



Proposal for

No. 2020-009

Property & Casualty Insurance

Prepared by:

Tracie Bigham
Marketing Account Executive

Joseph R. Blasi
Senior Executive Vice President

Submitted to:

WEBB COUNTY



July 31, 2020, before 10:00 a.m.



July 31, 2020

Webb County Purchasing Department
1110 Washington Street, Suite 101
Laredo, Texas 78040

10100 Katy Freeway, Ste. 400
Houston, Texas 77043
(713) 877-8975

Reference: RFP #2020-009
Property & Casualty Insurance Proposal

Attention: Dr. Pedro F. Alfaro, Risk Management Director

McGriff is pleased to have the opportunity to participate in the Webb County Request for Proposal to provide Property and Casualty Insurance for Cyber, Pollution and School Leaders E&O.

Our response is limited to three lines of coverage. Without the requested underwriting information (ground up historical claims data, roof composition with historic update information, etc.), our assigned carriers are unable to provide quotations.

Our intent throughout this response is to provide an accessible format to address each of the specific questions in the RFP and to support that McGriff has the people, experience, resources, talent and capabilities to add considerable value in the placement and service of Webb County's Program.

McGriff has assembled a team that is highly familiar with Webb County's culture and exposures. Our team has extensive experience working with the Public Entity sector within the State of Texas.

McGriff is well positioned within the insurance industry to help match Webb County's needs with the best options available in the global marketplace. Our carrier partners understand and embrace our client-centric philosophy. Combining their willingness to provide exceptional products and services with our risk management analytics and consulting allows McGriff to deliver the highest quality of customer service, year after year.

We believe that we are uniquely qualified to provide the best overall value to Webb County, for the following reasons:

- **Public Entity Experience:** We presently handle more Public Entity clients in Texas than any of our peers.
- **Carrier Relationships:** We maintain outstanding relationships with all insurance carriers who offer coverage programs for Public Entities.
- **Local Resources:** We have over 200 insurance professionals located in Texas. Our team is always available to provide immediate response to pressing issues. We also maintain fully-staffed Claims Management, Loss Prevention and Risk Analytics teams. Webb County will benefit from these resources.
- **Data Analytics:** Using Webb County's historic claims data, we can perform data analytic reports. This will allow targeted loss prevention engineering and lower the County's Cost of Risk (see analytic report examples enclosed).

We look forward to visiting with you soon to discuss your questions and providing our value-added expertise to your program.

Sincerely,
McGriff

A handwritten signature in blue ink, appearing to read "Joseph R. Blasi".

Joseph R. Blasi, ARM, CPCU
Senior Executive Vice President

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SECTION I - GENERAL REQUIREMENTS

WEBB COUNTY

SERVICING CRITERIA FORM

Please use this form to respond to Items G and J of Section I. Each proposer must clearly and specifically address all of the criteria requested in these sections.

Proposal Forms

All proposal forms have been completed by McGriff with the exception of Aircraft and TPA services. *Please refer to Table of Contents for location of completed forms.*

G. Qualifications

1. Agent:
 - a. [The agency must be duly licensed to do business in the State of Texas.](#)

McGriff is licensed to do business in all 50 states.

<p>TEXAS DEPARTMENT OF INSURANCE THIS IS TO CERTIFY THAT</p> <p>MCGRIFF, SEIBELS & WILLIAMS, INC. 2211 7TH AVENUE SOUTH, BIRMINGHAM, AL 35233</p> <p>LICENSE NUMBER: 18641</p>	<p>IS HEREBY AUTHORIZED TO TRANSACT BUSINESS IN ACCORDANCE TO THE LICENSE DESCRIPTION SHOWN BELOW:</p> <p>General Lines Agency Life, Accident, Health and HMO, Property and Casualty</p> <p>Issue Date: 08-09-2004 Generated by Siron 180115906</p> <p style="text-align: right;">Expiration Date: 08-09-2020</p>
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<p>TEXAS DEPARTMENT OF INSURANCE THIS IS TO CERTIFY THAT</p> <p>JOSEPH R BLASI 602 FLINTDALE RD, HOUSTON, TX 77024-5108</p> <p>LICENSE NUMBER: 596464</p>	<p>IS HEREBY AUTHORIZED TO TRANSACT BUSINESS IN ACCORDANCE TO THE LICENSE DESCRIPTION SHOWN BELOW:</p> <p>Risk Manager</p> <p>Issue Date: 03-06-1998 Expiration Date: 04-30-2021</p> <p style="text-align: center;">Generated by Siron 185992404</p>
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<p>TEXAS DEPARTMENT OF INSURANCE THIS IS TO CERTIFY THAT</p> <p>JOSEPH R BLASI 602 FLINTDALE RD, HOUSTON, TX 77024-5108</p> <p>LICENSE NUMBER: 1039761</p>	<p>IS HEREBY AUTHORIZED TO TRANSACT BUSINESS IN ACCORDANCE TO THE LICENSE DESCRIPTION SHOWN BELOW:</p> <p>General Lines Agent Property and Casualty</p> <p>Issue Date: 03-18-1998 Expiration Date: 04-30-2021</p> <p style="text-align: center;">Generated by Siron 185992430</p>
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<p>TEXAS DEPARTMENT OF INSURANCE THIS IS TO CERTIFY THAT</p> <p>TRACIE LEE BIGHAM 6422 GRAPE ST, HOUSTON, TX 77074</p> <p>LICENSE NUMBER: 444530</p>	<p>IS HEREBY AUTHORIZED TO TRANSACT BUSINESS IN ACCORDANCE TO THE LICENSE DESCRIPTION SHOWN BELOW:</p> <p>General Lines Agent Property and Casualty</p> <p>Issue Date: 03-06-2002 Expiration Date: 07-31-2020</p> <p style="text-align: center;">Generated by Siron 172223798</p>
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- b. The agency must have insurance for agent's errors and omissions with a limit of at least \$10,000,000 per-occurrence. A certificate evidencing coverage must be included with the proposal

		CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 12/08/2019		
THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.						
IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).						
PRODUCER MCGRIFF, SEIBELS & WILLIAMS, INC. 3400 Overton Park Drive SE Suite 300 Atlanta, GA 30339			CONTACT NAME: PHONE (A/C No, Ext): 404 497-7500 FAX (A/C, No): E-MAIL: ADDRESS:		INSURER(S) AFFORDING COVERAGE	
INSURED Trust Financial Corporation 214 N. Tryon St Charlotte, NC 28202			INSURER A :XL Specialty Insurance Company INSURER B :U.S. Specialty Insurance Company INSURER C : INSURER D : INSURER E : INSURER F :		NAIC # 37885 29599	
COVERAGES CERTIFICATE NUMBER: P79ET4GD REVISION NUMBER:						
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
INSR LTR	TYPE OF INSURANCE	ADDL SUBR NSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJ-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPROP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY <input type="checkbox"/> OTHER					COMB'D SINCE LWIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/OWNER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS					PER STATUTE DTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	BANKERS' PROF LIABILITY		ELU185003-19	12/06/2019	12/06/2020	Limit of Liability \$ 15,000,000
B	EXCESS BANKERS' PROF LIABILITY		14-MGU-19-A48282			\$15,000,000 Excess of \$ 15,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 181, Additional Remarks Schedule, may be attached if more space is required) Excess Bankers Professional Liability - Effective 12/06/19 - 12/06/20 *ACE American Insurance Co. (NAIC#: 22667) - (Policy #: DOX G46884899 001) - Limit- \$15,000,000 in excess of \$30,000,000 *National Union Fire Insurance Company of Pittsburgh, Pa. (NAIC#: 19445) - (Policy #: 03-979-2805) - Limit- \$15,000,000 in excess of \$45,000,000 *Berkshire Hathaway Specialty Insurance Co. (NAIC#: 22276) - (Policy #: 47-EPF-309560-01) - Limit- \$15,000,000 in excess of \$60,000,000 *Markel American Insurance Co. (NAIC#: 28932) - (Policy #: MKLMBEL0005058) - Limit- \$15,000,000 in excess of \$75,000,000 *Freedom Specialty Insurance Co. (NAIC#: 22209) - (Policy #: XMF1909373) - Limit- \$15,000,000 in excess of \$90,000,000 *Continental Casualty Company (NAIC#: 20443) - (Policy #: 652171089) - Limit- \$15,000,000 in excess of \$105,000,000 *Allianz Global Risks US Insurance Company (NAIC#: 35300) - (Policy #: USF00604619) - Limit- \$10,000,000 in excess of \$120,000,000 (continued next page)						
CERTIFICATE HOLDER For information Only			CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 			

AGENCY CUSTOMER ID: _____
 LOC #: _____



ADDITIONAL REMARKS SCHEDULE

PRODUCER MCGRIFF, SEIBELS & WILLIAMS, INC.		INSURED Truist Financial Corporation	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 12/06/2019	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
 FORM NUMBER: _____ FORM TITLE: _____

(continued from previous page)

- *Starr Indemnity & Liability Company (NAIC#: 38318) - (Policy #: 1000622167191) - Limit- \$10,000,000 in excess of \$130,000,000
- *Berkley Insurance Company (Quota Share Lead) (NAIC#: 32603) - (Policy #: BPRO8045766) Limit- \$10,000,000 part of \$60,000,000 in excess of \$140,000,000
- *Argonaut Insurance Company (Quota Share) (NAIC#: 19801) - (Policy #: MLX 4244505-0) - Limit- \$10,000,000 part of \$60,000,000 in excess of \$140,000,000
- *Endurance Risk Solutions Assurance Co. (Quota Share) (NAIC#: 43630) - (Policy #: ERI3001372500) - Limit- \$10,000,000 part of \$60,000,000 in excess of \$140,000,000
- *AXIS Insurance Company (Quota Share) (NAIC#: 37273) - (Policy #: MNN643053101/2019) - Limit- \$10,000,000 part of \$60,000,000 in excess of \$140,000,000
- *RSUI Indemnity Company (Quota Share) (NAIC#: 22314) - (Policy #: NHS684501) - Limit- \$10,000,000 part of \$60,000,000 in excess of \$140,000,000
- *State National Insurance Company, Inc. (Quota Share) (NAIC#: 12831) - (Policy #: EXN CUI0331-00) - Limit- \$5,000,000 part of \$60,000,000 in excess of \$140,000,000
- *Freedom Specialty Insurance Co. (Quota Share) (NAIC#: 22209) - (Policy #: XMF1909372) - Limit- \$5,000,000 part of \$60,000,000 in excess of \$140,000,000

Bankers' Professional Deductible is \$25,000,000
 Insurance Agents' E&O Deductible is \$25,000,000

Bankers' Professional Liability includes Insurance Agents' E&O.

All subsidiaries of Truist Financial Corporation, including their subsidiaries are covered entities under the above policies. Sterling Capital Management, LLC is a subsidiary of Truist.

Insurance Operations:

McGriff Seibels & Williams, Inc. and McGriff Insurance Services, Inc., including their subsidiaries, are wholly owned subsidiaries of BB&T Insurance Holdings, Inc.

Crump Life Insurance Services, Inc. including its subsidiaries, is a wholly owned subsidiary of BB&T Insurance Holdings, Inc.

CRC Insurance Services, Inc., including its wholly owned subsidiaries, is a wholly owned subsidiary of BB&T Insurance Holdings, Inc. - Hamilton Management, Inc., Cooper Gay Re and J.H. Blades & Co. Inc. are wholly owned subsidiaries of CRC Insurance Services, Inc.

CRC includes the operations of the following divisions: TAPCO Underwriters, Inc., CRC Swett, SCU, SCU Transportation, Negley Associates, 5 Star Specialty Programs, Southern Marine and Aviation, Target Insurance Services, Professional Insurance Concepts, Energy Technical Underwriters, Southern Hospitality Underwriters, Ethos Underwriting, Pro-Praxis, The ABC Program, and Argenia

AmRisc, LLC is a subsidiary of McGriff Insurance Services, Inc. - Loxley Insurance Services is part of AmRisc



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
1/2/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER McGriff Insurance Services Inc. 301 College Street, Suite 208 Asheville NC 28801	CONTACT NAME: Nita Swink PHONE (A/C, No, Ext): 828-277-3917 FAX (A/C, No): E-MAIL ADDRESS: CertificateRequests@bbandt.com														
INSURED Truist Financial Corp. & Subsidiaries c/o McGriff Insurance Services 301 College Street, Suite 208 Asheville NC 28801	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: left;">NAIC #</th> </tr> <tr> <td>INSURER A: Hartford Fire Insurance Company</td> <td>19682</td> </tr> <tr> <td>INSURER B: Twin City Fire Insurance Company</td> <td>29459</td> </tr> <tr> <td>INSURER C: National Union Fire Ins Co of Pitt. PA</td> <td>19445</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Hartford Fire Insurance Company	19682	INSURER B: Twin City Fire Insurance Company	29459	INSURER C: National Union Fire Ins Co of Pitt. PA	19445	INSURER D:		INSURER E:		INSURER F:	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A: Hartford Fire Insurance Company	19682														
INSURER B: Twin City Fire Insurance Company	29459														
INSURER C: National Union Fire Ins Co of Pitt. PA	19445														
INSURER D:															
INSURER E:															
INSURER F:															


COVERAGES **CERTIFICATE NUMBER: 609694297** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC <input type="checkbox"/> OTHER		22CSE570002	12/6/2019	5/1/2021	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000 \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY		22CSE570003	12/6/2019	5/1/2021	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$		28295320	12/6/2019	5/1/2021	EACH OCCURRENCE \$ 15,000,000 AGGREGATE \$ 15,000,000 \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below.	Y/N <input type="checkbox"/> Y <input checked="" type="checkbox"/> N N/A	22VNS70000 22WBR570001	12/6/2019 12/6/2019	5/1/2021 5/1/2021	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 22VNS70000 - Workers Compensation (Various Whiting Company Names within the Hartford Fire Insurance Group apply based on the state of employment)
 --- 22WBR570001 - Workers Compensation for Wisconsin ONLY
 Re: McGriff, Seibels & Williams Inc

Additional Insured listed as required by contract.

CERTIFICATE HOLDER FOR INFORMATION ONLY * ***	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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ACORD 25 (2016/03) The ACORD name and logo are registered marks of ACORD

- c. The agency must have been in business for at least five (5) years.

McGriff was founded in 1886 and is a fully owned subsidiary of Truist Insurance Holdings, Inc. Truist (formerly BB&T) Insurance Holdings was established in 1922. We have been in business for well over 200 years.

McGriff is a leader in the Texas County marketplace servicing more counties than any other Brokerage firm. We have approximately 10,000 other clients and have been providing services to public entities for over 30 years.

- d. The agency must assign a minimum of one qualified account representative to service Webb County. This representative should have several years of experience in public entity property and liability lines and/or hold an insurance designation. Please include the resumes of all proposed account representatives in the proposal.

The Webb County service team will be represented and led by Joe Blasi and Tracie Bigham



Joseph Blasi, ARM, CPCU

D: (713) 940-6565 | C: (713) 213-9934 | jblasi@mcgriff.com

Joe began his career in the insurance industry in 1997 with McGriff. His areas of expertise are educational institutions, colleges and universities, government and public entities. He has extensive experience in catastrophic property insurance placements and alternative risk financing programs. He has expert knowledge of a variety of alternative risk financing techniques and management programs for public sector clients. Joe has long-standing, senior level relationships with numerous domestic and foreign underwriters. He has a BBA in Finance from the University of St. Thomas. He is an Associate in Risk Management (ARM) and a Chartered Property and Casualty Underwriter (CPCU). He is a General Lines Agent in Property and Casualty in the State of Texas.



Tracie Bigham

D: (713) 273-2629 | C: (281) 851-5195 | tbigham@mcgriff.com

Tracie Bigham began her career in risk management and insurance in 1993 and joined McGriff in 2012. Her areas of expertise are government and public entities, educational institutions, real estate management and development, shipyards and shipbuilders, large catastrophe exposed shared and layered property programs, and complex builders' risk placement. She has extensive experience with alternative risk financing programs including retrospective rating programs, all lines basket aggregate programs, collateralized deductible programs, third party claims administration programs, construction insurance programs, OCIPs and ROCIP's, and contractual review. Tracie is a General Lines Agent in Property and Casualty in the State of Texas. She is also designated as a Certified Insurance Counselor (CIC).

2. Insurer

- a. Although proposals will be accepted from carriers regardless of their A.M. Best rating (or whether or not they are rated) more favorable consideration will be given to those proposals submitted by carriers with ratings of at least A-V11 in the latest edition of A.M. Best's Key Rating Guide (property/casualty edition).

McGriff has established and continues to maintain an internal "Market Security Review Group" composed of senior management representatives from the Finance, Marketing, Wholesale, and Administrative Divisions of the company. This Group's purpose is to develop and implement a policy, procedure, and standard for the review of financial security of all insurers, intermediaries, and associations used by McGriff.

This Group meets periodically to review the current listing of all companies, intermediaries, and associations that are actively used by McGriff. It will also act on any pending requests received from an agency to have new providers activated, and to inactivate any providers that do not meet current McGriff standards.

Provider Classifications

"Approved Provider" – Any provider whose A.M. Best's rating is "A-" or higher. The A.M. Best's rating of an "approved" provider will be included on all McGriff Insurance Services proposals delivered to clients or prospects.

"Exception Provider" – Any provider whose Best's rating is below "A-". The A.M. Best's rating of an "exception" provider will be included on all McGriff proposals delivered to clients or prospects. In addition, these providers which have been reviewed by the McGriff Market Security Review Group and the client may be considered an exception security based on other factors. The client may be required to sign a form of disclaimer or acknowledgement of receipt of this information.

"Prohibited Provider" – All other providers not mentioned in one of the paragraphs above. These providers will not be set up for active use in the McGriff management system at any time, for any reason.

- b. Insurers shall be duly licensed, or approved non-admitted carriers, and comply with all applicable state insurance laws and requirements or duly constituted applicable insurance regulatory authorities.
- c. Local claims, underwriting and engineering capabilities will be considered a plus. If independent servicing firms are to be used for claims or safety engineering services, their names and addresses must be shown.
- d. Quotations will be accepted from intergovernmental risk sharing pools organized in accordance with Article 4413 (32c), Texas Interlocal Cooperation Act, and Article 8309h. Workers Compensation for Political Subdivisions. Self-insurance pools must include a current financial statement (Balance Sheet and Statement of Operations) and the most recent audited financial statements, including the auditor's opinion, plus complete particulars about its reinsurance programs.

Assignment of Markets

1. Each agent (or company) participating in the proposal process is asked to submit an initial list of insurers with which he/she would like to work in preparing proposals for the requested programs. This list should be ranked in order of preference. A prepared form for these requests is attached entitled "Market Request Form." Please not more than three choices per line of coverage.

McGriff has access to all carriers that specialize in Texas Public Entity insurance programs, some of which are McGriff proprietary/exclusive relationships.

2. The Market Request Form is due by 5:00 p.m. on Thursday, May 21, 2020.

The Market Request Form has been completed and submitted.

Servicing Criteria

1. Number of years in business

McGriff was established in 1886; a subsidiary of Truist Insurance Holdings, Inc., wholly owned by Truist Financial Corporation.

McGriff is a full-service brokerage firm providing a full range of insurance and risk management services including professional advice and insurance program management. We are dedicated to serving large/complex risks, national/multi-national companies and specialty industry sectors based in the U.S. and operating worldwide. Whether it's an alternative risk strategy or traditional broking, our value system remains the same: to serve our clients with integrity and strength. McGriff is a wholly-owned subsidiary of Truist Insurance Holdings (Truist IH), the **5th largest insurance brokerage and consulting firm in the U.S.** and **6th largest worldwide** with **\$473.1 billion in assets and market capitalization of \$75.6 billion**; a Fortune 500 company and one of the largest U.S. financial services holding companies.

2. Size of agency and staff

As a subsidiary of Truist Insurance Holdings, Inc., McGriff employs more than 3,800 insurance risk management professionals throughout the U.S. Truist Insurance Holdings, Inc. employs more than 8,500 professionals across 225 offices.



ALABAMA McGriff Insurance Services, Inc. ⁴ McGriff, Seibels & Williams, Inc.	INDIANA McGriff Insurance Services, Inc. ²	MISSISSIPPI McGriff Insurance Services, Inc.	TENNESSEE McGriff Insurance Services, Inc. ⁴
ARKANSAS McGriff Insurance Services, Inc. ³	KENTUCKY McGriff Insurance Services, Inc. ²	NORTH CAROLINA McGriff Insurance Services, Inc. ¹⁷	TEXAS McGriff Insurance Services, Inc. ⁴ McGriff, Seibels & Williams, Inc. ³
CALIFORNIA McGriff Insurance Services, Inc. ⁷	LOUISIANA McGriff Insurance Services, Inc. ⁸ McGriff, Seibels & Williams, Inc.	OREGON McGriff, Seibels & Williams, Inc.	VIRGINIA McGriff Insurance Services, Inc. ¹³
COLORADO McGriff, Seibels & Williams, Inc.	MARYLAND McGriff Insurance Services, Inc. ²	PENNSYLVANIA McGriff Insurance Services, Inc. ⁷	WASHINGTON McGriff, Seibels & Williams, Inc.
FLORIDA McGriff Insurance Services, Inc. ¹⁰	MISSOURI McGriff, Seibels & Williams, Inc.	SOUTH CAROLINA McGriff Insurance Services, Inc. ⁸	WEST VIRGINIA McGriff Insurance Services, Inc.
GEORGIA McGriff Insurance Services, Inc. ¹⁶ McGriff, Seibels & Williams, Inc.			

^{*}Number by entity denotes the number offices in that state

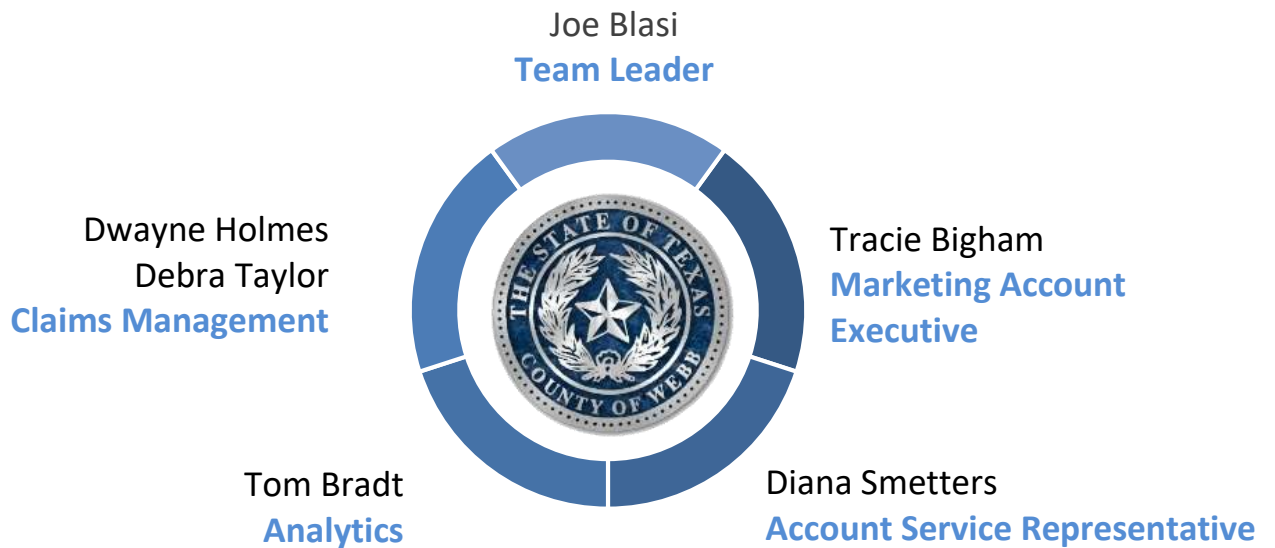
3. Experience of staff.

Our Texas County experience, large claims team, risk analytics services, and strong underwriting relationships will be of value to Webb County. We are familiar with the exposures faced by Webb County and surrounding counties. Because every county has special needs all of their own, we search the marketplace to find the right fit.

Our partners include long-standing, senior level relationships with underwriters that serve public entities, third party administrators, restoration contractors and legal defense firms.

The Webb County Service Team have been staffed with experienced personnel. Each of the team members assigned to Webb County has significant experience servicing Texas Public Entities.

Project Team Chart



24-Hour Claims Contacts

We offer 24/7 reporting of claims via 1-800, on-line or fax. Once received, our staff reports the claim to the appropriate carrier, creates a follow-up diary, and continues to monitor the claim to its conclusion.

Dwayne Holmes Claims Management	Direct: (713) 402-1437 Cell: (713) 305-8846	dholmes@mcgriff.com
Debra Taylor Claims Management	Direct: (713) 273-2679 Cell: (832) 545-8776	dtaylor@mcgriff.com

Please refer to Attachment A for Resumes

4. Professional servicing capability; i.e. loss control, claims management, information storage systems, underwriting, exposure and hazard identification, etc.

McGriff provides a full range of insurance and risk management services.

Loss Control / Risk Consulting

To obtain the best value for your premium dollar, and to minimize your total cost of risk, we provide loss control services to support your current safety programs. In addition to our available in-house team, McGriff will work to coordinate and monitor the loss control/safety services provided by your carriers to ensure that the objectives of your risk control/safety program are being met.

Crisis Management Planning

Whether we are helping you evaluate your risks, helping you prepare for an unfortunate event, or providing you with the resources to control your risks, our goal is to help you minimize the impact of a crisis and get the County back to business as usual.

Reporting and Delivery

McGriff shall ensure that all insurance policy renewal timelines are developed and adhered to. We will begin the renewal marketing process in sufficient time to ensure renewal quotes are received and discussed with Webb County no less than sixty (60) days prior to expiration or anniversary.

Binders shall be issued within ten (10) working days, if not sooner, of the policy effective date and endorsements delivered with thirty (30) days of the endorsement agreement date.

McGriff commits to meeting with Webb County to deliver bound insurance policies, and no less than 90 days prior to the renewal/anniversary of any policy, to review exposures, coverage, premiums, losses, etc., in order to ascertain the adequacy of insurance coverage prior to renewal or policy anniversary.

Claims Management

McGriff Houston has one of the largest and most experienced claims staffs in the industry employing 24 full time claims consultants. Our claims professionals are available 24 hours a day via cell phone. While our claims services and capabilities have been described in other sections, the following outlines the typical responsibilities of the McGriff claims professionals:

Emerging Risks



New McGriff Resources Now Available

The rapidly-changing situation involving the coronavirus pandemic is a cause of concern for many of our clients. As part of our commitment to helping our clients and partners navigate this pandemic, McGriff has launched a **Coronavirus Advisory Series**, an ongoing series of on-demand presentations designed to help support our clients during this event.

The web-based presentations are available on-demand, meaning you and your teams may watch them at any time that is convenient for you. Below you will find descriptions and links to first recordings in our **Coronavirus Advisory Series**. We will continue to add to this library as new information becomes available.

5. [Capability and willingness of agency resources to personally respond to the professional needs of the insured in a timely manner.](#)

Account service is the most important element of the broker evaluation process. The actual services to be provided by McGriff will be specifically tailored to the County's requirements, which we will jointly identify.

6. Technical skills of staff with respect to insurance coverages and knowledge of certain internal risk management administrative considerations (insurance budgets, premium allocations, contractual risk transfer, legal trends, etc.)

McGriff has extensive experience with risk management requirements for public entities, including counties, cities, parishes, airports, transportation and port authorities, educational institutions (including colleges and universities), and special districts.

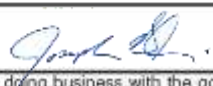
Our public entity specialists have the experience to help with every aspect of Webb County's risk management program, from designing basic risk transfer strategies to protect buildings and physical assets to developing layered liability coverages to protect the County against liability risks. More importantly, McGriff's education specialists know public entities have higher priorities than simply insuring physical assets and financial accounts.

Our public entity practice puts as much emphasis on preventing losses as we do protecting your County against financial loss due to an accident or lawsuit. By pooling our knowledge of public entity risks into a practice with a singular focus, our public entity team's experience set is exponentially greater, allowing us to develop innovative risk solutions for public entities.

Additional Administrative Services Include:

- Issuing binders as needed for all coverage
- Issuing Certificates of Insurance
- Accounting and billing transactions
- Preparing coverage summaries and schedules of insurance
- Reviewing contracts as respects insurance compliance
- Designing and implementing corporate premium/loss allocation
- Accumulating renewal information
- Inputting and maintaining Webb County's insurance program, including policy coverages, limits, locations, premium, etc., on a computer database
- Regular meetings to discuss status, performance, pertinent developments and open items
- Provide records timely upon request
- Assist with coverage questions
- Provide Webb County copies of carrier quotes, carrier invoices, and policy endorsements
- Issue and review insurance binders, certificates and all other documentation in the required time frame
- Review all policies, including policy limits, coverages, deductibles, exclusions and endorsements to confirm that they have been issued correctly and as ordered
- Provide regular reports on losses, expenses, loss ratios and other requested data
- Provide performance benchmarking information

CONFLICT OF INTEREST

CONFLICT OF INTEREST QUESTIONNAIRE For vendor doing business with local governmental entity	FORM CIQ
<p>This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.</p> <p>This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).</p> <p>By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.</p> <p>A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.</p>	OFFICE USE ONLY Date Received
<p>1 Name of vendor who has a business relationship with local governmental entity.</p> <p style="text-align: center;">McGriff</p>	
<p>2 <input type="checkbox"/> Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)</p>	
<p>3 Name of local government officer about whom the information is being disclosed.</p> <p style="text-align: center;">None</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Name of Officer</p>	
<p>4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.</p> <p style="margin-top: 20px;">A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?</p> <p style="text-align: center;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </p> <p style="margin-top: 10px;">B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?</p> <p style="text-align: center;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </p>	
<p>5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.</p>	
<p>6 <input type="checkbox"/> Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).</p>	
<p>7</p> <p style="text-align: center;">  _____ Signature of vendor doing business with the governmental entity </p> <p style="text-align: right; margin-right: 100px;"> July 30, 2020 _____ Date </p>	

TEXAS ETHICS COMMISSION REQUIREMENT – 1295 FORM

CERTIFICATE OF INTERESTED PARTIES		FORM 1295		
<p>As a publicly-held Corporation, MSW is exempt from submitting a Form 1295 per TEC rules.</p>		1 of 1		
<p>Complete Nos. 1 - 4 and 6 if there are interested parties. Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.</p>		OFFICE USE ONLY CERTIFICATION OF FILING		
<p>1 Name of business entity filing form, and the city, state and country of the business entity's place of business. McGriff, Seibels & Williams, Inc. Houston, TX United States</p>	<p>Certificate Number:</p>			
<p>2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.</p>	<p>Date Filed:</p>			
<p>3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.</p>				
4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
<p>5 Check only if there is NO Interested Party. <input checked="" type="checkbox"/></p>				
<p>6 UNSWORN DECLARATION</p> <p>My name is _____, and my date of birth is _____.</p> <p>My address is _____ (street) _____ (city) _____ (state) _____ (zip code) _____ (country)</p> <p>I declare under penalty of perjury that the foregoing is true and correct.</p> <p>Executed in _____ County, State of _____, on the _____ day of _____, 20____.</p> <p style="text-align: right;">_____ Signature of authorized agent of contracting business entity (Declarant)</p>				

WEBB COUNTY
PURCHASING CODE OF ETHICS POLICY

WEBB COUNTY PURCHASING DEPT.
QUALIFIED PARTICIPATING VENDOR CODE OF ETHICS
AFFIDAVIT FORM

STATE OF TEXAS *

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF WEBB *

BEFORE ME the undersigned Notary Public, appeared Joseph R. Blasi, the herein-named "Affiant", who is a resident of Harris County, State of Texas, and upon his/her respective oath, either individually and/or behalf of their respective company/entity, do hereby state that I have personal knowledge of the following facts, statements, matters, and/or other matters set forth herein are true and correct to the best of my knowledge.

I personally, and/or in my respective authority/capacity on behalf of my company/entity do hereby confirm that I have reviewed and agree to fully comply with all the terms, duties, ethical policy obligations and/or conditions as required to be a qualified participating vendor with Webb County, Texas as set forth in the Webb County Purchasing Code of Ethics Policy posted at the following address: <http://www.webbcountytx.gov/PurchasingAgent/PurchasingEthicsPolicy.pdf>

I personally, and/or in my respective authority/capacity on behalf of my company/entity do hereby further acknowledge, agree and understand that as a participating vendor with Webb County, Texas on any active solicitation/proposal/qualification that I and/or my company/entity failure to comply with the Code of Ethics policy may result in my and/or my company/entity disqualification, debarment or make void my contract awarded to me, my company/entity by Webb County. I agree to communicate with the Purchasing Agent or his designees should I have questions or concerns regarding this policy to ensure full compliance by contacting the Webb County Purchasing Dept. via telephone at (956) 523-4125 or e-mail to the Webb County Purchasing Agent to joel@webbcountytx.gov.

Executed and dated this 30 day of July, 2020.


Signature of Affiant

Joseph R. Blasi, ARM, CPCU / McGriff, Seibels & Williams, Inc.
Printed Name of Affiant/Company/Entity

SWORN to and subscribed before me, this 30th day of July, 2020


NOTARY PUBLIC, STATE OF TEXAS



**WEBB COUNTY
CLAIMS SERVICES FORM**

1. What is the location of the office that will be handling Webb County's account?
10100 Katy Freeway, Suite 400, Houston, TX 77042

2. Is there 24-hour claims service?

Yes No

3. Will Webb County be consulted on the disposition of all claims over \$5,000?

Yes No

4. Will Webb County receive detailed quarterly loss runs which show each claimant's name, date of accident, description of injury, paid, reserved and total incurred losses by line of coverage and department, plus a summary of aggregate losses for each previous year in which you provided the coverage?

Yes No

5. Please attach copies of claims reporting guidelines with which insured must comply and samples of all claims reporting forms used.

6. Please provide a description of the specific loss control services that will be available to Webb County, and indicate any additional fees for such services.

7. Please provide any additional information you feel would be relevant.

8. Please provide a specimen copy of your MIS Claims Report.

WEBB COUNTY
PROPOSAL RATING SUMMARY

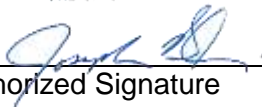
This form is for use by the County. Proposers, please enter your name in the space provided. Do not complete anything else on this form. Thank you.

Name of Proposer: McGriff

Criteria	Points
Qualifications + Service Capability + Resources: (20)	
Insurer Financial Integrity/Insurance Coverages: (40)	
Cost: (40)	
Total Points	

Proposal Recommendations: _____

Justifications: _____



Authorized Signature

McGriff

Company

July 30, 2020

Date

SECTION II - GENERAL UNDERWRITING REQUIREMENTS

A. APPLICABLE TO ALL LINES OF COVERAGE

1. **Named Insured:** The named insured for all coverages shall be:
Webb County, Texas, and all elected and appointed officials, all employees of the County, and members of Boards, Commissions, Committees, Trustees, and Organizations of the County, all volunteers and members of volunteer organizations while acting on behalf of the County.
2. **Cancellation and Renewal:**
 - a. A minimum cancellation provision of sixty (60) days is requested in all policies in lieu of customary provisions.
 - b. A minimum of sixty (60) days' notice-of-intent not to renew is also requested.
3. **General Insurance Provisions and Extensions:**
 - a. The effective date of the insurance program is to be October 1, 2020.
 - b. The notice-of-claims provisions in all policies should be modified to the extent that knowledge of actual or potential claims by the County commences upon receipt of such information or advice by the Risk Management Director.
 - c. All policies should be endorsed to the effect that failure to disclose all facts at the inception date of the coverage shall not prejudice the insurance, provided such failure is due to unintentional error or omission.
 - d. Automatic coverage for newly acquired or formed organizations is requested for a minimum of ninety (90) days, except where otherwise extended by the provisions of the policy in excess of ninety (90) days, subject to proper reporting to underwriters and, if applicable, payment of additional premium.
 - e. A three-year program is requested, preferably with fixed rates. Alternatively, one-year programs will be considered. Please include options for two one-year renewals, and describe how rates may be affected by annual rating reviews.
4. **Cash Flow and Rating:**

To the extent that it is consistent with underwriting practices, the County desires, and will give consideration to, the following criteria:

 - a. Payment of annual premiums in monthly or quarterly installments.
 - b. Participating and flat dividend programs.
 - c. Flat (unauditable) premium basis is preferred. If not available, a composite rate, based on workers compensation payrolls, is preferred for workers compensation and liability.

5. Consolidation:

To the extent that it is practical, and in the absence of any material difference in costs, the County will consider the consolidation of insurance programs via the same insurer or insurance group, or through policy packaging.

6. Non-Admitted Insurance:

If non-admitted insurance is quoted, the following criteria should be met:

- a. A minimum A.M. Best Rating of A-:VII is preferred.
- b. The carrier must be on the NAIC approved list and must be acceptable to the Texas Insurance Department.
- c. A Cut-Through Endorsement must be contained in the policy.
- d. A Service-of-Suit Endorsement must be contained in the policy.
- e. Must be in compliance with surplus lines laws.

7. Excess Insurance Layers:

Any line or lines of coverage containing excess layers in any amounts must be written on a following-form basis, per the wording below:

"It is hereby understood and agreed that this policy will follow all the terms, provisions, definitions and insuring agreements of the controlling underlying insurance(s), except only as respects premiums and limits, as may be applicable."

8. Miscellaneous

The County desires to maintain insurance coverages for the lines and exposures addressed by the specifications. Conventional programs from the commercial insurance sector, as well as other types of programs (such as insurances which are available by reason of the Federal Risk Retention Act), are desired. In the event proposals are made from risk retention groups, interlocal self-insurance pools or similar risk financing vehicles, financial and actuarial particulars and specific reinsurance information must also be submitted for the current and prior three years at a minimum.

9. Policy Forms

Specimen policy forms and all applicable endorsements must be provided for each line of coverage/program quoted.

10. Alternative Risk Financing

In addition to the specifications in the succeeding portions of this packet, Webb County will also entertain alternative risk financing program options, including but not limited to: multi-line aggregate stop loss; self-insurance excess stop-loss; retrospective and retention programs, etc. Proposals for risk financing options must be in sufficient detail and clearly explained.

**PROPOSAL FORM
APPLICABLE TO ALL LINES OF COVERAGE**

PLEASE INDICATE IF EACH PROPOSED POLICY INCLUDES THE FOLLOWING:

1. Named Insured as outlined in Section II, 1. X Yes No
2. Effective date of insurance program is October 1, 2020 X Yes No
3. Sixty-day cancellation and non-renewal notice X Yes No
4. Notice of claims provisions as outlined in Section II, 3.b X Yes No
5. Failure to disclose provision as outlined in Section II, 3.c X Yes No
6. Automatic coverage for new organizations per Section II, 3.d X Yes No
7. Indicate term of program(s) quoted (1-year or 3-year) and any special renewal provisions.
1 Year program
8. Specify payment terms and any available installment plans
Annual Full Payment required
9. Are specimen policy forms and endorsements included for all lines of insurance? X Yes No

 Authorized Signature	McGriff Company	July 30, 2020 Date
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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 **National Union Fire Ins. Company of Pittsburg, PA (AIG)**

2. Please show premiums for the following (CLAIMS-MADE Coverage):

Limits (Per-Occ and Agg)	SIR/Deductibles	
	\$10,000	\$25,000
\$1,000,000/\$3,000,000	N/A	\$8,131.00

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

_____ Yes X No

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

4. Does coverage pick up the tail for the past three (3) years if written on an occurrence basis?

_____ Yes X No

5. If coverage is claims-made, does the policy cover prior acts without a retroactive date restriction?

_____ Yes X No

If not, what is the retroactive date? 10/1/2011

6. Does coverage provide twelve (12), twenty-four (24), and thirty-six (36)-month extended discovery provision?

_____ Yes X No

Can this clause be exercised by Webb County in the event the County chooses to cancel or not renew (i.e., bilateral trigger)?

