy Period**, which was not identified by you in the statements, declarations and information contained in the Application for this Policy including any other supplemental materials submitted to us as part of the Application process prior to the inception of the **Policy Period** or prior to **Your Location** being endorsed onto this Policy, where the **Responsible Insured** should have reasonably foreseen that a **Pollution Condition** or a **Claim** for **Pollution Loss** would result, or **Remediation Expense** would be incurred.

Any **Pollution Condition** disclosed in writing to us prior to the inception of the **Policy Period** or prior to **Your Location** being endorsed onto this Policy and not otherwise excluded under this Policy is deemed to be first discovered on the date **Your Location** is endorsed onto this Policy.

J. Material Change in Use or Operations

any material change in the use of, or operations at, **Your Location** from the use or operations identified by you in the statements, declarations and information contained in the Application for this Policy including any

other supplemental materials submitted to us as part of the Application process prior to the inception of the **Policy Period** or prior to **Your Location** being endorsed onto this Policy.

K. Products Liability

any goods, materials or products designed, manufactured, sold, handled, distributed, altered, repaired or supplied by you or by others under license or trade name from you, including any container thereof, any failure to warn, or any reliance upon a representation or warranty made at any time with respect thereto, but only if the **Pollution Condition** took place away from **Your Location** and after physical possession of such goods or products has been relinquished to others.

This exclusion does not apply to C. Contingent Transportation Coverage as set forth in SECTION I - INSURING AGREEMENTS of this Policy.

L. Property

Damage to any real or personal property owned, leased or operated by you, or in your care, custody or control, even if such damage is incurred to avoid or mitigate **Pollution Loss** which may be covered under this Policy.

This exclusion does not apply to **Restoration Costs** or **Natural Resource Damage**.

Additionally, this exclusion does not apply to a **Claim** first made against you for damage to **Business Personal Property of Others** as a result of a **Pollution Condition**.

M. Radioactive / Nuclear Material

1. material or waste that if disposed must be placed in a geologic repository as defined in 10 CFR 60 or 10 CFR 63 or any other existing or planned disposal facility for waste that would not otherwise qualify as **Low-Level Radioactive Waste and Material**;
2. radioactive waste or material for which you have coverage under any nuclear insurance policy or have received indemnity from any United States or international government authority or statute, including but not limited to the United States Price Anderson Act (Public Law 100-408) or the United States National Defense Contracts Act (Public Law 85-804);
3. tailings, milling wastes, or products produced by the extraction of uranium or thorium from any ore processed for its source material;
4. any nuclear weapon, engineered assembly, or component thereof designed to cause the release of radiological material or any hazardous substance onto a chosen target or to generate a nuclear detonation; and
5. the existence, required removal or abatement of naturally occurring radioactive materials or technologically enhanced naturally occurring radioactive materials, including but not limited to radon,

including, but not limited to the actual, alleged or threatened exposure of any person(s) or property to any such matter.

N. Underground Storage Tank

the existence of any **Underground Storage Tank** on, at or under **Your Location**.

This exclusion does not apply to:

1. an **Underground Storage Tank** that is closed, abandoned-in-place or removed prior to the inception of the **Policy Period**, where performed in accordance with enacted Federal, State, Local or Provincial regulations;

2. an **Underground Storage Tank** that is identified in the Underground Storage Tank Schedule endorsed onto this Policy;
3. an **Underground Storage Tank**, the existence of which is unknown by a **Responsible Insured** prior to the inception of the **Policy Period**;
4. any flow-through process tank, including oil/water separator; or
5. any storage tank situated in a man-made underground area (such as a basement, cellar, mine shaft or tunnel) if the storage tank is situated upon or above the surface of the floor.

O. Workers' Compensation and Similar Laws

your obligation under a workers' compensation, unemployment compensation, or disability benefits law or any similar law.

SECTION V - LIMITS OF LIABILITY AND SELF-INSURED RETENTION AMOUNT

A. Policy Aggregate Limit of Liability

The Policy Aggregate Limit of Liability set forth in Item (3)a. of the Declarations is the most we shall pay for the sum of all **Pollution Loss, Emergency Remediation Expense** and any other amounts for which insurance is afforded under SECTION I - INSURING AGREEMENTS of this Policy, regardless of the number of **Pollution Condition(s)** or **Claim(s)**.