 X Yes _____ No

7. Is coverage written on an occurrence basis? _____ Yes X No

State exceptions, if any. _____

8. Is defense included for IEP hearings, Desegregation, Breach of Contract, and Breach of Fiduciary Duty?

 X Yes _____ No

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 X No

10. Are punitive, exemplary and multiple damages covered? Yes No
 If no, indicate additional premium to buy back this coverage. _____
11. Does the policy include coverage for insured vs. insured claims? 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
 - f. Claims from intentional acts. Yes No
 - g. Defense in the case of questionable or possibly excluded claims. Yes No
 - h. Non-imputation provision. Yes No
 - i. Claims arising out of desegregation/integration. Yes No
 - j. Failure to maintain insurance. Yes No
 - k. Breach of contract Yes No
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
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 judgements (pre and post judgement) Yes No

c. Expenses incurred in assisting Webb County in defense of a claim
 Are these in addition to the policy limits? Yes No
 Yes No

Comments: _____

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

Explain: Policy is silent and does not contain an exclusion for corporal punishment.

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

Explain: Employment Practices Violations for sexual harassment is included, all others Excluded.

Is knowledge of occurrence endorsement included? Yes No

21. Are consultants and independent contractors included in the definition of insured? Yes No

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?
 - YES Webb County as legal entity
 - YES Board of Trustees
 - YES Any legal entity owned or operated by Webb County
- b. Webb County Officials?
 - YES Any elected officials
 - YES Any appointed officials
 - YES Any officer or director of the alternative education program
- c. Employees?
 - YES Any employee
 - YES Service on boards at Webb County's request
 - YES Attorney or accountant within the scope of the alternative program's duties
 - YES Architect or engineer within the scope of Webb County's duties
 - YES Medical Personnel and Psychologists
- d. Volunteers?
 - YES Any volunteers
- e. Others?
 - YES Heirs and legal representatives of insured
 - YES Student teachers

f. What damages are covered for bodily injury?	<u>NO</u>	Bodily injury, sickness, disease, death
	<u>NO</u>	Care disability, loss of service
	<u>NO</u>	Humiliation, mental anguish or injury arising solely from use of reasonable force to protect persons and/or property
g. Property damage?	<u>NO</u>	Due to rendering or failure to render any professional services
	<u>NO</u>	Injury to or destruction of tangible property
	<u>NO</u>	Loss of use of injured or destroyed property
	<u>NO</u>	Property of others in the care, custody or control of named insured
	<u>NO</u>	Due to rendering or failure to render any professional services
h. Personal injury?	<u>NO</u>	Resulting from hazardous properties of nuclear materials
	<u>LIMITED</u>	Defamation, libel and slander
	<u>LIMITED</u>	Violation of civil rights
	<u>LIMITED</u>	Invasion of private occupancy
	<u>LIMITED</u>	Invasion of right of privacy
	<u>LIMITED</u>	False arrest, imprisonment and detention
	<u>LIMITED</u>	Malicious prosecution
	<u>LIMITED</u>	Wrongful injury or eviction
	<u>LIMITED</u>	Wrongful termination
	<u>LIMITED</u>	Discrimination arising out of employment or prospective employment
	<u>LIMITED</u>	Sexual harassment

24. Additional premium for extended discovery option of:
- 12 Months 100%
- 24 Months 150%
- 36 Months 200%
- Other Percentage of annualized policy premium.

25. Is the notice of claim provision triggered if Webb County provides notice of circumstances which could give rise to a future claim? Y Yes No
 If no, please explain. _____
26. What is the notice-of-cancellation, non-renewal or material change provision?
30 days Notice of Cancellation; except, 10 days for non-payment of premium.
Non-Renewal notice per state Requirements.
27. What experience modifier, if any, was used in this quotation? N/A
28. Indicate if premium is flat or auditable and composite rate. Flat
29. Indicate method of premium payment (monthly, quarterly, annually, etc.) Annual
30. Indicate the term of the coverage. One Year 10/01/2020 to 10/1/2021
 If more than one year, are rates fixed? Yes No
31. Is your quote contingent on writing any other line(s)? Yes X No
 If so, what lines(s)? _____
32. Are specimen policy forms and endorsements included? X Yes No



 Authorized Signature

 McGriff
 Company

 July 30, 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.

EXCEPTIONS:

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 - Requires Insurer's prior approval.

Insured vs. Insured provision does not apply to Employment Practices Violations brought by any individual insured.

Claims for intentional acts included for Employment Practices Violations related to employees or applicants for employment. Other intentional acts are excluded.

Personal Injury is LIMITED to Employment Practices Violations related to employees or applicants for employment.

30 Day Notice of Cancellation; except 10 Days for non-payment of premium.

Subjective Items:

The application submitted resigned and redated no more than 60 days prior to the effective date of coverage.



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Company

July 30, 2020
Date

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: **Illinois Union Insurance Company (Chubb/ACE)**
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	\$20,149.50	\$17,969.70

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

3. Does coverage include bodily injury and property damage liability on and off premises?
 _____ X Yes _____ No

4. Is coverage written on a "pay-on-behalf of" basis?
 _____ X Yes _____ No

5. Does coverage include remediation costs for third party liability and first party obligations?
 _____ X 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?
 _____ X Yes _____ No

7. Is coverage quoted without a retro date? _____ Yes X No
 If no, what is the retro date quoted? 10/1/1998

8. Is coverage provided for both above ground and underground storage tanks?
 _____ X Yes _____ No

9. Is a 12-month extended reporting period offered with a bilateral trigger?
 _____ X Yes _____ No

9. Please indicate if premium quoted is flat or auditable and composite rate. **FLAT**

11. Please indicate method of premium payment (monthly, quarterly, annually, etc.). **ANNUAL**

12. Indicate the term of the coverage. One Year 10/01/2020 to 10/01/2021
 If more than one year, are rates fixed? _____ Yes _____ No

13. Is quote contingent on any other line(s)? _____ Yes _____ X No

If yes, what line(s)? _____ None _____

14. Are specimen policy forms and endorsements included? _____ X Yes _____ No



Authorized Signature

McGriff

Company

July 30, 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.

Exception:

No coverage provided for spraying operations consisting of pesticides, herbicides and insecticides.

Optional/Additional coverage available:

Terrorism Coverage is included on the current policy. **Terrorism coverage is optional and available to include for an additional 5% of premium**, plus applicable Texas Surplus Lines taxes and fees. Options to include this coverage are additional to the premiums quoted in Item 2. And are listed below with cost reflecting taxes and fees included.

10K deductible option –
\$1,008.00 additional cost to include TRIA for total premium of: **\$20,149.50**

25K deductible option –
\$898.80 additional cost to include TRIA for a total premium of: **\$17,969.70**

TRIA NOTICE: Presently, the Terrorism Risk Insurance Act (“TRIA”) expires on 12/31/20. The premium quoted above includes a separate premium charge for terrorism coverage over the entire Policy Period. In the unlikely event that you elect to receive TRIA coverage and it is not renewed before 12/31/20, or TRIA otherwise expires at some point during the Policy Period, we will refund the unearned portion of our TRIA premium to you on a pro-rata basis. In the event that new legislation is enacted requiring the Insurer to offer coverage for terrorism that is materially different than the coverage requirements included in the current version of TRIA that expires on 12/31/20, the Chubb Companies reserve the right to re-price and tailor TRIA coverage to conform with the statutory requirements and risks presented in the new legislation.

Subjective Items:

ALL TERMS, CONDITIONS, AND PRICING ARE SUBJECT TO RECEIPT, REVIEW, AND APPROVAL OF THE FOLLOWING, PRIOR TO BINDING:

1. Signed and Dated Chubb Environmental application.
2. Completed and signed TRIA disclosure form
3. Tank Integrity documentation dated within the last 18 months for the UST's



Authorized Signature

McGriff

Company

July 30, 2020

Date

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.

PROPOSAL FORM FOR CYBER LIABILITY

1. Proposed Insurer: **Hudson Excess Insurance Company (Corvus)**
2. Annual Premium:

1M Limit / 25K Deductible Option 1	\$19,486.95
3M Limit / 50K Deductible Option 2	\$31,723.65
5M Limit / 50K Deductible Option 3	\$45,013.51

Coverages/Limits	<u>\$25,000</u>	<u>\$50,000</u>	<u>\$50,000</u>
Security/Privacy	\$1,000,000	\$3,000,000	\$5,000,000
Data Breach	\$1,000,000	\$3,000,000	\$5,000,000
Regulatory	\$1,000,000	\$3,000,000	\$5,000,000
Media Liability	\$1,000,000	\$3,000,000	\$5,000,000
Network/Cyber	\$1,000,000	\$3,000,000	\$5,000,000
Extortion	\$1,000,000	\$3,000,000	\$5,000,000
Crypto Jacking	\$1,000,000	\$3,000,000	\$5,000,000
Business Interruption	\$1,000,000	\$3,000,000	\$5,000,000
Dependent Business			
Loss	\$1,000,000	\$3,000,000	\$5,000,000
Data Recovery	\$1,000,000	\$3,000,000	\$5,000,000
PCI	\$1,000,000	\$3,000,000	\$5,000,000

3. Data Breach Costs include:

	Yes	No
a. Notification Costs	X	
b. Monitoring Costs	X	
c. Investigation Costs	X	
d. Forensic Costs	X	
e. Legal Costs	X	
f. Public Relations Costs	X	
g. Voluntary Costs (see exception)		X
h. International Notification Costs	X	
i. Breach Response Services	X	
j. Post Breach Remedial Services	_____	_____

4. Please indicate if the following coverages are included and any additional premium:

a. Duty to defend.	_____ X	Yes	_____	No	_____	Premium
b. Employee personal information and denial of access.	_____ X	Yes	_____	No	_____	Premium
c. "Pay-on-behalf of".	_____ X	Yes	_____	No	_____	Premium
d. Damage includes punitive, exemplary and multiple awards.	_____ X	Yes	_____	No	_____	Premium
e. No exclusion for Contingent Bodily Injury.	_____ X	Yes	_____	No	_____	Premium
f. Minimum \$500,000 for bricking.	_____ X	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.
 Yes No Premium
 - j. No time limitation for incurring response costs.
 Yes 12Month Cap No Premium
 - k. Data breach from EDP contractor
 Yes No Premium
 - l. Notice of circumstance provision triggers claims made during the policy period.
 Yes No Premium
 - m. If included, hammer Clause is 80%.
 Yes No Premium
 If not, what is the percentage? 70%
 - 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.
 No ADA exclusion Yes No Premium
 - s. Coverage does not exclude HIPAA.
 No HIPAA exclusion Yes No Premium
 - t. Definition of Security Breach includes voluntary (Preventative) shut down.
 Yes No Premium
 - u. Limits quoted for legal, forensic and public relations/crises management are in addition to policy aggregate.
 Yes No Premium
5. Indicate retro date quoted. None; Full Unknown Prior Acts

6. Is there a continuity date? _____ Yes No
If yes, what is the date? _____
7. Indicate extended reporting provisions:
12 Months 90%
24 Months 150%
36 Months 175%
8. Is premium flat or auditable? Flat
9. Indicate premium payment mode (monthly, quarterly, etc.) Full Payment
10. Please attach copies of all policy forms and endorsements.
11. Indicate term of coverage. 10/1/2020 – 10/1/2021
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



Authorized Signature

McGriff
Company

July 30, 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.

Exceptions:

Social Engineering & Cyber Crime Coverage Included at 1M sub-limit on all options
Voluntary Costs not defined / Reasonable and Necessary costs are included.
Bricking not defined / Damage to Hardware is included at full limits.
Hammer Clause is 70%
Voluntary shutdown not defined / Preventative shutdown is included.
Policy is silent with no exclusion for HIPPA or ADA.
12 Month limitation for incurring response costs.

Additions/Enhancements:

Please note: The Corvus policy has **expanded policy limits**.

\$5M Aggregate
\$5M Limit for Breach Event Costs **Outside** the Aggregate (Forensics, Notification Costs, Credit Monitoring)
\$1M limit for Defense **Outside** the Aggregate.
Total: \$11M in policy limits

Notable **negotiated enhancements** over expiring.

- Breach Event Costs - Outside the Limit (Forensics, Notification Costs, Credit Monitoring) – Full Policy limits.
- \$1,000,000 limit for Defense Costs Outside the limit.
- \$1,000,000 limit for Cyber Crime (Social Engineering) - no call verification requirement (Beazley is capped at \$250,000)
- Full limits for Cryptojacking Coverage (Utility Overage)
- Full limits for Reputational Harm Coverage. (Beazley is capped at \$1M)
- Full limits for Bricking Coverage (Beazley is capped at \$1M)
- Full limits for Dependent Business Interruption – Security Failure
- Full limits for Dependent Business Interruption – System Failure
- A 6 hour waiting period for Business Interruption (Beazley has a 10 hour waiting period)
- 12 Months of Indemnity for Business Interruption (Beazley is capped at 6 months)
- 12 Months of Indemnity for Contingent Business Interruption (Beazley is capped at 6 months)
- 12 Months of Indemnity for System Failure (Beazley is capped at 6 months)
- 12 Months of Indemnity for Reputational Harm Coverage (Beazley is capped at 6 months)
- \$350,000 sublimit for Invoice Manipulation (Beazley is capped at \$250,000)
- \$350,000 sublimit for Forensic Accounting (Beazley is capped at \$50,000)
- Biometric data added to the definition of Protected Personal Information

(Continued on next page)

Additional Enhancements:

Risk Management Services for no additional premium:

- Deploy a Phishing Test - The insured provides a list of names and email addresses. Corvus runs a phishing test and reports on the results.
- Scan Your Insured's Vendors - Get the full report scan results for the insured's choice of vendors for additional information about vulnerabilities
- Data Loss Prevention Report Review - Dig in to the results of our scan and Dynamic Loss Prevention report for the insured to better understand scores and next steps.
- Pre-Breach Consultation - The insured is entitled to a free preventative consultation with Corvus' preferred breach attorney, Mullen Coughlin.

Subjective Items Required to Bind:

1. A freshly signed and dated version of application provided for quote.
2. Additional information on use of multi-factor authentication, authorization process for wire transfers/ACH, and data encryption practices (including mobile devices).
3. Confirmation that a BCP (Business Continuity Plan) is in place.
4. Confirmation that the prior ransomware event cost was under \$50k.
5. Confirmation of no significant changes to the exposure between the quoted date of 7/1 and the effective date of 10/1.
6. 4. Only if TRIA is being rejected, a signed TRIA coverage waiver.



Authorized Signature

McGriff
Company

July 30, 2020
Date

Attachment A – Resumes

Resumes for proposal project manager and staff from each participating Firm.

Joseph R. Blasi, CPCU, ARM

Executive Vice President / Account Manager, Commercial Division

Yrs. Experience:	23		
Years with McGriff	23		
Education:	BBA, Finance, University of St. Thomas (Summa Cum Laude) CNA Technical Insurance School		
Licenses/Certifications:	Associate in Risk Management (Insurance Institute of America) Chartered Property & Casualty Underwriter (American Institute for CPCU) Licensed Risk Manager (Texas Department of Insurance)		
Areas of Expertise:	<ul style="list-style-type: none"> • Texas School Districts • Government and Public Entities • Colleges and Universities • Educational Institutions • Catastrophic Property Insurance Placements • Alternative Risk Financing Programs, Including: <ul style="list-style-type: none"> ○ Retrospective Rating Programs 	<ul style="list-style-type: none"> ○ All Lines Basket Aggregate Programs ○ Collateralized Deductible Programs ○ Captives (Heterogeneous and Homogenous Groups) ○ Professional Liability Exposures 	<ul style="list-style-type: none"> ○ Third Party Claims Administration Programs ○ Construction Insurance Programs ○ Risk Sharing Pools ○ Owner Controlled Insurance Programs
Career Highlights / Accomplishments	<ul style="list-style-type: none"> • Considerable expertise with public sector clients and related risk management programs, funds and pools • Expert knowledge of a variety of alternative risk financing techniques • Long-standing, senior level relationships with numerous domestic and foreign underwriters 		
Experience History:	McGriff, Seibels & Williams, Inc.	1997 - Present	
	<i>Executive Vice President/Account Manager, Commercial Division</i>		

Tracie L. Bigham, CIC, CRIS

Vice President / Marketing Account Executive, Commercial Division

Yrs. Experience:	27
Yrs. With McGriff:	8
Education:	Business Management - University of Phoenix, Houston Campus
Licenses/Certifications:	Texas Commercial Lines Insurance Solicitors License Society of Certified Insurance Counselors (CIC Designee) Construction Risk Insurance Specialist (CRIS Designee)
Areas of Expertise:	<ul style="list-style-type: none"> • Government & Public Entities • Educational Institutions • Real Estate Management and Development • Shipyards and Shipbuilders • Large Catastrophe Exposed Shared and Layered Property Programs • Complex Builders Risk Placement • Owner Controlled Insurance Programs • Risk Sharing Pools • Retrospective Rating Programs • All Lines Basket Aggregate Programs • Collateralized Deductible Programs • Third Party Claims Administration Programs • Construction Insurance Programs • Contractual Review and recommendations
Career Highlights / Accomplishments:	<ul style="list-style-type: none"> • Expertise with public sector clients • Expert knowledge of Owner Controlled Insurance Programs • Expertise working with Large Property Schedules • Expertise placing Natural Catastrophe Exposed Risk
Experience History:	<p>McGriff, Seibels & Williams, Inc. 2012- Present <i>Vice President - Marketing Account Executive</i></p>
	<p>Frank Crystal & Company <i>Director - Commercial Insurance Services</i></p>
	<p>AmWins of Texas, Inc. <i>Vice President – Property Marketing Manager</i></p>
	<p>Willis Of Texas, Inc. <i>Assistant Vice President – Account Executive</i></p>
	<p>Marsh USA, Inc. <i>Assistant Vice President – Risk Management Consulting</i></p>

Diana Smetters
Account Manager

Yrs. Experience:	33	
Yrs. With McGriff:	5	
Licenses/Certifications:	General Agents License – Texas CRIS Designation (Construction Risk Insurance Specialist)	
Areas of Expertise:	<ul style="list-style-type: none"> • Public entities, school districts • Nursing homes • Construction/Contracting Risks • Large property schedules 	
Career Highlights/ Accomplishments:	<ul style="list-style-type: none"> • Experienced in handling large accounts with extensive Property and Automobile exposures. 	
Experience History:	McGriff, Seibels & Williams, Inc. <i>Account Manager</i>	2012 - Present
	Alliant Insurance Services <i>Account Manager</i>	2010 - 2012
	Corkill Insurance Agency, Inc. <i>Large Account Manager</i>	2007- 2009
	HUB International <i>Sr. Account Manager</i>	2005 - 2007
	Assurance Agency, Ltd. <i>Sr. Account Manager</i>	1994 - 2005

Dwayne Holmes, CPCU, ARM, CIC, CRM
Claims Executive, Commercial Division

Yrs. Experience:	35
Yrs. With McGriff:	16
Education:	B.A., Managerial Studies, Rice University, 1985 MBA, Finance, University of St. Thomas, 2000
Licenses/Certifications:	<ul style="list-style-type: none"> • Associate in Risk Management • Certified Property & Casualty Underwriter • Certified Insurance Counselor • Certified Risk Manager • Multiline Adjuster License • Risk Manager License
Professional Affiliations:	CPCU Society Houston Claims Association Risk and Insurance Management Society (RIMS)
Areas of Expertise:	<ul style="list-style-type: none"> • Claims administration • Management of TPAs & Carriers • Implementation of Return to Work Programs and other cost containment strategies • Policy language interpretation • Monitoring of complex workers comp and liability claims in litigation

Experience History:	McGriff, Seibels & Williams, Inc. <i>Claims Executive, Commercial Division</i>	2004 – Present
	ESIS, Inc. <i>Account Executive</i>	2000 – 2004
	American International Group <i>Workers Compensation Underwriter & Account Manager, Insurance Services Division</i>	1996 – 2000
	Continental Airlines <i>Regional Claims Manager, Risk Management Dept.</i>	1991 – 1996
	Alexsis Risk Management <i>Claims Supervisor</i>	1990 – 1991
	Texas Employers Insurance Association <i>Sr. Claims Representative</i>	1985 – 1990

Debra Taylor

Assistant Vice President/Commercial Claims

Yrs. Experience:	11				
Yrs. With McGriff:	11				
Education:	Associate Degree in Office Education				
Licenses/Certifications:	All Lines Adjuster Certified Insurance Service Representative Certified School Risk Manager				
Areas of Expertise:	<ul style="list-style-type: none"> • Claims Administration • Document Reconciliation • Claims Procedural Documentation • Loss Runs Report Analysis 				
Career Highlights / Accomplishments	<ul style="list-style-type: none"> • Extension of Risk Management Claims • Supervise & monitor all worker's compensation claims • Provide quarterly loss run reports, charts and participate in claim reviews • Managed Accounts affected by Hurricane Ike • Satisfactory resolution of catastrophic property claims 				
Experience History:	<p>McGriff, Seibels & Williams, Inc.</p> <table> <tr> <td><i>Commercial Claims</i></td> <td><i>Mar. 2008 – Present</i></td> </tr> <tr> <td><i>Loss Runs Analyst</i></td> <td><i>Jan. 2006 – Feb. 2008</i></td> </tr> </table>	<i>Commercial Claims</i>	<i>Mar. 2008 – Present</i>	<i>Loss Runs Analyst</i>	<i>Jan. 2006 – Feb. 2008</i>
<i>Commercial Claims</i>	<i>Mar. 2008 – Present</i>				
<i>Loss Runs Analyst</i>	<i>Jan. 2006 – Feb. 2008</i>				

Tom Bradt, ARM, CRM, CIC

Risk Analytics

Senior Vice President, Special Projects

Yrs. Experience:	10
Yrs. With McGriff:	10
Education:	B.B.A. Finance – University of Houston 2004
Licenses/Certifications:	General Agent License, TX Certified Risk Manager (CRM) Associate in Risk Management (ARM) Certified Insurance Counselor (CIC) Pursuing Associate in Insurance Data Analytics (AIDA) designation
Areas of Expertise:	<ul style="list-style-type: none"> • Loss data analysis for customized reports • Risk retention analysis and program structure testing • Auditing NCCI Experience Modifiers • Evaluation and negotiation of legacy program adjustments • Calculating and negotiating collateral requirements • Cost of Risk assessments • Developing customized analytical tools to meet specific needs
Career Highlights/Accomplishments:	<ul style="list-style-type: none"> • Reduced Modifier Ratings through NCCI Worksheet audits. • Negotiated over \$73MM in additional collateral reductions (additional collateral return beyond the carrier’s initial indication). • Successful investigation and negotiation of legacy program adjustments, one of which resulted in the reversal of a \$3MM charge. • Negotiated more favorable wording on client’s deductible specifications • Designed customized tools and exhibits to analyze loss sensitive programs.
Experience History:	McGriff, Seibels & Williams, Inc. 2010 - Present <i>Senior Vice President</i>

Brooks Elliston
Loss Control Engineer

Yrs. Experience:	12	
Yrs. With McGriff:	4	
Education:	Bachelor of Business Administration	
Licenses/Certifications:	Certified Safety Professional (CSP)	
Areas of Expertise:	<ul style="list-style-type: none"> • Texas School Districts • Petrochemical, construction, legislative and regulatory experience • Safety program development • Engineered solutions • Safety Engineering for exposures with significant loss potential • Accident/loss investigation • Facility audits • Reviewing existing safety programs for deficiencies • Management and employee training 	
Career Highlights/Accomplishments:	<ul style="list-style-type: none"> • Develop policies and procedures for covered companies and make recommendations to improve HSE performance • Recommend and implement process changes based on observations made in the field, office or facility • Development of tracking and trending systems and processes for HSEQ improvement • Serve as subject matter expert for HSEQ practices in all 50 states, Outer Continental Shelf and international • Review regulatory changes and applicability to covered companies in various industries <ul style="list-style-type: none"> ○ Oil/Gas – Upstream, Midstream and Downstream ○ Marine – Transportation and Operations in the OCS ○ Aviation – FAR 91 compliance and HSE management • Deliver training for field and management level personnel for regulatory and other trainings as needed • Advise on 3rd party compliance system interfaces 	
Experience History:	McGriff, Seibels & Williams, Inc. Loss Control Engineer	2016 – Present
	Superior Energy Services Corporate HSEQ Specialist	2012 – 2016
	ISNetworld Senior Associate	2010 – 2012
	Texas House of Representatives House Sergeant	2004 - 2006

EXHIBIT 1 Claim Reporting Guidelines and Sample Claim Reporting

SCHOOL LEADERS E&O

NOTICE / CLAIM REPORTING PROVISIONS

- (a) Notice hereunder shall be given in writing to the addressee and at the address identified in Item 8 of the Declarations. Notice shall include and reference this policy number as indicated in the Declarations. If mailed, the date of mailing shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice. If mailed, the date of mailing shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice.
- (b) For all coverage under this policy:
- (1) before coverage will apply, notice in writing of a Claim made against an Insured must be given to the Insurer as soon as practicable either:
- (a) during the Policy Period or any applicable Extended Reporting Period; or
- (b) within thirty (30) days after the end of the Policy Period, as long as such Claim is reported no later than thirty (30) days after the Claim was first made against an Insured provided that renewal or replacement coverage for the next succeeding policy period has been purchased from the Insurer (the "Post Policy Reporting Period");
- (2) if notice pursuant to Subparagraph 7(b)(1) above has been given to the Insurer, then any Claim which is subsequently made against an Insured and reported to the Insurer alleging, arising out of, based upon or attributable to the facts alleged in the Claim for which such notice has been given, or alleging any Wrongful Act which is the same as or a Related Wrongful Act to that alleged in the Claim of which such notice has been given, shall be considered related to the first Claim and made at the time such notice was given; and
- (3) if during the Policy Period or during an applicable Extended Reporting Period an Insured shall become aware of any circumstances which may reasonably be expected to give rise to a Claim being made against an Insured for a Wrongful Act that occurs prior to the end of the Policy Period, and, during the Policy Period or any applicable Extended Reporting Period written notice is given to the Insurer of (i) such circumstances, (ii) the Wrongful Act allegations that are anticipated, and (iii) the reasons for anticipating such a Claim, with full particulars as to dates, persons and entities involved, then any Claim that is subsequently made against an Insured arising out of such Wrongful Act, or the same Wrongful Act or Related Wrongful Acts, shall be treated as a Claim made against such Insured and reported to the Insurer at the time such notice of such circumstances was given.

8. WHAT INSURED MUST DO IN THE EVENT OF A CLAIM

- (a) In addition to providing notice as required in this policy, the Insured must also:
- (1) send the Insurer copies of all demands, suit papers, other legal documents and invoices for Claim Expenses received by such Insured, as soon as practicable;
- (2) immediately record the specifics of any Claim and the date such Insured first received such Claim;
- (3) upon the Insurer's request, furnish to the Insurer any and all documentation within the possession of the Insured; and
- (4) give to the Insurer, and to any counsel the Insurer selects to represent an Insured in connection with a Claim, full cooperation and such information as the Insurer or the counsel may require, including, but not limited to, assisting the Insurer or the counsel in: (i) any investigation of a Claim, or other matter relating to the coverage afforded under this policy (including submission to an examination by the Insurer or the Insurer's designee, under oath if required by the Insurer); (ii) making settlements; (iii) enforcing any legal rights any Insured or the Insurer may have against any person or entity who may be liable to an Insured; (iv) attending depositions, hearings and trials; (v) securing and giving evidence, and obtaining the attendance of witnesses; and (vi) any inspection or survey conducted by the Insurer.

EXTENDED REPORTING PERIOD

(a) Automatic Extended Reporting Period: If the Insurer or the Named School Entity shall cancel or refuse to renew this policy and the Named School Entity does not obtain replacement coverage as of the effective date of such cancellation or non-renewal, the Named School Entity shall have the right to a period of sixty (60) days following the effective date of such cancellation or non-renewal (the "Automatic Extended Reporting Period") in which to give written notice to the Insurer of any Claim made against the Insured during said sixty (60) day period for any Wrongful Act committed before the end of the Policy Period. This Automatic Extended Reporting Period shall immediately expire upon the purchase of replacement coverage by the School Entity.

(b) Optional Extended Reporting Period: If the Insurer or the Named School Entity shall cancel or refuse to renew this policy, the Named School Entity shall have the right to a period of up to three (3) years following the effective date of such cancellation or nonrenewal (an "Extended Reporting Period"), upon payment of an additional premium amount:

(1) for a one (1) year Extended Reporting Period, up to one hundred percent (100%) of the annualized policy premium,

(2) for a two (2) year Extended Reporting Period, up to one hundred and fifty percent (150%) of the annualized policy premium, or

(3) for a three (3) year Extended Reporting Period, up to two hundred percent (200%) of the annualized policy premium,

in which to give written notice to the Insurer of any Claim made against the Insured during said Extended Reporting Period and solely with respect to a Wrongful Act committed prior to the end of the Policy Period and otherwise covered by this policy. This right shall terminate, however, unless written notice of such election together with the additional premium due is received by the Insurer within thirty (30) days after the effective date of cancellation or non-renewal. This clause and the rights contained herein shall not apply to any cancellation resulting from non-payment of premium. If the Named School Entity exercises its right to purchase an Extended Reporting Period, that period incepts at the end of the Policy Period and there shall be no Automatic Extended Reporting Period.

As used herein, the term "annualized policy premium" means the premium set forth in Item 5 of the Declarations plus any additional premium charged in connection with any additional coverage added by endorsement.

ENDORSEMENT # 8

This Endorsement, effective 10/1/2020 at 12:01 A.M. forms a part of

Policy No:

Issued To: Webb County Juvenile Justice Alternative Education Program

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

**NOTICE OF CLAIM
(REPORTING BY E-MAIL)**

In consideration of the premium charged, it is hereby understood and agreed as follows:

1. *Email Reporting of Claims:* In addition to the postal address set forth for any Notice of Claim Reporting under this policy, such notice may also be given in writing pursuant to the policy's other terms and conditions to the Insurer by email at the following email address:

c-claim@aig.com

Your email must reference the policy number for this policy. The date of the Insurer's receipt of the emailed notice shall constitute the date of notice.

In addition to Notice of Claim Reporting via email, notice may also be given to the Insurer by mailing such notice to: AIG Property Casualty, Financial Lines Claims, P.O. Box 25947, Shawnee Mission, KS 66225.

2. *Definitions:* For this endorsement only, the following definitions shall apply:
 - (a) "Insurer" means the "Insurer," "Underwriter" or "Company" or other name specifically ascribed in this policy as the insurance company or underwriter for this policy.
 - (b) "Notice of Claim Reporting" means "notice of claim/circumstance," "notice of loss" or other reference in the policy designated for reporting of claims, loss or occurrences or situations that may give rise or result in loss under this policy.
 - (c) "Policy" means the policy, bond or other insurance product to which this endorsement is attached.
3. This endorsement does not apply to any Kidnap & Ransom/Extortion Coverage Section, if any, provided by this policy.

ALL OTHER TERMS CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED

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AUTHORIZED REPRESENTATIVE



CLAIM REPORTING FORM

Issuing Company: Illinois National Insurance Company

Reported under Policy/Bond Number: _____ Date: _____

Type of Coverage: D&O _____ E&O X EPL _____

Insured's Name, as given on Policy Declarations (Face Page):

Webb County Juvenile Justice Alternative Education Program

Contact Person: _____

Title: _____

Phone: () - _____ Ext _____

eMail: _____ @ _____

Case or Claimant Name: _____

If the party involved is different from "Insured" Name (as given on Policy Declarations) state relationship:

Insurance Broker/Agent: McGriff, Seibels & Williams of Texas, Inc. - Houston

Address: 818 Town & Country Lane Suite 500

Address: Houston, TX 77024

Contact: Tracie Bigham Phone: 713-877-8975

eMail: tbigham@McGriff.com

Send Notice of Claims to:

AIG

Financial Lines Claims

P.O. Box 25947

Shawnee Mission, KS 66225

Phone:

(888) 602-5246

Fax:

(866) 227-1750

Email:

c-Claim@AIG.com

STORAGE TANK POLLUTION
NOTICE / CLAIM REPORTING PROVISIONS

REPORTING AND COOPERATION

A. Without limiting the specific requirements contained in any Insuring Agreement or any other exposure-specific reporting requirements contained within this Policy, the “insured” shall also see to it that the Insurer receives notice of any “claim” or “first-party claim”, as soon as practicable, by one or more of the following:

1. Provide written notice to the address, fax number, or email address identified in Item 8.a. of the Declarations to this Policy; or
2. Provide verbal or electronic notice utilizing the Environmental Incident Alert 24-hour Emergency Response and Incident Reporting System by calling the telephone number identified in Item 8. of the Declarations to this Policy or by using the associated telephone web application, respectively.

Such notice should include reasonably detailed information as to:

1. The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “first-party claim”;
2. The identity of the “covered location”;
3. The nature of the “claim” or “first-party claim”; and
4. Any steps undertaken by the “insured” to respond to the “claim” or “first-party claim”.

B. The “insured” must:

1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;
2. Authorize the Insurer to obtain records and other information;
3. Cooperate with the Insurer in the investigation, settlement or defense of the “claim”;
4. Assist the Insurer, upon the Insurer’s request, in the enforcement of any right against any person or organization which may be liable to the “insured” because of “loss” to which this Policy may apply; and
5. Provide the Insurer with such information and cooperation as it may reasonably require.

C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim”, without the written consent of the Insurer. Nor shall any “insured” retain any consultants or “catastrophe management firms”, or incur any “first-party remediation costs” or “catastrophe management costs” with respect to a “first-party claim”, without the prior consent of the Insurer, except for “emergency response costs”.

D. Upon the discovery of a “pollution condition” or “indoor environmental condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” or “indoor environmental condition” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” or “catastrophe management costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.

For the purposes of fulfilling the notice requirements contained in the Insuring Agreements to this Policy, notice supplied pursuant to one or more of the verbal or electronic notice mechanisms specifically contemplated in Subsection A., above, or on the Declarations, shall constitute written notice to the Insurer.

EXTENDED REPORTING PERIOD

A. Provided the “first named insured” has not purchased any other insurance to replace this Policy, the “first named insured” shall be entitled to a basic “extended reporting period”, and may purchase an optional supplemental “extended reporting period”, following Cancellation, as described in Subsection A., Paragraph 1. of Section IX., GENERAL CONDITIONS, or nonrenewal of this Policy, in accordance with the terms and conditions described in Subsections B. through D., below.

B. “Extended reporting periods” shall not reinstate or increase any of the Limits of Liability. “Extended reporting periods” shall not extend the “policy period” or change the scope of coverage provided. A “claim” first made against an “insured” and reported to the Insurer within the basic “extended reporting period” or supplemental “extended reporting period”, whichever is applicable, shall be deemed to have been made and reported on the last day of the “policy period”. In addition, if an “insured” first discovers a “pollution condition” or “indoor environmental condition” during the “policy period” and reports such “first-party claim” to the Insurer within the basic “extended reporting period” or supplemental “extended reporting period”, whichever is applicable, then such “first-party claim” shall also be deemed to have been first discovered and reported on the last day of the “policy period”.

C. The “first named insured” shall have a ninety (90) day basic “extended reporting period” without additional charge.

D. The “first named insured” shall also be entitled to purchase a supplemental “extended reporting period” of up to thirty-three (33) months for not more than two hundred percent (200%) of the full premium identified in Item 6. of the Declarations to this Policy, and any additional premiums resulting from coverage added during the “policy period”. Such supplemental “extended reporting period” starts when the basic “extended reporting period” ends. The Insurer shall issue an endorsement providing a supplemental “extended reporting period” provided that the “first named insured”:

1. Makes a written request, to the address identified in Item 8.b. of the Declarations to this Policy, for such endorsement which the Insurer receives prior to the expiration of the “policy period”; and
2. Pays the additional premium when due. If that additional premium is paid when due, the supplemental “extended reporting period” may not be cancelled, provided that all other terms and conditions of the Policy are met.

STORAGE TANK POLLUTION NOTICE / CLAIM REPORTING FORM

No Specific form provided or required

CYBER LIABILITY

NOTICE / CLAIM REPORTING PROVISIONS

BREACH RESPONSE HOTLINE

Corvus Smart Cyber Insurance® 24/7 Breach Response Hotline:(833) 262-1362

Notice of Claim, Loss or Circumstance

- a. If, during the Policy Period, the Control Group becomes aware of a Claim or Loss, the Insured must forward details to the Company as soon as practicable during the Policy Period or the Extended Reporting Period, if applicable, at the email address shown in Item 4 of the Declarations Page. The Insured must report a Claim or Loss regardless of whether the Claim or Loss arises out of any previously reported incident, circumstances, acts, errors or omissions, or related Claim or Loss.
- b. If during the Policy Period, the Control Group becomes aware of any incidents, circumstances, acts, errors or omissions that could reasonably result in a Claim or Loss, the Insured must forward details to the Company as soon as practicable during the Policy Period at the email address shown in Item 4 of the Declarations Page. Any Claim or Loss arising out of such reported incidents, circumstances, acts, errors or omissions will be deemed to have been made or incurred when the Company first received notice complying with this paragraph.
- c. Any Loss, Claim or incidents, circumstances, acts, errors or omissions that could reasonably result in Loss or a Claim shall be considered properly reported to the Company when notice is first emailed to the address shown in Item 4 of the Declarations page.

CYBER LIABILITY

NOTICE / CLAIM REPORTING FORMS

No Specific form provided or required

EXHIBIT 2 Policy Forms and Endorsements



CorRisk No: 1492520

FROM: Thomas Musante
 CorRisk Solutions
 646-395-3254
 TMusante@corriskolutions.com

TO: Tracie Bigham
 McGriff, Seibels & Williams of
 Texas, Inc. - Houston
 7138778975

**On behalf of National Union Fire Insurance Company of Pittsburgh, Pa. ®,
 CorRisk Solutions is proud to present the following quote:**

WKFC Renewal Quotation
 School Leaders, Valid for Thirty (30) days

Named Insured: Webb County Juvenile Justice Alternative Education Program
Mailing Address: 111 Camino Nuevo Road, Laredo, TX 78043

EFFECTIVE DATE	10/1/2020	EXPIRATION DATE	10/1/2021
PREVIOUS POLICY NUMBER	13470149		

COVERAGE OPTION	
LIMIT OF LIABILITY	
Policy Damages Limit of Liability	\$1,000,000 (aggregate for Damages)
Separate Limits of Liability:	
IEP Hearing Limit of Liability	\$50,000 (aggregate for Claim Expenses)
Desegregation Limit of Liability	\$100,000 (aggregate for Claim Expenses)
Breach of Contract Limit of Liability	\$100,000 (aggregate for Claim Expenses)
Breach of Fiduciary Duty Limit of Liability	\$25,000 (aggregate for Claim Expenses)
Network Security/Privacy Endorsement Limit of Liability	None

RETENTION/DEDUCTIBLE	
Each Wrongful Act	\$25,000
Each Employment Practices Violation	\$25,000
Each IEP Hearing	\$25,000

Policy First Inception Date	10/1/2011
Expanded Coverage First Inception Date	10/1/2011
Expanded Coverage Retroactive Date	10/1/2011

Please read all terms and conditions shown above carefully as they may not conform to the specifications shown in your submission.
 Coverage shall be subject to all terms and conditions of the policy to be issued which shall when delivered, replace the binder.

PREMIUM	\$8,131.00
<p>Premium for Certified Acts of Terrorism Coverage under Terrorism Risk Insurance Act, as amended (TRIA), is included in the premium amount.</p> <p>The TRIA disclosure is attached hereto.</p>	

COMMISSION	15.00%
FEES	Not Applicable

SUBJECTIVITIES AND CONDITIONS
The application submitted resigned and redated no more than 60 days prior to the effective date of coverage

IMPORTANT: READ CAREFULLY
<p>In order to complete the underwriting process, we <u>require</u> that you send us the additional information requested under the subjectivities and conditions. We are not required to bind coverage prior to our receipt, review and underwriting approval of the above information. However, if we do bind coverage prior to such approval, it shall be for a temporary period of not more than 30 days. Such temporary binding of coverage shall be void ab initio ("from the beginning") if we have not received, reviewed and approved in writing such materials within 30 days from the effective date of the temporary binder. This 30 day temporary conditional binder may be extended only in writing signed by the Insurer. Payment of premium shall not operate to extend the binding period or nullify the automatic voiding as described above.</p> <p>This quote is strictly conditioned upon no material change in the risk occurring between the date of this letter and the inception date of the proposed policy. In the event of such change in risk, the Insurer may in its sole discretion, whether or not this quote has been already accepted by the Insured, modify and/or withdraw this quote.</p> <p>Thank you for the opportunity to provide a quote for this account. Please note that this quote contains only a general description of coverages provided. For a detailed description of the terms of the policy, you must refer to the policy itself and any endorsements indicated. If you have any questions about this quote, please do not hesitate to call.</p>

ADDITIONAL COMMENTS
<p>CorRisk Solutions is acting as the Program Administrator/Manager for the insurance company providing this coverage and receives compensation from the insurance company for its services. The compensation may vary depending on the profitability of the insurance contracts which it sells. You may obtain more information about the compensation expected to be received by the Program Administrator/Manager by requesting such information from the Program Administrator/Manager.</p>

Please read all terms and conditions shown above carefully as they may not conform to the specifications shown in your submission. Coverage shall be subject to all terms and conditions of the policy to be issued which shall when delivered, replace the binder.

FORMS AND ENDORSEMENTS

School Leaders Risk Protector Policy Declarations (N)	96924	08/15
School Leaders Risk Protector Policy	96927	12/07
Policyholder Notice	91222	04/13
Texas Notice To Policyholder	53365	07/96
Texas Complaint Notice	135942	02/20
Forms Index	78859	10/01
Bond Exclusion Endorsement	96747	12/07
Cyber Claims Exclusion Endorsement	135366	01/20
Cooperation Clause Amendatory Endorsement	96847	12/07
Economic Sanctions Endorsement	119679	09/15
EPL PAK Premier Endorsement (For use on School Leaders Risk Protector) (Employment Practices, Loss Prevention and Risk Management Tools)	M127623	12/17
Federal Share of Compensation Under TRIA and Cap on Losses Endorsement	125595	03/17
Notice of Claims (Reporting By E-Mail)	99758	08/08
Policyholder Disclosure Notice of Terrorism (Coverage Included)	96556	01/15
Amendatory Endorsement Texas	97620	10/08
Texas Amendatory Endorsement Cancellation and Nonrenewal	74802	07/11

Note: State exceptions may apply. The forms above are subject to change and may not reflect a current comprehensive listing.

Thank you for the opportunity to present this quote!

Thomas Musante

Underwriter's Signature

Please read all terms and conditions shown above carefully as they may not conform to the specifications shown in your submission. Coverage shall be subject to all terms and conditions of the policy to be issued which shall when delivered, replace the binder.



SCHOOL LEADERS RISK PROTECTOR®

In consideration of the premium charged, and in reliance upon the material statements made to the Insurer by Application, which forms a part of this policy, the Insurer and the Insured agree as follows:

1. INSURING AGREEMENTS

With respect to Coverages A and B, solely with respect to any Claim first made against an Insured during the Policy Period or any applicable Extended Reporting Period and reported to the Insurer pursuant to the terms of this policy, including, but not limited to, the terms described in Clause 7(b)(1), and subject to the other terms, conditions and limitations of this policy, this policy affords the following coverage:

COVERAGE A: LIABILITY FOR DAMAGES

The Insurer shall pay amounts, in excess of the applicable Retention, that an Insured is legally obligated to pay as Damages resulting from any Claim made against an Insured for any Wrongful Act of an Insured.

COVERAGE B: DEFENSE OF INSUREDS

Solely with respect to any Claim made against an Insured, in excess of the applicable Retention, for any Wrongful Act of an Insured, the following applies:

- (1) *The Insurer's Duty To Defend Insureds:* The Insurer shall have the right and duty to defend any Suit against any Insured, even if such Suit is groundless, false or fraudulent.
- (2) *The Insurer's Right To Settle Claims:* The Insurer shall have the right, but not the duty, to settle any Claim against any Insured, with the School Entity's written consent, which consent shall not be unreasonably withheld.
- (3) *Claim Expenses For Suits:* The Insurer shall, in excess of the applicable Retention and in addition to the Policy Damages Limit of Liability, pay for Claim Expenses; provided, however, that the applicable Separate Limit of Liability shall apply to Claim Expenses for any: (i) IEP Hearing, (ii) Desegregation Suit; (iii) Breach of Contract Suit and/or (iv) Breach of Fiduciary Duty Suit.
- (4) *Claim Expenses For Investigations:* The Insurer has the right, but not the duty, to investigate any Claim against any Insured. In the event the Insurer investigates a Claim or the Insured incurs Claim Expenses with the Insurer's prior written consent, the Insurer shall pay such Claim Expenses, in excess of the applicable Retention and in addition to the Policy Damages Limit of Liability.
- (5) *The School Entity's Right To Settle:* The School Entity may settle any Claim or Suit to which this insurance applies provided that the School Entity does so: (i) on behalf of all Insureds with prejudice; and (ii) without incurring Claim Expenses and/or Damages in excess of the Retention.

(6) *When the Insurer's Duty To Defend Ends:*

No **Insured** may admit liability or settle any **Claim** or incur any cost or expense without the written consent of the **Insurer**. The **Insurer** shall not be obligated to pay any **Damages** or **Claim Expenses** or to undertake or continue defense of any **Claim** after an **Insured** refuses to consent to any settlement recommended by the **Insurer** and acceptable to the claimant, and the liability of the **Insurer** after such refusal shall not exceed the amount for which the **Claim** could have been settled, plus **Claim Expenses** incurred with the **Insurer's** consent up to the date of such refusal.

The **Insurer** shall not be obligated to pay any **Damages** or **Claim Expenses** or to undertake or continue defense of any **Claim** after the **Policy Damages Limit of Liability** has been exhausted by payment of **Damages** or after deposit of the applicable limit of the **Insurer's** liability in a court of competent jurisdiction, and in such case the **Insurer** shall have the right to withdraw from the further defense thereof by tendering control of said defense to the **Insured**.

2. DEFINITIONS

- (a) **Application** means each and every signed application, any attachments to such applications, other materials submitted therewith or incorporated therein and any other documents submitted in connection with the underwriting of this policy or the underwriting of any other School Leaders Errors and Omissions (or equivalent) policy issued by the **Insurer**, or any of its affiliates, of which this policy is a renewal, replacement or which it succeeds in time.
- (b) **Bodily Injury** means physical injury, sickness or disease (other than emotional distress or mental anguish), including death resulting therefrom.
- (c) **Claim** means:
- (1) a written or oral demand for money, services, non-monetary relief or injunctive relief;
 - (2) an administrative proceeding that is not defined as a **Suit**; or
 - (3) a **Suit**.
- (d) **Claim Expenses** means reasonable and necessary:
- (1) fees and disbursements charged by an attorney appointed or approved in writing by the **Insurer**;
 - (2) other fees, costs and expenses incurred in the defense of a **Suit** or the investigation of a **Claim** in accordance with Coverages B(3) and B(4), incurred either by the **Insurer** or by the **Insured** with the **Insurer's** written consent. **Claim Expenses** shall also include premiums for any appeal bond on a covered judgment, attachment bond, or similar bond but without any obligation to apply for or furnish any such bond, resulting from the investigation, adjustment, defense, and appeal of a **Claim** against any **Insured**; provided, however, that **Claim Expenses** shall not include **Insured's** compensation.
- (e) **Damages** means any amount that an **Insured** shall be legally required to pay because of judgments or for settlements; provided that **Damages** shall not include: (1) any amounts for which the **Insured** is not financially liable or for which there is no legal recourse against the **Insured**; (2) the cost and expenses of complying with an injunction or other form of equitable relief including, but not limited to, complying with the Americans with Disabilities Act (hereinafter referred to as "ADA") or any liability or costs incurred by any **Insured** to modify any building or property in order to make said building or property more accessible or accommodating to any disabled person; (3) the reimbursement of tuition, books, transportation expenses and other fees associated with educational activities; (4) any liability or costs incurred in connection with any educational, sensitivity, or other training program, policy or

seminar relating to a **Claim** alleging discrimination or other **Employment Practices Violation**; (5) any amount that an **Insured** shall be required to pay pursuant to an **IEP Hearing** award, other than prevailing party fees; (6) employment-related benefits, stock options, perquisites, deferred compensation or any other type of compensation other than salary, wages or bonus compensation in a settlement or judgment for an **Employment Practice Violation**; or (7) matters that may be deemed uninsurable under the law pursuant to which this policy shall be construed.

Damages also means with respect to a covered judgment:

- (1) punitive, exemplary and multiple damages (where insurable by law);
 - (2) front pay and back pay;
 - (3) pre-judgment interest; and
 - (4) post-judgment interest that accrues after entry of judgment and before the **Insurer** has paid, offered to pay or deposited in court that covered part of the judgment within the applicable limit of liability.
- (f) **Domestic Partner** means any natural person legally recognized as a domestic or civil union partner under: (1) the provisions of any applicable federal, state, or local law; or (2) the provisions of any formal program established by the **School Entity**.
- (g) **EEOC Proceeding** means an Equal Employment Opportunity Commission (or similar state, local or foreign agency) proceeding commenced after the **Expanded Coverage First Inception Date** by the filing of a notice of charges, service of complaint or similar document of which notice has been given to an **Insured**.
- (h) **Employee** means any past, present or future employee of the **School Entity**, including any full-time, part-time, seasonal and temporary employee or volunteer of the **School Entity**. An individual who is leased to the **School Entity** and any other individual who is contracted to perform work for the **School Entity**, or who is an independent contractor for the **School Entity** shall also be an **Employee**, but only if the **School Entity** provides or is required to provide indemnification to such individual, in the same manner as that provided to the **School Entity's** employees, pursuant to a written contract signed prior to such individual's commission of a **Wrongful Act**.
- (i) **Employment Practices Violation(s)** means any actual or alleged:
- (1) wrongful dismissal, discharge or termination (either actual or constructive) of employment, including breach of an implied contract;
 - (2) harassment (including sexual harassment whether "quid pro quo," hostile work environment or otherwise);
 - (3) discrimination (including, but not limited to, discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy or disability);
 - (4) **Retaliation**;
 - (5) employment-related misrepresentation(s) to an **Employee** or applicant for employment with the **School Entity**;
 - (6) wrongful failure to employ or promote;
 - (7) wrongful deprivation of career opportunity with the **School Entity**, wrongful demotion or negligent **Employee** evaluation, including the giving of negative or defamatory statements in connection with an **Employee** reference to a prospective employer;
 - (8) wrongful discipline;
 - (9) failure to grant tenure;
 - (10) failure to provide or enforce adequate or consistent policies and procedure relating to any **Employment Practices Violation**;

- (11) employment-related libel, slander, humiliation, or defamation; or
- (12) violation of an individual's civil rights relating to any of the above;
- but only if the **Employment Practices Violation** relates to an **Employee**, or applicant for employment with the **School Entity** whether direct, indirect, intentional or unintentional.
- (j) **Expanded Coverage** means coverage for: (1) the defense of **EEOC Proceedings**, **IEP Hearings** and/or arbitrations, including **Claim Expenses** resulting therefrom, and (2) **Damages** resulting from **EEOC Proceedings** and/or arbitrations.
- (k) **Expanded Coverage First Inception Date** means the date set forth in Item 6(b) of the Declarations.
- (l) **Expanded Coverage Retroactive Date** means the date set forth in Item 7 of the Declarations.
- (m) **Extended Reporting Period** means whichever **Extended Reporting Period** described in Clause 9, if any, is applicable.
- (n) **Failure(s) of Security** means:
- (1) the actual failure and inability of the security of the **School Entity's** computer system to mitigate loss from or prevent a computer attack; or
 - (2) physical theft of hardware or firmware controlled by the **School Entity** (or components thereof) on which electronic data is stored, by a person other than an **Insured**, from a premises occupied and controlled by the **School Entity**.
- (o) **Fixed Works** includes audiovisual works, copies, literary works, motion pictures, phonorecords, pictorial, graphic and sculptural works, sound recordings, works of visual art, lesson plans, or course packs.
- (p) **Fungus(i)** includes, but is not limited to, any of the plants or organisms belonging to the major group Fungi, lacking chlorophyll, and including **Molds**, rusts, mildews, smuts, and mushrooms.
- (q) **IEP** means an individual education plan to address the special educational needs of a student with disabilities that is developed by the: (1) **School Entity**; and (2) parent(s) or guardian(s) of a student.
- (r) **IEP Hearing** means a due process hearing: (1) conducted by an impartial officer; (2) arranged at the request of a parent(s) or guardian(s); and (3) regarding an **IEP**.
- (s) **Insured** means: (1) the **School Entity**; (2) the Board of Education of the **School Entity** or other governing board or body of the **School Entity**, including the Board of Regents, Board of Trustees or Board of Directors; and (3) any **Individual Insured**.
- (t) **Individual Insured** means any past, present or future duly elected or appointed director, officer, trustee, trustee emeritus, executive director, department head, member of the Board of Regents, member of the Board of Education, staff, faculty, student teacher, student intern or faculty member (salaried or non-salaried) of the **School Entity**, any **Employee**, or any **Outside Entity Executive**. Coverage will automatically apply to all new persons who become **Individual Insureds** after the inception date of this policy.
- (u) **Insurer** means the insurer named in the Declarations.
- (v) **Mold(s)** includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and **Fungi** that produce **Molds**.
- (w) **Named School Entity** means the school, school district, college, university, or other academic entity stated in Item 1 of the Declarations.

- (x) **Non-Employment Discrimination** means any actual or alleged harassment or unlawful discrimination, as described in subparagraphs 2(i)(2) and 2(i)(3) of the Definition of **Employment Practices Violation**, or the violation of the civil rights of a person relating to such harassment or discrimination, when such acts are alleged to be committed against anyone other than an **Individual Insured** or applicant for employment with the **School Entity**, including, but not limited to, students and parents.
- (y) **Outside Entity Executive** means any director, trustee, trustee emeritus or governor (or equivalent position) of the **School Entity**, who is or was acting at the specific request or direction of the **School Entity** as a director, trustee, trustee emeritus or governor (or equivalent position) in an **Outside Entity**. It is understood and agreed that, in the event of a disagreement between the **School Entity** and an individual as to whether such individual was acting “at the specific request or direction of the **School Entity**,” this policy shall abide by the determination of the **School Entity** on this issue and such determination shall be made by written notice to the **Insurer** within ninety (90) days after the **Claim** is first reported to the **Insurer** pursuant to the terms of the policy. In the event no determination is made within such period, this policy shall apply as if the **School Entity** determined that such **Individual Insured** was not acting at the **School Entity**’s specific request or direction.
- (z) **Outside Entity** means any non-profit corporation, community chest, fund or foundation that is not included in the Definition of **School Entity** and that is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.
- (aa) **Policy Damages Limit of Liability** means the aggregate limit of liability for **Damages** set forth as such in Item 3(a) of the Declarations.
- (bb) **Policy First Inception Date** means the date set forth in Item 6(a) of the Declarations.
- (cc) **Policy Period** means the period from the effective date of this policy to the expiration date or earlier cancellation date of this policy.
- (dd) **Pollutants** means, but is not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, asbestos, dust, fibers, **Mold, Spores, Fungi**, germs, lead, soot, fumes, acids, alkalis, chemicals and Waste. “Waste” includes, but is not limited to, materials to be recycled, reconditioned or reclaimed.
- (ee) **Private Information** means any confidential or personally identifiable information.
- (ff) **Property Damage** means damage to, or destruction of tangible or intangible property, including the loss of use thereof, or the loss of use of tangible or intangible property which has not been damaged or destroyed.
- (gg) **Retaliation** means a retaliatory act of an **Insured** alleged to be in response to any of the following activities: (1) the disclosure or threat of disclosure by an **Employee** to a superior or to any governmental agency of any act by an **Insured** which is alleged to be a violation of any federal, state, local or foreign law, common or statutory, or any rule or regulation promulgated thereunder; (2) the actual or attempted exercise by an **Employee** of any right that such **Employee** has under law, including rights under worker’s compensation laws, the Family and Medical Leave Act, the ADA or any other law relating to employee rights; (3) the filing of any claim under the Federal False Claims Act or any other federal, state, local or foreign “whistle-blower” law; or (4) **Employee** strikes.

- (hh) **Related Wrongful Act** means a **Wrongful Act** which is the same, related or continuous, or **Wrongful Act** which arises from a common nucleus of facts. **Claims** can allege **Related Wrongful Acts** regardless of whether such **Claims** involve the same or different claimants, **Insureds** or legal causes of action.
- (ii) **School Entity** means: (1) the **Named School Entity**; and (2) any **Subsidiary** thereof.
- (jj) **Separate Limit of Liability** means any limit of liability set forth in Item 3(b) of the **Declarations**.
- (kk) **Spore(s)** means any dormant or reproductive body produced by or arising or emanating out of any **Fungus(i), Mold(s)**, mildew, plants, organisms or microorganisms.
- (ll) **Subsidiary** means:
- (1) any organization of which, on or before the inception date of the **Policy Period**, the **Named School Entity** owns more than fifty percent (50%) of the voting interest, either directly, or indirectly through one or more of its **Subsidiaries**, or has, on or before the inception of the **Policy Period**, the right to elect or appoint more than fifty percent (50%) of the voting directors, or trustees, either directly or indirectly through one or more of its **Subsidiaries**;
 - (2) automatically any not-for-profit organization which becomes a **Subsidiary** during the **Policy Period** and of which the book value of such entity's assets determined in accordance with Generally Accepted Accounting Principles ("GAAP") totals less than 30% of the similarly calculated assets of the **Named School Entity** as of the inception date of the **Policy Period**; or
 - (3) any for-profit organization which becomes a **Subsidiary** during the **Policy Period** and of which the book value of such entity's assets determined in accordance with "GAAP" totals less than 20% of the similarly calculated assets of the **Named School Entity** as of the inception date of the **Policy Period**.

With regard to subparagraphs (2) and (3) above, the **Named School Entity** shall provide the **Insurer** with full particulars of the **Subsidiary** before the end of the **Policy Period**.

Any organization which becomes a **Subsidiary** during the **Policy Period**, but which exceeds the asset limitations stated in subparagraphs (2) or (3) above, shall be provided coverage under this policy, but only upon the condition that within 90 days after the date of its becoming a **Subsidiary**, the **Named School Entity** shall have provided the **Insurer** with full particulars of the new **Subsidiary** and agreed to any additional premium or amendment of the provisions of this policy required by the **Insurer** relating to such new **Subsidiary**. Further, the coverage as shall be afforded to the new **Subsidiary** is conditioned upon the **Named School Entity** paying when due any additional premium required by the **Insurer** relating to such new **Subsidiary**.

An organization becomes a **Subsidiary** when the **Named School Entity** owns more than fifty percent (50%) of the voting interest, either directly, or indirectly through one or more of its **Subsidiaries**, or has, on or before the inception date of the **Policy Period**, the right to elect or appoint more than fifty percent (50%) of the voting directors, or trustees, either directly or indirectly through one or more of its **Subsidiaries**.

In all events, such coverage as is afforded under this policy with respect to a **Claim** made against any **Subsidiary**, or any **Individual Insured** of a **Subsidiary**, shall only apply for

Wrongful Acts committed or allegedly committed after the effective time that such **Subsidiary** became a **Subsidiary** and prior to the time that such **Subsidiary** ceased to be a **Subsidiary**.

(mm) **Suit** means:

- (1) a civil proceeding for monetary, non-monetary or injunctive relief that is commenced by service of a complaint or similar pleading;
- (2) an arbitration proceeding in which **Damages** are alleged and to which an **Insured** must submit or does submit with the **Insurer's** prior written consent;
- (3) an **EEOC Proceeding**; or
- (4) an **IEP Hearing**.

In no event shall "**Suit**" include any labor or grievance proceeding which is subject to a collective bargaining agreement.

(nn) **Vicarious liability** means liability attributed to the **School Entity** for any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission, **Employment Practices Violation** or **Non-Employment Discrimination** by any independent contractor or leased employee that is not an **Individual Insured**.

(oo) **Wrongful Act** means:

- (1) with respect to **Individual Insureds**, other than **Outside Entity Executives**, any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission, **Employment Practices Violation** or **Non-Employment Discrimination** by such **Insureds** in his or her respective capacities as such, or any matter claimed against such **Individual Insured** solely by reason of his or her status as any of the capacities listed in the Definition of **Individual Insured** of the **School Entity**;
- (2) with respect to the **School Entity**, the Board of Education of the **School Entity**, or other governing board or body of the **School Entity**, including the Board of Regents, Board of Trustees or Board of Directors, (i) any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission, **Employment Practices Violation** or **Non-Employment Discrimination** by or on behalf of the **School Entity**, the Board of Education of the **School Entity**, or other governing board or body of the **School Entity** in the performance of duties; or (ii) any **Vicarious Liability**; and
- (3) with respect to **Outside Entity Executives**, any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, or omission, in his or her capacity as such or any matter claimed against such **Outside Entity Executive** solely by reason of his or her status as such;

provided, however, that:

- (1) **Wrongful Act** shall not mean and this policy shall not cover any actual or alleged breach of duty, neglect, error, or omission that results in: (a) a **Failure of Security** or (b) wrongful disclosure of **Private Information**; and
- (2) with respect to any **EEOC Proceeding**, **IEP Hearing** or arbitration made against an **Insured** that has not progressed into a **Suit** as defined in paragraph 2(mm)(1), **Wrongful Act** shall not mean any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission, **Employment Practices Violation** or **Non-Employment Discrimination** committed, omitted or occurring prior to the **Expanded Coverage Retroactive Date**.

3. SPOUSAL, DOMESTIC PARTNER AND LEGAL REPRESENTATIVE COVERAGE EXTENSION

Subject otherwise to the terms hereof, the policy shall cover **Claims** made against the estates, heirs, or legal representatives of deceased **Individual Insureds**, and the legal representatives of **Individual Insureds** in the event of an **Individual Insured's** incompetency, insolvency or bankruptcy, who were **Individual Insureds** at the time the **Wrongful Acts** upon which such **Claims** are based were committed.

Subject otherwise to the terms hereof, this policy shall cover **Claims** made against the lawful spouse or **Domestic Partner** of an **Individual Insured** for all **Claims** arising solely out of his or her status as the spouse or **Domestic Partner** of an **Individual Insured**, including a **Claim** that seeks damages recoverable from marital community property, property jointly held by the **Individual Insured** and the spouse or **Domestic Partner**, or property transferred from the **Individual Insured** to the spouse or **Domestic Partner**; provided, however, that this extension shall not afford coverage for any **Claim** for any **Wrongful Act** of the spouse or **Domestic Partner**, but shall apply only to **Claims** arising out of the **Wrongful Acts** of an **Individual Insured**, subject to the policy's terms, conditions and exclusions.

4. EXCLUSIONS

This policy does not cover any **Claim**:

(a) alleging, arising out of or resulting, directly or indirectly, from any (1) dishonest, fraudulent, criminal or malicious act or omission, or (2) intentional or knowing violation of the law, or (3) profit, remuneration or pecuniary advantage to which an **Insured** was not legally entitled (the foregoing referenced in sub-paragraphs 4(a)(1), 4(a)(2) and 4(a)(3) shall be referred to as "**Excluded Conduct**"); provided, however, that: (i) the **Insurer** will defend a **Suit** alleging both (1) any of the **Excluded Conduct** and (2) **Wrongful Act(s)** not otherwise excluded until there is a judgment against or final adjudication against any **Insured** with respect to the **Excluded Conduct**, at which time the **Insured** must defend the **Suit** at its own expense and shall reimburse the **Insurer** for **Claim Expenses**; provided, however, that the **Insurer** will not defend such **Suits** if they allege any **Excluded Conduct** that has been the subject of any criminal proceeding in which an **Insured** has been found guilty, or pleaded nolo contendere or no contest;

For the purpose of determining the applicability of the foregoing exclusion 4(a), the **Wrongful Act** of an **Individual Insured** shall not be imputed to any other **Individual Insured** and only facts pertaining to and knowledge possessed by any past, present or future trustees, officers, or directors of the **School Entity**, or members of the Board of Regents or Board of Education of the **School Entity**, shall be imputed to the **School Entity**;

(b) alleging, arising out of or resulting, directly or indirectly, from (1) false arrest, detention or imprisonment, (2) libel, slander or defamation of character, (3) assault or battery, (4) malicious prosecution or abuse of process, (5) wrongful entry or eviction, or invasion of any right of privacy, or (6) any allegation relating to the foregoing exclusions in subparagraphs (1) through (5) that an **Insured** negligently employed, investigated, supervised or retained any person, or based on an alleged practice, custom or policy and including, without limitation, any allegation that the violation of a civil right caused or resulted from such **Damages** or **Claim**; provided, however, subparagraphs (1) and (2) shall not apply to any **Claim** alleging an **Employment Practices Violation** or any liability attributed to the **School Entity** by an **Individual Insured** employed as a security officer;

- (c) alleging, arising out of or resulting, directly or indirectly, from (1) Bodily Injury (2) Property Damage, or (3) any allegation relating to the foregoing exclusions in subparagraphs (1) and (2) that an Insured negligently employed, investigated, supervised or retained a person, or based on an alleged practice, custom or policy and including, without limitation, any allegation that the violation of a civil right caused or resulted from such Damages or Claim;
- (d) alleging, arising out of or resulting, directly or indirectly, from alleged (1) sexual molestation or (2) sexual abuse including any alleged direct sexual activity or (3) any allegation relating to the foregoing exclusions in subparagraphs (1) and (2) that an Insured negligently employed, investigated, supervised or retained a person, or based on an alleged practice, custom or policy and including, without limitation, any allegation that the violation of a civil right caused or resulted from such Damages or Claim;
- (e) alleging, arising out of or resulting, directly or indirectly, from the failure to effect or maintain any insurance or bond, which shall include, but not be limited to, insurance provided by self-insurance arrangements, pools, self-insurance trusts, captive insurance companies, retention groups, reciprocal exchanges or any other plan or agreement of risk transfer or assumption (the foregoing shall be referred to as “**Failure to Maintain Insurance**”); provided, however, the Insurer will defend a Suit alleging **Failure to Maintain Insurance** until there is a judgment against, final adjudication against, adverse finding of fact against, or adverse admission by, any Insured, with respect to the **Failure to Maintain Insurance**;
- (f) alleging, arising out of or resulting, directly or indirectly, from any misappropriation of trade secret or infringement of patent, copyright, trademark, trade dress or any other intellectual property right;
- (g) alleging, arising out of or resulting, directly or indirectly, from (1) the publication, in a digital or digitized format, of **Fixed Works**; or (2) infringement upon any actual or alleged right to control: (i) the creation of compilations of any **Fixed Work**; or (ii) publication of component parts of **Fixed Work**, including individual compositions from an album or compact disk or a combination of compositions consisting of some, but not all, of the original **Fixed Work**;
- (h) alleging, arising out of or resulting, directly or indirectly, from:
- (1) the actual, alleged or threatened discharge, dispersal, release or escape of **Pollutants**; or
 - (2) any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**;
- (i) alleging, arising out of or resulting, directly or indirectly, from a breach of fiduciary duty, responsibility or obligation in connection with any employee benefit or pension plan, or to any amount due under any fringe benefit or retirement program (the foregoing shall be referred to as “**Breach of Fiduciary Duty**”); provided, however, the Insurer will defend a Suit alleging both: (1) a **Breach of Fiduciary Duty**; and (2) **Wrongful Act(s)** not otherwise excluded until one of the following occurs: (i) there is a judgment against, final adjudication against, adverse finding of fact against, or adverse admission by, any Insured, with respect to the **Breach of Fiduciary Duty**; or (ii) **Claim Expenses** up to the amount stated in Item 3(b)(4) of the Declarations (“**Breach of Fiduciary Duty Limit of Liability**”), at which time the Insureds must defend the Suit at their own expense;

- (j) brought by, or on behalf of:
- (1) one **Insured** against another **Insured**;
 - (2) any entity that is owned, managed or operated, directly or indirectly, in whole or in part, by the **School Entity**; or
 - (3) any parent company, subsidiary, director, officer, partner, trustee, successor or assignee of the **School Entity**, or anyone affiliated with the **School Entity** through common majority ownership or control;
- provided, however, this exclusion shall not apply to any **Claim**: (1) alleging an **Employment Practices Violation** brought by or on behalf of any **Individual Insured**; or (2) brought by an **Individual Insured** in the form of a cross-claim or third-party claim for contribution or indemnity which is part of, and results directly from a **Claim** that is covered by this policy;
- (k) alleging, arising out of or resulting, directly or indirectly, from the failure to integrate or desegregate the student enrollment or participation in any **School Entity** (the foregoing shall be referred to as “**Desegregation**”); provided, however, the **Insurer** will defend a **Suit** alleging both: (1) **Desegregation**; and (2) **Wrongful Act(s)** not otherwise excluded until one of the following occurs: (i) there is a judgment against, final adjudication against, adverse finding of fact against, or adverse admission by, any **Insured**, with respect to the **Desegregation**; or (ii) **Claim Expenses** up to the amount stated in Item 3(b)(2) of the Declarations (“**Desegregation Limit of Liability**”), at which time the **Insureds** must defend the **Suit** at their own expense;
- (l) alleging, arising out of or resulting, directly or indirectly, from any liability or obligation under any express contract or agreement or out of any breach of contract; provided, however: (1) this exclusion does not apply to: (i) any liability or obligation an **Insured** would have in the absence of such contract or agreement; or (ii) **Claim Expenses** for express, written employment contracts; and (2) the **Insurer** will defend a **Suit** alleging breach of contract until one of the following occurs: (i) there is a judgment against, final adjudication against, adverse finding of fact against, or adverse admission by, any **Insured**, with respect to the breach of contract or (ii) **Claim Expenses** up to the amount stated in Item 3(b)(3) of the Declarations (“**Breach of Contract Limit of Liability**”), at which time the **Insured** must defend the **Suit** at its own expense;
- (m) alleging, arising out of or resulting, directly or indirectly, from, as of the **Policy First Inception Date**, any pending or prior: (1) **Claim**, demand, **Suit**, arbitration, mediation or litigation; or (2) administrative, bankruptcy or regulatory proceeding or investigation, of which any **Insured** had notice, or alleging or derived from the same or essentially the same facts as alleged in such pending or prior **Claim**, demand, **Suit**, arbitration, mediation or litigation or administrative, bankruptcy or regulatory proceeding or investigation;
- (n) alleging, arising out of or resulting, directly or indirectly, from the facts alleged, or to the same **Wrongful Act** or **Related Wrongful Act** alleged or contained, in any **Claim** which has been reported, or in any circumstances of which notice has been given under any policy of which this policy is a renewal or replacement or which it may succeed in time;
- (o) alleging, arising out of or resulting, directly or indirectly, from any **Wrongful Act**, circumstance or event committed, omitted or occurring prior to the **Policy First Inception Date**, if on or before the **Policy First Inception Date** any **Insured** knew or could have reasonably foreseen that such **Wrongful Act**, circumstance or event could lead to a **Claim**;
- (p) for any **Wrongful Act** arising out of an **Individual Insured** serving as an **Outside Entity Executive**, if such **Claim** is brought by the **Outside Entity** or by any director, officer, trustee, trustee emeritus or governor thereof;

(q) alleging, arising out of or resulting, directly or indirectly, from any:

- (1) purchase, sale, offer of or solicitation of an offer to purchase or sell securities, or violation of any securities law, including provisions of the Securities Act of 1933, or the Securities Exchange Act of 1934, as amended;
- (2) violation of the Organized Crime Control Act of 1970 (commonly known as "Racketeer Influenced And Corrupt Organizations Act" or "RICO"), as amended;
- (3) antitrust violations, restraint of trade, or unfair competition, or violations of the Sherman Act, the Clayton Act or the Robinson-Patman Act, as amended;
- (4) regulation promulgated under the foregoing laws; or
- (5) any federal, state, local or foreign laws (a) similar to the foregoing laws (including "Blue Sky" laws) or (b) regulating the same or similar conduct or services, whether such law is statutory, regulatory or common law;

(r) alleging, arising out of or resulting, directly or indirectly, from, as of the **Expanded Coverage First Inception Date**, any pending or prior: (1) **EEOC Proceeding, IEP Hearing** or arbitration, of which any **Insured** had notice, or alleging or derived from the same or essentially the same facts as alleged in such pending or prior **EEOC Proceeding, IEP Hearing** or arbitration; provided, however, that this exclusion shall not apply to a pending or prior **EEOC Proceeding, IEP Hearing** or arbitration that progresses to a **Suit** as defined in 2(mm)(1) and is reported to the **Insurer** as required in Clause 7;

(s) alleging, arising out of or resulting, directly or indirectly, from any obligation pursuant to any workers' compensation, disability benefits, unemployment compensation, unemployment insurance, retirement benefits, social security benefits or similar law; provided, however, this exclusion shall not apply to a **Claim for Retaliation**; or

(t) alleging, arising out of or resulting, directly or indirectly, from violation(s) of any of the responsibilities, obligations or duties imposed by the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act, any rules or regulations of the foregoing promulgated thereunder and amendments thereto or any similar federal, state, local or foreign statutory law or common law.

It is acknowledged that **claims** for violation(s) of any of the responsibilities, obligations or duties imposed by "similar federal, state, local or foreign statutory law or common law," as such quoted language is used in the immediately-preceding paragraph, include, without limitation, any and all **claims** which in whole or in part allege, arise out of, are based upon, are attributable to, or are in any way related to any of the circumstances described in any of the following:

- (1) the refusal, failure or inability of any **Insured(s)** to pay wages or overtime pay (or amounts representing such wages or overtime pay) for services rendered or time spent in connection with work related activities (as opposed to tort-based back pay or front pay damages for torts other than conversion);
- (2) improper deductions from pay taken by any **Insured(s)** from any **Employee(s)** or purported employee(s); or
- (3) failure to provide or enforce legally required meal or rest break periods.

Notwithstanding the foregoing, this exclusion shall not apply to the extent that a **Claim** is for **Retaliation**.

5. POLICY DAMAGES LIMIT OF LIABILITY; SEPARATE LIMIT OF LIABILITY

The Insurer's total liability for all **Damages**, in the aggregate, regardless of the number of persons, occurrences, **Claims** or entities covered by this policy, or claimants or **Claims** brought against any **Insured**, shall not exceed the **Policy Damages Limit of Liability**.

Claims Expenses do not reduce the **Policy Damages Limit of Liability**. Each **Separate Limit of Liability** shall be in addition to, and not part of, the **Policy Damages Limit of Liability** or any other **Separate Limit of Liability**.

The Insurer's total liability for **Claim Expenses** arising from any and all **IEP Hearings** shall not exceed the **IEP Hearing Limit of Liability**.

The Insurer's total liability for **Claim Expenses** arising from any and all **Desegregation** shall not exceed the **Desegregation Limit of Liability**.

The Insurer's total liability for **Claim Expenses** arising from any and all **Breach of Contract** shall not exceed the **Breach of Contract Limit of Liability**.

The Insurer's total liability for **Claim Expenses** arising from any and all **Breach of Fiduciary Duty** shall not exceed the **Breach of Fiduciary Duty Limit of Liability**.

The inclusion herein of more than one **Insured** shall not increase the **Policy Damages Limit of Liability** or the applicable **Separate Limit of Liability** (if any) of the Insurer. Further, a **Claim** that is made subsequent to the **Policy Period** or **Extended Reporting Period** (if applicable), which pursuant to Clause 7(b) is considered made during the **Policy Period** or **Extended Reporting Period**, shall also be subject to the **Policy Damages Limit of Liability** and applicable **Separate Limit of Liability** (if any).

If additional **Claims** are subsequently made which arise out of the same **Wrongful Act** or **Related Wrongful Act(s)**, then all such **Claims**, whenever made, shall be considered first made within the **Policy Period** or the **Extended Reporting Period** in which the earliest **Claim** arising out of such **Wrongful Act** or **Related Wrongful Act(s)** was first made and reported to the Insurer, and all such **Claims** shall be subject to one such **Policy Damages Limit of Liability**.

6. RETENTION

Subject to the **Policy Damages Limit of Liability**, exclusions and other terms of this policy, the Insurer shall only be liable for those **Damages** and **Claim Expenses** that are in excess of the Retention amounts stated in Item 4 of the Declarations.

In the event a **Claim**, other than a **Claim** that is made as an **IEP Hearing** and progresses to a **Suit** as defined in paragraph 2(mm)(1), triggers more than one Retention amount, then, as to that **Claim**, the highest of such Retention amounts shall be deemed the Retention amount applicable to **Claim Expenses** and/or **Damages** arising from such **Claim**.

In the event a **Claim** is made as an **IEP Hearing** and progresses to a **Suit** as defined in paragraph 2(mm)(1), then, as to that **Claim** the greater of either the **IEP Hearing Retention**, as stated in Item 4(c) of the Declarations or the **Wrongful Act Retention**, as stated in Item 4(a) of the Declarations, shall be deemed the Retention amount applicable to **Claim Expenses** and/or **Damages** arising from such **Claim**.

The Retention shall apply to each **Wrongful Act** or **Related Wrongful Acts** and shall be borne by the **School Entity** and remain uninsured. The Insurer may direct the **School Entity** to make partial or full payment of the Retention to others.

7. NOTICE / CLAIM REPORTING PROVISIONS

- (a) Notice hereunder shall be given in writing to the addressee and at the address identified in Item 8 of the Declarations. Notice shall include and reference this policy number as indicated in the Declarations. If mailed, the date of mailing shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice. If mailed, the date of mailing shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice.
- (b) For all coverage under this policy:
- (1) before coverage will apply, notice in writing of a **Claim** made against an **Insured** must be given to the **Insurer** as soon as practicable either:
 - (a) during the **Policy Period** or any applicable **Extended Reporting Period**; or
 - (b) within thirty (30) days after the end of the **Policy Period**, as long as such **Claim** is reported no later than thirty (30) days after the **Claim** was first made against an **Insured** provided that renewal or replacement coverage for the next succeeding **policy period** has been purchased from the **Insurer** (the “**Post Policy Reporting Period**”);
 - (2) if notice pursuant to Subparagraph 7(b)(1) above has been given to the **Insurer**, then any **Claim** which is subsequently made against an **Insured** and reported to the **Insurer** alleging, arising out of, based upon or attributable to the facts alleged in the **Claim** for which such notice has been given, or alleging any **Wrongful Act** which is the same as or a **Related Wrongful Act** to that alleged in the **Claim** of which such notice has been given, shall be considered related to the first **Claim** and made at the time such notice was given; and
 - (3) if during the **Policy Period** or during an applicable **Extended Reporting Period** an **Insured** shall become aware of any circumstances which may reasonably be expected to give rise to a **Claim** being made against an **Insured** for a **Wrongful Act** that occurs prior to the end of the **Policy Period**, and, during the **Policy Period** or any applicable **Extended Reporting Period** written notice is given to the **Insurer** of (i) such circumstances, (ii) the **Wrongful Act** allegations that are anticipated, and (iii) the reasons for anticipating such a **Claim**, with full particulars as to dates, persons and entities involved, then any **Claim** that is subsequently made against an **Insured** arising out of such **Wrongful Act**, or the same **Wrongful Act** or **Related Wrongful Acts**, shall be treated as a **Claim** made against such **Insured** and reported to the **Insurer** at the time such notice of such circumstances was given.