B. Legal Expense in Addition to the Limits of Liability

Once the applicable Self-Insured Retention Amount has been satisfied, **Legal Expense** shall not begin to reduce the Policy Aggregate Limit of Liability set forth in Item (3)a. of the Declarations until we have incurred, on behalf of one or more **Insureds, Legal Expense** in the aggregate of that amount, if any, set forth in Item (3)b. **Legal Expense** Aggregate Limit of Liability of the Declarations. Once we have incurred the **Legal Expense** Aggregate Limit of Liability, if any, **Legal Expense** applies to and reduces each applicable Limit of Liability set forth in Item (4) of the Declarations and the Policy Aggregate Limit of Liability set forth in Item (3)a. of the Declarations.

C. Limit of Liability

Subject to the Policy Aggregate Limit of Liability, set forth in Item (3)a. of the Declarations, the Limit of Liability for each **Pollution Condition** for each coverage set forth in Item (4) of the Declarations is the most we shall pay for all **Pollution Loss** and **Emergency Remediation Expense**, based upon or arising out of the same, related, repeated or continuous **Pollution Condition** for which insurance is afforded under SECTION I - INSURING AGREEMENTS of this Policy.

D. Self-Insured Retention Amount

The Self-Insured Retention Amount set forth in Item (4) of the Declarations must first be satisfied by payments by you that have been made with our prior written consent (which consent shall not be unreasonably withheld), or by covered **Emergency Remediation Expense**, before we have any obligation to pay any amounts under the Policy. The Self-Insured Retention Amount must be paid by you and be uninsured and cannot be satisfied by payments made under another insurance policy. In the event that you or the person or entity designated by the **First Named Insured** does not satisfy the Self-Insured Retention Amount, the **First Named Insured** is responsible for the Self-Insured Retention Amount obligation.

Subject to the Limits of Liability set forth in Item (4) of the Declarations, we are liable only for that portion of **Pollution Loss** and **Emergency Remediation Expense** under SECTION I - INSURING AGREEMENTS of this Policy in excess of the Self-Insured Retention Amount for each **Pollution Condition**, if any, set forth in Item (4) of the Declarations for each such coverage.

Legal Expense applies to and reduces each applicable Self-Insured Retention Amount set forth in Item (4) of the Declarations and the **Legal Expense** Aggregate Limit of Liability set forth in Item (3)b. of the Declarations.

If you mutually agree with us to use **Mediation** to resolve a **Claim** and the **Claim** is subsequently resolved as a direct consequence of **Mediation**, the Self-Insured Retention Amount applicable to said **Claim** shall be reduced by fifty percent (50%), subject to a maximum reduction of no more than \$25,000. In the event you owe any portion of the Self-Insured Retention Amount, it shall be paid to us within thirty (30) days following receipt of the executed, full and final release of the **Claim**.

E. Multiple Insured(s) and Multiple Related Claim(s)

1. The number of **Insureds** covered by this Policy shall not operate to increase any Limits of Liability or **Legal Expense** set forth in Item (4) and Item (3)b. of the Declarations, or as set forth in SECTION II - SUPPLEMENTAL COVERAGES, notwithstanding any other provision of this Policy.
2. All **Pollution Loss**, **Emergency Remediation Expense**, and any other coverage afforded under this Policy, including SECTION II – SUPPLEMENTAL COVERAGES, incurred over one or more **Policy Period(s)** and arising out of the same, related, repeated or continuous **Pollution Condition** shall be treated as having resulted from a single **Pollution Condition**, subject to:
 - a. a single Limit of Liability;
 - b. a single Self-Insured Retention Amount; and
 - c. shall not operate to increase any Limits of Liability or **Legal Expense** set forth in Item (4) or Item (3)b. of the Declarations.

The **Pollution Loss**, **Emergency Remediation Expense** and any other coverage afforded under this Policy, including SECTION II – SUPPLEMENTAL COVERAGES, will be subject to the same Limits of Liability and Self-Insured Retention Amount in effect at the time the **Pollution Condition** was first reported to us, in writing, by you, during the **Policy Period**, or, where applicable, the Extended Reporting Period.