8. WHAT INSURED MUST DO IN THE EVENT OF A CLAIM

- (a) In addition to providing notice as required in this policy, the **Insured** must also:
- (1) send the **Insurer** copies of all demands, suit papers, other legal documents and invoices for **Claim Expenses** received by such **Insured**, as soon as practicable;
 - (2) immediately record the specifics of any **Claim** and the date such **Insured** first received such **Claim**;
 - (3) upon the **Insurer's** request, furnish to the **Insurer** any and all documentation within the possession of the **Insured**; and
 - (4) give to the **Insurer**, and to any counsel the **Insurer** selects to represent an **Insured** in connection with a **Claim**, full cooperation and such information as the **Insurer** or the counsel may require, including, but not limited to, assisting the **Insurer** or the counsel in: (i) any investigation of a **Claim**, or other matter relating to the coverage afforded under this policy (including submission to an examination by the **Insurer** or the **Insurer's** designee, under oath

if required by the **Insurer**); (ii) making settlements; (iii) enforcing any legal rights any **Insured** or the **Insurer** may have against any person or entity who may be liable to an **Insured**; (iv) attending depositions, hearings and trials; (v) securing and giving evidence, and obtaining the attendance of witnesses; and (vi) any inspection or survey conducted by the **Insurer**.

9. EXTENDED REPORTING PERIOD

- (a) *Automatic Extended Reporting Period*: If the **Insurer** or the **Named School Entity** shall cancel or refuse to renew this policy and the **Named School Entity** does not obtain replacement coverage as of the effective date of such cancellation or non-renewal, the **Named School Entity** shall have the right to a period of sixty (60) days following the effective date of such cancellation or non-renewal (the “**Automatic Extended Reporting Period**”) in which to give written notice to the **Insurer** of any **Claim** made against the **Insured** during said sixty (60) day period for any **Wrongful Act** committed before the end of the **Policy Period**. This **Automatic Extended Reporting Period** shall immediately expire upon the purchase of replacement coverage by the **School Entity**.
- (b) *Optional Extended Reporting Period*: If the **Insurer** or the **Named School Entity** shall cancel or refuse to renew this policy, the **Named School Entity** shall have the right to a period of up to three (3) years following the effective date of such cancellation or nonrenewal (an “**Extended Reporting Period**”), upon payment of an additional premium amount:
- (1) for a one (1) year **Extended Reporting Period**, up to one hundred percent (100%) of the annualized policy premium,
 - (2) for a two (2) year **Extended Reporting Period**, up to one hundred and fifty percent (150%) of the annualized policy premium, or
 - (3) for a three (3) year **Extended Reporting Period**, up to two hundred percent (200%) of the annualized policy premium,

in which to give written notice to the **Insurer** of any **Claim** made against the **Insured** during said **Extended Reporting Period** and solely with respect to a **Wrongful Act** committed prior to the end of the **Policy Period** and otherwise covered by this policy. This right shall terminate, however, unless written notice of such election together with the additional premium due is received by the **Insurer** within thirty (30) days after the effective date of cancellation or non-renewal. This clause and the rights contained herein shall not apply to any cancellation resulting from non-payment of premium. If the **Named School Entity** exercises its right to purchase an **Extended Reporting Period**, that period incepts at the end of the **Policy Period** and there shall be no **Automatic Extended Reporting Period**.

As used herein, the term “annualized policy premium” means the premium set forth in Item 5 of the Declarations plus any additional premium charged in connection with any additional coverage added by endorsement.

10. CANCELLATION CLAUSE

This policy may be cancelled by the **Named School Entity** by surrender of this policy or by giving written notice to the **Insurer** stating when thereafter such cancellation shall be effective. This policy may also be cancelled by the **Insurer** by delivering to the **Named School Entity** or by mailing to the **Named School Entity** by registered, certified, or other first class mail, at the address shown in Item 1 of the Declarations, written notice stating when, not less than thirty (30) days thereafter, the cancellation shall be effective. However, if the **Insurer** cancels this policy because the **Named School Entity** has failed to pay a premium when due by mailing written notice of cancellation to the **Named School Entity** by registered, certified, or other first

class mail, at the address shown in Item 1 of the Declarations, written notice stating when, not less than ten (10) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this policy shall terminate at the date and hour specified in such notice.

If this policy shall be cancelled by the **Named School Entity**, the **Insurer** shall retain the customary short rate proportion of the premium hereon. If this policy shall be cancelled by the **Insurer**, the **Insurer** shall retain the pro rata proportion of the premium hereon. Payment or tender of any unearned premium by the **Insurer** shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

11. REIMBURSEMENT OF THE INSURER

If the **Insurer** has paid any **Damages** in excess of the **Policy Damages Limit of Liability** or **Damages** and/or **Claim Expenses** in excess of any applicable **Separate Limit of Liability** or within the applicable Retention, the **School Entity** shall be liable to the **Insurer** for any and all such amounts and, upon demand, shall pay such amounts to the **Insurer**.

12. SUBROGATION

In the event of any payment under this policy, the **Insurer** shall be subrogated to the **Insured's** rights of recovery therefore against any person or organization, and the **Insured** shall execute and deliver all instruments and papers and do whatever else is necessary to secure such rights for the **Insurer**. The **Insured** shall do nothing to prejudice such rights. Any amount recovered in excess of the **Insurer's** total payment shall be restored to the **Insured**, less the cost to the **Insurer** of recovery.

13. OTHER INSURANCE

Such insurance as is provided under this policy shall apply only as excess over any other valid and collectible insurance, self insurance, or indemnification or any similar agreement, whether such other insurance or agreement is stated to be primary, pro rata, contributory, excess, contingent or otherwise.

In the event of a **Claim** against an **Insured** arising out of his or her service as an **Outside Entity Executive**, or a **Claim** against an **Insured** for the **Insured's** liability with respect to a leased **Employee** as described in the Definition of "**Employee**," coverage as is afforded by this policy shall be specifically excess of indemnification provided by such **Outside Entity** or such leasing company and any insurance provided to such **Outside Entity** or such leasing company.

Further, in the event other insurance is provided to an **Outside Entity** or leasing company referenced in the above paragraph by the **Insurer** or any member company of **AIG Property Casualty Inc. (AIG)** (or would be provided but for the application of the Retention amount, exhaustion of the **Policy Damages Limit of Liability** or failure to submit a notice of a **Claim**) then the **Insurer's** maximum aggregate **Policy Damages Limit of Liability** for all Losses combined in connection with a **Claim** covered, in part or in whole, by this policy and such other insurance policy issued by **AIG**, shall not exceed the greater of the **Policy Damages Limit of Liability** or any applicable **Separate Limit of Liability** of this policy or the limit of liability of such other **AIG** insurance policy.

14. NOTICE AND AUTHORITY

By the acceptance of this policy, the **Named School Entity** agrees to act on behalf of all **Insureds** with respect to the giving of notice of **Claim**, the giving or receiving of notice of cancellation or non renewal, the payment of premiums and the receiving of any premiums that may become due under this policy. All **Insureds** agree that the **Named School Entity** shall act on their behalf.

15. ACTION AGAINST THE INSURER

No action shall lie against the **Insurer** unless, as a condition precedent thereto, the **Insured** shall have fully complied with all the terms of this policy, nor until the amount of the obligation of the **Insured** to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the claimant and the **Insurer**.

Any **Insured** or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No **Insured** shall have any right under this policy to join the **Insurer** as a party to any action against other **Insureds** or the **School Entity** to determine the **Insureds'** liability, nor shall the **Insurer** be impleaded by the **Insureds** or the **School Entity** or their legal representatives. Bankruptcy or insolvency of the **Insured** or the estate of the **Insured** shall not relieve the **Insurer** of any obligation hereunder.

16. POLICY TERRITORY

Unless prohibited by law, this policy applies to **Wrongful Acts** committed anywhere in the world provided the **Claim** is made in the United States of America, its territories or possessions, or Canada.

17. ALTERNATIVE DISPUTE RESOLUTION PROCESS

It is hereby understood and agreed that all disputes or differences which may arise under or in connection with this policy, whether arising before or after termination of this policy, including any determination of the amount of **Damages** and **Claim Expenses**, must first be submitted to the non-binding mediation process as set forth in this Clause.

The non-binding mediation will be administered by any mediation facility to which the **Insurer** and the **Named School Entity** mutually agree, in which all implicated **Insureds** and **Insurer** shall try in good faith to settle the dispute by mediation in accordance with the American Arbitration Association's ("AAA") then-prevailing Commercial Mediation Rules. The parties shall mutually agree on the selection of a mediator. The mediator shall have knowledge of the legal, corporate management, or insurance issues relevant to the matters in dispute. The mediator shall also give due consideration to the general principles of the law of the state indicated in Item 1 of the Declarations as the mailing address for the **Named School Entity** in the construction or interpretation of the provisions of this policy. In the event that such non-binding mediation does not result in a settlement of the subject dispute or difference:

- (a) either party shall have the right to commence a judicial proceeding; or
- (b) either party shall have the right, with all other parties consent, to commence an arbitration proceeding with the AAA that will be submitted to an arbitration panel of three (3) arbitrators as follows: (i) the **Insured** shall select one (1) arbitrator; (ii) the **Insurer** shall select one (1) arbitrator; and (iii) said arbitrators shall mutually agree upon the selection of the third

arbitrator. The arbitration shall be conducted in accordance with the AAA's then prevailing Commercial Arbitration Rules;

provided, however, that no such judicial or arbitration proceeding shall be commenced until at least ninety (90) days after the date the non-binding mediation shall be deemed concluded or terminated. Each party shall share equally the expenses of the non-binding mediation.

The non-binding mediation may be commenced in New York, New York; Atlanta, Georgia; Chicago, Illinois; Denver, Colorado; or in the state indicated in Item 1 of the Declarations as the mailing address for the **Named School Entity**. The **Named School Entity** shall act on behalf of each and every **Insured** in connection with any non-binding mediation under this Clause, the selection of arbitration or judicial proceeding and/or the selection of mediators or arbitrators.

18. HEADINGS

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



PREVIEW

POLICYHOLDER NOTICE

Thank you for purchasing insurance from a member company of American International Group, Inc. (AIG). The AIG member companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by AIG member companies to brokers and independent agents in the United States by visiting our website at www.aig.com/producercompensation or by calling 1-800-706-3102.



PREVIEW

NOTICE TO POLICYHOLDER OF National Union Fire Insurance Company of Pittsburgh, Pa. ®

This notice is to inform you of our loss control programs available in the State of Texas.

We have Field Safety Representatives with the experience and expertise to provide accident/loss prevention services reasonably commensurate with the hazard, loss experience, size and nature of your business operation.

Our services may include loss prevention surveys, risk exposure analysis, staff training, counseling, accident and loss analysis, worker health and safety evaluations, risk improvement recommendations, educational material and literature related to your specific profession or industry.

In the event you decide not to utilize our loss control services and opt to use your own safety department or hire an outside contractor, the service must be provided by qualified loss prevention representatives who are recognized by the State of Texas.

If you elect not to utilize our loss control services we require you to provide us with the following information (on your company letterhead stationery, signed by an officer of your firm):

- Acknowledgement of our offer of loss control services and your written rejection.
- Your reasons for selection of an alternative.
- Your alternative loss control program, which must be reasonably commensurate with the risk.
- Verification of the qualification of those who will be performing your loss control services.
- Acknowledgment that quarterly summaries of activities outlined in your loss control program will be submitted to us for review.

If you have any questions or wish to discuss this matter, contact our Texas Loss Control Service Coordinating Unit at 1-800-221-0651.

Have a complaint or need help?

If you have a problem with a claim or your premium, call your insurance company or HMO 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 or HMO. If you don't, you may lose your right to appeal.

National Union Fire Insurance Company of Pittsburgh, Pa.

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

Call: AIG at 212-770-7000

Toll-free: 866-397-1933

Email: GCMS@aig.com

Mail: Attn: Complaints, 175 Water Street, New York, NY 10038

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

¿Tiene una queja o necesita ayuda?

Si tiene un problema con una reclamación o con su prima de seguro, llame primero a su compañía de seguros o HMO. Si no puede resolver el problema, es posible que el Departamento de Seguros de Texas (Texas Department of Insurance, por su nombre en inglés) pueda ayudar.

Aun si usted presenta una queja ante el Departamento de Seguros de Texas, también debe presentar una queja a través del proceso de quejas o de apelaciones de su compañía de seguros o HMO. Si no lo hace, podría perder su derecho para apelar.

National Union Fire Insurance Company of Pittsburgh, Pa.

Para obtener información o para presentar una queja ante su compañía de seguros o HMO:

Llame a: AIG al 212-770-7000

Teléfono gratuito: 866-397-1933

Correo electrónico: GCMS@aig.com

Dirección postal: Attn: Complaints, 175 Water Street, New York, NY 10038

El Departamento de Seguros de Texas

Para obtener ayuda con una pregunta relacionada con los seguros o para presentar una queja ante el estado:

Llame con sus preguntas al: 1-800-252-3439

Presente una queja en: www.tdi.texas.gov

Correo electrónico: ConsumerProtection@tdi.texas.gov

Dirección postal: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091



PREVIEW

ENDORSEMENT # 2

This Endorsement, effective 10/1/2020 at 12:01 A.M. forms a part of

Policy No:

Issued To: Webb County Juvenile Justice Alternative Education Program

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

BOND EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that Clause 4. **EXCLUSIONS** is amended to include the following paragraph at the end of that Clause:

This policy does not cover any **Claim**:

BE (a) alleging, arising out of or resulting, directly or indirectly, from any failure to pay any bond, debt, financial guarantee or debenture, including the payment of interest on any of the foregoing.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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A handwritten signature in black ink, appearing to be 'M.H.', is written over a horizontal line.

AUTHORIZED REPRESENTATIVE

PREVIEW

ENDORSEMENT # 3

This Endorsement, effective 10/1/2020 at 12:01 A.M. forms a part of

Policy No:

Issued To: Webb County Juvenile Justice Alternative Education Program

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

Product Name: School Leaders

CYBER CLAIMS EXCLUSION ENDORSEMENT

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

1. Clause 4. **EXCLUSIONS** is amended by adding the following to the end thereof:

CC a) alleging, arising out of or resulting, directly or indirectly, from any **Security Failure** or **Privacy Event**.

2. Clause 2. **DEFINITIONS** is amended by adding the following to the end thereof:

CC a) **Computer System** means any computer hardware, software or any components thereof that are linked together through a network of two or more devices accessible through the internet, internal network or connected with data storage or other peripheral devices (including, without limitation, wireless and mobile devices), and are under ownership, operation or control of, or leased by, an **Insured** entity.

Computer System also means "cloud computing" and other hosted resources operated by a third party service provider for the purpose of providing hosted computer resources to an **Insured** entity as provided in a written contract between such third party and an **Insured** entity.

CC b) **Confidential Information** means any of the following in an **Insured** entity's or **Information Holder's** care, custody or control or for which an **Insured** entity or **Information Holder** is legally responsible:

- (1) information from which an individual may be uniquely and reliably identified or contacted, including, without limitation, an individual's name, address, telephone number, social security number, account relationships, account numbers, account balances, account histories and passwords;
- (2) information concerning an individual that would be considered "nonpublic personal information" within the meaning of Title V of the Gramm-Leach Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1338) (as amended) and its implementing regulations, or protected personal information under any similar federal, state, local or foreign law;
- (3) information concerning an individual that would be considered "protected health information" or "electronic protected health information" within the

Health Insurance Portability and Accountability Act of 1996 (as amended) (HIPAA) or the Health Information Technology for Economic and Clinical Health Act (HITECH Act), and their implementing regulations, or protected health-related information under any similar federal, state, local or foreign law;

- (4) information used for authenticating customers for normal business transactions; or
- (5) any third party's trade secrets, data, designs, interpretations, forecasts, formulas, methods, practices, processes, records, reports or other item of information that is not available to the general public.

CC c) **Information Holder** means a third party that:

- (1) an **Insured** entity has provided **Confidential Information** to; or
- (2) has received **Confidential Information** on behalf of an **Insured** entity.

CC d) **Privacy Event** means the following occurring prior to the end of the **Policy Period**:

- (1) any failure to protect **Confidential Information** (whether by "phishing," other social engineering technique or otherwise) including, without limitation, that which could result in an identity theft or other wrongful emulation of the identity of an individual or corporation;
- (2) any failure to disclose an event referenced in Sub-paragraph (1) above in violation of any **Security Breach Notice Law**;
- (3) any unintentional failure of an **Insured** to comply with those parts of an **Insured** entity's privacy policy that (a) prohibit or restrict the disclosure or sale of **Confidential Information** by an **Insured**, or (b) require an **Insured** to allow an individual to access or correct **Confidential Information** about such individual; or
- (4) any violation of a federal, state, foreign or local privacy statute alleged in connection with a claim for a failure described in Sub-paragraphs (1) or (2) above.

CC e) **Security Breach Notice Law** means any federal, state, local or foreign statute or regulation that requires an entity collecting or storing **Confidential Information**, or any entity that has provided **Confidential Information** to an **Information Holder**, to provide notice of any actual or potential unauthorized access by others to such **Confidential Information**, including but not limited to, the statute known as California SB 1386 (§1798.82, *et. seq.* of the California Civil Code).

CC f) **Security Failure** means the following prior to the end of the **Policy Period**:

- (1) a failure or violation of the security of a **Computer System** including, without limitation, that which results in or fails to mitigate any unauthorized access, unauthorized use, denial of service attack or receipt or transmission of a malicious code;
- (2) failure to disclose an event referenced in Sub-paragraph (1) above in violation of any **Security Breach Notice Law**.

Security Failure includes any such failure or violation, resulting from the theft of a password or access code from an **Insured** entity's premises, the **Computer System**, or an officer, director or employee of an **Insured** entity by non-electronic means.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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AUTHORIZED REPRESENTATIVE



PREVIEW

ENDORSEMENT # 4

This Endorsement, effective 10/1/2020 at 12:01 A.M. forms a part of

Policy No:

Issued To: Webb County Juvenile Justice Alternative Education Program

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

COOPERATION CLAUSE AMENDATORY ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that in Clause 1. INSURING AGREEMENTS, COVERAGE B: DEFENSE OF INSUREDS, Paragraph (6) *When the Insurer's Duty To Defend Ends* is deleted in its entirety and replaced with the following:

(6) *When the Insurer's Duty To Defend Ends:*

No **Insured** may admit liability or settle any **Claim** or incur any cost or expense without the written consent of the **Insurer**. The **Insurer** shall not be obligated to pay any **Damages** or **Claim Expenses** or to undertake or continue defense of any **Claim** after an **Insured** refuses to consent to any settlement recommended by the **Insurer** and acceptable to the claimant, and the liability of the **Insurer** after such refusal shall not exceed the amount for which the **Claim** could have been settled, plus **Claim Expenses** incurred with the **Insurer's** consent up to the date of such refusal, plus fifty percent (50%) of **Claim Expenses** incurred with the **Insurer's** consent after the date of such refusal.

The **Insurer** shall not be obligated to pay any **Damages** or **Claim Expenses** or to undertake or continue defense of any **Claim** after the **Policy Damages Limit of Liability** has been exhausted by payment of **Damages** or after deposit of the applicable limit of the **Insurer's** liability in a court of competent jurisdiction, and in such case the **Insurer** shall have the right to withdraw from the further defense thereof by tendering control of said defense to the **Insured**.

PREVIEW

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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AUTHORIZED REPRESENTATIVE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENDORSEMENT # 5

This Endorsement, effective 10/1/2020 at 12:01 A.M. forms a part of

Policy No:

Issued To: Webb County Juvenile Justice Alternative Education Program

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

ECONOMIC SANCTIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

Coverage shall only be provided and payment of loss under this policy shall only be made in full compliance with enforceable United Nations economic and trade sanctions and the trade and economic sanction laws or regulations of the European Union and the United States of America, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").



A handwritten signature in black ink, located to the right of the logo. The signature is cursive and appears to be "M.H.".

AUTHORIZED REPRESENTATIVE

PREVIEW

ENDORSEMENT # 6

This Endorsement, effective 10/1/2020 at 12:01 A.M. forms a part of

Policy No:

Issued To: Webb County Juvenile Justice Alternative Education Program

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

Product Name: School Leaders Risk Protector

EPL PAK PREMIER ENDORSEMENT (For use on School Leaders Risk Protector) (Employment Practices, Loss Prevention and Risk Management Tools)

In consideration of the premium charged, it is hereby understood and agreed that the policy is amended as follows:

The **Insurer** provides the **Named School Entity** with access during the **Policy Period** to EPL Pak® Premier, a suite of Employment Practices, Loss Prevention and Risk Management tools. EPL Pak® Premier is provided at no additional cost to the **Named School Entity** and can be used by the **Named School Entity** at its discretion during the **Policy Period**.

This preventive suite is a combination of employment related tools designed to help the **Named School Entity** manage employment practices risks. EPL Pak® Premier's resources are exclusive to the **Insurer**, and provide policyholders with access to two of the nation's foremost law firms with a depth of experience in employment and workplace law: Littler Mendelson, P.C. and Jackson Lewis, P.C.

- www.EPLRiskManager.com. Partnering with Littler Mendelson, EPL Pak® Premier includes instant, free access, to an online Human Resource Center located at www.EPLRiskManager.com. Included within this site are a package of risk management products and resources designed to help the **Named School Entity** manage the **Named School Entity's** workforce and mitigate the **Named School Entity's** exposure to employment-related litigation. All that is needed for access and registration to the site is the **Named School Entity's** policy number.

Materials and services available online include the following essentials:

- **Online forms:** A collection of human resources forms, including handbooks, employment applications, checklists, performance evaluations and compliance tools, which can be customized, to ease the **Named School Entity's** administrative burden.
- **Employment Law Reference Manuals:** A complete library of employment law manuals covering topics such as discrimination, disability, harassment, background screening, arbitration agreements, I-9 compliance manual and many more documents to help mitigate the risks of these critical phases of the employment relationship.
- **Government Forms and State Guides:** Essential employment-related forms and notices required by the federal government including state-by-state assessment of employment laws and regulations.
- **Littler Learning Points:** A library of instructional videos addressing employment issues including responding to complaints of discrimination and harassment; severance and release agreement, to name a few.
- **Littler GPS™:** Free access to an innovative and powerful online research tool that provides detailed information and analysis of recent legislative and regulatory developments. This comprehensive tool answers a broad range of employment law topics at the federal level and

for all 50 states. The online database includes full-text content search and intuitive navigation, all tailored to the jurisdictions selected by the **Named School Entity**.

- **Littler Law Updates:** Keep up to date on key employment law developments impacting the **Named School Entity's** business with alerts from their ASAP® Newsletters. To subscribe, simply click the "Subscribe Now" button within the website.
- **Seminars and Webinars:** Policyholders will be invited to attend, at no cost, access to Littler's nationwide employment laws breakfasts briefing series and designated live webinars.

➤ **State of the Art Enhancements.** These state-of-the-art enhancements complement EPL Pak® Premier's original package of complimentary risk management solutions from Jackson Lewis, P.C. which include:

- **Unlimited Access:** Jackson Lewis provides a Toll-Free Risk Management Helpline Insureds may access to discuss general questions about workplace issues: (866) 614-0744.
- **Legal Consultation:** A two-hour legal consultation on human resources and employment law issues, such as how specific laws impact personnel decisions and potential exposure to liability anywhere in the U.S. or Puerto Rico. The scope of the consultation may include legal services such as discrimination issues, reductions in force, affirmative action, disability management issues and employment contracts.
- **Employment Policies, Forms and Procedures:** The two-hour legal consultation may also include the assistance of Jackson Lewis attorneys in adopting appropriate employment forms, policies or procedures under federal or applicable state laws (including reviewing the **Named School Entity's** employee handbook or policy manual).
- **Global Employment Law Support:** A one hour legal consultation on human resource and employment law issues for any country where there is a member firm of L&E Global, an international alliance of independent law firms of which Jackson Lewis is a founding member.
- **Liability Updates:** Complimentary access to the Jackson Lewis newsletter and e-updates spotlighting important workplace law news and trends. The **Named School Entity** may also subscribe to receive at no-cost, alerts about significant legislative actions, judicial decisions and other changes with potential business impact.
- **Checklists:** Self-audit and pre-termination checklists to help insureds identify vulnerabilities and safely navigate risky terrain.
- **Special California State Training:** CA AB 1825 training, (periodically scheduled at Jackson Lewis' California offices) to assist companies with 50 or more employees in California in fulfilling their mandate (required every two years) of providing sexual harassment training for supervisors.

EPL Pak® Premier also includes Alternative Employment Dispute Resolution Programs from EDR Systems at preferred rates. EDR Systems will assist to resolve employee disputes internally and prevent time and money in litigation. The professionals at EDR Systems have more than 50 years of combined experience in human resource management, strategic planning, change management, and employee relations. They support a wide variety of businesses of all sizes, from national, multi-unit retail operations, to single-facility manufacturers, to professional firms.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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AUTHORIZED REPRESENTATIVE

ENDORSEMENT # 7

This Endorsement, effective 10/1/2020 at 12:01 A.M. forms a part of

Policy No:

Issued To: Webb County Juvenile Justice Alternative Education Program

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

Product Name: School Leaders

**FEDERAL SHARE OF COMPENSATION UNDER TRIA AND CAP ON LOSSES
ENDORSEMENT**

This endorsement modifies insurance provided by this Policy:

DISCLOSURE

You should know that where coverage is provided by this Policy for losses resulting from “Certified Acts of Terrorism” (as defined by Section 102 (1) of United States Terrorism Risk Insurance Act), such losses may be partially reimbursed by the United States Government under a formula established by federal law. 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 January 1, 2018; 81% beginning 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.

You should also know that the Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits United States Government reimbursement as well as insurers’ liability for losses resulting from “Certified Acts of Terrorism” when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion in a calendar year and if we have met our insurer deductible, we are not liable for the payment of any portion of the amount of such losses that exceeds \$100 billion; and for aggregate insured losses up to \$100 billion, we will only pay a pro rata share of such insured losses as determined by the Secretary of the Treasury.

All other terms and conditions of the Policy remain the same.

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AUTHORIZED REPRESENTATIVE

ENDORSEMENT # 8

This Endorsement, effective 10/1/2020 at 12:01 A.M. forms a part of

Policy No:

Issued To: Webb County Juvenile Justice Alternative Education Program

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

**NOTICE OF CLAIM
(REPORTING BY E-MAIL)**

In consideration of the premium charged, it is hereby understood and agreed as follows:

1. *Email Reporting of Claims:* In addition to the postal address set forth for any Notice of Claim Reporting under this policy, such notice may also be given in writing pursuant to the policy's other terms and conditions to the Insurer by email at the following email address:

c-claim@aig.com

Your email must reference the policy number for this policy. The date of the Insurer's receipt of the emailed notice shall constitute the date of notice.

In addition to Notice of Claim Reporting via email, notice may also be given to the Insurer by mailing such notice to: AIG Property Casualty, Financial Lines Claims, P.O. Box 25947, Shawnee Mission, KS 66225.

2. *Definitions:* For this endorsement only, the following definitions shall apply:
 - (a) "Insurer" means the "Insurer," "Underwriter" or "Company" or other name specifically ascribed in this policy as the insurance company or underwriter for this policy.
 - (b) "Notice of Claim Reporting" means "notice of claim/circumstance," "notice of loss" or other reference in the policy designated for reporting of claims, loss or occurrences or situations that may give rise or result in loss under this policy.
 - (c) "Policy" means the policy, bond or other insurance product to which this endorsement is attached.
3. This endorsement does not apply to any Kidnap & Ransom/Extortion Coverage Section, if any, provided by this policy.

ALL OTHER TERMS CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED

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AUTHORIZED REPRESENTATIVE

POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE
(COVERAGE INCLUDED)

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 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.

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.

ENDORSEMENT # 9

This Endorsement, effective 10/1/2020 at 12:01 A.M. forms a part of

Policy No:

Issued To: Webb County Juvenile Justice Alternative Education Program

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDATORY ENDORSEMENT

TEXAS

This endorsement modifies insurance provided under the following:

School Leaders Risk Protector^(SM)

1. Clause 7. NOTICE/CLAIM REPORTING PROVISIONS, Paragraph (b)(1)(b) is deleted in its entirety and replaced with the following:

within thirty (30) days after the end of the Policy Period.

2. Clause 13. **OTHER INSURANCE** is modified to the extent necessary to provide the following:

If there is any other valid and collectible insurance which applies to any **Claim Expenses** or **Damages** covered by this policy, the **Insurer** shall not be liable for a greater proportion of such **Claim Expenses** and **Damages** than the liability of the **Insurer** under this policy bears to the total liability of all insurers under all such applicable valid and collectible insurance.

3. Clause 17. **ALTERNATIVE DISPUTE RESOLUTION PROCESS** is modified to the extent necessary to provide the following:

- a) The decision to enter into the alternative dispute process shall be mutual between the **Named School Entity** and the **Insurer**.
- b) Unless otherwise agreed to by the **Named School Entity** and the **Insurer**, the disputes or differences considered by the mediator or arbitrators shall be governed by the internal laws of the state of Texas.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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AUTHORIZED REPRESENTATIVE

ENDORSEMENT # 10

This Endorsement, effective 10/1/2020 at 12:01 A.M. forms a part of

Policy No:

Issued To: Webb County Juvenile Justice Alternative Education Program

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

TEXAS AMENDATORY ENDORSEMENT CANCELLATION AND NONRENEWAL

Wherever used in this endorsement: 1)"Insurer" means the insurance company which issued this policy; and 2) "Insured" means the Named Corporation, Named Organization, Named Sponsor, or Named Insured stated in the declarations page; and 3) "Liability insurance" means the following types of insurance: general liability, professional liability other than medical professional liability, commercial multi-peril coverage, and any other types of lines of liability insurance designated by the State Board of Insurance.

It is hereby agreed that the cancellation provision of this policy is deleted in its entirety and replaced by the following:

CANCELLATION AND NONRENEWAL

A. Cancellation

1. This policy may be canceled by the Insured by surrender thereof to the Insurer or any of its authorized agents or by mailing to the Insurer written notice stating when thereafter the cancellation shall be effective.
2. Except as provided by subsection A.3. below, the Insurer may not cancel this policy if it is:
 - a) a policy of liability insurance that is a renewal or continuation policy; or
 - b) a policy of liability insurance that is in its initial policy period after the 60th day following the date on which the policy was issued.
3. The Insurer may cancel this policy at any time during the term of the policy for the following reasons:
 - a) fraud in obtaining coverage;
 - b) failure to pay premiums when due;
 - c) an increase in hazard within the control of the Insured or Other Insured(s) which would produce an increase in rate;
 - d) loss of the Insurer's reinsurance covering all or part of the risk covered by the policy; or
 - e) the Insurer being placed in supervision, conservatorship, or receivership, if the cancellation or nonrenewal is approved or directed by the supervisor, conservator, or receiver.

4. The Insurer shall deliver or mail to the Insured first named in the Declarations written notice of cancellation at the address shown on the policy not less than the 10th day before the date on which the cancellation takes effect. Such written notice shall state the reasons(s) for cancellation.
5. The Insurer may not cancel this policy based solely on the fact that the Insured is an elected official.
6. If this policy provides property coverage or general liability coverage under a commercial property, commercial general liability, commercial multi-peril or business owner policy, and covers a condominium association, and the condominium Property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then the notice of cancellation, as described above, will be provided to the First Named Insured thirty (30) days before the effective date of cancellation. The Insurer will also provide thirty (30) days written notice to each unit-owner to whom the Insurer issued a certificate or memorandum of insurance, by mailing or delivering the notice to each last mailing address known to the Insurer.

B. Nonrenewal

1. The Insurer may refuse to renew this policy by delivering or mailing to the Insured first named in the Declarations written notice of nonrenewal at the address shown on the policy. Such written notice shall state the reason(s) for nonrenewal. The notice must be delivered or mailed not later than the 60th day before the date on which the policy expires. If the notice is delivered or mailed later than the 60th day before the date on which the policy expires, the coverage shall remain in effect until the 61 day after the date on which the notice is delivered or mailed. If notice is delivered or mailed, proof of delivery or mailing will be sufficient proof of notice. Earned premium for any period of coverage that extends beyond the expiration date of the policy shall be computed pro rata based on the previous year's rates.
2. The transfer of a policyholder between admitted companies within the same insurance group is not considered a refusal to renew.
3. The Insurer may not refuse to renew this policy based solely on the fact that the Insured is an elected official.
4. If this policy provides property coverage or general liability coverage under a commercial property, commercial general liability, commercial multi-peril or business owner policy, and covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then the Insurer will mail or deliver written notice of nonrenewal, at least thirty (30) days before the expiration or anniversary date of the policy, to:
 - a. The first Named Insured; and
 - b. Each unit-owner to whom the Insurer issued a certificate or memorandum of insurance.

The Insurer will mail or deliver such notice to each last mailing address known to the Insurer.

All other terms, conditions and exclusions of the policy shall remain unchanged.



AUTHORIZED REPRESENTATIVE

CHUBB®

Illinois Union Insurance Company
Two Riverway, Suite 900
Houston, TX 77056

Premises Pollution Liability Portfolio Insurance Policy (claims-made coverage)

Coverage Quotation

CHUBB ENVIRONMENTAL

DATE: 07/14/2020
TO: Tracie Bigham
Mcgriff Seibels & Williams Inc
10100 Katy Freeway, Suite 400
Houston, Texas 77043
tbigham@Mcgriff.com

QUOTATION # 001

INSURER: Illinois Union Insurance Company
A.M. BEST RATING: A++ XV
FIRST NAMED INSURED: Webb County
ADDRESS: 1110 Washington Street, Suite 204
Laredo, Texas 78040
RENEWAL OF: G2727156A 007
HOME STATE: Texas (Please confirm per below)

FOR POLICIES EFFECTIVE JULY 21, 2011 AND SUBSEQUENT, WE REQUIRE THE PRODUCER TO PROVIDE THE "HOME STATE" AS DEFINED IN THE NONADMITTED AND REINSURANCE REFORM ACT (NRRA) UPON THE BINDING OF THIS PLACEMENT.

INCEPTION DATE:	10/01/2020	
EXPIRATION DATE:	10/01/2021	
RETROACTIVE DATES: Coverage A		10/01/1998
Coverage B		10/01/1998
Coverage C		10/01/1998
EXPOSURE-SPECIFIC RETROACTIVE DATES:		
Transportation		10/01/1998
Covered Operations		10/01/1998
Non Owned Disposal Sites		10/01/1998

If "FULL RETRO" is indicated in the Retroactive Date column above, then retroactive coverage is afforded pursuant to this Policy for that specific exposure, subject to any other corresponding exposure-specific Retroactive Date added to this Policy by endorsement.

BUSINESS INTERRUPTION LOSS DEDUCTIBLE:

N/A days Per Pollution Condition or Indoor Environmental Condition for Business Interruption Loss

LIMITS / SIR / TERM / PREMIUM:

LIMITS OF LIABILITY	SELF-INSURED RETENTION	TERM (YEARS)	PREMIUM	Additional TRIA PREMIUM*
\$1,000,000 PER POLLUTION CONDITION OR INDOOR ENVIRONMENTAL CONDITION \$3,000,000 AGGREGATE ALL POLLUTION CONDITIONS OR INDOOR ENVIRONMENTAL CONDITION	\$10,000 PER POLLUTION CONDITION OR INDOOR ENVIRONMENTAL CONDITION	1	\$19,190	\$960
\$1,000,000 PER POLLUTION CONDITION OR INDOOR ENVIRONMENTAL CONDITION \$3,000,000 AGGREGATE ALL POLLUTION CONDITIONS OR INDOOR ENVIRONMENTAL CONDITION	\$15,000 PER POLLUTION CONDITION OR INDOOR ENVIRONMENTAL CONDITION	1	\$17,486	\$874
\$1,000,000 PER POLLUTION CONDITION OR INDOOR ENVIRONMENTAL CONDITION \$3,000,000 AGGREGATE ALL POLLUTION CONDITIONS OR INDOOR ENVIRONMENTAL CONDITION	\$20,000 PER POLLUTION CONDITION OR INDOOR ENVIRONMENTAL CONDITION	1	\$17,410	\$870
\$1,000,000 PER POLLUTION CONDITION OR INDOOR ENVIRONMENTAL CONDITION \$3,000,000 AGGREGATE ALL POLLUTION CONDITIONS OR INDOOR ENVIRONMENTAL CONDITION	\$25,000 PER POLLUTION CONDITION OR INDOOR ENVIRONMENTAL CONDITION	1	\$17,114	\$856

***THE OPTIONAL TERRORISM RISK INSURANCE ACT (TRIA) PREMIUM AS QUOTED ABOVE IS THE ADDITIONAL PREMIUM THAT WILL BE INCLUDED IN THE TOTAL PREMIUM FOR THIS POLICY IF TRIA COVERAGE IS ELECTED. THIS CHARGE IS FOR TRIA COVERAGE PER THE ATTACHED DISCLOSURE LETTER. WE MUST RECEIVE A SIGNED COPY OF THE ATTACHED DISCLOSURE LETTER INDICATING THAT TRIA COVERAGE HAS BEEN ACCEPTED OR DECLINED.**

TERMS & CONDITIONS

Covered Locations:	Per PF-45025 Schedule of Covered Locations Endorsement
Policy Form:	PF-45006a (01/17) Premises Pollution Liability Portfolio Insurance Policy QUOTED COVERAGES <input checked="" type="checkbox"/> A. FIRST-PARTY REMEDIATION COSTS COVERAGE <input checked="" type="checkbox"/> B. FIRST-PARTY EMERGENCY RESPONSE COVERAGE <input checked="" type="checkbox"/> C. THIRD-PARTY CLAIMS COVERAGE
Additional Terms and Conditions:	<ol style="list-style-type: none"> Premium is 25 % Minimum-Earned as of inception of the Policy PF-44896 (09/14) Asbestos and/or LBP Management Plan Exclusionary Endorsement PF-48796 (01/17) Business Interruption Coverage Limitations Endorsement

	<ol style="list-style-type: none"> 4. PF-44916 (09/14) Covered Storage Tank Schedule (Financial Responsibility) Endorsement 5. PF-45038b (08/18) Financial Responsibility Coverage (Storage Tanks – Annual Programs Only) Endorsement 6. PF-44944 (09/14) Indoor Environmental Conditions Limitations Endorsement 7. PF-45043a (01/17) Itemized Coverage Only Amendatory (Coverage C) Endorsement 8. PF-47994 (07/16) Lead Exclusionary (Potable Water) Endorsement 9. PF-53227 (03/20) Public, Communicable Or Contagious Diseases Exclusionary Endorsement 10. PF-48652 (01/17) Remediation Costs Exclusionary (On-Site Premises Pollution) Endorsement 11. PF-45025 (09/14) Schedule of Covered Locations Endorsement 12. PF-45062 (09/14) Scheduled Locations Coverage Only Endorsement 13. PF-51304a (02/20) Fluorinated Compounds Exclusionary Endorsement 14. SL-34255a (01/16) Service of Suit Endorsement 15. ALL-21101 (11/06) Trade Or Economic Sanctions Endorsement 16. LD-5S23j (03/14) Signatures 17. SL-17905 (04/09) Texas Surplus Lines Notification 18. ALL-4Y30f (06/15) Texas Notice - Information and Complaints 19. ALL-20887a (03/16) Chubb Producer Compensation Practices & Policies 20. ILP 001 01 04 U. S. Treasury Department's Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders
TRIA Forms:	<p><i>IF THE INSURED ELECTS TO PURCHASE TERRORISM COVERAGE PER THE ATTACHED DISCLOSURE LETTER FOR THE ADDITIONAL PREMIUM NOTED ABOVE, THE FOLLOWING ENDORSEMENTS WILL APPLY:</i></p> <ol style="list-style-type: none"> 1. PF-23728a (01/15) Terrorism Risk Insurance Act Endorsement 2. TRIA11c (01/15) Disclosure Pursuant To Terrorism Risk Insurance Act <p><i>IF THE INSURED ELECTS TO DECLINE TERRORISM COVERAGE PER THE ATTACHED DISCLOSURE LETTER, THE FOLLOWING ENDORSEMENTS WILL APPLY:</i></p>
Value-Added Services	<p>Chubb Environmental is committed to developing long-term relationships with our valued insureds. It is our philosophy to partner with our insureds and become an extension of their risk management team, in an effort to enhance the environmental risk management culture within their organization. Working with our insured's risk management team, Chubb Environmental will utilize Environmental Incident Alert, in addition to ESIS Health, Safety and Environmental Services, a Chubb loss control subsidiary, to customize and deliver quality environmental engineering risk control services focused on helping them minimize potential loss exposures. Environmental Incident Alert is a complimentary program developed to assist Chubb Environmental clients find and dispatch qualified incident response contractors, monitor cleanup costs (in real time) and mitigate potential liabilities associated with environmental releases.</p>

<p>ALL TERMS, CONDITIONS, AND PRICING ARE SUBJECT TO RECEIPT, REVIEW, AND APPROVAL OF THE FOLLOWING, PRIOR TO BINDING:</p>
1. Signed and Dated Chubb Environmental application.
2. Completed and signed attached TRIA disclosure form
3. Written confirmation from the broker of the Named Insured's "Home State" as defined in the Nonadmitted and Reinsurance Reform Act (NRRRA)
4. Tank Integrity documentation within the last 18 months for the UST's.

Surplus Lines Information	Surplus Lines Insurer: ILLINOIS UNION INSURANCE COMPANY Coverage will be provided on a surplus lines basis. Collection and filing of all taxes and fees is the responsibility of the producing surplus lines broker, as is inclusion of state-mandated surplus lines disclaimer language on or in the policy. Please forward a copy of your surplus lines license for our records.
Policy Form	PF-45006a (01/17) Premises Pollution Liability Portfolio Insurance Policy This quotation contemplates the use of Chubb forms, issued on the paper indicated above in this document. All terms and conditions are per those forms and endorsements unless otherwise noted herein.
OFAC	OFAC NOTICE: The Office of Foreign Assets Control (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, and Narcotics traffickers as "Specially Designated Nationals and Blocked Persons." This list can be located on the United States Treasury's web site – http://www.treas.gov/ofac . In accordance with OFAC regulations, if it is determined that you or any other proposed named insured has violated U.S. sanctions law or is a Specially Designated National or Blocked Person, as identified by OFAC, we reserve the right to withdraw this quote at any time prior to binding.
TRIA	TRIA NOTICE: Presently, the Terrorism Risk Insurance Act ("TRIA") expires on 12/31/20. The premium quoted above includes a separate premium charge for terrorism coverage over the entire Policy Period. In the unlikely event that you elect to receive TRIA coverage and it is not renewed before 12/31/20, or TRIA otherwise expires at some point during the Policy Period, we will refund the unearned portion of our TRIA premium to you on a pro-rata basis. In the event that new legislation is enacted requiring the Insurer to offer coverage for terrorism that is materially different than the coverage requirements included in the current version of TRIA that expires on 12/31/20, the Chubb Companies reserve the right to re-price and tailor TRIA coverage to conform with the statutory requirements and risks presented in the new legislation.
FATCA	The U.S. Foreign Account Tax Compliance Act, commonly known as "FATCA", became the law in the U.S. in March of 2010 and becomes effective July 1, 2014. Pursuant to FATCA, brokers, producers, agents and/or clients may need to obtain withholding certificates from insurance companies. For information on how to obtain the applicable withholding certificate from Chubb U.S. insurance companies, please go to http://www2.chubb.com/us-en/u-s-foreign-account-tax-compliance-act-fatca.aspx .
Disclaimer	Please read this quotation carefully, as the limits, coverage and other terms and conditions may vary significantly from those requested in your submission and/or from the expiring policy. Terms and conditions that are not specifically mentioned in this quotation are not included. The terms and conditions of this quotation supersede the submitted insurance specifications and all prior proposals and binders. Actual coverage will be provided by and in accordance with the policy as issued. The insurer is not bound by any statements made in the submission purporting to bind the insurer unless such statement is reflected in the policy or in an agreement signed by someone authorized to bind the insurer. This quotation has been constructed on reliance of the data provided in the submission. A material change or misrepresentation of that data voids this quotation.
Premium Payment	IN THE EVENT COVERAGE IS BOUND, THE PREMIUM INDICATED ABOVE MUST BE REMITTED TO US WITHIN THIRTY (30) DAYS FROM THE DATE OF THE INVOICE AS OUTLINED ON YOUR AGENCY'S MONTHLY STATEMENT BILL.
eDelivery	Acceptance of this quote indicates the insured's consent to accept delivery of the policy by electronic means, including delivery of the policy as an e-mail attachment. We will deliver the policy to the email address shown above. If the insured would like to withdraw their consent to electronic delivery and exclusively receive a printed paper copy of the policy, please contact the undersigned.
Quotation Expiration	THIS BINDABLE QUOTATION SHALL EXPIRE AT 5:00 pm C.S.T. on: 10/01/2020

Thank you for the opportunity to quote on this risk. For underwriting questions or concerns, please contact Jessica Bricarell at 713-403-3216 (phone) or jessica.bricarell@chubb.com (email).

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. *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.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. 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 PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT 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 IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Acceptance or Rejection of Terrorism Insurance Coverage

	I hereby elect to purchase terrorism coverage for a prospective premium of <u>\$960</u>
	I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

Policyholder/Applicant's Signature

Insurance Company

Print Name

Policy Number

Date

This Policy is issued by the stock insurance company identified in the Declarations (hereinafter *the Insurer*).

THIS POLICY PROVIDES LIABILITY COVERAGE ON A CLAIMS-MADE AND REPORTED BASIS, WHICH COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED TO THE INSURER, IN WRITING, DURING THE POLICY PERIOD OR WITHIN THIRTY DAYS THEREAFTER, UNLESS AN EXTENDED REPORTING PERIOD APPLIES. THIS POLICY ALSO PROVIDES FIRST-PARTY COVERAGES ON A DISCOVERED AND REPORTED BASIS, WHICH COVERS ONLY POLLUTION CONDITIONS AND INDOOR ENVIRONMENTAL CONDITIONS, AS APPLICABLE, FIRST DISCOVERED DURING THE POLICY PERIOD AND FOR WHICH A FIRST-PARTY CLAIM IS REPORTED TO THE INSURER, IN WRITING, DURING THE POLICY PERIOD OR WITHIN THIRTY DAYS THEREAFTER. FINALLY, THIS POLICY PROVIDES COVERAGE FOR EMERGENCY RESPONSE COSTS THAT IS LIMITED BY MORE SPECIFIC REPORTING CRITERIA AND COVERS ONLY EMERGENCY RESPONSE COSTS INCURRED, AND REPORTED TO THE INSURER, IN WRITING, WITHIN THE SPECIFIC TIMING REQUIREMENTS IDENTIFIED IN THIS POLICY. PLEASE READ THIS POLICY CAREFULLY. SOME OF THE PROVISIONS CONTAINED IN THIS POLICY RESTRICT COVERAGE, SPECIFY WHAT IS AND IS NOT COVERED AND DESIGNATE YOUR RIGHTS AND DUTIES. LEGAL DEFENSE EXPENSES ARE SUBJECT TO AND SHALL ERODE THE LIMITS OF LIABILITY AND ANY APPLICABLE SELF-INSURED RETENTION.

Throughout this Policy the words *the Insurer* shall refer to the company providing this insurance. Other words and phrases that appear in quotation marks have special meanings and are defined in Section V., **DEFINITIONS**.

In consideration of the payment of the premium and in reliance upon all statements made in the Application to this Policy, including the information furnished in connection therewith, and subject to all terms, definitions, conditions, exclusions and limitations of this Policy, the Insurer agrees to provide insurance coverage to the “insured” as described herein.

I. INSURING AGREEMENTS

Solely to the extent that the coverages below are identified on the Declarations to this Policy as being underwritten by the Insurer, the Insurer agrees to pay on behalf of the “insured” for “loss”, in excess of the “self-insured retention” or deductible period (as applicable), resulting from:

A. FIRST-PARTY REMEDIATION COSTS COVERAGE (Coverage A.)

“First-party claims” arising out of: **1)** a “pollution condition” on, at, under or migrating from a “covered location”; **2)** an “indoor environmental condition” at a “covered location”; or **3)** a “pollution condition” resulting from “transportation”, provided the “insured” first discovers such “pollution condition” or “indoor environmental condition” during the “policy period”. Any such “first-party claim” must be reported to the Insurer, in writing, during the “policy period” or within thirty (30) days after the expiration of the “policy period”.

The coverage afforded pursuant to this Coverage **A.** only applies to “pollution conditions” or “indoor environmental conditions” that first commence, in their entirety, on or after the retroactive date identified in Item **5.** of the Declarations, if applicable, and prior to the expiration of the “policy period”.

B. FIRST-PARTY EMERGENCY RESPONSE COVERAGE (Coverage B.)

“First-party claims” arising out of: **1)** a “pollution condition” on, at, under or migrating from a “covered location”; **2)** an “indoor environmental condition” at a “covered location”; or **3)** a “pollution condition” resulting from “covered operations” or “transportation”, provided the “insured” first discovers such “pollution condition” or “indoor environmental condition” during the “policy period”. Any such “first-party claim” must be reported to the Insurer, in writing, during the “policy period” or within thirty (30) days after the expiration of the “policy period”.

The coverage afforded pursuant to this Coverage **B.** only applies to “pollution conditions” or “indoor environmental conditions” that first commence, in their entirety, on or after the retroactive date identified in Item **5.** of the Declarations, if applicable, and prior to the expiration of the “policy period”.

C. THIRD-PARTY CLAIMS COVERAGE (Coverage C.)

“Claims” arising out of a “pollution condition” or an “indoor environmental condition”, provided the “claim” is first made during the “policy period”. Any such “claim” must be reported to the Insurer, in writing, during the “policy period” or within thirty (30) days after the expiration of the “policy period”, or during any applicable “extended reporting period”.

The coverage afforded pursuant to this Coverage C. only applies to “pollution conditions” or “indoor environmental conditions” that first commence, in their entirety, on or after the retroactive date identified in Item 5. of the Declarations, if applicable, and prior to the expiration of the “policy period”.

II. LIMITS OF LIABILITY AND SELF-INSURED RETENTION

- A. It is expressly agreed that the Insurer’s obligation to pay for any covered “loss” (exclusive of “business interruption loss”) pursuant to this Policy shall attach to the Insurer only after the “first named insured” has paid, or has provided evidence to the Insurer that another “named insured” has paid, the full amount of the “self-insured retention” with respect to any covered “pollution condition” or “indoor environmental condition”. Under no circumstances, including, but not limited to, an “insured’s” insolvency and/or bankruptcy, shall the Insurer be liable to pay any amount within the “self-insured retention”. In the event that the “first named insured” cannot provide satisfactory evidence that a “named insured” has paid the full amount of the “self-insured retention” with respect to any covered “pollution condition” or “indoor environmental condition”, the “first named insured” shall remain responsible to pay the “self-insured retention” before the Insurer’s payment obligation pursuant to this Policy shall attach with respect to coverage sought by any “insured”.

Notwithstanding the foregoing, if the “insured” agrees with the Insurer to use “mediation” to successfully resolve any “claim” for which “legal defense expenses” have been incurred, then the “self-insured retention” applicable to the “pollution condition” or “indoor environmental condition” that corresponds to such “claim” shall be reduced by fifty percent (50%), subject to a maximum reduction in the “self-insured retention” of twenty-five thousand dollars (\$25,000).

In addition to the foregoing, it is expressly agreed that the Insurer’s obligation to pay for any covered “business interruption loss” pursuant to this Policy shall attach to the Insurer only after the relevant “insured” has also borne the full amount of the “business interruption loss” within the deductible period identified in Item 4. of the Declarations to this Policy.

- B. One “self-insured retention” shall apply to all “loss” (exclusive of “business interruption loss”) arising out of the same, continuous, repeated, or related “pollution condition” or “indoor environmental condition”. If the same, continuous, repeated, or related “pollution condition” or “indoor environmental condition” triggers coverage pursuant to multiple coverage parts, or otherwise involves multiple exposures that have been assigned exposure-specific “self-insured retention” amounts by endorsement to this Policy, the single largest of the associated “self-insured retention” amounts identified in: **1)** Item 4. of the Declarations; **2)** any Supplemental Coverage added by endorsement to this Policy; or **3)** any exposure-specific “self-insured retention” endorsement identified as part of this Policy, shall apply to all “loss” and other covered exposures arising out of such “pollution condition” or “indoor environmental condition”, except for any “catastrophe management costs” that are assigned an exposure-specific “self-insured retention” by endorsement to this Policy, if any (hereinafter Catastrophe Management-Specific SIR Obligation). Amounts within any such Catastrophe Management-Specific SIR Obligation shall be independent of, and shall not otherwise erode, the single largest “self-insured retention” applicable to all other covered exposures arising out of the same “pollution condition” or “indoor environmental condition” as contemplated herein.
- C. One deductible period shall apply to all “business interruption loss” arising out of the same, continuous, repeated, or related “pollution condition” or “indoor environmental condition”.
- D. Subject to Subsections E. and F., below, the most the Insurer shall pay for all “loss” arising out of the same, continuous, repeated, or related “pollution condition” or “indoor environmental condition” is the Per Pollution Condition or Indoor Environmental Condition Limit of Liability identified in Item 3.a. of the Declarations to this Policy.
- E. Subject to Subsection D., above, and Subsection F., below, **\$250,000** shall be the maximum amount the Insurer shall pay for all “catastrophe management costs” arising out of all “pollution conditions” and “indoor environmental conditions”.
- F. Subject to Subsections D. and E., above, the Total Policy and Program Aggregate Limit of Liability identified in Item 3.b. of the Declarations shall be the maximum liability of the Insurer pursuant to this Policy with respect to all “loss”.

G. If the Insurer or an affiliate has issued pollution liability coverage afforded on a discovered and reported basis or claims-made and reported basis consistent with coverage afforded pursuant to this Policy in one or more policy periods, and a “pollution condition” or “indoor environmental condition” is first discovered and reported to the Insurer, or a “claim” is first made and reported to the Insurer with respect to a “pollution condition” or “indoor environmental condition”, in accordance with the terms and conditions of this Policy, then:

- 1.** Any continuous, repeated, or related “pollution condition” or “indoor environmental condition” that is subsequently reported to the Insurer during later policy periods shall be deemed to be one “pollution condition” or “indoor environmental condition” discovered during this “policy period”; and
- 2.** All “claims” arising out of:
 - a.** The same, continuous, repeated, or related “pollution condition” or “indoor environmental condition” that was discovered during this “policy period”; or
 - b.** The same, continuous, repeated, or related “pollution condition” or “indoor environmental condition” that was the subject of a “claim” first made and reported in accordance with the terms and conditions of this Policy,

shall be deemed to have been first made and reported during this “policy period” and no other policy shall respond.

III. DEFENSE AND SETTLEMENT

- A.** The Insurer shall have the right and, subject to the “self-insured retention” obligation, the duty to defend the “insured” against a “claim” to which this insurance applies. The Insurer shall have no duty to defend the “insured” against any “claim” to which this insurance does not apply. The Insurer’s duty to defend the “insured” ends once the Limits of Liability are exhausted or are tendered into a court of applicable jurisdiction, or once the “insured” refuses a settlement offer as provided in Subsection **E.**, below.
- B.** The Insurer shall have the right to select legal counsel to: **1)** represent the “insured” for the investigation, adjustment, and defense of any “claims” covered pursuant to this Policy; and **2)** assist the “insured” with clarifying the extent of, and to help minimize, any “first-party remediation costs”. Selection of legal counsel by the Insurer shall not be done without the consent of the “insured”; such consent shall not be unreasonably withheld.

In the event the “insured” is entitled by law to select independent counsel to defend itself at the Insurer’s expense, the attorney fees and all other litigation expenses the Insurer shall pay to that counsel are limited to the rates the Insurer actually pays to counsel that the Insurer normally retains in the ordinary course of business when defending “claims” or lawsuits of similar complexity in the jurisdiction where the “claim” arose or is being defended. In addition, the “insured” and the Insurer agree that the Insurer may exercise the right to require that such counsel: **1)** have certain minimum qualifications with respect to their competency, including experience in defending “claims” similar to those being asserted against the “insured”; **2)** maintain suitable errors and omissions insurance coverage; **3)** be located within a reasonable proximity to the jurisdiction of the “claim”; and **4)** agree in writing to respond in a timely manner to the Insurer’s requests for information regarding the “claim”. The “insured” may at any time, by its signed consent, freely and fully waive its right to select independent counsel.

- C.** The “insured” shall have the right and the duty to retain a qualified environmental consultant or “catastrophe management firm” to: **1)** perform any investigation and/or remediation of any “pollution condition” or “indoor environmental condition” covered pursuant to this Policy; or **2)** perform “catastrophe management services” covered pursuant to this Policy, respectively. The “insured” must receive the consent of the Insurer prior to the selection and retention of such consultant or “catastrophe management firm”, except in the event of a “first-party claim” that results in “emergency response costs”.
- D.** “Legal defense expenses” reduce the Limits of Liability identified in the Declarations to this Policy, and, unless specifically stated otherwise herein, any applicable Limits or Sublimits of Liability identified in any endorsement hereto. “Legal defense expenses” shall also be applied to the “self-insured retention”.
- E.** The Insurer shall present all settlement offers to the “insured”. If the Insurer recommends a settlement which is acceptable to a claimant, exceeds any applicable “self-insured retention”, is within the Limits of Liability, and does not impose any additional unreasonable burdens on the “insured”, and the “insured” refuses to consent to such settlement offer, then the Insurer’s duty to defend shall end. Thereafter, the “insured” shall defend such “claim” independently and at the “insured’s” own expense. The Insurer’s liability shall not exceed the amount for which the “claim” could have been settled if the Insurer’s recommendation had been accepted, exclusive of the “self-insured retention”.

IV. COVERAGE TERRITORY

The coverage afforded pursuant to this Policy shall only apply to “pollution conditions” or “indoor environmental conditions” located, and “claims” made, within the United States of America.

V. DEFINITIONS

- A. “Additional insured”** means any person or entity specifically endorsed onto this Policy as an “additional insured”, if any. Such “additional insured” shall maintain only those rights that are specified by endorsement to this Policy.
- B. “Adverse media coverage”** means national or regional news exposure in television, radio, print or internet media that is reasonably likely to have a negative impact on the “insured” with respect to its income, reputation, community relations, public confidence or good will.
- C. “Bodily injury”** means physical injury, illness, disease, mental anguish, emotional distress, or shock, sustained by any person, including death resulting therefrom, and any prospective medical monitoring costs that are intended to confirm any such physical injury, illness or disease.
- D. “Business income”** means:
1. Net profit or loss, before income taxes, including “rental income” from tenants, that would have been realized had there been no “business interruption”;
 2. The “insured’s” continuing operating and payroll expense (excluding payroll expense of officers, executives, department managers and contract employees);
 3. Costs incurred by the “insured” as rent for temporary premises when a portion of a “covered location” becomes untenable due to a “pollution condition” or “indoor environmental condition” and temporary premises are required to continue the “insured’s” operations. Such rental costs cannot exceed the fair rental value of the untenable portion of the “covered location” immediately preceding the “pollution condition” or “indoor environmental condition”.
- E. “Business interruption”** means the necessary partial or complete suspension of the “insured’s” operations at a “covered location” for a period of time, which is directly attributable to a “pollution condition” or “indoor environmental condition” to which Coverage **A.** of this Policy applies. Such period of time shall extend from the date that the operations are necessarily suspended and end when such “pollution condition” or “indoor environmental condition” has been remediated to the point at which the “insured’s” normal operations could reasonably be restored.
- F. “Business interruption loss”** means:
1. “Business income”;
 2. “Extra expense”; and
 3. “Delay expense”.
- G. “Catastrophe management costs”** means reasonable and necessary expenses approved by the Insurer, in writing, except for those expenses incurred during the same seven (7) day period associated with “emergency response costs”, which have been incurred by the “insured” for the following:
1. Responsive consulting services rendered by a “catastrophe management firm”;
 2. Printing, advertising, mailing of materials of public relations materials;
 3. Travel by directors, officers, employees or agents of the “insured”, or the “catastrophe management firm”, incurred at the direction of a “catastrophe management firm”;
 4. To secure the scene of a “pollution condition” or “indoor environmental condition”; or
 5. Sums advanced to third-parties directly harmed by the “pollution condition” or “indoor environmental condition” for their medical costs; funeral costs; psychological counseling; travel expenses costs; temporary living costs or other necessary response costs,
- but solely in those instances when, in the good faith opinion of a “key executive”, the associated “pollution condition” or “indoor environmental condition” has resulted in or is reasonably likely to result in: **a)** “loss” (exclusive of “catastrophe management costs”) that will exceed the applicable “self-insured retention”; and **b)** a need for “catastrophe management services” due to “adverse media coverage”.

“Catastrophe management costs” do not include any “legal defense expense”.

- H. “Catastrophe management firm”** means any firm that is approved, in writing, except for firms retained for the same seven (7) day period associated with “emergency response costs”, by the Insurer to perform “catastrophe management services” in connection with a “pollution condition” or “indoor environmental condition”.
- I. “Catastrophe management services”** means advising the “insured” with respect to minimizing potential harm to the “insured” from a covered “pollution condition” or “indoor environmental condition” by managing “adverse media coverage” and maintaining and restoring public confidence in the “insured”, and its services or products.
- J. “Claim”** means the written assertion of a legal right received by the “insured” from a third-party, or from another “insured” that is party to an “environmental indemnity obligation”, including, but not limited to, a “government action”, suits or other actions alleging responsibility or liability on the part of the “insured” for “bodily injury”, “property damage” or “remediation costs” arising out of “pollution conditions” or “indoor environmental conditions” to which this insurance applies.
- K. “Covered location”** means:
1. Any location owned, operated, managed, leased or maintained by the “first named insured”, or any “named insured” affiliated by common ownership with the “first named insured”, upon the inception date identified in Item 2. of the Declarations to this Policy;
 2. Any location that meets the prerequisites to coverage identified in the Automatic Acquisition and Due Diligence Endorsement attached to this Policy, if any; and
 3. Any other location specifically scheduled as a “covered location” by endorsement attached to this Policy, if any.
- L. “Covered operations”** means any operations that are identified in the Application and any supporting documentation provided to the Insurer by the “first named insured” prior to the inception date identified in Item 2. of the Declarations to this Policy, which are performed by or on behalf of a “named insured” outside of the physical boundaries of a “covered location”.
- M. “Delay expense”** means, for a “covered location” under development where a “pollution condition” or “indoor environmental condition” causes a delay in the completion or development during the “business interruption”, any of the following expenses:
1. Additional interest on money the “insured” has borrowed to finance the construction, development, or remediation of a project at a “covered location”;
 2. Additional realty taxes and other assessments;
 3. Additional advertising or promotional expense;
 4. Additional expenses incurred resulting from the renegotiation of leases, including associated usual and customary legal representation expense; and
 5. Additional engineering, architectural, and consulting fees.
- N. “Emergency response costs”** means “first-party remediation costs” incurred within seven (7) days following the discovery of a “pollution condition” or “indoor environmental condition” by a “responsible person” in order to abate or respond to an imminent and substantial threat to human health or the environment arising out of:
1. A “pollution condition” or “indoor environmental condition” on, at, under or migrating from a “covered location”; or
 2. A “pollution condition” resulting from “covered operations” or “transportation”,
- provided such “emergency response costs” are reported to the Insurer within fourteen (14) days of when that “responsible person” first became aware of such “pollution condition” or “indoor environmental condition”.
- O. “Environmental indemnity obligations”** means an "insured's" obligations to defend or indemnify a third-party with respect to a “pollution condition” or “indoor environmental condition” to which this insurance otherwise applies, provided that such defense or indemnity obligation is explicitly included within a contract identified or described on the Schedule of Insured Contracts Endorsement attached to this Policy, if any.
- P. “Environmental law”** means any Federal, state, commonwealth, municipal or other local law, statute, ordinance, rule, guidance document, regulation, and all amendments thereto (collectively Laws), including voluntary cleanup or risk-based corrective action guidance, or the direction of an “environmental professional” acting pursuant to the authority provided by any such Laws, along with any governmental, judicial or

administrative order or directive, governing the liability or responsibilities of the “insured” with respect to a “pollution condition” or “indoor environmental condition”.

Q. “Environmental professional” means a licensed professional that is:

1. Mutually agreed upon by the Insurer and the “insured”, except with respect to “emergency response costs”; and
2. Qualified by licensure, knowledge, skill, education and training to perform an assessment, prepare an investigation protocol, interpret the results and prepare a scope of work to remediate a “pollution condition” or “indoor environmental condition”.

R. “Extended reporting period” means the additional period of time in which to report a “claim” first made against the “insured” during or subsequent to the end of the “policy period”.

S. “Extra damages” means punitive, exemplary or multiplied damages, and civil fines, penalties and assessments, but solely to the extent that the punitive, exemplary or multiplied damages, and civil fines, penalties and assessments:

1. Are insurable under applicable law; and
2. Arise out of a “pollution condition” or “indoor environmental condition” that results in “bodily injury”, “property damage”, “remediation costs” or “first-party remediation costs” to which this insurance otherwise applies.

T. “Extra expense” means costs incurred by the “insured” due to a “pollution condition” or “indoor environmental condition” that are necessary to avoid or mitigate any “business interruption”. Such costs must be incurred to actually minimize the amount of foregone “business income” that would otherwise be covered pursuant to this Policy.

U. “First named insured” means the person or entity as identified in Item 1. of the Declarations to this Policy. The “first named insured” is the party responsible for the payment of any premiums and the payment of, or evidencing payment of, any applicable “self-insured retention” amounts. The “first named insured” shall also serve as the sole agent on behalf of all “insureds” with respect to the provision and receipt of notices, including notice of cancellation or non-renewal, receipt and acceptance of any endorsements or any other changes to this Policy, return of any premium, assignment of any interest pursuant to this Policy, as well as the exercise of any applicable “extended reporting period”, unless any such responsibilities are otherwise designated by endorsement.

V. “First-party claim” means the first-party discovery of a “pollution condition” or an “indoor environmental condition” during the “policy period” by an “insured” to which this insurance applies.

W. “First-party remediation costs” means reasonable and necessary “remediation costs” incurred by an “insured” resulting from a “first-party claim”. If no applicable laws exist that govern the remediation, investigation, quantification, monitoring, removal, disposal, treatment, neutralization, or immobilization of such “pollution condition” or “indoor environmental condition” in the jurisdiction of the “covered location”, necessary “remediation costs” may be established by securing the written professional recommendations of an “environmental professional”.

“First-party remediation costs” also means reasonable and necessary expenses required to restore, repair or replace real or personal property to substantially the same condition it was in prior to being damaged during the course of responding to a “pollution condition” or “indoor environmental condition”. Such expenses shall not include costs associated with betterments or improvements, except to the extent that such betterments or improvements are exclusively associated with the use of building materials which are environmentally superior to those materials which comprised the original damaged property. Any such environmentally superior material must be: **a)** certified as such by an applicable independent certifying institution, where such certification is available; or **b)** in the absence of any such certification, based solely on the judgment of the Insurer and at its sole discretion.

X. “Fungi” means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents, or byproducts produced or released by “fungi”.

Y. “Government action” means action taken or liability imposed by any Federal, state, commonwealth, municipal or other local government agency or body acting pursuant to the authority of “environmental law”.

Z. “Illicit abandonment” means:

1. Solely with respect to coverage for “covered locations”, the intentional placement or abandonment of any solid, liquid, gaseous or thermal irritant, contaminant, or pollutant, including contaminated soil,

contaminated silt, contaminated sedimentation, smoke, soot, vapors, fumes, acids, alkalis, chemicals, hazardous substances, hazardous materials, or waste materials, including “low-level radioactive waste”, “mixed waste” and medical, red bag, infectious and pathological wastes, on, at or into a “covered location”, by a person or entity that:

- a. Is not an “insured”; and
 - b. Is not affiliated by common ownership with an “insured”, and,
2. Solely with respect to coverage for “transportation”, the intentional placement or abandonment of any waste, goods, materials or product beyond the boundaries of a “covered location” during “transportation” by a person or entity that:
 - a. Is not an “insured”; and
 - b. Is not affiliated by common ownership with an “insured”.

“**Illicit abandonment**” does not mean any such placement or abandonment, above, which takes place, in whole or in part, prior to the inception date identified in Item **2.** of the Declarations of this Policy.

AA. “Indoor environmental condition” means:

1. The presence of “fungi” in a building or structure, or the ambient air within such building or structure; or
2. The discharge, dispersal, release, escape, migration or seepage of *legionella pneumophila* in a building or structure, or the ambient air within such building or structure,

provided that such “fungi” or *legionella pneumophila* are not naturally occurring in the environment in the amounts and concentrations found within such building or structure.

BB. “Insured” means the “first named insured”, any “named insured”, any “additional insured”, and any past or present director or officer of, partner in, employee of, temporary or leased worker of, or, with respect to a limited liability company, a member of, any of the foregoing while acting within the scope of his or her duties as such.

CC. “Key executive” means the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, General Counsel, general partner or managing partner (if the “insured” is a partnership), managing member (if the “insured” is a limited liability company) or sole proprietor (if the “insured” is a sole proprietorship) of the “insured”. A “key executive” also means any other person holding a title designated by the “first named insured”, approved by the Insurer, and identified by endorsement to this Policy.

DD. “Legal defense expense” means reasonable legal costs, charges, and expenses, including expert charges, incurred by the “insured”:

1. In the investigation, adjustment or defense of “claims”; or,
2. Solely with respect to those instances where the “insured” has secured the prior consent of the Insurer, except in the event of a “first-party claim” that results in “emergency response costs”, in order to clarify the extent of, minimize, and effect resolution of, any obligation to incur “first-party remediation costs”.

EE. “Loss” means:

Coverage A.

1. “First-party remediation costs” and associated “legal defense expense”;
2. “Catastrophe management costs”; and,
3. Solely with respect to “pollution conditions” on, at, under or migrating from, or “indoor environmental conditions” at, a “covered location”, “business interruption loss”.

Coverage B.

4. “Emergency response costs” and associated “legal defense expense”; and,
5. Solely with respect to “pollution conditions” resulting from “covered operations”, “catastrophe management costs”.

Coverage C.

6. A monetary judgment, award or settlement of compensatory damages arising from “bodily injury”, “property damage” or “remediation costs”, including associated “extra damages” and “legal defense expense”.

Supplemental Coverages

Any other liability or first-party exposure insured pursuant to any Supplemental Coverage added by endorsement to this Policy.

FF. “Low-level radioactive waste” means waste that is radioactive but not classified as the following: high-level waste (spent nuclear fuel or the highly radioactive waste produced if spent fuel is reprocessed), uranium milling residues, and waste with greater than specified quantities of elements heavier than uranium.

GG. “Mediation” means a conciliatory, non-binding attempt to resolve a “claim” using a neutral, third-party facilitator.

HH. “Mixed waste” means waste containing both radioactive and hazardous components as defined pursuant to United States law within the Atomic Energy Act and the Resource Conservation and Recovery Act, as either may be amended.

II. “Named insured” means the “first named insured” and any other person or entity specifically endorsed onto this Policy as a “named insured”, if any. “Named insureds” shall maintain the same rights pursuant to this Policy as the “first named insured”, except for those rights specifically: **1)** reserved to the “first named insured” as defined herein; or **2)** limited by endorsement to this Policy.

JJ. “Natural resource damage” means injury to, destruction of, or loss of, including the resulting loss of value of, fish, wildlife, biota, land, air, water, groundwater, drinking water supplies, and other such resources belonging to, managed by, held in trust by, appertaining to, or otherwise controlled by the United States of America (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, commonwealth or local government, or any Native American Tribe, or, if such resources are subject to a trust restriction on alienation, any members of any Native American Tribe, including the reasonable costs of assessing such injury, destruction or loss resulting therefrom.

KK. “Non-owned disposal site” means:

- 1.** Any treatment, storage, transfer, disposal or recycling site or facility located within the United States of America that has not at any time been owned or operated, in whole or in part, by any “insured”, which receives, or has historically received, a “named insured’s” waste for disposal; provided that such treatment, storage, transfer, disposal or recycling site or facility:
 - a.** Was properly permitted and licensed pursuant to “environmental law” to accept the “named insured’s” waste at the time of such disposal by the Federal, state, commonwealth, municipal or other local government agencies or bodies with applicable jurisdiction;
 - b.** Was not owned or operated by any person, corporation or unincorporated association that was in bankruptcy at the time the “named insured’s” waste was received for disposal; and
 - c.** Has not, prior to the time the “named insured’s” waste was received for disposal, been identified on the United States EPA (CERCLA) National Priorities List or pursuant to any functional equivalent of that list made by Federal, state, commonwealth, municipal or other local government agency or body with applicable jurisdiction pursuant to “environmental law”, or
- 2.** Any treatment, storage, transfer, disposal or recycling site or facility specifically identified on a Schedule of Non-Owned Disposal Sites Endorsement attached to this Policy, if any.

LL. “Policy period” means:

- 1.** The period of time specifically identified in Item **2.** of the Declarations to this Policy; or,
- 2.** Solely with respect to “covered locations” added to this Policy during the period of time specifically identified in Item **2.** of the Declarations to the Policy, if any, the period of time following the effective date of such addition through the expiration date of the Policy identified in Item **2.** of the Declarations to this Policy; or
- 3.** Any shorter period of time resulting from the cancellation of this Policy.

MM. “Pollution condition” means:

- 1.** “Illicit abandonment”; or
- 2.** The discharge, dispersal, release, escape, migration, or seepage of any solid, liquid, gaseous or thermal irritant, contaminant, or pollutant, including soil, silt, sedimentation, smoke, soot, vapors, fumes, acids, alkalis, chemicals, electromagnetic fields (EMFs), hazardous substances, hazardous materials, waste

materials, “low-level radioactive waste”, “mixed waste” and medical, red bag, infectious or pathological wastes, on, in, into, or upon land and structures thereupon, the atmosphere, surface water, or groundwater.

NN. “Property damage” means:

1. Physical injury to, or destruction of, tangible property of a third-party, including all resulting loss of use of that property;
2. Loss of use of tangible property of a third-party, that is not physically injured or destroyed;
3. Diminished value of tangible property owned by a third-party; or
4. “Natural resource damages”.

“Property damage” does not mean “remediation costs”.

OO. “Remediation costs” means expenses incurred to investigate, quantify, monitor, remove, dispose, treat, neutralize, or immobilize “pollution conditions” or “indoor environmental conditions” to the extent required by “environmental law” in the jurisdiction of such “pollution conditions” or “indoor environmental conditions”.

PP. “Rental income” means the actual rental fees lost as a result of a “suspension” of a rented “covered location”.

QQ. “Responsible person” means any employee of an “insured” responsible for environmental affairs, control, or compliance at a “covered location”, or any “key executive” of, officer or director of, or partner in, an “insured”.

RR. “Self-insured retention” means the largest applicable dollar amount among triggered coverage parts identified in Item 4. of the Declarations to this Policy, or as otherwise designated by endorsement to this Policy, if any.

SS. “Suspension” means that part of, or all of, a rented “covered location” is rendered untenable for the purposes identified to the Insurer prior to the inception date of this Policy due to a “pollution condition” or “indoor environmental condition”.

TT. “Terrorism” means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

UU. “Transportation” means:

1. The movement of an “insured’s” waste, materials, goods or products to or from a “covered location” by automobile, aircraft, watercraft, railcar or other conveyance, including any associated loading or unloading thereof, by an “insured”, or any third-party vendor engaged by an “insured” in the business of transporting property for hire, provided that any such movement, and associated loading and unloading activities, are performed beyond the boundaries of a “covered location”; or,
2. Solely with respect to the use of the term in Section VI., **EXCLUSIONS**, Subsection Q., **Prior Transportation**, of this Policy, the movement of an “insured’s” waste, materials, goods or products, including any associated loading or unloading thereof, provided that any such movement, and associated loading and unloading activities, are performed beyond the boundaries of a “covered location”.

VV. “Underground storage tank” means any tank and associated piping and appurtenances connected thereto which tank has more than ten percent (10%) of its volume below ground.

“Underground storage tank” does not mean:

1. Any flow-through process tank, including, but not limited to, a septic tank, oil/water separator, sump, or any stormwater or wastewater collection/treatment vessel or system; or

2. Any tank that is located below ground, provided that such tank is located on or above the floor of a basement of a building or on or above the floor of any shaft or tunnel.

WW. "War" means war, whether or not declared, civil war, martial law, insurrection, revolution, invasion, bombardment or any use of military force, usurped power or confiscation, nationalization or damage of property by any government, military or other authority.

VI. EXCLUSIONS

This insurance shall not apply to:

A. Asbestos

"Loss" arising out of or related to asbestos or asbestos-containing materials.

This exclusion shall not apply to:

1. Monetary judgments, awards or settlements of compensatory damages resulting from "bodily injury" or "property damage", or any associated "extra damages" or "legal defense expenses";
2. Monetary judgments, awards or settlements of compensatory damages resulting from "remediation costs", or any associated "extra damages" or "legal defense expense", arising out of asbestos or asbestos-containing materials discovered in soil or groundwater; and
3. "First-party remediation costs", "emergency response costs", "catastrophe management costs" or "business interruption loss", or any associated "legal defense expense", resulting from "first-party claims" arising out of asbestos or asbestos-containing materials discovered in soil or groundwater.

B. Contractual Liability

"Loss" arising out of or related to liability of others assumed by any "insured" through contract or agreement, except if the liability would have attached to the "insured" in the absence of such contract or agreement.

This exclusion shall not apply to:

1. "Environmental indemnity obligations"; or
2. Liability for "pollution conditions" or "indoor environmental conditions" assumed by a "named insured" pursuant to a written contract that specifically relates to "covered operations", provided that any such contract was executed and effective prior to the performance of the "covered operations" that resulted in the "pollution condition" or "indoor environmental condition".

C. Criminal Fines and Criminal Penalties

"Loss" arising out of or related to criminal fines, criminal penalties or criminal assessments.

D. Divested Property

"Loss" arising out of or related to a "pollution condition" on, at, under or migrating from, or "indoor environmental condition" at, any "covered location":

1. That had been sold, abandoned, or given away by any "insured", or was condemned (collectively hereinafter Divested), prior to the "policy period"; or
2. When such "pollution condition" or "indoor environmental condition" first commenced after the "covered location" had been Divested.

This exclusion shall not apply to any "pollution conditions" or "indoor environmental conditions" that first commenced, in whole or in part, prior to the effective date that any such "covered location" was Divested as identified on the Divested Properties Coverage Endorsement attached to this Policy, if any.