3. Multiple **Claim(s)** against one or more **Insureds** arising out of the same, related, repeated, or continuous **Pollution Condition** shall be treated as a single **Claim**. All such **Claim(s)** whenever made, shall be considered first made on the date the earliest such **Claim(s)** was first made and only the policy providing coverage for the earliest **Claim(s)** shall afford coverage.
4. If more than one coverage applies to the whole or a part of a **Pollution Loss** treated as having resulted from a single **Pollution Condition** pursuant to this section, then only the highest **Pollution Condition** Limit of Liability of the applicable limits set forth in Item (4) of the Declarations applies.
5. If more than one coverage applies to the whole or a part of a **Pollution Loss** treated as having resulted from a single **Pollution Condition** pursuant to this section, then only the highest **Pollution Condition** Self-Insured Retention Amount of the applicable Self-Insured Retention Amounts set forth in Item (4) of the Declarations applies.

F. Exhaustion of Applicable Limit of Liability

Once any applicable Limit of Liability set forth in Item (3) or Item (4) of the Declarations, or set forth in SECTION II - SUPPLEMENTAL COVERAGES, has been exhausted, we have no obligation to:

1. defend or continue to defend any **Claim** by paying **Legal Expense** under that applicable Limit of Liability; or
2. pay any **Pollution Loss** or **Emergency Remediation Expense**, SECTION II - SUPPLEMENTAL COVERAGES, or any other amounts under that applicable Limit of Liability.

SECTION VI – EXTENDED REPORTING PERIOD

A. Automatic Extended Reporting Period

The Automatic Extended Reporting Period only applies to insurance afforded by this Policy under SECTION I – INSURING AGREEMENTS, A. Your Location Coverage, C. Contingent Transportation Coverage, and D. Non-Owned Disposal Site Coverage.

In the event of non-renewal or cancellation of this Policy by the **First Named Insured**, you shall be entitled to a ninety (90) day Automatic Extended Reporting Period for no additional premium, commencing on the last day of the **Policy Period**, subject to the following terms and conditions:

1. The Automatic Extended Reporting Period shall apply to a **Claim** first made against you during the **Policy Period** and reported to us, in writing, by you during the Automatic Extended Reporting Period and otherwise covered by this Policy.
2. The Automatic Extended Reporting Period shall also apply to a **Claim** first made against you during the Automatic Extended Reporting Period, resulting from a **Pollution Condition** first discovered by you and reported to us, in writing, by you during the **Policy Period** and otherwise covered by this Policy. In this case, the **Claim** shall be deemed to have been made against you on the last day of the **Policy Period**.
3. The Automatic Extended Reporting Period shall also apply to a **Pollution Condition** first discovered by you during the **Policy Period** and reported to us, in writing, by you within the Automatic Extended Reporting Period and otherwise covered under this Policy.
4. The ninety (90) day Automatic Extended Reporting Period does not apply where:
 - a. this Policy is terminated for fraud, misrepresentation or non-payment of premium as described in SECTION VIII. CONDITIONS, D. Cancellation, Subsections 2.a., 2.b. and 2.c.;
 - b. you have purchased other insurance to replace this Policy, which provides coverage for a **Claim** and/or **Pollution Condition**; or
 - c. the **Pollution Condition** was first discovered by you during the Automatic Extended Reporting Period.

B. Optional Extended Reporting Period

The Optional Extended Reporting Period only applies to insurance afforded by this Policy under SECTION I – INSURING AGREEMENTS, A. Your Location Coverage, C. Contingent Transportation Coverage, and D. Non-Owned Disposal Site Coverage.

In the event of non-renewal or cancellation of this Policy by the **First Named Insured**, the **First Named**

Insured may purchase an Optional Extended Reporting Period, subject to the following terms and conditions:

1. The Optional Extended Reporting Period becomes effective upon payment of an additional premium. Regardless of the period purchased for the Optional Extended Reporting Period, the additional premium will be not more than one hundred percent (100%) of the total premium of this Policy. The Optional Extended Reporting Period commences on the last day of the **Policy Period** and becomes effective for up to three (3) consecutive three-hundred and sixty-five (365) day periods. The ninety (90) day Additional Reporting Period, if applicable, will be merged into the Optional Extended Reporting Period and is not in addition to the Optional Extended Reporting Period.
2. The **First Named Insured** must request the purchase of the Optional Extended Reporting Period in writing to us within thirty (30) days following the termination of this Policy and pay the premium to us promptly when due.
3. If purchased, the Optional Extended Reporting Period applies to:
 - a. a **Claim** first made against you or by you, as applicable, during the **Policy Period** and reported by you to us, in writing, during the Optional Extended Reporting Period, and that is otherwise covered by this Policy; or
 - b. a **Claim** first made against you during the Optional Extended Reporting Period, resulting from a **Pollution Condition** first discovered by you and reported to us, in writing, by you during the **Policy Period** and otherwise covered by this Policy. In this case, the **Claim** shall be deemed to have been made against you on the last day of the **Policy Period**.
4. Notwithstanding anything to the contrary above, the Optional Extended Reporting Period does not apply where:
 - a. this Policy is terminated for fraud, misrepresentation or non-payment of premium or cancelled on any ground set forth in Subsections 2.a., 2.b. 2.c., of SECTION VIII - CONDITIONS, D. Cancellation; or
 - b. you have obtained other insurance from any entity other than us or our affiliate, effective after the end of the **Policy Period**, where such other insurance affords coverage, in whole or in part, for a **Claim** and/or **Pollution Loss**; or
 - c. the **Pollution Condition** was first discovered by you during the Automatic Extended Reporting Period.
5. The Optional Extended Reporting Period shall be non-cancellable. At the commencement of the Optional Extended Reporting Period, the entire premium shall be considered one hundred percent (100%) fully earned.
6. The Limits of Liability applicable to the Optional Extended Reporting Period shall be the Limits of Liability remaining under the terminated policy.
7. The quotation of different terms and conditions by us and the **First Named Insured's** choice not to accept those quoted terms and conditions shall not be construed as non-renewal of this Policy.

SECTION VII - REPORTING, DEFENSE, SETTLEMENT AND COOPERATION

A. Admission of Liability and Recommended Settlement

As a condition precedent to the coverage hereunder:

You shall not admit liability with respect to any **Claim** without our prior written consent.

If we recommend a settlement of a **Claim**:

1. for an amount within the Self-Insured Retention Amount, and you refuse to settle for such recommended amount, we shall not be liable for any **Pollution Loss**, and any other coverage afforded by endorsement; or
2. for a total amount in excess of the Self-Insured Retention Amount, and you refuse to settle for such recommended amount, our liability for **Pollution Loss**, and any other coverage afforded by endorsement, shall be limited to that portion of such recommended amount, plus the **Legal Expense** incurred as of the date we recommended such settlement amount, which exceeds the Self-Insured Retention Amount, but falls at or within the Limits of Liability.

B. Defense

We have the right and duty to defend any **Claim** against you seeking **Pollution Loss** to which this insurance applies, subject to satisfaction of the Self-Insured Retention Amount, even if any of the allegations against you are groundless, false or fraudulent. We shall have the right, but not the duty, to defend you against any **Claim** for **Pollution Loss** where the Self-Insured Retention Amount has not yet been satisfied. We shall also have the right to select counsel to defend you in connection with any **Pollution Condition** covered under this Policy. If we exercise such rights set forth above, you must promptly reimburse us for any payments made by us within the Self-Insured Retention Amount, if any. However, we have no duty to defend any **Claim** against you to which this insurance does not apply.

C. Duties

As a condition precedent to the coverage hereunder:

1. You shall notify us of each of the following, as soon as practicable:
 - a. a **Claim**;
 - b. **Bodily Injury** or **Property Damage** which may result in a **Claim**;
 - c. a **Pollution Condition**; and
 - d. **Remediation Expense**.
2. You shall forward to us, or to any of our authorized agents, all demands, notices, summons, legal papers or orders received by you or your representative as soon as practicable.
3. You shall provide to us, whether orally or in writing, notice of the particulars including the time, place and circumstances of the **Claim**, **Pollution Condition**, **Bodily Injury**, **Property Damage** or **Remediation Expense**, along with the names and addresses of any injured persons or witnesses. In the event of oral notice, you shall furnish to us a written notice of such particulars as soon as practicable.
4. You shall cooperate with us with respect to any coverage sought under this Policy. Upon our request, you shall submit to examination under oath by a representative of us.
5. You shall attend hearings, depositions and trials and assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and otherwise cooperate in the investigation or defense of a **Claim**. You shall further cooperate with us and do whatever is necessary to secure and effect any rights of indemnity, contribution apportionment or subrogation which you or we may have.