E. Employers Liability

"Claims" arising out of or related to "bodily injury" to:

1. Any "insured" or any employee of its parent corporation, subsidiary or affiliate:
 - a. Arising out of, or in the course of, employment by any "insured", its parent corporation, subsidiary or affiliate; or
 - b. Performing duties related to the conduct of the business of any "insured", its parent corporation, subsidiary or affiliate.

2. The spouse, child, parent, brother or sister of any “insured” or employee of its parent corporation, subsidiary or affiliate as a consequence of Paragraph 1., above.

This exclusion applies:

1. Whether any “insured” may be liable as an employer or in any other capacity; and
2. To any obligation to share damages with or repay someone else who must pay damages because of such “bodily injury”.

F. First-Party Property Damage

“Loss” arising out of or related to damage to real or personal property owned by, leased to, loaned to, or rented by any “insured”, or otherwise in the care, custody, or control of any “insured”.

This exclusion shall not apply to “first-party remediation costs”, “emergency response costs”, “business interruption loss” and “catastrophe management costs”.

G. Fraud or Misrepresentation

“Loss” arising out of or related to:

1. Fraudulent acts or material misrepresentations on the part of the “first named insured” made:
 - a. Within an Application to this Policy; or
 - b. During the Application or underwriting process prior to the inception date of this Policy, which would have affected the Insurer’s decision to either issue this Policy, or issue this Policy and its endorsements pursuant to the financial terms identified in the Declarations to this Policy; or
2. Fraudulent acts or material misrepresentations on the part of any “responsible person” during the “policy period”.

H. Insured’s Internal Expenses

“Loss” arising out of or related to expenses incurred by any “insured” for services performed by its salaried staff and any employees.

This exclusion shall not apply to:

1. “Emergency response costs”, along with any associated “catastrophe management costs” incurred during that same seven (7) day period; or
2. Any other costs, charges or expenses incurred with the prior approval of the Insurer at its sole discretion.

I. Insured vs. Insured

“Claims” made by any “insured” against any other “insured”.

This exclusion shall not apply to:

1. “Claims” initiated by third-parties, including cross claims, counterclaims or claims for contribution by such parties against any “insured”; or
2. “Claims” that arise out of an indemnification provided by one “insured” to another “insured” in an “environmental indemnity obligation”.

J. Intentional Non-Compliance

“Loss” arising out of or related to the intentional disregard of, or knowing, willful, or deliberate non-compliance with, any law, statute, regulation, administrative complaint, notice of violation, notice letter, instruction of any governmental agency or body, or any executive, judicial or administrative order, by, or at the direction of, any “responsible person”.

K. Known Conditions

“Loss” arising out of or related to “pollution conditions” or “indoor environmental conditions” in existence and reported to a “responsible person”:

1. Prior to the “policy period”; or,

2. Solely with respect to “covered locations” added to this Policy during the period of time specifically identified in Item 2. of the Declarations to the Policy, if any, prior to the effective date of coverage for such “covered location”,

and not affirmatively disclosed to the Insurer in an Application or supplemental underwriting materials provided to the Insurer to secure coverage for such “covered location” pursuant to this Policy.

L. Lead-Based Paint

“Loss” arising out of or related to lead-based paint.

This exclusion shall not apply to:

1. Monetary judgments, awards or settlements of compensatory damages resulting from “bodily injury” or “property damage”, or any associated “extra damages” or “legal defense expenses”;
2. Monetary judgments, awards or settlements of compensatory damages resulting from “remediation costs”, or any associated “extra damages” or “legal defense expenses”, arising out of lead-based paint discovered in soil or groundwater; and
3. “First-party remediation costs”, “emergency response costs”, “catastrophe management costs” or “business interruption loss”, or any associated “legal defense expense”, resulting from “first-party claims” arising out of lead-based paint discovered in soil or groundwater.

M. Material Change in Risk

“Loss” arising out of or related to a change in the use or operations at a “covered location” or “covered operations” performed by or on behalf of a “named insured” that materially increases the likelihood or severity of a “pollution condition”, “indoor environmental condition”, “claim” or “first-party claim” from the intended uses or operations or “covered operations” identified:

1. By the “first named insured” for the Insurer in an Application or supplemental underwriting materials provided prior to the effective date of coverage for such “covered location”, if any; or
2. Solely with respect to “covered locations” added to the Policy pursuant to an Automatic Acquisition and Due Diligence Endorsement attached to this Policy, if any, as part of the due diligence materials and supplemental underwriting materials provided to the Insurer as part of the notice required pursuant to that endorsement, if any.

This exclusion shall only apply to the “covered location” associated with the change in use or operations or the modified “covered operations” at issue, and shall not limit coverage for other “covered locations” or “covered operations” to which this insurance applies.

N. Non-Owned Disposal Sites

“Loss” arising out of or related to “pollution conditions” or “indoor environmental conditions” on, at, under or migrating from any treatment, storage, disposal, transfer or recycling site or facility that is not a “non-owned disposal site”.

O. Prior Covered Operations

“Loss” arising out of or related to “pollution conditions” or “indoor environmental conditions” resulting from “covered operations” performed by or on behalf of a “named insured” prior to the applicable Exposure-Specific Retroactive Date identified in Item 5. of the Declarations to this Policy, if any.

P. Prior Disposal

“Loss” arising out of or related to “pollution conditions” or “indoor environmental conditions” that are allegedly attributable to a “named insured’s” waste being received at the “non-owned disposal site” prior to the applicable Exposure-Specific Retroactive Date identified in Item 5. of the Declarations to this Policy, if any.

Q. Prior Transportation

“Loss” arising out of or related to “pollution conditions” or “indoor environmental conditions” resulting from “transportation” performed prior to the applicable Exposure-Specific Retroactive Date identified in Item 5. of the Declarations to this Policy, if any.

R. Products Liability

“Loss” arising out of or related to any goods or products manufactured, sold, or distributed by any “insured” once possession of such goods or products have been transferred from the “insured”.

This exclusion shall not apply to any coverage afforded pursuant to this Policy for a “pollution condition” that first commences during “transportation”.

S. Underground Storage Tanks

“Loss” arising out of or related to “pollution conditions” emanating from an “underground storage tank” located at a “covered location”, when the existence of such “underground storage tank” was known to a “responsible person”:

1. Prior to the “policy period”; or,
2. Solely with respect to “underground storage tanks” situated at “covered locations” added to this Policy during the “policy period”, prior to the effective date of coverage for such “covered location”.

This exclusion shall not apply to any “underground storage tank” that:

1. Is identified on the Schedule of Underground Storage Tanks Endorsement or Schedule of Covered Storage Tanks (Financial Responsibility) Endorsement attached to this Policy, if any; or
2. Has been removed or closed-in-place prior to the inception date of this Policy and such removal or closure was conducted in accordance with “environmental law”.

T. Vehicle Damage

“Claims” or associated “legal defense expense” for “property damage” to any automobile, aircraft, watercraft, railcar or other conveyance utilized for “transportation”.

U. War or Terrorism

“Loss” arising out of or related to “pollution conditions” or “indoor environmental conditions” attributable, whether directly or indirectly, to any acts that involve, or that involve preparation for, “war” or “terrorism” regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.

V. Workers’ Compensation

“Loss” arising out of or related to any obligation of any “insured” pursuant to the Jones Act or any workers’ compensation, unemployment compensation, or disability benefits law or related laws.

VII. REPORTING AND COOPERATION

A. Without limiting the specific requirements contained in any Insuring Agreement or any other exposure-specific reporting requirements contained within this Policy, the “insured” shall also see to it that the Insurer receives notice of any “claim” or “first-party claim”, as soon as practicable, by one or more of the following:

1. Provide written notice to the address, fax number, or email address identified in Item **8.a.** of the Declarations to this Policy; or
2. Provide verbal or electronic notice utilizing the **Environmental Incident Alert 24-hour Emergency Response and Incident Reporting System** by calling the telephone number identified in Item **8.** of the Declarations to this Policy or by using the associated telephone web application, respectively.

Such notice should include reasonably detailed information as to:

1. The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “first-party claim”;
2. The identity of the “covered location”;
3. The nature of the “claim” or “first-party claim”; and
4. Any steps undertaken by the “insured” to respond to the “claim” or “first-party claim”.

B. The “insured” must:

1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;
2. Authorize the Insurer to obtain records and other information;
3. Cooperate with the Insurer in the investigation, settlement or defense of the “claim”;
4. Assist the Insurer, upon the Insurer’s request, in the enforcement of any right against any person or organization which may be liable to the “insured” because of “loss” to which this Policy may apply; and
5. Provide the Insurer with such information and cooperation as it may reasonably require.

- C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim”, without the written consent of the Insurer. Nor shall any “insured” retain any consultants or “catastrophe management firms”, or incur any “first-party remediation costs” or “catastrophe management costs” with respect to a “first-party claim”, without the prior consent of the Insurer, except for “emergency response costs”.
- D. Upon the discovery of a “pollution condition” or “indoor environmental condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” or “indoor environmental condition” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” or “catastrophe management costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.

For the purposes of fulfilling the notice requirements contained in the Insuring Agreements to this Policy, notice supplied pursuant to one or more of the verbal or electronic notice mechanisms specifically contemplated in Subsection A., above, or on the Declarations, shall constitute written notice to the Insurer.

VIII. EXTENDED REPORTING PERIOD

- A. Provided the “first named insured” has not purchased any other insurance to replace this Policy, the “first named insured” shall be entitled to a basic “extended reporting period”, and may purchase an optional supplemental “extended reporting period”, following Cancellation, as described in Subsection A., Paragraph 1. of Section IX., GENERAL CONDITIONS, or nonrenewal of this Policy, in accordance with the terms and conditions described in Subsections B. through D., below.
- B. “Extended reporting periods” shall not reinstate or increase any of the Limits of Liability. “Extended reporting periods” shall not extend the “policy period” or change the scope of coverage provided. A “claim” first made against an “insured” and reported to the Insurer within the basic “extended reporting period” or supplemental “extended reporting period”, whichever is applicable, shall be deemed to have been made and reported on the last day of the “policy period”. In addition, if an “insured” first discovers a “pollution condition” or “indoor environmental condition” during the “policy period” and reports such “first-party claim” to the Insurer within the basic “extended reporting period” or supplemental “extended reporting period”, whichever is applicable, then such “first-party claim” shall also be deemed to have been first discovered and reported on the last day of the “policy period”.
- C. The “first named insured” shall have a ninety (90) day basic “extended reporting period” without additional charge.
- D. The “first named insured” shall also be entitled to purchase a supplemental “extended reporting period” of up to thirty-three (33) months for not more than two hundred percent (200%) of the full premium identified in Item 6. of the Declarations to this Policy, and any additional premiums resulting from coverage added during the “policy period”. Such supplemental “extended reporting period” starts when the basic “extended reporting period” ends. The Insurer shall issue an endorsement providing a supplemental “extended reporting period” provided that the “first named insured”:
 - 1. Makes a written request, to the address identified in Item 8.b. of the Declarations to this Policy, for such endorsement which the Insurer receives prior to the expiration of the “policy period”; and
 - 2. Pays the additional premium when due. If that additional premium is paid when due, the supplemental “extended reporting period” may not be cancelled, provided that all other terms and conditions of the Policy are met.

IX. GENERAL CONDITIONS

A. Cancellation

- 1. This Policy may be cancelled only by the “first named insured”, or through the “first named insured’s” agent, by mailing to the Insurer at the address identified in Item 8.b. of the Declarations to this Policy, written notice stating when such cancellation shall be effective.
- 2. This Policy may be cancelled by the Insurer for the following reasons:
 - a. Non-payment of premium; or
 - b. Fraud or material misrepresentation on the part of any “insured”,
by mailing to the “first named insured” at the “first named insured’s” last known address, written notice stating when, not less than sixty (60) days thereafter, fifteen (15) days if cancellation is for non-payment of

any unpaid portion of the premium, such cancellation shall be effective. The mailing of notice shall be sufficient proof of notice. The effective date and hour of cancellation stated in the notice shall be the end of the “policy period”.

Subparagraph **2.b.**, herein, shall apply only to that “insured” that engages in the fraud or misrepresentation. This exception shall not apply to any “insured” that is a parent corporation, subsidiary, employer of, or otherwise affiliated by ownership with, such “insured”.

3. In the event of cancellation, the premium percentage identified in Item **6.** of the Declarations to this Policy shall be the minimum-earned premium upon the inception date of this Policy. Thereafter, the remaining unearned premium, if any, shall be deemed earned by the Insurer on a *pro rata* basis over the remainder of the “policy period”. Any unearned premium amounts due the “first named insured” upon cancellation of this Policy shall be calculated on a *pro rata* basis and refunded within thirty (30) days of the effective date of cancellation.

B. Inspection and Audit

To the extent of the “insured’s” ability to provide such access, and with reasonable notice to the “insured”, the Insurer shall be permitted, but not obligated, to inspect and sample the “covered locations”. The “insured” shall have the concurrent right to collect split samples. Neither the Insurer’s right to make inspections, the making of said inspections, nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the “insured” or others, to determine or warrant that such property or operations are safe or in compliance with “environmental law”, or any other law.

The Insurer may examine and audit the “insured’s” books and records during this “policy period” and extensions thereof and within three (3) years after the final termination of this Policy.

C. Legal Action Against the Insurer

No person or organization other than an “insured” has a right pursuant to this Policy:

1. To join the Insurer as a party or otherwise bring the Insurer into a suit against any “insured”; or
2. To sue the Insurer in connection with this insurance unless all of the Policy terms have been fully complied with.

A person or organization may sue the Insurer to recover after an agreed settlement or on a final judgment against an “insured”. However, the Insurer shall not be liable for amounts that are not payable pursuant to the terms of this Policy or that are in excess of the applicable Limit of Liability. An agreed settlement means a settlement and release of liability signed by the Insurer, the “insured”, and the claimant or the claimant’s legal representative.

D. Bankruptcy

The insolvency or bankruptcy of any “insured”, or any “insured’s” estate, shall not relieve the Insurer of its obligations pursuant to this Policy. However, any such insolvency or bankruptcy of the “insured”, or the “insured’s” estate, shall not relieve the “insured” of its “self-insured retention” or deductible period obligations pursuant to this Policy. This insurance shall not replace any other insurance to which this Policy is excess, nor shall this Policy drop down to be primary, in the event of the insolvency or bankruptcy of any underlying insurer.

E. Subrogation

In the event of any payment pursuant to this Policy by the Insurer, the Insurer shall be subrogated to all of the rights of recovery against any person or organization, and the “insured” shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. All “insureds” shall do nothing to prejudice such rights. Any recovery as a result of subrogation proceedings arising pursuant to this Policy shall accrue first to the “insureds” to the extent of any payments in excess of the limit of coverage; then to the Insurer to the extent of its payment pursuant to the Policy; and then to the “insured” to the extent of the “self-insured retention”. 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.

F. Representations

By accepting this Policy, the “first named insured” agrees that:

1. The statements in the Declarations, schedules and endorsements to, and Application for, this Policy are accurate and complete;
2. Those statements and representations constitute warranties that the “first named insured” made to the Insurer; and

3. This Policy has been issued in reliance upon the “first named insured’s” warranties.

G. Separation of Insureds

Except with respect to the Limits of Liability, Cancellation condition **2.a.**, and any applicable exclusions, this Policy applies:

1. As if each “named insured” were the only “insured”; and
2. Separately to each “named insured” against whom a “claim” is made,

and any fraud, misrepresentation, breach of a condition or violation of any duty (hereinafter Breach) by an “insured” shall not prejudice coverage for any “named insured” pursuant to this Policy, provided that: **1)** such “named insured” did not participate in, know of or assist in such Breach; and **2)** such “named insured” is not a parent, subsidiary, partner, member, director, officer of, employer of or otherwise affiliated with, the “insured” that committed such Breach.

H. Other Insurance

If other valid and collectible insurance is available to any “insured” covering “loss” also covered by this Policy, other than a policy that is specifically written to apply in excess of this Policy, the insurance afforded by this Policy shall apply in excess of and shall not contribute with such other insurance.

I. Changes and Assignment

Notice to or knowledge possessed by any person shall not effect waiver or change in any part of this Policy or estop the Insurer from asserting any right pursuant to the terms of this Policy. The terms, definitions, conditions, exclusions and limitations of this Policy shall not be waived or changed, and no assignment of any interest in this Policy shall bind the Insurer, except as provided by endorsement and attached to this Policy.

J. Headings

The descriptions in the headings and sub-headings of this Policy are inserted solely for convenience and do not constitute any part of the terms or conditions hereof.

K. Consent

Where the consent of the Insurer, or an “insured”, is required pursuant to this Policy, such consent shall not be unreasonably withheld, delayed, conditioned, or denied.

ASBESTOS AND/OR LEAD-BASED PAINT MANAGEMENT PLAN EXCLUSIONARY ENDORSEMENT

Named Insured Webb County			Endorsement Number 001
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Solely to the extent that there is an X indicated in either Section I. or Section II. of this Endorsement, below, the "insured" and the Insurer hereby agree to the following corresponding changes to this Policy:

- I. Section VI., **EXCLUSIONS**, of this Policy is hereby amended by addition of the following:

Failure to Follow Asbestos Management Plans

"Loss" arising out of or related to the presence of asbestos or asbestos containing material and an "insured's" failure to properly maintain or manage any structure located on the "covered locations", or any system, fixture or personal property contained therein, in conformance with the asbestos management plans provided to the Insurer prior to the inception date identified in Item 2. of the Declarations to this Policy, as applicable, or any asbestos management plans approved, in writing, by the Insurer during the "policy period".

- II. Section VI., **EXCLUSIONS**, of this Policy is hereby amended by addition of the following:

Failure to Follow Lead-Based Paint Management Plans

"Loss" arising out of or related to the presence of lead-based paint and an "insured's" failure to properly maintain or manage any structure located on the "covered locations", or any system, fixture or personal property contained therein, in conformance with the lead-based paint management plans provided to the Insurer prior to the inception date identified in Item 2. of the Declarations to this Policy, as applicable, or any lead-based paint management plans approved, in writing, by the Insurer during the "policy period".

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

BUSINESS INTERRUPTION COVERAGE LIMITATIONS ENDORSEMENT

Named Insured Webb County			Endorsement Number 002
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Solely to the extent that there is an **X** indicated in Sections **I.**, **II.**, and/or **III.** of this Endorsement, below, the “insured” and the Insurer hereby agree to the following changes to this Policy:

I. **Sublimits of Liability**

Per Pollution Condition or Indoor Environmental Condition Sublimit of Liability: \$

Aggregate Pollution Conditions or Indoor Environmental Conditions Sublimit of Liability:
\$

The amount that the Insurer shall pay pursuant to this Policy for “business interruption loss” arising out of or related to “pollution conditions” or “indoor environmental conditions” is subject to the Per Pollution Condition or Indoor Environmental Condition Sublimit of Liability and Aggregate Pollution Conditions or Indoor Environmental Conditions Sublimit of Liability identified above. Therefore, the Per Pollution Condition or Indoor Environmental Condition Sublimit of Liability, above, shall be the maximum amount the Insurer shall pay for all “business interruption loss” arising out of or related to the same, continuous, repeated, or related “pollution condition” or “indoor environmental condition” to which this insurance applies. Moreover, the Aggregate Pollution Conditions or Indoor Environmental Conditions Sublimit of Liability, above, shall be the maximum amount the Insurer shall pay for all “business interruption loss” arising out of or related to all “pollution conditions” or “indoor environmental conditions” to which this insurance applies. These Sublimits of Liability are subject to, and payments made within these Sublimits of Liability shall erode, the Limits of Liability identified in Item **3.** of the Declarations to this Policy, along with any other applicable exposure-specific Limits or Sublimits of Liability added by endorsement hereto. Under no circumstance shall the Insurer be liable to pay any amount in excess of any applicable Limit or Sublimit of Liability.

II. **Exclusion**

- a.** Section **V.**, **DEFINITIONS**, Subsection **EE.**, of this Policy is hereby modified by deletion of “business interruption loss” as a component of the definition of “loss” with respect to coverage afforded pursuant to Coverage **A.** ; and
- b.** Section **VI.**, **EXCLUSIONS**, of this Policy is hereby amended to include the addition of the following:

This insurance also shall not apply to “business interruption loss”.

III. **Location-Specific Endorsement Application**

Solely to the extent that there is an **X** indicated in this Section **III.**, above, the “insured” and the Insurer hereby agree that the modifications identified in Sections **I.** and **II.** of this Endorsement only apply to “pollution conditions” or “indoor environmental conditions” associated with the “covered locations” specifically identified in the Schedule of Covered Locations, below:

Schedule of Covered Locations

.

All other terms and conditions of the Policy remain unchanged.

Authorized Representative

SPECIMEN

**SCHEDULE OF COVERED STORAGE TANKS (FINANCIAL RESPONSIBILITY)
ENDORSEMENT**

Named Insured Webb County			Endorsement Number 003
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The “insured” and the Insurer hereby agree that the following United States-based “underground storage tanks” and “aboveground storage tanks” are identified on this Schedule of Covered Storage Tanks (Financial Responsibility):

Schedule of Underground Storage Tanks (Financial Responsibility)

	<u>Covered Location</u>	<u>Tank ID No.</u>	<u>Tank Size</u>	<u>Tank Contents</u>	<u>Retro Date</u>
1.	7210 E. Saunders Laredo, TX 1 78041		20,000	Unleaded Gasoline	10/01/1998
2.	7210 E. Saunders Laredo, TX 2 78041		10,000	Diesel	10/01/1998

Schedule of Aboveground Storage Tanks (Financial Responsibility)

<u>Covered Location</u>	<u>Tank ID No.</u>	<u>Tank Size</u>	<u>Tank Contents</u>	<u>Retro Date</u>

Solely with respect to the United States-based “underground storage tanks” or “aboveground storage tanks” identified with a Retroactive Date, above, no coverage pursuant to this Policy shall be afforded for any “pollution condition” commencing, in whole or in part, prior to the identified Retroactive Date.

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

FINANCIAL RESPONSIBILITY COVERAGE (STORAGE TANKS – ANNUAL PROGRAMS ONLY) ENDORSEMENT

Named Insured Webb County			Endorsement Number 004
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

- a. \$ 1000000 Per UST Pollution Condition Limit of Liability for Loss
- b. \$ 1000000 Aggregate UST Limit of Limit of Liability for all Loss from all Pollution Conditions
- c. \$ Per AST Pollution Condition Limit of Liability for Loss
- d. \$ Aggregate AST Limit of Limit of Liability for all Loss from all Pollution Conditions
- e. \$ 2000000 Aggregate Defense Limit of Liability for all Pollution Conditions from all Storage Tanks
- f. \$ 3000000 Total Policy Aggregate Limit of Liability for all Pollution Conditions from all Storage Tanks
- g. \$ 25,000 Deductible - Per Pollution Condition

Solely with respect to coverage for “pollution conditions” emanating from United States-based “underground storage tanks” or “aboveground storage tanks” that are situated at a “covered location” and identified in the Schedule of Covered Storage Tanks (Financial Responsibility) Endorsement attached to this Policy (hereinafter Specifically Scheduled Tanks), the “insured” and the Insurer hereby agree to the following changes to this Policy:

I. Section I., INSURING AGREEMENTS, of this Policy is hereby amended by addition of the following:

The Insurer also agrees to pay on behalf of the “insured” for “loss” and associated “legal defense expense”, in excess of the deductible, resulting from:

SUPPLEMENTAL COVERAGE – STORAGE TANK COVERAGE

“Claims” and “first-party claims” arising out of “pollution conditions” emanating from Specifically Scheduled Tanks, provided the “claim” is first made, or the insured first discovers the “pollution condition” that is the subject of such “first-party claim”, during the “policy period”. Any such “claim” or “first-party claim” must be reported to the Insurer, in writing, during the “policy period” or within thirty (30) days after the expiration of the “policy period”, or during any applicable “extended reporting period”.

The coverage afforded pursuant to this Supplemental Coverage only applies to “pollution conditions” that first commence, in their entirety, on or after the applicable Retroactive Date identified in the Schedule of Covered Storage Tanks Endorsement attached to this Policy and prior to the expiration of the “policy period”.

II. All references to the phrase “self-insured retention” within this Policy that are not otherwise specifically modified within this Endorsement are hereby changed to the word *deductible*.

III. Limits of Liability and Deductible

A. The Insurer’s obligation to pay for “loss” shall be reduced by the deductible amount identified in Item **g.** of this Endorsement, above. The Insurer may, at its sole discretion, pay all or part of the deductible amount to effect settlement of any “claim” or “first-party claim” seeking “loss” to which this Endorsement applies. Upon notification of the Insurer’s payment of such deductible amount, the “first named insured” shall reimburse the Insurer for the deductible amount that the Insurer has paid on its behalf within thirty (30) calendar days.

- B. One deductible shall apply to all “loss” and “legal defense expense” arising from the same, continuous, repeated, or related “pollution condition” emanating from a Specifically Scheduled Tank.
- C. Subject to Subsections D. and F., below, the most the Insurer shall pay for all “loss” arising out of the same, continuous, repeated, or related “pollution condition” emanating from a Specifically Scheduled Tank is the Per UST Pollution Condition Limit of Liability or Per AST Pollution Condition Limit of Liability, as applicable, identified in Item a. or c. of this Endorsement, above.
- D. Subject to Subsection C., above, and Subsection F., below, the Aggregate UST Limit of Liability or Aggregate UST Limit of Liability identified in Item b. or d. of this Endorsement, above, shall be the maximum liability of the Insurer pursuant to this Policy for all “loss” arising out of all “pollution conditions” for applicable Specifically Scheduled Tanks.
- E. Subject to Subsection F., below, the Aggregate Defense Limit of Liability identified in Item e. of this Endorsement, above, shall be the maximum liability of the Insurer pursuant to this Policy for “legal defense expense” necessarily incurred to respond to all “claims” arising out of all “pollution conditions” for applicable Specifically Scheduled Tanks.
- F. Subject to Subsections C., D. and E., above, the Total Policy Aggregate Limit of Liability identified in Item f. of this Endorsement shall be the maximum liability of the Insurer pursuant to this Policy with respect to all “loss” and “legal defense expense” arising out of all “pollution conditions” to which this Endorsement applies.
- G. If the Insurer or an affiliate has issued claims-made liability coverage for the Specifically Scheduled Tanks in one or more policy periods, and a “pollution condition” is first discovered and reported to the Insurer in accordance with the terms and conditions of this Endorsement, then:
 1. All such continuous, repeated, or related “pollution conditions” that are subsequently reported to the Insurer during later policy periods shall be deemed to be one “pollution condition” discovered during this “policy period”; and
 2. All “claims” arising out of a “pollution condition” that was discovered during this “policy period”, including any continuous, repeated, or related “pollution condition”, shall be deemed to have been first made and reported during this “policy period”,
and no other policy shall respond.

Payments made by the Insurer pursuant to the Limits of Liability identified on this Endorsement shall not erode the Limits of Liability identified in Item 3. of the Declarations to this Policy. Notwithstanding, the foregoing, once the dedicated Limits of Liability available pursuant to this Endorsement have been exhausted, any payments made by the Insurer pursuant to storage tank coverage afforded pursuant to the Policy, generally, for exposures also within the purview of the coverage afforded pursuant to this Endorsement, shall erode the Limits of Liability identified in Item 3., of the Declarations to this Policy, along with any other applicable exposure-specific Limits or Sublimits of Liability added by endorsement hereto.

IV. Section V., **DEFINITIONS**, of this Policy is hereby amended by addition of the following:

“**Aboveground storage tank**” means a stationary petroleum product-containing tank, and associated piping and appurtenances connected thereto, with ten percent (10%) or less of its volume below ground.

“**Corrective action costs**” means expenses necessarily incurred by an “insured” to investigate, quantify, assess, monitor, abate, remove, dispose, treat, neutralize or immobilize “pollution conditions” emanating from Specifically Scheduled Tanks, to the extent that such expenses are required to be covered within Federal and/or state financial responsibility regulations governing those Specifically Scheduled Tanks.

V. Section V., **DEFINITIONS**, Subsections J., W., EE. and MM., of this Policy are hereby deleted in their entirety and replaced with the following:

- J. “**Claim**” means the written assertion of a legal right received by the “insured” from a third-party, or another “insured” that is party to an “environmental indemnity obligation”, including, but not limited to, a “government action”, suits or other actions alleging responsibility or liability on the

part of the “insured” for “bodily injury” or “property damage” arising out of “pollution conditions” to which this insurance applies.

W. “First-party remediation costs” means “corrective action costs”.

EE. “Loss” means:

1. A monetary judgment, award or settlement of compensatory damages arising from “bodily injury or “property damage”, including associated “extra damages”; and
2. “First-party remediation costs”.

MM. “Pollution condition” means any spilling, leaking, emitting, discharging, dispersing, seeping, escaping or releasing of the contents of any such Specifically Scheduled Tanks into surface soils, subsurface soils, surface water, or groundwater.

VI. Section VIII., EXTENDED REPORTING PERIOD, Subsections **C.** and **D.**, of this Policy, are hereby deleted in their entirety and replaced with the following:

C. Provided the “first named insured” has not purchased any other insurance to replace this Policy, which has applicable retroactive dates that are equal to or earlier in time than the corresponding Retroactive Dates contained in this Policy, the “first named insured” shall:

1. As a general matter, have a sixty (60) day basic “extended reporting period” without additional charge; and
2. With respect to coverage for liability “claims” for “bodily injury” or “property damage”, only, arising out of “pollution conditions” emanating from Specifically Scheduled Tanks, have a one hundred and eighty (180) day basic “extended reporting period” without additional charge.

D. Provided the “first named insured” has not purchased any other insurance to replace this Policy, which has applicable retroactive dates that are equal to or earlier in time than the corresponding Retroactive Dates contained in this Policy, the “first named insured” shall also be entitled to purchase a supplemental “extended reporting period” of up to thirty four (34) months and thirty (30) months corresponding to the basic reporting extensions provided pursuant to Subsection **C.**, Paragraphs **1.** and **2.**, above, respectively, for not more than two hundred percent (200%) of the premium identified in Item **6.** of the Declarations to this Policy, and any additional premiums resulting from coverage added during the “policy period”. Such supplemental “extended reporting period” starts when the basic “extended reporting period” ends. The Insurer shall issue an endorsement providing a supplemental “extended reporting period” provided that the “first named insured”:

1. Makes a written request, to the address identified in Item **8.b.** of the Declarations to this Policy, for such endorsement which the Insurer receives prior to the expiration of the “policy period”; and
2. Pays the additional premium when due. If that additional premium is paid when due, the supplemental “extended reporting period” may not be cancelled, provided that all other terms and conditions of the Policy are met.

VII. Section IX., GENERAL CONDITIONS, Subsection **D., Bankruptcy**, of this Policy is hereby deleted in its entirety and replaced with the following:

D. Bankruptcy

The insolvency or bankruptcy of any “insured” or any “insured's” estate shall not relieve the Insurer of its obligations pursuant to this Policy. This insurance shall not replace any other insurance to which this Policy is excess, nor shall this Policy drop down to be primary, in the event of the insolvency or bankruptcy of any underlying insurer.

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

SPECIMEN

INDOOR ENVIRONMENTAL CONDITIONS LIMITATIONS ENDORSEMENT

Named Insured Webb County			Endorsement Number 005
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Solely to the extent that there is an X indicated in Sections I., II. and/or III. of this Endorsement, below, the "insured" and the Insurer hereby agree to the following changes to this Policy:

I. **Sublimits of Liability**

Per Indoor Environmental Condition Sublimit of Liability: \$

Aggregate Indoor Environmental Conditions Sublimit of Liability: \$

The amount that the Insurer shall pay pursuant to this Policy for "loss" arising out of or related to "indoor environmental conditions" is subject to the Per Indoor Environmental Condition Sublimit of Liability and Aggregate Indoor Environmental Conditions Sublimit of Liability identified above. Therefore, the Per Indoor Environmental Condition Sublimit of Liability, above, shall be the maximum amount the Insurer shall pay for all "loss" arising out of or related to the same, continuous, repeated, or related "indoor environmental condition" to which this insurance applies. Moreover, the Aggregate Indoor Environmental Conditions Sublimit of Liability, above, shall be the maximum amount the Insurer shall pay for all "loss" arising out of or related to all "indoor environmental conditions" to which this insurance applies. These Sublimits of Liability are subject to, and payments made within these Sublimits of Liability shall erode, the Limits of Liability identified in Item 3. of the Declarations to this Policy, along with any other applicable exposure-specific Limits or Sublimits of Liability added by endorsement hereto. Under no circumstance shall the Insurer be liable to pay any amount in excess of any applicable Limit or Sublimit of Liability.

II. **Exclusion**

Section VI., **EXCLUSIONS**, of this Policy is hereby amended by addition of the following:

Indoor Environmental Conditions

"Loss" arising out of or related to "indoor environmental conditions".

III. **Location-Specific Endorsement Application**

The modifications identified in Sections I. and II. of this Endorsement only apply to "indoor environmental conditions" at the "covered locations" specifically identified in the Schedule of Covered Locations, below:

Schedule of Covered Locations

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

SPECIMEN

ITEMIZED COVERAGES ONLY AMENDATORY (COVERAGE C.) ENDORSEMENT

Named Insured Webb County			Endorsement Number 006
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The “insured” and the Insurer hereby agree to the following changes to this Policy:

Section **I., INSURING AGREEMENTS**, Subsection **C., THIRD-PARTY CLAIMS COVERAGE**, of this Policy is hereby deleted in its entirety and replaced with the following:

C. THIRD-PARTY CLAIMS COVERAGE (Coverage C.)

“Claims” arising out of: **1)** a “pollution condition” on, at, under or migrating from a “covered location”; **2)** an “indoor environmental condition” at a “covered location”; **3)** a “pollution condition” or “indoor environmental condition” resulting from “covered operations”; **4)** a “pollution condition” resulting from “transportation”; or **5)** a “pollution condition” on, at, under or migrating from a “non-owned disposal site”, provided the “claim” is first made during the “policy period”. Any such “claim” must be reported to the Insurer, in writing, during the “policy period” or within thirty (30) days after the expiration of the “policy period”, or during any applicable “extended reporting period”.

The coverage afforded pursuant to this Coverage **C.**, generally, only applies to “pollution conditions” or “indoor environmental conditions” that first commence, in their entirety, on or after the retroactive date identified in Item **5.** of the Declarations, if applicable, and prior to the expiration of the “policy period”.

The coverage afforded pursuant to this Coverage **C.** for “non-owned disposal sites”, specifically, only applies to “pollution conditions” that are attributable to a “named insured’s” waste generated at a “covered location” and received at the “non-owned disposal site”, in its entirety, on or after the retroactive date identified in Item **5.** of the Declarations to this Policy.

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

LEAD EXCLUSIONARY (POTABLE WATER) ENDORSEMENT

Named Insured Webb County			Endorsement Number 007
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The “insured” and the Insurer hereby agree to the following changes to this Policy:

Section **VI., EXCLUSIONS**, of this Policy is hereby amended by addition of the following:

Lead Contaminated Water

“Loss” arising out of or related to “pollution conditions” involving, in whole or in part, lead within potable water, regardless of whether any such “pollution conditions” have otherwise been affirmatively disclosed to the Insurer in an Application for coverage pursuant to this Policy.

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

**PUBLIC, COMMUNICABLE OR CONTAGIOUS DISEASES EXCLUSIONARY
ENDORSEMENT**

Named Insured Webb County			Endorsement Number 008
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The “insured” and the Insurer hereby agree to the following changes to this Policy:

Section **VI., EXCLUSIONS**, of this Policy is hereby amended by addition of the following:

Public, Communicable or Contagious Diseases

“Loss” arising out of or related to any communicable, contagious or prion diseases, including, but not limited to, any diseases communicated or transmitted by human to human, human to animal or animal to animal contact, or contact with any of their respective bodily fluids or discharges.

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

**REMEDICATION COSTS EXCLUSIONARY (ON-SITE PREMISES POLLUTION)
ENDORSEMENT**

Named Insured Webb County			Endorsement Number 009
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The “insured” and the Insurer hereby agree to the following changes to this Policy:

I. Section VI., EXCLUSIONS, of this Policy is hereby amended to include the addition of the following:

On-Site Pollution Remediation Costs and Interruption

1. Monetary judgments, awards or settlements of compensatory damages for “remediation costs”, including associated “extra damages” or “legal defense expense”; and
 2. “First-party remediation costs”, exclusive of “emergency response costs”, along with any associated “legal defense expense” or “business interruption loss”,
- arising out of or related to that portion of a “pollution condition” that is on, at or under, but within the boundaries of a “covered location”.

II. Pre-Existing Pollution Conditions Endorsement Application

Solely to the extent that there is an **X** indicated in this Section II., above, the “insured” and the Insurer hereby agree that the modifications identified in Section I. of this Endorsement only apply to “pollution conditions” that first commence, in whole or in part, prior to .

III. Location-Specific Endorsement Application

Solely to the extent that there is an **X** indicated in this Section II., above, the “insured” and the Insurer hereby agree that the modifications identified in Sections I. of this Endorsement only apply to “pollution conditions” associated with the “covered locations” specifically identified in the Schedule of Covered Locations, below:

Schedule of Covered Locations

1. Any Landfills or Recycling Facilities that are now, or have been at any time, leased, owned or operated by an "insured".

IV. Specific Pollution Conditions Endorsement Application

Solely to the extent that there is an **X** indicated in this Section IV., above, the “insured” and the Insurer hereby agree that the modifications identified in Section I. of this Endorsement only apply to “pollution conditions” specifically identified below:

Pollution Conditions

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

SPECIMEN

SCHEDULE OF COVERED LOCATIONS ENDORSEMENT

Named Insured Webb County			Endorsement Number 010
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The “insured” and the Insurer hereby agree to the following changes to this Policy:

The locations identified in the Schedule of Covered Locations, below, are hereby added to this Policy as additional “covered locations”.

SCHEDULE OF COVERED LOCATIONS

<u>Location</u>	<u>Retroactive Date</u>
1. All locations per listed on property schedule titled "2020 WEBB COUNTY PROPERTY SOV-compared to insureds RFP SOV.ds.xls" submitted on 04/03/2020 and on file with the Insurer.	10/01/1998

If a “covered location”, above, is identified with a corresponding Retroactive Date, then that date shall supersede the general Retroactive Date identified for premises coverage afforded pursuant to Coverages **A.**, **B.** and **C.** within Item **5.** of the Declarations to this Policy for “pollution conditions” on, at under or migrating from, or “indoor environmental conditions” at, that specific “covered location”. Also, if a “covered location”, above, is identified with the phrase “**FULL RETRO**”, then full retroactive coverage is afforded pursuant to this Policy for “pollution conditions” on, at under or migrating from, or “indoor environmental conditions” at, that specific “covered location”. Notwithstanding the foregoing, any retroactive coverage indicated herein is subject to any other exposure-specific Retroactive Date added to this Policy by endorsement.

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

SCHEDULED LOCATIONS COVERAGE ONLY ENDORSEMENT

Named Insured Webb County			Endorsement Number 011
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The "insured" and the Insurer hereby agree to the following changes to this Policy:

Section **V.**, **DEFINITIONS**, Subsection **K.**, of this Policy is hereby deleted in its entirety and replaced with the following:

K. "Covered location" means:

1. Any location that is specifically identified on a Schedule of Covered Location Endorsement attached to this Policy; and
2. Any location that meets the prerequisites to coverage identified in the Automatic Acquisition and Due Diligence Endorsement attached to this Policy, if any.

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

FLUORINATED COMPOUNDS EXCLUSIONARY ENDORSEMENT

Named Insured Webb County			Endorsement Number 012
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The "insured" and the Insurer hereby agree to the following changes to this Policy:

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Named Insured Webb County			Endorsement Number 013
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in this endorsement or in the policy Declarations.

Disclosure Of Federal Participation In Payment Of Terrorism Losses

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% for year 2015, 84% beginning on January 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 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 calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Cap On Insurer Participation In Payment Of Terrorism Losses

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.

Terrorism Risk Insurance Act premium: \$.

Authorized Representative

SERVICE OF SUIT ENDORSEMENT

Named Insured Webb County			Endorsement Number 014
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Information about service of suits upon the company is given below. Service of process of suits against the company may be made upon the following person, or another person the company may designate:

Mr. Paul Bech, Esq., Assistant General Counsel
Chubb
436 Walnut Street
Philadelphia, PA 19106-3703

The person named above is authorized and directed to accept service of process on the company's behalf in any action, suit or proceeding instituted against the company. If the insured requests, the company will give the insured a written promise that a general appearance will be entered on the company's behalf if a suit is brought.

If the insured requests, the company will submit to the jurisdiction of any court of competent jurisdiction. The company will accept the final decision of that court or any Appellate Court in the event of an appeal. However, nothing in this endorsement constitutes a waiver of the company's right to: remove an action to a United States District Court, seek a transfer of a case to another court, or to enforce policy provisions governing choice of law or venue selection, as may be permitted by the laws of the United States, or of any state in the United States.

The law of some jurisdictions of the United States of America requires that the Superintendent, Commissioner or Director of Insurance (or their successor in office) be designated as the company's agent for service of process. In these jurisdictions, the company designates the Director of Insurance as the company's true and lawful attorney upon whom service of process on the company's behalf may be made. The company also authorizes the Director of Insurance to mail process received on the company's behalf to the company person named above.

If the insured is a resident of Canada, the insured may also serve suit upon the company by serving the government official designated by the law of the insured's province.

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND ANY OF THE TERMS, CONDITIONS, OR LIMITATIONS OF THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED OTHER THAN AS ABOVE STATED.

Authorized Representative

TERRORISM RISK INSURANCE ACT ENDORSEMENT

Named Insured Webb County			Endorsement Number 015
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Terrorism Premium (Certified Acts of Terrorism): \$ _

In consideration of the additional premium indicated above, which is included in the Premium as listed on the Declarations, the "insured" and the Insurer, hereby agree to the following Policy change(s):

- A. With respect to any "hostile acts" or "terrorism" exclusions contained in this Policy, or attached to this Policy by endorsement, such exclusions do not apply to a "certified act of terrorism", as defined in Paragraph C., below.
- B. With respect to any one or more "certified acts of terrorism", the Insurer will not pay any amounts for which the Insurer is not responsible under the terms of the federal Terrorism Risk Insurance Act ("**TRIA**"), due to the application of any clause which results in a cap on the Insurer's liability for payments for terrorism losses.
- C. "Certified act of terrorism" means an 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 pursuant to TRIA. The criteria contained TRIA for a "certified act of terrorism" include the following:
 - 1. The act resulted in insured losses in excess of \$5 million 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.
- D. Notwithstanding any coverage that may otherwise be afforded for punitive damages under this Policy, if any, coverage shall not be afforded for damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.
- E. The coverage afforded under this endorsement shall expire at the earlier of the following dates:
 - 1. The end of the "policy period", as indicated on the Declarations; or
 - 2. **December 31, 2020.**

- F. The premium for “certified acts of terrorism” coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in TRIA. The federal program established by TRIA is scheduled to terminate at the end of December 31, 2020, unless extended by the federal government.
- G. If this “policy period” extends beyond December 31, 2020, please note that the TRIA premium, above, is premised on the parties’ assumption that TRIA will later be extended through the end of the “policy period”, thereby mandating that Insurer make available coverage for “certified acts of terrorism” for the entire “policy period”. In the event that TRIA is not extended beyond December 31, 2020, or otherwise expires at some point during the “policy “period”, the Insurer will refund the unearned portion of our TRIA premium to the insured on a pro-rata basis. In the event that new TRIA extension or replacement legislation is enacted requiring the Insurer to offer coverage for terrorism that is materially different than the coverage requirements included in the current version of TRIA that expires on December 31, 2020, the Insurer reserves the right to re-price and prospectively modify terrorism coverage to conform with the statutory requirements and risks presented by any such new legislation.

All other terms and conditions of the policy remain unchanged.

Authorized Representative

TRADE OR ECONOMIC SANCTIONS ENDORSEMENT

Named Insured Webb County			Endorsement Number 016
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims. All other terms and conditions of the policy remain unchanged.

SPECIMEN

Authorized Representative

SIGNATURES

Named Insured Webb County			Endorsement Number 017
Policy Symbol PPI	Policy Number G2727156A 008	Policy Period 10/01/2020 to 10/01/2021	Effective Date of Endorsement 10/01/2020
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THE ONLY SIGNATURES APPLICABLE TO THIS POLICY ARE THOSE REPRESENTING THE COMPANY NAMED ON THE FIRST PAGE OF THE DECLARATIONS.

By signing and delivering the policy to you, we state that it is a valid contract.

ILLINOIS UNION INSURANCE COMPANY (A stock company)
525 W. Monroe Street, Suite 400, Chicago, Illinois 60661

WESTCHESTER SURPLUS LINES INSURANCE COMPANY (A stock company)
Royal Centre Two, 11575 Great Oaks Way, Suite 200, Alpharetta, GA 30022


REBECCA L. COLLINS, Secretary


JOHN J. LUPICA, President
Authorized Representative

Chubb. Insured.™

- Illinois Union Insurance Company
- Westchester Surplus Lines Insurance Company
-

Insured:
Webb County

Attached To Policy No.: PPI G2727156A 008

Effective Date: 10/01/2020

TEXAS SURPLUS LINES NOTIFICATION

THIS INSURANCE CONTRACT IS WITH AN INSURER NOT LICENSED TO TRANSACT INSURANCE IN THIS STATE AND IS ISSUED AND DELIVERED AS A 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 THIS 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 4.85 PERCENT TAX ON GROSS PREMIUM.

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND ANY OF THE TERMS, CONDITIONS, OR LIMITATIONS OF THE POLICY TO WHICH THIS NOTICE IS ATTACHED OTHER THAN AS STATED ABOVE.

IMPORTANT NOTICE

To obtain information or make a complaint:

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

1 (800) 352-4462

You may also write to the Company at:

Chubb
Customer Services
PO Box 1000
Philadelphia, PA 19106-3703

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
E-mail: ConsumerProtection@tdi.texas.gov

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim, you should contact your agent or the company 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 llamar al número de teléfono gratuito de la Compañía para obtener información o para presentar una queja al:

1 (800) 352-4462

Usted también puede escribir a la Compañía:

Chubb
Customer Services
PO Box 1000
Philadelphia, PA 19106-3703

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
Sitio web: www.tdi.texas.gov
E-mail: ConsumerProtection@tdi.texas.gov

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 o 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.

**Chubb Producer Compensation
Practices & Policies**

Chubb believes that policyholders should have access to information about Chubb's practices and policies related to the payment of compensation to brokers and independent agents. You can obtain that information by accessing our website at <http://www.chubbproducercompensation.com> or by calling the following toll-free telephone number: 1-866-512-2862.

SPECIMEN

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

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 Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (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; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, 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 are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



Jul 09, 2020

Chad Williamson
McGriff, Seibels & Williams of Texas, Inc- Houston
10100 Katy Freeway
Suite 400
Houston, TX 77024

Re: Webb County, Ref# 8640298-A
Proposed Effective 10/1/2020 to 10/1/2021

Dear Chad:

We are pleased to confirm the attached quotation for **CYBER** being offered with **Hudson Excess 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:

OPTION 1

Premium:	\$18,364.00
Carrier Policy Fee	\$195.00
Surplus Lines Tax	\$900.11
Stamping Office Fee	\$27.84

Total: \$19,486.95

OPTION 2

Premium:	\$30,018.00
Carrier Policy Fee	\$195.00
Surplus Lines Tax	\$1,465.33
Stamping Office Fee	\$45.32

Total: \$31,723.65

OPTION 3

Premium:	\$42,675.00
Carrier Policy Fee	\$195.00
Surplus Lines Tax	\$2,079.20
Stamping Office Fee	\$64.31

Total: \$45,013.51

TRIPRA Status: INCLUDED

Tax Filings are the responsibility of: CRC

Broker Fees & Policy Fees are Fully Earned at Binding

Should **Webb County** 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.

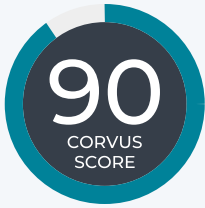
CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as "contingent commissions" or "incentive commissions"), which is compensation that is based 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.

Financing Insurance Premiums

Premium financing budgets insurance payments and improves liquidity for other business objectives: working capital, business growth, building expansion.

If your clients choose to pay their insurance in monthly installments, it's fast and easy with AFCO & Prime Rate Insurance Premium Finance Companies, which are affiliates of CRC. AFCO provides premium financing solutions for large and mid-size corporate accounts; Prime Rate offers solutions for smaller commercial and personal lines.

Find out how premium financing works and how it can expand your relationship with your clients by e-mailing premiumfinance@afco.com; or call toll- free [866-669-0937](tel:866-669-0937) and press **81**. Additional information is available at www.afco.com and www.primeratepfc.com.



Jun 23, 2020

Webb County scores in the 69th percentile

Corvus calculates percentile based on other companies with similar industry class and annual revenue.



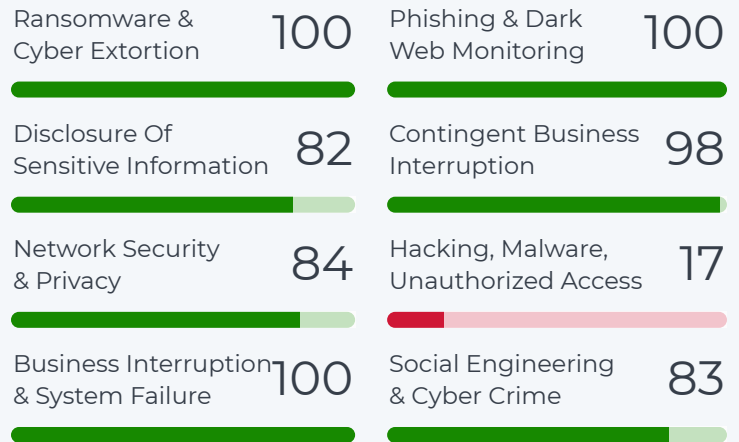
Learn more about this DLP Report:
Watch at www.corvusinsurance.com/dlp



Breakdown of Risk Exposure Groups

In addition to calculating an overall Corvus Score and benchmark percentile, the Corvus Scan also rates **8 types of risk exposure** and provides a score for each group.

The full Dynamic Loss Prevention (DLP) Report has **specific recommendations** to reduce risk exposure for each group, ranked by severity.



Preview Recommendations

LOW IMPACT DNS Security : DNS Hijacking (Protection)

We observed that 1 domain is missing domain-hijacking protection settings. We recommend enabling protection features and/or if not available through your current domain hosting service, considering migration to a new one. This will help prevent potential social engineering or ransomware attacks that could lead to financial or data loss.

LOW IMPACT Email Security : Email Authentication

Email authentication protocols are not implemented for 3 domains. Implement email authentication (SPF or DKIM) on all owned domains to prevent an attacker impersonating a member of your organization to execute social engineering attacks. These types of attacks can lead to a multitude of claims including financial fraud, cryptojacking, and business interruption.

Bind with Corvus for additional recommendations on the full DLP Report

Beyond the DLP: Cyber Risk Resources

In addition to quarterly DLP Reports, Corvus policyholders enjoy a dedicated Breach Coach, discounts with industry-leading vendors, and access to educational resources on our Risk Management Portal.

See our Services Guide to learn more: <https://hubs.ly/H0p84dQO>



Ransomware/Business Interruption Cost Calculator

Prepared For
Webb County



Let's Approximate the Risk

In the event of a ransomware event leading to a shutdown of all operations, what might the approximate cost be?

\$187,466,763

Annual
Revenue

40%

Cost of
Goods Sold

\$112,480,058

Net Annual Business
Interruption Expenses



\$112,480,058

Over 365 Days

× 100%

Percentage of Revenue Reliant on
Operational Computer Systems

+

\$1,000,000

Ransom Payment

+

\$500,000

Data Recovery Costs
& Extra Expenses

+

\$1,000,000

Breach Response Costs

Total Estimated Cost:

\$7,122,468

Over 15 Days

\$11,744,936

Over 30 Days

\$20,989,873

Over 60 Days

Total cyber loss estimates may be greater as this calculation does not include: regulatory fines and penalties, PCI-DSS assessment expenses, cyber crime/financial fraud, and reputational loss.

This calculation is an approximation of the cost of a ransomware event that shuts down the operations of an organization. If the organization does not rely on digital assets and tools for all of its operations then this recommendation may be too high and the recommendations should be discounted accordingly. Cost of Goods Sold percentages are based on sources including eRiskHub and NYU/Stern (Jan. 2020) and other Corvus data; COGS estimates are recommendations only and should be adjusted for individual company costs. Corvus recommends that each company consult further with their accountants and insurance broker in order to produce a more exact time-based recommendation. The non-Business Interruption numbers are estimates, based on the client's revenue, and may include digital forensics, customer notification, public relations, and other first party breach response expenses.



Quote for Smart Cyber Insurance[®]

JULY 01, 2020

NAMED INSURED

Webb County

State: TX

POLICY PERIOD

From **10/01/2020** to **10/01/2021**

Both dates at 12:01 a.m. Standard Time at the address of the named Insured as stated herein.

RETROACTIVE DATE

None; Full Unknown Prior Acts

INSURER

Hudson Excess Insurance Company (Non-Admitted, AM Best "A" Excellent)

CORVUS **BLACK**

Introducing Premier Risk Mitigation Services

Webb County Qualifies for Corvus Black

Because this account has over \$100m in annual revenue, your client qualifies for additional free risk management services to better predict, prevent and prepare for cyber incidents.

[Learn More About Corvus Black Services](#)

- ✓ Vendor Scans & DLP Reports
- ✓ Deploy a Phishing Test
- ✓ Expert DLP Reviews
- ✓ Pre-Breach Consultation

Option 1

Third Party Insuring Agreements	Limit	Retention
A. Network Security and Privacy Liability	\$1,000,000	\$25,000 Each Claim
B. Regulatory Investigations, Fines and Penalties	\$1,000,000	\$25,000 Each Claim
C. Media Liability	\$1,000,000	\$25,000 Each Claim
D. PCI DSS Assessment Expenses	\$1,000,000	\$25,000 Each Claim
E. Breach Management Expenses	\$1,000,000	\$25,000 Each Claim
First Party Insuring Agreements	Limit	Retention, Waiting Period, and Period of Indemnity
A. Business Interruption	\$1,000,000	Waiting Period: 6 Hours Period of Indemnity: 12 Months
B. Contingent Business Interruption	\$1,000,000	Waiting Period: 6 Hours Period of Indemnity: 12 Months
C. Digital Asset Destruction, Data Retrieval and System Restoration	\$1,000,000	\$25,000 Each Loss
D. System Failure Coverage	\$1,000,000	Waiting Period: 6 Hours Period of Indemnity: 12 Months
E. Social Engineering & Cyber Crime Coverage	\$1,000,000	\$25,000 Each Claim
F. Reputational Loss Coverage	\$1,000,000	Period of Indemnity: 12 Months Waiting Period: 2 Weeks
G. Cyber Extortion and Ransomware Coverage	\$1,000,000	\$25,000 Each Loss
H. Breach Response and Remediation Expenses	\$1,000,000	\$25,000 Each Loss
I. Court Attendance Costs	\$250,000	\$25,000 Each Loss
Maximum Policy Aggregate Limit: \$1,000,000		
Premium (Including TRIA): \$18,364		

- Please see CRC's cover page for total premium.

Option 2

Third Party Insuring Agreements	Limit	Retention
A. Network Security and Privacy Liability	\$3,000,000	\$50,000 Each Claim
B. Regulatory Investigations, Fines and Penalties	\$3,000,000	\$50,000 Each Claim
C. Media Liability	\$3,000,000	\$50,000 Each Claim
D. PCI DSS Assessment Expenses	\$3,000,000	\$50,000 Each Claim
E. Breach Management Expenses	\$3,000,000	\$50,000 Each Claim
First Party Insuring Agreements	Limit	Retention, Waiting Period, and Period of Indemnity
A. Business Interruption	\$3,000,000	Waiting Period: 6 Hours Period of Indemnity: 12 Months
B. Contingent Business Interruption	\$3,000,000	Waiting Period: 6 Hours Period of Indemnity: 12 Months
C. Digital Asset Destruction, Data Retrieval and System Restoration	\$3,000,000	\$50,000 Each Loss
D. System Failure Coverage	\$3,000,000	Waiting Period: 6 Hours Period of Indemnity: 12 Months
E. Social Engineering & Cyber Crime Coverage	\$1,000,000	\$50,000 Each Claim
F. Reputational Loss Coverage	\$3,000,000	Period of Indemnity: 12 Months Waiting Period: 2 Weeks
G. Cyber Extortion and Ransomware Coverage	\$3,000,000	\$50,000 Each Loss
H. Breach Response and Remediation Expenses	\$3,000,000	\$50,000 Each Loss
I. Court Attendance Costs	\$250,000	\$50,000 Each Loss
Maximum Policy Aggregate Limit: \$3,000,000		
Premium (Including TRIA): \$30,018		

- Please see CRC's cover page for total premium.

Option 3

Third Party Insuring Agreements	Limit	Retention
A. Network Security and Privacy Liability	\$5,000,000	\$50,000 Each Claim
B. Regulatory Investigations, Fines and Penalties	\$5,000,000	\$50,000 Each Claim
C. Media Liability	\$5,000,000	\$50,000 Each Claim
D. PCI DSS Assessment Expenses	\$5,000,000	\$50,000 Each Claim
E. Breach Management Expenses	\$5,000,000	\$50,000 Each Claim
First Party Insuring Agreements	Limit	Retention, Waiting Period, and Period of Indemnity
A. Business Interruption	\$5,000,000	Waiting Period: 6 Hours Period of Indemnity: 12 Months
B. Contingent Business Interruption	\$5,000,000	Waiting Period: 6 Hours Period of Indemnity: 12 Months
C. Digital Asset Destruction, Data Retrieval and System Restoration	\$5,000,000	\$50,000 Each Loss
D. System Failure Coverage	\$5,000,000	Waiting Period: 6 Hours Period of Indemnity: 12 Months
E. Social Engineering & Cyber Crime Coverage	\$1,000,000	\$50,000 Each Claim
F. Reputational Loss Coverage	\$5,000,000	Period of Indemnity: 12 Months Waiting Period: 2 Weeks
G. Cyber Extortion and Ransomware Coverage	\$5,000,000	\$50,000 Each Loss
H. Breach Response and Remediation Expenses	\$5,000,000	\$50,000 Each Loss
I. Court Attendance Costs	\$250,000	\$50,000 Each Loss
Maximum Policy Aggregate Limit: \$5,000,000		
Premium (Including TRIA): \$42,675		

- Please see CRC's cover page for total premium.



POLICY FORM

Corvus Smart Cyber Policy Form No. [CB-101-001](#)

ENDORSEMENTS

CB-107-002	Bodily Injury Claims - \$100,000 Sublimit
CB-108-001	Breach Response and Remediation Expenses Outside the Limit
CB-109-001	Defense Expenses Outside the Limit - \$1,000,000
CB-111-002	GDPR Coverage
CB-120-001	Solicitation Claims - \$50,000 Sublimit
CB-123-001	Criminal Reward Expenses - \$50,000 Sublimit
CB-128-001	Loss of Funds Exclusion Carveback
CB-129-001	Cyber Select Amendatory
CB-155-001	Cryptojacking Endorsement
CB-167-001	War Exclusion Cyber Terrorism Carveback
CB-200-001	Policyholder Disclosure Notice of Terrorism Insurance Exclusion and Coverage Option
CB-202-001	Coverage for Certified Acts of Terrorism



SUBJECTIVITIES

The proposed quoted terms are valid for 30 days and subject to the receipt, review, and acceptance of the following information, **prior to binding**:

1. A freshly signed and dated version of the provided application.
2. Additional information on use of multi-factor authentication, authorization process for wire transfers/ACH, and data encryption practices (including mobile devices).
3. Confirmation that a BCP (Business Continuity Plan) is in place, that the prior ransomware event cost was under \$50k, and that there are no significant changes to the exposure between the quoted date of 7/1 and the effective date of 10/1.
4. Only if TRIA is being rejected, a signed TRIA coverage waiver (attached on quote).

FEES

Policy Issuance Fee: \$195

BREACH RESPONSE HOTLINE

Corvus Smart Cyber Insurance® 24/7 Breach Response Hotline:
[\(833\) 262-1362](tel:8332621362)



Application for Smart Cyber Insurance

1. Company Name

Webb County

2. Domiciled State

Texas

3a. Primary Website

<http://www.webbcountytexas.gov/>

3b. Additional Websites

4. Nature of Business (Industry)

Municipality / Public Entity

5. Projected Gross Annual Revenue (next 12 months)

\$187,466,763

6. Estimated number of unique personally identifiable records¹ maintained by the applicant (including records stored by third-party providers).

- 0 - 250,000 500,001 - 1,000,000 2,500,001 - 5,000,000 10,000,001 +
 250,001 - 500,000 1,000,001 - 2,500,000 5,000,001 - 10,000,000

7. Does the applicant have formal processes for backing up, archiving, and restoring sensitive data? Yes No

8. If the applicant accepts payment cards in exchange for goods or services rendered, is the applicant or their outsourced payment processor PCI compliant? Yes No N/A

9. If the Applicant stores over 1MM PII records, do they encrypt private or sensitive information stored on mobile devices²? Yes No N/A

10. If revenue is over \$100MM and the applicant uses multimedia material provided by others, does the applicant always obtain the necessary rights, licenses, releases, and consents prior to publishing? Yes No N/A

11. If the Applicant has more than \$500MM in revenue, stores more than 1MM PII records, and allows remote access into their network, do they utilize multi-factor authentication to secure that access? Yes No N/A

12. If the Applicant's industry is retail, restaurant, or online retailer, do they deploy either end-to-end or point-to-point encryption technology on all of their point of sale terminals? Yes No N/A



13. Has the Applicant experienced in the past three years any cyber security incident, data privacy incident or any multimedia liability claim³?

Yes No

If Yes: Is the actual or expected total financial impact to the Applicant and its insurer more than \$25,000?

Yes No

If Yes: Please provide additional details.

14. Does the Applicant or any other person or organization proposed for this insurance have knowledge of any actual or alleged: security breach, privacy breach, privacy-related event or incident, breach of privacy, or multimedia incident⁴ that may reasonably be expected to give rise to a claim or to costs being incurred?

Yes No

If Yes: Please provide additional details.

15. Has the Applicant or any other organization proposed for this insurance sustained any unscheduled network outage or interruption lasting longer than six hours within the past twenty-four months?

Yes No

If Yes: Please provide additional details.

Prior ransomware attempt; restored and were back up and running inside of four hours

16. Desired Limits

- \$1MM Each Claim / \$1MM Aggregate
 Other

17. Desired Retentions

- \$25,000
 Other
-

Signature

Print Name & Title

Date

FOOTNOTES

¹ PII includes any information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual.

² Laptops, tablets, phones, hard drives, USB drives, etc.

³ A multimedia liability claim includes one alleging defamation, disparagement, invasion of privacy, commercial misappropriation of likeness, plagiarism, piracy, or copyright or trademark infringement.

⁴ Defamation, disparagement, invasion of privacy, commercial misappropriation of likeness, plagiarism, piracy, or copyright or trademark infringement.

NOTICE

Notice to All Applicants: 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, for the purpose of misleading, conceals information concerning any fact material thereto, may commit a fraudulent insurance act which is a crime and subjects such person to criminal and civil penalties in many states.

Notice to Colorado Applicants: 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 claiming 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.

Notice to District of Columbia and Louisiana Applicants: 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.

Notice to Florida Applicants: Any person who knowingly and with intent to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Notice to Oklahoma Applicants: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

Notice to Kansas Applicants: 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 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.

Notice to Maine, Tennessee, Virginia and Washington Applicants: 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 and/or denial of insurance benefits.

Notice to Maryland Applicants: 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.

Notice to New Hampshire Applicants: Any person who, with a purpose to injure, defraud or deceive an insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud as provided in RSA 638:20.

Notice to New York Applicants: 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 \$5,000 and the stated value of the claim for each such violation.

Notice to Pennsylvania Applicants: 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 purposes 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.



Policyholder Disclosure: Notice of Terrorism Insurance Exclusion and Coverage Option

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you now have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term “act of terrorism” 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 an air carrier or vessel or the premises of a United States mission; and to 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 civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS 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 PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT 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 FOR SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

You have the right to accept or reject any coverage that might be provided under provisions of the Act and under the terms, conditions and exclusions of the policy. If you decide to purchase a policy from us and wish to take advantage of any terrorism coverage that might be provided, you will have to pay an additional premium for terrorism coverage in the amount of:



Limit Each Trigger	Aggregate Limit	Retention Each Trigger	* Basic Premium	* Additional Premium for Certified Acts of Terrorism Coverage (1% of Basic)
\$1,000,000	\$1,000,000	\$25,000	\$18,182	\$182
\$3,000,000	\$3,000,000	\$50,000	\$29,721	\$297
\$5,000,000	\$5,000,000	\$50,000	\$42,252	\$423

* does not include surplus lines taxes and/or fees

Even if you do decide to take advantage of any terrorism coverage that might be provided under terms of the Act, we will exclude coverage for losses not eligible for federal reinsurance under the Act, which include losses due to domestic acts of terrorism and losses due to acts of terrorism to property located outside the United States. Further, as respects all losses, even losses eligible for federal reinsurance under the Act, the actual coverage available under our policies for acts of terrorism will still be limited by all of the terms, conditions, exclusions and endorsements of the policy and by generally applicable rules of law. This means that even if you decide to pay the additional premium to buy terrorism coverage to the extent provided under the Act, all terms, conditions and exclusions in the policy, will apply, even if they prevent coverage for losses resulting from terrorism.

If you decide not to accept this offer of terrorism coverage to the extent provided by the Act and not otherwise excluded by the policy, you must sign below to waive such coverage and return the original of this document to us.



WAIVER OF COVERAGE

I/we hereby waive all rights to any coverage for terrorism that may have been available under the Terrorism Risk Insurance Act and authorize Hudson Specialty Insurance Company or Hudson Excess Insurance Company to fully exclude terrorism coverage under the policy issued or to be issued to me/us.

Proposed Named Insured

Proposed Named Insured Address

Applicant's Signature

Date

Print Name

Title

Notice to Policyholders

Coverage under this **Policy** is provided on a claims made and reported basis. This Policy applies only to **Claims** first made against the **Insured** during the **Policy Period** and reported in writing or by electronic notice to the **Company** during the **Policy Period** or Extended Reporting Period, if applicable, or to **Loss** first discovered by the **Insured** and notified in writing or by electronic notice to the **Company** during the **Policy Period** or Extended Reporting Period, if applicable, and subject to all other terms.

Any obligation or payment owed by the **Company** shall in every case be subject to the Limits of Liability as stated in the Declarations. **Defense Expenses** shall reduce the applicable Limits of Liability, subject to any applicable **Retention**, and may completely exhaust the Maximum Policy Aggregate Limit of Liability. This **Policy** only affords coverage under those Insuring Agreements below that are indicated as purchased in Item 5 of the Declarations.

Please review the coverage afforded under this **Policy** carefully, and discuss it with your insurance agent or broker.

SPECIMEN

CORVUS SMART CYBER INSURANCE

In consideration of the payment of premium, reliance upon the **Application**, and subject to all terms of this Policy, the **Company** agrees to indemnify the **Insured** in excess of the **Retention** or after the expiration of the **Waiting Period**, as indicated in Item 6 of the Declarations page, for:

THIRD PARTY INSURING AGREEMENTS

I. Amounts which the **Insured** is legally obligated to pay as a direct result of a **Claim** first made against the **Insured** during the **Policy Period**, and reported in writing or by electronic notice to the **Company** during the **Policy Period** or Extended Reporting Period, if applicable, for:

A. **Network Security and Privacy Liability**

Damages and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** arising from a **Security Breach** or **Privacy Breach**.

B. **Regulatory Investigations, Fines, and Penalties**

Regulatory Fines and Penalties and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** arising from a **Security Breach** or **Privacy Breach**.

C. **Media Liability**

Damages and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** arising from **Media Activities**.

D. **PCI DSS Assessment Expenses**

PCI DSS Assessment Expenses and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** arising from a **Security Breach** or **Privacy Breach**.

E. **Breach Management Expenses**

Breach Management and Incident Response Expenses which the **Insured** has contractually indemnified a **Third Party** for a **Security Breach** or **Privacy Breach** when the **Insured** has a legal obligation to notify affected individuals.

FIRST PARTY INSURING AGREEMENTS

II. **Loss**, first discovered by the **Control Group** during the **Policy Period** and reported in writing or by electronic notice to the **Company** during the **Policy Period** or Extended Reporting Period, if applicable, for:

A. **Business Interruption**

Business Income Loss and **Extra Expenses** incurred during the **Interruption Period** directly as a result of the total, or partial, or intermittent interruption or degradation in service of an **Insured's Computer System** caused directly by a **Privacy Breach**, **Security Breach**, **Administrative Error** or **Power Failure**.

B. Contingent Business Interruption

Business Income Loss and **Extra Expenses** incurred during the **Interruption Period** caused directly as a result of the total, partial, or intermittent interruption or degradation in service of the **Computer System** of an **Outsourced Service Provider** caused directly by a **Privacy Breach, Security Breach, or Administrative Error** at that **Outsourced Service Provider**.

C. Digital Asset Destruction, Data Retrieval and System Restoration

Digital Asset Loss and **Related Expenses** incurred as a direct and necessary result of a **Privacy Breach, Security Breach** or **Administrative Error**.

D. System Failure Coverage

Business Income Loss, Extra Expenses, and Digital Asset Loss incurred during the **Interruption Period** directly as a result of an unintentional or unplanned outage caused by **Administrative Error, Unintentional Damage or Destruction, or Computer Crime and Computer Attacks**.

E. Social Engineering and Cyber Crime Coverage

Financial Fraud Loss, Telecommunications Fraud Loss, Phishing Attack Loss, theft of Funds Held in Escrow, or theft of Personal Funds incurred directly as a result of **Financial Fraud, Telecommunications Fraud, or Phishing Attack**.

F. Reputational Loss Coverage

Reputational Loss incurred during the **Interruption Period** as a direct result of a **Media Event** arising from a **Privacy Breach, Security Breach, Cyber Extortion Threat, or Phishing Attack**.

G. Cyber Extortion and Ransomware Coverage

Extortion Expenses and **Extortion Payment** incurred directly as a result of a **Cyber Extortion Threat**.

H. Breach Response and Remediation Expenses

Breach Management and Incident Response Expenses incurred directly as a result of a **Privacy Breach or Security Breach**.

I. Court Attendance Costs

Expenses incurred to attend court for any tribunal, arbitration, adjudication, mediation or other hearing in connection with any **Claim** for which the **Insured** is entitled to indemnity under this policy.

DYNAMIC LOSS PREVENTION SERVICES

III. Consultative and support services requested by the **Insured** prior to notifying the **Company** of a potential **Loss** or **Claim**, including:

A. IT Security Assessments

The **Insured** shall have access to network security assessments and recommendations provided by the **Company's** data provider throughout the **Policy Period**. The **Insured** may request assessments as frequently as once every fourteen (14) business days.

B. Pre-Claim Support Services

If the **Company** is provided with notice of a potential Loss or of a **Claim** that is not yet a Loss or **Claim** under this policy and the **Insured** requests the **Company's** assistance to mitigate against such a **Claim** or Loss, the **Company** may agree to pay for up to \$1,000,000 in Breach Management and Incident Response Expenses. Any such fees must be incurred with the **Company's** prior written consent by an attorney or consultant we have mutually agreed upon. Such attorney's and consultant's fees will be considered **Claim** expenses or Loss and will be subject to the Limits of Liability that would be applicable if a covered **Claim** is made and is also subject to the Policy's Aggregate Limit of Liability.

EXCLUSIONS

IV. The **Company** shall not be liable for any **Claim, Damages, Defense Expenses** or **Loss** based upon, arising out of, or in any way attributable to:

1. Prior Knowledge or Notification

Any act, fact, error, omission, event, incident, occurrence, claim or circumstance that could reasonably be expected to give rise to a **Claim** or **Loss** when such act, fact, error, omission, event, incident, occurrence, claim or circumstance was known prior to the Inception Date of this **Policy** by any member of the **Control Group**;

2. Deliberate Acts

The **Insured's** willful deliberate, malicious, fraudulent, dishonest, or criminal act or violation of law with the knowledge, connivance or acquiescence of any member of the **Control Group**; however, this exclusion shall not apply to **Defense Expenses** incurred in defending any such **Claim** until such time that there is final adjudication establishing such conduct, at which time the **Insured** shall reimburse the **Company** for all **Defense Expenses** incurred. Facts, or knowledge possessed by the **Control Group** regarding the foregoing conduct shall be imputed to other **Insureds**;

3. Insured. vs Insured

Any **Claim** made by or on behalf of an **Insured** against another **Insured**. This exclusion shall not apply to any **Claim** brought by an **Employee** outside of the **Control Group** as a result of a **Privacy Breach** or **Security Breach**;

4. **Bodily Injury**

Physical injury, sickness, disease, or death sustained by any individual and, where resulting from such physical injury only, mental anguish, mental injury, shock or emotional distress;

5. **Property Damage**

Physical Injury to, or impairment, destruction or corruption of, any tangible property, including personal property in the care, custody or control of the **Insured**. **Data** and **Digital Assets** are not tangible property;

6. **Employment Practices**

Any employer-employee relations, policies, practices, acts or omissions, any actual or alleged refusal to employ any persons or any misconduct, including physical or sexual, with respect to **Employees**, including negligent employment, investigation, supervision, hiring, training or retention of any **Employee, Insured** or person for whom the **Insured** is legally responsible. However, this exclusion does not apply to a **Privacy Breach**;

7. **Breach of Contract**

Any breach of any express, implied, actual or constructive contract, warranty, guarantee or promise. This exclusion does not apply to:

- a. Any liability or obligation an **Insured** would have had in the absence of such contract, warranty, guarantee or promise and which would have been insured by this Policy;
- b. A breach of the **Insured's** privacy policy; or
- c. An otherwise covered **Claim** under Insuring Agreement I. D. PCI DSS Assessment Expenses;

8. **Description of Price of Goods**

Actual or alleged inaccurate, inadequate or incomplete description of the price of goods, products, or services, including cost guarantees, cost representations, contract price, or cost estimates being exceeded;

9. **Discrimination**

Any actual or alleged discrimination of any kind, including but not limited to age, color, race, gender, religion, creed, national origin, marital status, sexual orientation, sexual preference, disability, financial condition, or pregnancy, including violations of civil rights or discrimination or retaliatory conduct of any kind;

10. **Government Intervention**

Non-discriminatory measures of a government taken in the public interest for the purposes of ensuring public safety, raising revenues, protecting the environment or regulating economic activities;

11. **Patent Infringement**

The actual or alleged:

- a. Infringement of any patent or patent rights or misuse or abuse of a patent; or
- b. The misappropriation, theft, copying, display or publication of any trade secret, unless arising out of a Privacy Breach or Security Breach;

12. **Bankruptcy**

The insolvency, liquidation or bankruptcy of any person or entity, including any **Insured** to the extent permitted by law, or the failure, inability or unwillingness of any person or entity or **Insured** to make payments or perform obligations or conduct business because of insolvency, liquidation, or bankruptcy; However, the **Insured's** insolvency will not relieve the **Company** of any legal obligation under this contract of insurance where this insolvency does not give rise to a claim under this policy;

13. **Loss of Funds**

- a. Loss, decrease in value or theft of securities or currency;
- b. Trading losses, liabilities or changes in trading account value; or
- c. The value of electronic funds, money, securities or wire transfer;

14. **Force Majeure**

Any loss incurred as a result of a natural disaster, including fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail or any other natural physical event however caused;

15. **Payment Card Industry**

The failure by the **Insured** to comply with or follow the Payment Card Industry Data Security Standards, Merchant Services Agreements or any Payment Card Company rules, or the failure to implement, maintain or comply with any payment card industry security measures or standards. However, this exclusion does not apply to Insuring Agreement I.D. PCI DSS Assessment Expenses;

16. Pollutants

Any actual or alleged or threatened presence, discharge, dispersal, release, escape or failure to detect pollutants or solid, liquid, gaseous or thermal irritant or contaminant of any kind, including smoke, vapor, soot, fumes, other air emission, acids, toxic chemicals, alkalis, mold, spores, fungi germs, odor, waste, water, oil or oil product, infectious or medical waste, asbestos or asbestos product, lead or lead product, noise, and electric, magnetic, or electromagnetic field chemicals, or waste (including waste material to be recycled, reconditioned, or reclaimed), whether or not such presence, discharge, dispersal, release, escape or failure to detect results from the **Insured's** activities or the activities of others of whether such presence happened suddenly, gradually, accidentally or intentionally. This exclusion shall not apply to an otherwise covered claim under Insuring Agreement I. A. Security and Privacy Liability and I. B. Regulatory Investigations, Fines, and Penalties;

17. Satellite, Electrical or Mechanical Failures

Satellite failures; electrical or mechanical failures including spike, brownout or blackout; failures of overhead or subterranean transmission and distribution lines; or outage to utility infrastructure, including gas, water, telecommunications, telephone, internet, or cable, unless such infrastructure is under the **Insured's** direct operational control;

18. Specific Legislation

- a. The actual or alleged purchase, sale, or offer of, or solicitation of an offer to purchase or sell securities, or violations of any securities law including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes Oxley Act of 2002, including "Blue Sky" laws;
- b. The actual or alleged violation of the Organized Crime Control Act of 1970 (RICO);
- c. The actual or alleged government enforcement of any state or federal law or regulation including law or regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, or the Securities and Commission; however, this exclusion does not apply to Insuring Agreement II. B. Regulatory Investigations, Fines, and Penalties;
- d. Any breach or alleged breach of any workers' compensation, unemployment compensation, disability benefits or similar laws, including the Federal Employers Liability Act, the Fair Labor Standards Act of 1938, the National Labor Relations Act, the Worker Adjustment and Retraining Act of 1988, the Certified Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act of 1970;
- e. Any violation of any pension, healthcare, welfare, profit sharing, mutual or investment plans, funds, or trusts; or any violation of any provision of the Employee Retirement Income Security Act of 1974 and/or the Pension Protection Act of 2006;

- f. The violation of, or the exposure of the **Insured** or **Company** to, any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, UK, or USA;
- g. The Telephone Consumer Protection Act of 1991 or CAN-SPAM Act of 2003 or any similar state or federal statute, law, regulation or rule with regard to unsolicited distribution of email, text messages, direct mail, facsimiles, spam, actual or alleged wiretapping, audio or video recording, or telemarketing;

19. **Terrorism**

Any act of terrorism, except for a terrorist event perpetrated by electronic or internet based applications or means;

20. **Unauthorized Trading**

Any and all trading by an **Insured**, including trade that at the time of the trade is:

- a. In excess of permitted financial limits; or
- b. Outside of permitted product lines;

21. **Anti-Trust Laws and Unfair Competition**

Any actual or alleged violation of any anti-trust statute, legislation or regulation including the Sherman Anti-Trust Act, the Clayton Act or any similar provisions of any federal, state or local statutory law or common law; or unfair competition, price fixing, deceptive trade practices;

22. **Use of Illegal or Unlicensed Programs**

Use of illegal or unlicensed programs or software;

23. **War**

Confiscation, nationalization, requisition, strikes, labor strikes or similar labor actions; war, invasion, or warlike operations, civil war, mutiny, rebellion, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military coup or usurped power;

24. **Radioactive Contamination, Chemical, Biological, Biochemical and Electromagnetic**

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to, by, or arising from:

- a. Ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste;
- b. The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

- c. Any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d. The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter;
- e. Any chemical, biological, bio-chemical or electromagnetic weapon;

SPECIMEN

DEFINITIONS

Administrative Error

An error or omission by an **Employee** or member of the **Control Group** in the input, processing or output of the **Insured's Digital Assets** of the **Insured's Computer System** operation or maintenance; With respect to Insuring Agreement II. B. Contingent Business Interruption, **Administrative Error** includes error or omission by an employee of an Outsourced Service Provider in the input, processing or output of the **Insured's Digital Assets** or the **Outsourced Service Provider's Computer System** operation or maintenance.