SECTION VIII – CONDITIONS

A. Action Against Us

No action by a third-party to this Policy shall lie against us unless, as a condition precedent thereto:

1. you have fully complied with all of the terms of this Policy; and
2. the amount you are obligated to pay has been finally determined either by judgment against you after actual trial or by written agreement of you, the claimant and us.

Any person or entity that has secured such judgment or entered into such written contract or agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. No person or entity shall have any right under this Policy to join us as a party to any action against you to determine your liability, nor shall we be brought into such action by you or your legal representative.

B. Assignment

This Policy cannot be assigned without our prior written consent. Such consent shall not be unreasonably withheld or delayed.

C. Bankruptcy or Insolvency

Your bankruptcy or insolvency, or that of your estate, shall not relieve us of any of our obligations under this Policy.

D. Cancellation

The following apply to this Policy:

1. Cancellation by the **First Named Insured**:

This Policy may be canceled by the **First Named Insured** by mailing to us written notice stating when thereafter the cancellation shall be effective. The mailing of such notice must be sent certified mail, return receipt requested, or by electronic mail. The effective date and time of cancellation stated in the written notice shall become the end of the **Policy Period**.

The Minimum Earned Premium for this Policy shall be the percentage stated in Item (6) of the Declarations of the total premium for this Policy. This means that such percentage of the total premium for this Policy is fully earned by us on the inception of the **Policy Period**. The **First Named Insured** is not entitled to any return of the Minimum Earned Premium upon cancellation.

If the Minimum Earned Premium is less than one hundred percent (100%) of the total premium for this Policy, and the **First Named Insured** cancels this Policy, then the amount of premium returnable after the minimum premium earned is retained by us shall be computed in accordance with the customary short rate table and procedure.

2. Cancellation by Us:

This Policy may be canceled by us by mailing to the **First Named Insured**, at the address shown in Item (1) of the Declarations, written notice stating when not less than ninety (90) days thereafter [or fifteen (15) days for non-payment of premium] such cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice of cancellation. The effective date and time of cancellation stated in the written notice shall become the end of the **Policy Period**.

We may cancel this Policy at any time, but only for the following reasons:

- a. you made a material misrepresentation which affects our assessment of the risks insured by this Policy;
- b. you breached or failed to comply with Policy terms, conditions, contractual duties, or any of your obligations under this Policy or at law; or
- c. you failed to pay the premium, the Self-Insured Retention Amount or any Deductible.

If we cancel this Policy for reasons set forth in Subsections D.2.a. or D.2.b. referenced immediately above, then the amount of premium returnable to the **First Named Insured** is computed on a pro-rata basis. If we cancel this Policy for reasons set forth in Subsection D.2.c. above, there shall be no return premium.

In the event of cancellation by us for any ground referred to in Subsection D.2.b. referenced immediately above, you shall have ninety (90) days from the date of notice of cancellation to remedy each breach and each failure that is a ground for cancellation, but only as to each and every breach and failure that are capable of being remedied. If your remedial efforts are completed within such ninety (90) day period and are satisfactory to us, we shall rescind the Notice of Cancellation with a written confirmation to the **First Named Insured**.

3. The following provisions also apply to Subsections D.1. and D.2. above:

- a. The premium adjustment shall occur as soon as practicable after cancellation becomes effective; however, payment of unearned premium is not a condition of cancellation by us.
- b. If a **Claim for Pollution Loss** is made against you, a **Pollution Condition** is discovered or coverage is otherwise requested from us by you, during the **Policy Period**, or, where applicable, the Extended Reporting Period, then the premium shall be considered one hundred percent (100%) earned, and the **First Named Insured** is not entitled to any return of premium upon cancellation.

E. Changes

Notice to any agent or knowledge possessed by any agent or by any other person shall not constitute a waiver or a change in any part of this Policy or estop us from asserting any right under the terms of this Policy. The terms and conditions of this Policy cannot be waived or changed, except by endorsement issued by us to form a part of this Policy.

F. Choice of Law and Jurisdiction and Venue

All matters arising from or related to this Policy, including, without limitation, questions related to the validity, interpretation, performance, and enforcement of this Policy, and all forms of contractual, tort and statutory claims, shall be determined in accordance with the law and practice of the State of New York (notwithstanding New York's conflicts of law rules).

It is agreed that, in the event of any dispute arising from or related to this Policy, including, without limitation, questions related to the validity, interpretation, performance, and enforcement of this Policy, and all forms of contractual, tort and statutory claims, we and the **Insured** will submit to the jurisdiction of any court (state or federal) in New York and will comply with all the requirements necessary to give such court jurisdiction. Nothing in this clause constitutes or should be understood to constitute a waiver of the right of us or the **Insured** to remove an action to a United States District Court, regardless of the jurisdiction in which an action is commenced.

G. Declarations and Representations

By acceptance of this Policy, you agree that:

1. the statements, declarations and information contained in the Application for this Policy, including any other supplemental materials submitted to us as part of the Application process, are true, correct and complete;
2. all such statements, declarations, supplemental materials and information are material to our underwriting of this Policy;
3. this Policy has been issued by us in reliance upon the truth, correctness and completeness of such statements, declarations, supplemental materials and information, and
4. the Application for this Policy, including all statements, declarations, information and other supplemental materials submitted to us as part of the Application process, are incorporated in and made part of this Policy.

H. Headings

The descriptions in the headings of this Policy are solely for convenience and form no part of the terms and conditions of this Policy.

I. Inspection and Audit

We shall be permitted, but not obligated, to examine, audit, monitor and inspect on a continuing basis any of your books, records, services, and your operations at **Your Location**, at any time, as far as they relate to the subject matter of this Policy.

Our right to examine, audit, monitor and make inspections, or the actual undertaking thereof, or any report thereon, does not constitute an undertaking to determine or warrant that property or operations are safe, healthful or conform to acceptable engineering practice, or are in compliance with any law, rule or regulation. Any inspections shall be coordinated through the broker or agent of the **First Named Insured**.

J. Other Insurance

Unless expressly stated to the contrary, this Policy is excess over the Self-Insured Retention Amount and any other valid and collectible insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written specifically excess of this Policy by reference in such other policy to the Policy Number in this Policy's Declarations. When any other insurance has a duty to defend a **Claim**, we shall have no duty to defend the **Claim**; if the other insurance does not defend the **Claim**, we shall have the right, but not the duty to defend the **Claim**.

K. Severability

Except with respect to the Limits of Liability, the Self-Insured Retention Amount and any rights or duties specifically assigned in this Policy to the **First Named Insured**, this insurance applies:

1. as if each **Insured** were the only **Insured**; and
2. separately to each **Insured** against whom a **Claim** is made.

Any misrepresentation, act or omission that is in violation of a term, duty or condition under this Policy by one **Insured** shall not by itself affect coverage for another **Insured** under this Policy. However, this exception shall not apply to the **Insured** who is a parent, subsidiary or affiliate of the **Insured** which committed the misrepresentation, act or omission referenced above.

L. Sole Agent

The **First Named Insured** shall act on behalf of all **Insureds** for the payment or return of premium, receipt and acceptance of any endorsement issued to form a part of this Policy, giving and receiving notice of cancellation or non-renewal, any policy buy back and the exercise of the rights provided in SECTION VI – EXTENDED REPORTING PERIOD.

M. Subrogation and Recoupment

In the event of any payment under this Policy, we shall have the right to seek recoupment against you in the event we determine no coverage exists and/or be subrogated to all your rights of recovery against any person or entity, and you shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

Any recovery as a result of subrogation proceedings under this Policy shall accrue first to you to the extent of your payments in excess of the Limits of Liability of this Policy; then to us to the extent of our payment under this Policy; and then to you to the extent of your payment of the Self-Insured Retention Amount. Expenses incurred in such subrogation proceedings shall be apportioned among the interested parties in the recovery in the proportion that each interested party's share in the recovery bears to the total recovery amount.

However, we waive our right of recovery against any person or entity if and to the extent you agree to waive your right of recovery against such person or entity in a written contract or agreement signed by you prior to:

1. a **Claim** or **Pollution Loss**; or
2. the first commencement of a **Pollution Condition** out of which the **Claim** or request for **Pollution Loss** or **Emergency Remediation Expense** arises under SECTION I - INSURING AGREEMENTS.

N. Territory

This Policy only applies to a **Claim** that is first brought, and at all times maintained, within the United States, its territories and possessions, or in Canada.

This Policy does not apply to any **Claim** for which payment would be in violation of the laws of the United States including, but not limited to, United States economic or trade sanction laws or export control laws administered by the United States Treasury, State, and Commerce Departments, such as the economic and trade sanctions administered by the United States Treasury Office of Foreign Assets Control.

I. POLLUTION LIABILITY (i.e., UST, et al.)

A Pollution Liability policy is requested with an inception date of October 1, 2020, per the application in the Underwriting Section with respect to designated premises, underground and aboveground tanks and spraying operations, including site coverage at all locations shown in the current SOV.

1. Limits of Liability – Please quote Pollution Liability coverage at a limit of \$1,000,000 per occurrence/\$3,000,000 annual aggregate, and \$2,000,000 per occurrence/\$6,000,000 annual aggregate on a claims-made basis.
2. Deductible – Please quote optional deductibles of \$10,000 and \$25,000 per environmental incident.
3. Coverage is to include bodily injury and property damage liability on and off premises.
4. Coverage should be written on a “pay-on-behalf-of” basis.
5. Coverage is to include remediation costs for third-party liability and first-party obligations.
6. Coverage is desired for pollution events that commence prior to inception of this coverage but are unknown as of the coverage inception date.
7. Quote coverage with no retro date (full prior incidents). If the coverage cannot be quoted without a retro date, the current retro date of 10/1/98 should be used. Alternative retro date(s) will be considered.
8. Include a minimum twelve (12)-month extended reporting period option with a bilateral trigger.
9. Coverage is to be included for designated aboveground and underground storage tanks and designated premises per schedules in the application, plus spraying operations consisting of pesticides, herbicides and insecticides.

PROPOSAL FORM FOR POLLUTION LIABILITY

1. Proposed Insurer AXA XL
2. Indicate premium for the following (specifically scheduled premises, underground and aboveground tanks, and spraying operations):

Per-Event/Aggregate Limit	Deductibles/SIR	
	\$10,000	\$25,000
\$1,000,000/\$3,000,000	Option available	\$132,500
\$2,000,000/\$6,000,000	with additional information	\$189,950

Are premiums quoted net of commission(s) or any other fee(s)? Yes No

3. Does coverage include bodily injury and property damage liability on and off premises?

Yes No

4. Is coverage written on a "pay-on-behalf of" basis? Yes No

5. Does coverage include remediation costs for third party liability and first party obligations?

Yes No

6. Is coverage provided for pollution events that commence prior to this coverage inception but unknown to the County as of the inception date?

Yes No

7. Is coverage quoted without a retro date? Yes No

If no, what is the retro date quoted? 10/01/2014 (Will consider 1998 Retro with additional information)

8. Is coverage provided for both above ground and underground storage tanks?

Yes No Blanket coverage for ASTs and Scheduled USTs

9. Is a 12-month extended reporting period offered with a bilateral trigger? Yes No

Except in cases of fraud, mis representation or non payment of premium

10. Please indicate if premium quoted is flat or auditable and composite rate.

Not Auditable

11. Please indicate method of premium payment (monthly, quarterly, annually, etc.).

Premium is to be paid on an annual basis, within 30 days of binding. Additional options can be made available during the final stages of quoting

12. Indicate the term of the coverage. 10/01/2020-10/01-2021

If more than one year, are rates fixed? Yes No

13. Is your quote contingent on writing any other line(s)? _____ Yes X No

If yes, what line(s)? _____

14. Are specimen policy forms and endorsements included? X Yes _____ No

Eric Eustace

Authorized Signature

BALDWIN COX ALLEN

Company

07/29/2020

Date

EXCEPTION FORM FOR POLLUTION LIABILITY

Please use this page to explain any differences between the specification requirements and your proposal. This form must list all exceptions/additions to the specifications by line of coverage. Failure to list exceptions accurately could result in disqualification and rejection of your proposal.

Coverage Summary:

- IHIC EVCRP Parl X (0419) Policy base form (see copy attached)
- Blanket Aboveground Storage Tanks;
- Emergency Response Coverage – Coverage grant within form. XL Catlin does have a 24/7

Emergency Response Hotline as well

- Additional Legal Expense (\$100,000)
- Included in form:
 - o Blanket NODS – within the form (retro 10/1/14);
 - o Disaster Response,
 - o Litigation Expense,
 - o Subpoena Expense,
 - o contingent transportation in form;
 - o Broad Insured;
 - o Business property of others,
 - o Green bldg. materials,
 - o abandoned materials
 - o Mold cover in form
 - o 90 Days cancellation
 - o Waiver of Subro – per contract
- Municipality Endorsement (see attached marketing brochure)
- o Addl Disaster Response Expense (\$500K)
- o Broad ANI for municipalities
- o Insured Owned / leased cover
- o Sewer Back UP Cover (\$100K SIR)
- o Asb / Pb paint exclusion amendment
- o Contractors Cover (Municipality Site)
- Aggregate SIR
- Time Element for specific Locations – Police Firing stations, ranges
- Business Interruption and Extra Expense (5 day deductible)
- Mold Matter SIR: \$50K for School and daycare properties
- SIR for Specific Locations: \$100K for wastewater / water treatment plants and related
- UST Schedule

Eric Eustace

Authorized Signature

BALDWIN COX ALLEN

Company

07/29/2020

Date

Pollution Protection for Municipalities

XL Group
Insurance



Environmental

Client Profile

- Counties
- Cities
- Townships
- Boroughs
- Villages

Environmental Municipalities Policy Coverage Enhancements

Products Coverage

- Coverage for contaminated drinking water supplied by the municipality.

Contractor's Pollution Legal Liability Coverage

- Coverage for the municipality related to pesticide and herbicide applications, maintenance services, and/or installation of water and sewer lines by employees.

Landfill Coverage

- Coverage for contaminants that migrate to adjacent properties from the landfill, and on-site coverage related to storage tanks.

Sewer Trunk Line Coverage

- Extends coverage for the main sewer trunk line network that connects the main lines and pump stations to the waste water treatment plant(s).

Disaster Response Expense

- Coverage for costs to secure a scene and manage the media in the event of a disaster.

Blanket Non-Owned Disposal Site(s)

- Coverage related to the delivery and disposal of waste at non-owned locations.

Owned / Leased Vehicle Coverage

Abandoned Materials Coverage

- Coverage for the illicit abandonment of materials at a covered location.

Standard Base Policy Form Coverage

Pollution and Remediation Legal Liability:

- On and Off-Site Third-Party Bodily Injury and Property Damage
- On and Off-site Remediation Expense
- Legal Expense
- Contingent Transportation

Municipalities have wide and varying exposures. One size policy does not fit all. An environmental issue can significantly impact a municipality's financial standing.

We help protect your municipality.

Continued

Pollution Protection for Municipalities

Continued



Information Required

- XL Group municipalities application
- Statement of Values
- Available environmental site assessments (e.g., Phase I or II reports)
- Minimum 2 years loss history (casualty and pollution, if available)
- Two years financial statements

Unmatched Qualifications and Skills

- Integrated and experienced underwriting, risk consulting and claims handling
- Regional offices with national and international coverage
- 25+ years in specialized environmental insurance market

Risk Engineering Works

- In-house consulting staff
- Network of pre-approved consultants
- Service throughout the policy period

Claims Are Resolved

- 24/7 emergency response
- "Best in the business" reputation
- Catastrophic events minimized

Contact:

Environmental Team

505 Eagleview Boulevard, Suite 100, Exton, PA 19341 USA

Phone: 800-327-1414

Fax: 610-458-8667

xlenvironmental.com

The information contained herein is intended for informational purposes only. Insurance coverage in any particular case will depend upon the type of policy in effect, the terms, conditions and exclusions in any such policy, and the facts of each unique situation. No representation is made that any specific insurance coverage would apply in the circumstances outlined herein. Please refer to the individual policy forms for specific coverage details.

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