Application

All information provided by or on behalf of the **Insured** to the **Company** as part of any request for this **Policy**, including any supplemental information submitted therewith; All of the above are deemed attached to, material and incorporated into this **Policy**;

Breach Management and Incident Response Expenses

- a. Costs of an external IT security expert to determine the cause, scope and extent of the **Privacy Breach** or **Security Breach** or any immediate actions necessary to mitigate ongoing harm to the **Insured's Computer System**;
- b. Costs and expenses of a legal firm to determine any actions necessary to comply with **Privacy Regulations**;
- c. Notification costs and related expenses to notify:
 - I. Individuals who are required to be notified in compliance with **Privacy Regulations** mandating notifications; or
 - II. Any individual affected by the actual or suspected cyber event or to send email notices or issue substitute notices;
 - III. Costs of setting up a telephone call center in order to support notified individuals and to provide credit file monitoring services and/or identity theft assistance;
- d. **Crisis Management Expenses**;
- e. Costs to provide credit monitoring services, identity monitoring services, identity restoration services or identity theft insurance to affected individuals for up to 24 months.
- f. Access to **Company's** 24/7 Cyber Incident Response Hotline;
- g. Costs to obtain initial report support and assistance from the **Company**;

- h. Costs to conduct a forensic investigation of the **Insured's Computer System** where reasonable and necessary or as required by law or a regulatory body (including a requirement for a PCI Forensic Investigator);
- i. Costs to contain and remove any malware discovered on the **Insured's Computer Systems**;
- j. Costs to complete an information security risk assessment;
- k. Costs to conduct an information security gap analysis;

Business Income Loss

- a. The net profit before income taxes that the **Insured** is prevented from earning during the **Interruption Period**; and
- b. Normal operating expenses incurred by the **Insured** (including payroll), but solely to the extent that such operating expenses must continue during the **Interruption Period** and would have been incurred had there been no interruption or degradation in service;

Business Income Loss does not include any:

- I. Contractual penalties;
- II. Costs or expenses incurred to update, restore, replace or improve a **Computer System** to a level beyond that which existed just before the Interruption of Service;
- III. Expenses incurred to identify or remediate software program errors or vulnerabilities;
- IV. Legal costs or expenses;
- V. Loss arising out of liability to any third party;
- VI. Other consequential loss or damage; or
- VII. Extra Expenses;

'Business Income Loss', as used in item a. Shall mean:

- a. For manufacturing operations, the net sales value of production less the cost of all raw stock, materials and supplies used in such production;

Claim

The following, when first received in writing or by electronic notice by any **Insured** during the **Policy Period** or, if applicable, an Extended Reporting Period.

- a. A notice of an intention to hold the **Insured** responsible for **Damages**, including the service of legal proceedings, the institution of arbitration or mediation, or a written request to toll or waive a statute of limitations against any of the **Insureds**;
- b. A request for information, civil investigative demand, formal civic administrative proceeding or formal regulatory action only to the extent covered by Insuring Agreement I. B. Regulatory Investigations, Fines, and Penalties;
- c. A demand for **PCI DSS Assessment Expenses** only to the extent covered by Insuring Agreement I. D. PCI DSS Assessment Expenses.

First receipt by any **Insured** is deemed to be first receipt by all **Insureds**.

Company

The Insurer listed under Item 3 of the Declarations Page.

Computer Crime and Computer Attacks

An unintentional or negligent act, error or omission by an **Insured**, or an **Outsourced Service Provider** in the operation of an **Insured's Computer System** or in the handling of **Digital Assets**, which fails to prevent or hinder attacks on an **Insured's Computer System**, including, but not limited to **Denial of Service** attacks, unauthorized access, infection of malicious computer code, unauthorized use or an act of cyber terrorism.

Computer System

A system of interconnected hardware and peripherals, and associated software, including Internet of Things (IoT) devices, systems and application software, terminal devices, related communication networks, mobile devices, storage and back-up devices, operated by the **Insured** or an **Outsourced Service Provider**; With respect to Insuring Agreement II. A. Business Interruption, a **Computer System** will not include devices, systems, software, or networks operated by an **Outsourced Service Provider**;

Control Group

Any of the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Operating Officer, Chief Information Security Officer, Chief Legal Officer/General Counsel, Risk Manager or the functional equivalent of any of those positions;

Crisis Management Expenses

Expense reasonably incurred by the **Insured** and approved in writing in advance by the **Company** for the employment of a public relations consultant if the **Insured** reasonably considers that action is needed in order to avert or mitigate a **Business Income Loss** or **Media Event**;

Cyber Extortion Threat

A credible threat or series of credible threats, that includes a demand for **Extortion Payment**, to:

- a. Release, disseminate, destroy or corrupt the **Insured's Digital Assets**;
- b. Introduce **Malicious Code** into the **Insured's Computer System**;
- c. Corrupt, damage or destroy the **Insured's Computer System**;
- d. Electronically communicate with the **Insured's** customers and falsely claim to be the **Insured** or to be acting under the **Insured's** direction in order to falsely obtain personal confidential information of the **Named Insured's** customers (also known as "pharming," "phishing," or other types of false communications); or
- e. Restrict or hinder access to the **Insured's Computer System**, including the threat of a criminal or malicious **Denial of Service**;

Damages

The amount an **Insured** is legally obligated to pay in respect of: a **Claim**, including a monetary judgement, award or settlement, interest and a claimant's legal costs; punitive and exemplary damages, to the extent such damages are insurable under the law pursuant to which this **Policy** is construed; **Regulatory Fines and Penalties** only to the extent covered by Insuring Agreement I. B. Regulatory Investigations, Fines, and Penalties; and PCI DSS Assessment Expenses only to the extent covered by Insuring Agreement I. D.; **Damages** shall not include:

- a. Future profits or royalties, restitution, or disgorgement of the **Insured's** profits;
- b. The cost of complying with orders granting injunctive or non-monetary relief, including specific performance, or any agreement to provide such relief;
- c. Loss of the **Insured's** fees or profits, return or offset of the **Insured's** fees or charges (invoiced or not), or the **Insured's** commissions or royalties provided or contracted to be provided;
- d. Fines, taxes or loss of tax benefits, sanctions unless covered under Insuring Agreement I.B. Regulatory Investigations, Fines, and Penalties and unless covered under Insuring Agreement I.D. Payment Card Industry Fines, Assessments and Expenses;
- e. Liquidated damages to the extent that such damages exceed the amount for which the **Insured** would have been liable in the absence of such liquidated damages agreement, unless covered under Coverage I.D. Payment Card Industry Fines, Assessments and Expenses;
- f. Any amount which the **Insured** is not legally obligated to pay; and
- g. Amounts which are uninsurable under the law pursuant to which this **Policy** is construed;

Data

Information represented, transmitted or stored electronically, or digitally including code, or a series of instructions, operation systems program, software and firmware;

Defense Expenses

Reasonable and necessary: fees charged by an attorney to defend a **Claim**, and costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim** incurred with the **Company's** prior written consent, or such fees and costs incurred by an attorney from the Pre-Approved Vendors specified on the Declarations page;

Denial of Service

Unauthorized interference or malicious attack that restricts or prevents access to the **Insured's Computer System** for entities authorized to gain access;

Digital Asset Loss

Expenses incurred to restore, recreate, or replace **Digital Assets** or **Computer Systems** directly impacted by a **Privacy Breach** or **Security Breach**. If it is determined that **Digital Assets** or a **Computer System** cannot be restored, recreated, or replaced, the **Company** will only reimburse the **Insured's** losses or expenses incurred up to the date of such determination;

Digital Assets

The **Insured's** digital files including **Data**, computer programs, electronic documents and audio content stored by the **Insured's Computer System**;

E-Media

Hard drives, CD ROMs, magnetic tapes, magnetic discs or any other media on which electronic **Data** is stored;

Employee

Any individual whose labor or service is engaged by and directed by the **Insured**, including volunteers and part-time, seasonal, temporary or leased workers, and independent contractors;

Extra Expenses

Reasonable and necessary extra costs incurred by the **Insured** to temporarily continue as nearly normal as practicable in the conduct of the **Insured's** business during the **Interruption Period**, less any value remaining at the end of the **Interruption Period** for property or services obtained in connection with such costs; "Normal" shall mean the condition that would have existed had no **Privacy Breach, Security Breach, Administrative Error** or **Power Failure** occurred;

Extortion Expenses

Reasonable and necessary expenses incurred to avoid a **Privacy Breach, Security Breach** or the disruption failure of the **Insured's Computer System**, resulting directly from a **Cyber Extortion Threat**;

Extortion Payment

The payment of a ransom demand to avoid a **Privacy Breach, Security Breach** or the disruption or failure of the **Insured's Computer System**, resulting directly from a **Cyber Extortion Threat**. The **Insured** must report any payments to legal or federal law enforcement authorities.

Financial Fraud

- a. An intentional, unauthorized and fraudulent written, electronic or telephonic instruction transmitted to a financial institution, directing such institution to debit the **Insured's** account and to transfer, pay or deliver money or securities from the **Insured's** account, which instruction purports to have been transmitted by the **Insured**, an **Executive**, or an **Employee**, but was in fact fraudulently transmitted by a **Third Party** without the **Insured's** knowledge or consent; or
- b. An intentional, unauthorized and fraudulent written, electronic or telephonic instruction transmitted to a financial institution by an **Executive** or **Employee** as a result of that **Executive** or **Employee** receiving intentional, misleading or deceptive telephonic or electronic communications from a **Third Party** falsely purporting to be the **Insured** or the **Insured's** client, vendor, **Executive** or **Employee**, and which directs the financial institution to debit the **Insured's** account and to transfer, pay or deliver money or securities from the **Insured's** account; or
- c. The theft of money or securities from the **Insured's** bank account or corporate credit cards by electronic means;

Financial Fraud Loss

Insured's loss of money, securities, or **Specified Property** which is directly caused by **Financial Fraud**;

Financial Fraud Loss does not include any amounts reimbursed to the **Insured** by any financial institution;

Funds Held In Escrow

Money or securities belonging to a **Third Party**;

Insured

- a. The entity specified in Item 1 of the Declarations Page;
- b. Any **Subsidiary** but only during the time period such qualifies as a **Subsidiary**;
- c. Any past, present or future officer, director, trustee, court-appointed receiver, or **Employee** of any of (a) and (b) above, but only while acting solely within the scope of their duties as such;
- d. Any general or managing partner, principal, stockholder, or owner of any of (a) and (b) above, but only while acting solely within the scope of their duties as such;

- e. Any legal entity required by contract to be named as an **Insured** under this **Policy** if agreed in advance and in writing by the **Company**, but only for the acts of any above parties (a) through (d), as detailed under the Insuring Agreements purchased;
- f. Any agent or independent contractor, including distributors, licensees, and sublicensees, but only while acting on behalf of, at the direction of, or under the control of any party of (a) through (e) above; however, not including any **Outsourced Service Provider**;

Interruption Period

Under Insuring Agreement II. A. Business Interruption, Insuring Agreement II. B. Contingent Business Interruption, and Insuring Agreement II. D. System Failure, the period of time that commences when the partial or complete interruption, degradation or failure of the **Computer System** begins, and ends on the earlier of:

- a. The date of full system restoration of the **Computer System** plus up to 30 days thereafter if necessary to allow for restoration of the **Insured's** business; or
- b. The maximum Period of Indemnity as stated in Item 6 of the Declarations Page;

Under Insuring Agreement II. D. Reputational Loss, the period of time that commences on the date of the earliest **Media Event** and ends after the maximum indemnity period as stated in Item 6 of the Declarations Page;

Loss

Breach Management and Incident Response Expenses, Crisis Management Expenses, Digital Asset Loss, Extortion Expenses, Extra Expenses, Extortion Payment, Business Income Loss, Financial Fraud Loss, Phishing Attack Loss, Related Expenses, Telecommunications Fraud Loss, and theft of **Funds Held In Escrow**;

Malicious Code

Software intentionally designed to damage **Digital Assets** or a **Computer System** by a variety of forms including, but not limited to, virus, worms, Trojan horses, spyware, dishonest adware, ransomware and crimeware;

Media Activities

The release or display of any **Media Material** that is under the direct sole control of the **Insured** and directly results in any of the following:

- a. Defamation, libel, slander, product disparagement or trade libel;
- b. Infringement, interference, or invasion of an individual's right or privacy or publicity, including false light, intrusion upon seclusion, commercial misappropriation of likeness, and public disclosure of private facts;
- c. Plagiarism, piracy, or misappropriation of ideas under an implied contract;

- d. Infringement of copyright, trademark, trade name, trade dress, title, slogan, service mark or service names; or
- e. Domain name infringement or improper deep-linking or framing;

Media Event

A report in the media of a **Privacy Breach** or **Security Breach** including via newspapers, radio, television, internet, blogging, and social media that has an adverse impact on the **Insured's** business or reputation;

Media Material

Communicative material of any kind or nature for which the **Insured** is responsible, including, but not limited to, words, pictures, sounds, images, graphics, code and **Data**, regardless of the method or medium of communication of such material or the purpose for which the communication is intended. **Media Material** does not include any tangible goods or products that are manufactured, produced, processed, prepared, assembled, packaged, labeled, sold, handled or distributed by the **Insured** or others trading under the **Insured's** name;

Named Insured

The entity listed in Item 1 of the Declarations page;

Outsourced Service Provider

An independent service provider that provides information technology services or business processing outsourcing services, including, but not limited to hosting, security management, colocation, call center services, fulfillment services, logistical support, and data storage, for the benefit of the **Insured** under a written contract with the **Insured**;

Personal Funds

Money, securities, or financial assets from a personal bank account belonging to the **Control Group**;

PCI DSS Assessment Expenses

Payment Card Industry forensic investigation costs, fines or penalties, assessments, including fraud loss recoveries and card replacement costs, and administrative costs that the **Insured** is legally obligated to pay under the terms of a Merchant Services Agreement as a result of the **Insured's** actual or alleged non-compliance with Payment Card Industry Data Security Standards. **PCI DSS Assessment Expenses** does not include any ongoing obligation or audit following the imposition of an assessment, fine or penalty;

Phishing Attack

The use of fraudulent electronic communications or malicious websites to impersonate the **Insured**, the **Insured's** brand, or any of the **Insured's** products or services, in order to solicit **Protected Personal Information**;

Phishing Attack Loss

- a. Expenses the **Insured** incurs, with the **Company's** prior written consent, to create and issue a specific press release or to establish a specific website to advise the **Insured's** customers and prospective customers of a **Phishing Attack**; and
- b. The cost of reimbursing the **Insured's** existing customers for their losses arising directly from a **Phishing Attack**;
- c. The cost of reimbursing the **Insured's** existing customers for their financial loss arising directly from the fraudulent communications;
- d. **Insured's** direct loss of profits for 120 days following the **Insured's** discovery of the fraudulent communications as a direct result of the fraudulent communications;
- e. External costs associated with the removal of websites designed to impersonate the **Insured**;

Policy or Insurance

This contract of insurance including the **Application**, any Declarations and Declarations Pages, and any endorsements or variations, all material to and forming part hereof;

Policy Period

The period of time between the Inception Date and Time and the Expiration Date and Time specified in Item 2 of the Declarations unless terminated earlier, and specifically excluding any Extended Reporting Period;

Power Failure

Failure in electrical power supply caused by a **Security Breach**, but only where such power is under the direct operational control of the **Insured** or the equipment necessary to supply the power is under the direct operational control of the **Insured**;

Privacy Breach

- a. A breach of confidentiality, or infringement or violation of any right to privacy, or a breach of the **Named Insured's** privacy policy or of **Privacy Regulations**; or
- b. An accidental release, unauthorized disclosure, loss, theft or misappropriation of **Protected Personal Information** or confidential corporate information in the care, custody or control of an **Insured** Entity or **Outsourced Service Provider**;

Privacy Regulations

Statutes, laws and regulations associated with the confidentiality, access, controls and use of personally identifiable, non-public information, including:

- a. Health Insurance Portability and Accountability Act of 1996 (Public Law 104- 191);
- b. Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999;
- c. State and federal statutes and regulations regarding the security and privacy of consumer information;
- d. Governmental privacy protection regulations, statutes, or laws associated with the control and use of personal information;
- e. Privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act;
- f. Children's Online Privacy Protection Act;
- g. The EU Data Protection Act or other similar privacy laws worldwide;

Protected Personal Information

With respect to natural persons, any private, non-public information of any kind in an **Insured's** care, custody, or control, regardless of the nature or form of such information, including but not limited to the following, but only if such information allows an individual to be uniquely identified:

- a. Social security number;
- b. Medical service or healthcare data;
- c. Driver's license or state identification number;
- d. Equivalents of any of the information listed in a.-c. above;
- e. Account, credit card, or debit card number, alone or in combination with any information that permits access to an individual's financial information, including, but not limit to, security or access code or password; and
- f. Other-non-public information to the extent prescribed under **Privacy Regulations**;

However, **Protected Personal Information** does not mean publicly available information that is lawfully in the public domain or information available to the general public from government records;

Regulatory Fines and Penalties

Civil fines, monetary penalties payable or a monetary amount which the **Insured** is legally obligated to deposit in a fund as equitable relief as imposed by a governmental agency or regulatory authority as a result of a breach of the **Privacy Regulations**;

Related Expenses

Reasonable and necessary costs and expenses the **Insured** incurs to:

- a. Prevent, preserve, minimize, or mitigate any further damage to **Digital Assets**, including the reasonable and necessary fees and expenses of specialists, outside consultants or forensic experts;
- b. Preserve critical evidence of any criminal or malicious wrongdoing;
- c. Purchase replacement licenses for computer programs because the copy protection system or access control software was damaged or destroyed by a **Loss**; or
- d. Notify affected individuals of a total or partial interruption, degradation in service, or failure of an **Insured's Computer System** resulting from a **Loss**;

Reputational Loss

Provable and determinable **Business Income Loss** during the **Interruption Period**;

Reputational Loss shall not mean, and no coverage shall be available for, any of the following:

- a. Loss arising out of any liability to a **Third Party**;
- b. Legal costs or legal expenses of any type;
- c. Loss incurred as a result of unfavorable business conditions, loss of market or any other consequential loss;
- d. Loss, liability, or expense incurred in connection with a **Media Event** that also affects or refers in similar terms to a general security issue, an industry, or the **Insured's** specific competitors without any specific allegations regarding a **Security Breach, Privacy Breach, Extortion Threat, or Phishing Attack** committed by an **Insured**, or by others acting on your behalf, for whom you are legally responsible, including **Outsourced Service Providers**;
- e. Costs or expenses the **Insured** incurs to identify, investigate, respond to or remediate a **Privacy Breach, Security Breach, Extortion Threat or Phishing Attack**;

Retention

The figures specified in Item 6 of the Declarations Page that is payable by the **Insured** in respect of every **Claim** and **Loss**;

Security Breach

- a. The use of the **Computer System** by an unauthorized person or persons, or by an authorized person in an unauthorized manner, including social engineering techniques;
- b. A **Denial of Service** attack or DDoS attack;
- c. Transmission of **Malicious Code**;
- d. The failure to prevent or hinder participation in a **Denial of Service** attack from a **Computer System**;

A series of continuing **Security Breaches**, or related or repeated **Security Breaches** arising from the same sequence of events, shall be considered a single **Security Breach** and be deemed to have occurred at the time of the first such **Security Breach**;

Specified Property

Any tangible property, other than money or securities, which has intrinsic value;

Subsidiary

Any corporation, limited liability company, or partnership while more than 50% of the outstanding voting securities or shares that represent the present right to vote for the election or appointment or designation of such entity's directors, managers or equivalent are directly owned or controlled by the **Insured**; or any joint venture while the **Named Insured** has managerial control, or while it has the right to elect or designate or otherwise appoint or directly control the appointment of more than 50% of such entity's directors, trustees, managers or equivalent;

Telecommunications Fraud

The intentional, unauthorized and fraudulent gaining of access to outgoing telephone service through infiltration and manipulation of an **Insured Telecommunications System**;

Telecommunications Fraud Loss

Charges the **Insured** incurs for unauthorized calls directly resulting from **Telecommunications Fraud**;

Telecommunications Systems

Any telephone network or system that the **Insured** owns, rents, licenses, or borrows.

Third Party

Any person who is not an **Employee** or any legal entity that is not the **Insured**.

Unintentional Damage or Destruction

- a. Accidental physical damage to, or destruction of, **E-Media** so that stored **Digital Assets** are no longer machine-readable; Accidental damage to, or destruction of, computer hardware so that stored **Data** is no longer machine-readable;
- b. Failure in power supply or under/over voltage, but only if such power supply, including back-up generators, is under the **Insured's** direct operational control;
- c. Electrostatic build-up and static electricity.

Waiting Period

Under Insuring Agreement II. A. Business Interruption and Insuring Agreement II. B. Contingent Business Interruption, the period of time that commences when the partial or complete interruption, degradation or failure of the **Computer System** begins, and expires after the number of hours specified in Item 6 of the Declarations Page. Under Insuring Agreement II. F. Reputational Loss, the period of time that commences when the **Media Event** occurs and expires after the number of hours specified in Item 6 of the Declarations Page. **Business Income Loss** incurred during the **Waiting Period** is uninsured.

SPECIMEN

CLAIMS CONDITIONS

1. Subrogation

If any payment is made under this **Policy**, the **Insured** shall maintain all rights of recovery against any **Third Party**. The **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights, and shall do nothing to prejudice such rights. Any recoveries shall be applied first in payment of the **Company's** subrogation expenses, secondly to **Loss, Damages, Defense Expenses**, or any other amounts paid by the **Company**, thirdly to any uninsured amount, and lastly to the **Retention**. Any additional amounts recovered shall be paid to the **Insured**.

2. Notice of Claim, Loss or Circumstance

- a. If, during the **Policy Period**, the **Control Group** becomes aware of a **Claim** or **Loss**, the **Insured** must forward details to the **Company** as soon as practicable during the **Policy Period** or the Extended Reporting Period, if applicable, at the email address shown in Item 4 of the Declarations Page. The **Insured** must report a **Claim** or **Loss** regardless of whether the **Claim** or **Loss** arises out of any previously reported incident, circumstances, acts, errors or omissions, or related **Claim** or **Loss**.
- b. If during the **Policy Period**, the **Control Group** becomes aware of any incidents, circumstances, acts, errors or omissions that could reasonably result in a **Claim** or **Loss**, the **Insured** must forward details to the **Company** as soon as practicable during the **Policy Period** at the email address shown in Item 4 of the Declarations Page. Any **Claim** or **Loss** arising out of such reported incidents, circumstances, acts, errors or omissions will be deemed to have been made or incurred when the **Company** first received notice complying with this paragraph.
- c. Any **Loss, Claim** or incidents, circumstances, acts, errors or omissions that could reasonably result in **Loss** or a **Claim** shall be considered properly reported to the **Company** when notice is first emailed to the address shown in Item 4 of the Declarations page.

3. Dispute Resolution

- a. No legal action shall be instituted by any **Insured** against the **Company** in any court in respect of any alleged **Defense Expenses** or indemnity payable by the **Company** in respect of any **Claim** unless, as a condition precedent thereto, there has been full compliance with all the terms of the **Policy** and the amount of the **Insured's** obligation to pay the relevant **Third Party Claim** shall have been finally determined by judgement or award against the **Insured** after actual trial or arbitration, or by written agreement of the **Insured**, the claimant and the **Company**.

- b. Any person or organization of the legal representative thereof who has secured such judgement, award, or written agreement shall thereafter be entitled to make a **Claim** under this **Policy** to the extent of the insurance afforded by this **Policy**. No person or organization shall have any right under this policy to join the **Company** as a party to an action or other proceeding against the **Insured** to determine the **Insured's** liability, nor shall the **Company** be impleaded by the **Insured** or the **Insured's** legal representative. Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate shall not relieve the **Company** of their obligations hereunder.
- c. Mediation. If any dispute arises between any **Insured** and the **Company** involving **Loss** or a **Claim** under this **Policy**, such dispute shall be referred by the parties to a qualified mediator to negotiate a resolution of the dispute in good faith, prior to the initiation of any arbitration or other judicial proceedings. The party electing to mediation shall provide written notice to other party of its request to mediate with a brief statement regarding the issue to be mediated. The **Named Insured** is authorized and directed to accept such Notice of Mediation on behalf of any **Insured**.
- d. In the event that non-binding Mediation does not resolve or settle the dispute between any **Insured** and the **Company**, after 30 days from the date of the Mediation, either party may:
 - 1. commence a judicial proceeding; or
 - 2. seek agreement to submit the matter to final and binding arbitration before either a single mutually agreed arbitrator or a three arbitrator panel whereby the **Insured** selects one arbitrator, the **Company** select one arbitrator and the two selected arbitrators agree upon the selection of the third arbitrator.

Defense, Settlement and Investigation of Claims

- a. The **Company** shall have the right and duty to defend any **Claim** against the **Insured**, even if any of the allegations of the **Claim** are groundless, false, or fraudulent, subject to the Limit of Liability, Exclusions and other terms and conditions of this **Policy**.
- b. Unless defense counsel or breach counsel is chosen from the list of PreApproved vendors specified on the Declarations Page, defense counsel or breach counsel shall be appointed with the **Company's** prior written consent. Such consent shall not be unreasonably withheld. However, in the absence of agreement the **Company's** decision shall be final.
- c. The **Company** shall have the right to make any investigation they deem necessary including with respect to the **Application** or to coverage.

- d. If the **Insured** refuses to consent to a settlement that the **Company** recommends, and that the claimant will accept, the **Insured** must then defend, investigate or settle the **Claim** at the **Insured's** own expense. As a consequence of the refusal to settle as per **Company's** recommendation, **Company's** liability for any **Claim** shall not be more than the amount of the initial recommended settlement plus up to 70% of any additional costs incurred by the **Insured** above this amount in order to settle this matter, subject always to the limit of the Policy.
- e. No **Insured** may incur any **Defense Expenses, PCI DSS Assessment Expenses**, or admit liability for, or settle, any **Claim**, without the **Company's** written consent, which shall not be unreasonably withheld. Provided that, if a proposal settlement amount, when combined with any **Defense Expenses** or **PCI DSS Assessment Expenses** incurred, does not exceed 50% of the applicable **Retention** set forth in the Declarations Page, the **Insured** may settle a **Claim**, or accept an offer of settlement, without the prior written consent of the **Company**. Such settlement must fully resolve the **Claim** with respect to the **Insured** and the **Company**.

GENERAL CONDITIONS

The **Company** has no duty to provide coverage under this Policy unless there has been full compliance with all the conditions contained in this Policy. Any clause designated as a condition precedent shall require the entity to which it applies to comply specifically and completely with it and any breach or failure to do so shall entitle the **Company** to reject all or part of the **Claim, Damages, Defense Expenses** or **Loss** or any related **Claim** or **Loss** whether or not such breach or failure causes loss, prejudice or damage.

1. Policy Limits

The Aggregate Limit specified in Item 5 of the Declarations Page shall be the maximum liability of the **Company** under this **Policy**. The sublimits for each Insuring Agreement specified in Item 5 of the Declarations Page form part of, and are not in addition to, such Aggregate Limit.

After the **Policy** Limit of Liability has been exhausted, the **Company** has no obligations to pay any **Damages, Defense Expenses, Loss** or any other amounts under the **Policy**, and shall have the right to withdraw from the defense.

2. Retention and Waiting Period

The **Retention** amount specified in Item 5 of the Declarations Page for each Insuring Agreement apply separately to each and every **Loss** and **Claim** and shall be satisfied in full by the **Insured's** monetary payments of **Loss, Damages, or Defense Expenses**.

The **Company** shall only be liable for amounts in excess of the **Retention**, subject to the Limit of Liability.

For Insuring Agreements subject to a **Waiting Period**, the **Company** will only become liable for any **Loss** upon expiration of the applicable **Waiting Period**. Any Loss incurred during the **Waiting Period** is uninsured.

In the event of a **Claim** or **Loss** attaches to more than one Insuring Agreement, only the highest **Retention** or the longer **Waiting Period** will apply to that **Claim** or **Loss**.

The **Insured's** payment of the applicable **Retention** is a condition precedent to the payment by the **Company** of any amounts covered under the **Policy**. The **Insured** shall make direct payments within the **Retention** to the appropriate parties as designated by the **Company**.

3. **Related Claims and Loss**

All **Claims** and **Loss** arising out of the same related or continuing acts, facts, circumstances or events shall be considered a single **Claim** or **Loss**, without regard to the number of **Insureds**, **Claims** or claimants. All such **Claims** or **Loss** shall be deemed to have been made at the time of the first such **Claim** or **Loss**.

4. **Cancellation**

If this **Policy** is cancelled by the **Named Insured**, the **Company** will refund the unearned premium computed at the **Company's** short rate then in force. No premium will be refunded where any **Claim** or circumstance has been notified under this **Policy**, whether or not it has been accepted for coverage.

5. **Other Insurance**

This **Policy** is excess to any other valid and collectible insurance (or other indemnity) available to the **Insured**.

6. **Inspection and Audit**

The **Company** shall be permitted, but not obligated, to inspect any of the **Insured's** property, operations, or records and take copies of same at any time at the **Insured's** cost.

7. **Mergers and Acquisitions**

If any **Named Insured** completes the legal acquisition of another entity during the **Policy Period**, then that acquired entity will automatically be included as an **Insured** but only with respect to **Claims** or **Loss** sustained or occurring after the date of the acquisition and otherwise qualifying for coverage under this **Policy**, unless:

- a. That acquired entity has an annual revenue of more than 20% of the **Named Insured's** annual revenue (evaluated according to the last set of audited accounts formally filed by that entity against the information provided by the **Named Insured** when applying for this **Policy**); or
- b. Unless that acquired entity stores a total number of unique, personally identifiable records that are in excess of 20% of the total unique, personally identifiable records that the **Named Insured** stores (as at the date of completion of such acquisition).

If the above cover is not automatically provided to the newly acquired entity, to obtain cover the **Named Insured** must notify and obtain the written consent of the **Company** prior to the acquisition, and agree to pay any additional premium required.

8. Assignment

The interest hereunder is not assignable by any qualifying **Insured**.

9. Innocent Insured

- a. Whenever coverage under this **Policy** would be excluded, suspended, or lost owing to non-compliance with **Claims** Conditions 2. Notice of claim or circumstance, with respect to which any other **Named Insured** shall be in default solely as a result of such non-compliance, then such insurance as would otherwise be afforded under this **Policy** shall cover and be payable to those **Insureds** who did not personally commit or personally participate in committing or personally acquiesce in such failure to give notice, provided that **Insured** entitled to the benefit of this provision shall comply with **Claims** Conditions 2. Notice of **Claim** or Circumstance promptly after obtaining knowledge of the failure of any other **Insured** to comply therewith.

Any insurance afforded by this provision shall not cover a **Claim** if a member of the **Control Group** knew or should reasonably have known of a **Claim** or circumstance that could reasonably form the basis of a **Claim** or **Loss** and failed to give notice as required by **Claims** Conditions 2.

Notwithstanding the above, the reporting of any such **Claim** or **Loss** must be made during the **Policy Period** or Extended Reporting Period, if applicable.

- b. Whenever coverage this **Policy** would be excluded, suspended, or lost because of the Insured Misconduct Exclusion, then such insurance as would otherwise be afforded under this **Policy** shall converge and be payable with respect to those **Insureds** who did not personally commit, personally participate in committing, personally acquiesce, or remain passive after having personal knowledge thereof, provided that the **Insured** entitled to the benefit of this provision shall comply with **Claims** Conditions 2. Notice of **Claim** or Circumstance promptly after obtaining knowledge of the failure of any other **Insured** to comply therewith.

10. Extended Reporting Period

- a. Automatic Extended Reporting Period

The **Named Insured** shall have a period of sixty (60) days following the end of the **Policy Period** in which to give written or electronic notice to the **Company** of any **Claim** or **Loss**, but only in respect of any:

- I. **Claim** first made during the **Policy Period** or Automatic Extended Reporting Period when such **Claim** is based upon a **Security Breach, Privacy Breach** or **Media Activity** prior to the end of the **Policy Period** or

- II. Loss based upon a **Security Breach, Privacy Breach, Administrative Error, Power Failure, Unintentional Damage or Destruction, Computer Crime and Computer Attacks, Financial Fraud, Telecommunications Fraud, Phishing Attack or Cyber Extortion Threat** during the **Policy Period** when first discovered by the **Control Group** during the **Policy Period** or Automatic Extended Reporting Period and which is otherwise covered by this **Policy**.
- b. Optional Extended Reporting Period
- In the event of cancellation or non-renewal of this **Policy**, the **Named Insured** shall have the right to purchase an Optional Extended Reporting Period for additional premium, as stated in Item 8 of the Declarations Page. Once purchased, the premium for the Extended Reporting Period will be deemed fully earned. The **Company** must receive the **Named Insured's** request for the Optional Extended Reporting Period by written or electronic notice within thirty (30) days of such cancellation or non-renewal that it requires, and the **Company** shall provide, an Optional Extended Reporting Period commencing at the end of the **Policy Period** in which to give written or electronic notice to the **Company** of any:
- I. **Claim** first made during the **Policy Period** or Optional Extended Reporting Period when such **Claim** is based upon a **Security Breach, Privacy Breach or Media Activity** prior to the end of the **Policy Period**, or
- II. Loss based upon a **Security Breach, Privacy Breach, Administrative Error, Power Failure, Unintentional Damage or Destruction, Computer Crime and Computer Attacks, Financial Fraud, Telecommunications Fraud, Phishing Attack or Cyber Extortion Threat** during the **Policy Period** when first discovered by the **Control Group** during the **Policy Period** or Optional Extended Reporting Period and which is otherwise covered by this **Policy**. The payment of the additional premium for the Optional Extended Reporting Period must be paid to the **Company** within thirty (30) days of the non-renewal or cancellation.
- c. The Limit of Liability for any Extended Reporting Period shall be part of, and not in addition to, the Limit of Liability for the **Policy Period**.
- d. The right to any Extended Reporting Period shall not be available to the **Insured** where cancellation or non-renewal by the **Company** arises through non-payment of premium or the **Insured's** failure at any time to pay amounts within the applicable **Retention**.

11. Change of Control

In the event of the **Named Insured's** acquisition by or merger into another entity, or the **Named Insured's** liquidation or dissolution, the **Named Insured** may notify the **Company** within sixty (60) days of the actual change of control of the **Named Insured's** election for an Extended Reporting Period of twelve (12) months from the date of such change of control. Such Extended Reporting Period shall cover **Claims** reported or **Loss** notified to the **Company** during this change of control Extended Reporting Period, but only in respect of any **Claim** made during the **Policy Period** or **Loss** incurred during the Policy Period which is otherwise covered by this **Policy**.

12. Assistance and Cooperation

- a. The **Insured** shall cooperate with the **Company** in all investigations relating to this **Policy**. The **Insured** shall execute or cause to be executed all documents and papers and render all assistance as requested by the **Company**, including providing copies of a **Third Party's** system security and event logs.
- b. Upon the **Company's** request, the **Insured** shall assist in making settlements, in the conduct of all third party dispute resolution procedures and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Insured** with respect to which insurance is afforded under this **Policy**, and the **Insured** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses at the **Insured's** own cost.
- c. It is a condition precedent to the **Company's** liability that the **Insured** shall not admit liability, make any payment, assume any obligations, incur any expense, enter into any settlement, stipulate to any judgement or award, or dispose of any **Claim** without the **Company's** prior written consent. However, the prompt public admission of a **Privacy Breach** potentially impacting non-public personally identifiable information as required by governmental privacy legislation or credit card association operating requirements will not be considered as an admission of liability requiring the **Company's** prior consent.
- d. The **Company** shall have the right to make any investigation they deem necessary with respect to coverage including the **Application**.
- e. The **Insured** shall submit for examination under oath by the **Company's** representative, if requested, in connection with all matters relating to this **Policy**.

13. Warranty by the Named Insured

By acceptance of this **Policy**, all **Insureds** agree that the statements in the **Application** are their agreements and representations, which shall be deemed material to the risk, and that this **Policy** is issued in reliance upon the truth thereof. The misrepresentation or non-disclosure in the **Application** of any material matter by the **Insured** or its agent will render the **Policy** null and void and relieve the **Company** from all liability under the **Policy**.

14. Forfeiture

Any:

- a. Action or failure to act by the **Insured** with the intent to defraud the **Company**; or
- b. Material misrepresentation or non-disclosure of any material fact or claims by the **Insured** in the **Application** or in any supplemental materials submitted to the **Company**:

Shall render this **Policy** null and void, and all coverage hereunder shall be forfeited.

15. Construction and Interpretation

- a. Any reference to legislation, statute, regulation or law includes any similar or related law, statute, ordinance, or regulation, any amendments, and any rules or regulations or executive orders promulgated thereunder, or by a federal, state, local or other agencies or similar bodies thereof. Any reference to a regulatory or investigative or other state or local governmental body includes any similar, subsidiary or related agency or body.
- b. All or part of any provision of this **Policy** which is or becomes void or illegal, invalid or unenforceable by a court or other competent body under the law of any applicable jurisdiction shall be deleted. The parties shall use their best efforts to agree a replacement for the provision deleted which achieves as far as possible the same effect as would have been achieved by the deleted provision had it remained enforceable.

16. Coverage Territory

Coverage under this **Policy** applies anywhere in the world.

This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

Bodily Injury Claims Endorsement

It is understood and agreed that the Policy is hereby amended as follows:

1. Item 5 of the Declarations is amended to include the following:

Bodily Injury Claim: Limit of Liability \$100,000 Each Claim/\$100,000 Aggregate Retention: \$25,000

2. Third Party Insuring Agreements, Section I. is amended to include the following insuring agreement:

Bodily Injury Claims

Subject to the **Retention** and sublimit applicable to **Bodily Injury Claims**, the **Company** will pay on behalf of an **Insured** the sums that such **Insured** becomes legally obligated to pay as **Damages**, and related **Defense Expenses**, resulting from a **Bodily Injury Claim**, but only if: 1) the **Bodily Injury Claim** is first made against the **Insured** during the **Policy Period** (or during the extended reporting period, if applicable) and 2) the **Bodily Injury Claim** is reported to the **Company** in writing as soon as practicable, but no later than sixty (60) days after expiration of the **Policy Period** (or during the extended reporting period, if applicable). The **Company** has the right and duty to defend an **Insured** against any **Bodily Injury Claim**, even if the allegations of the **Bodily Injury Claim** are groundless, false or fraudulent. The **Company** has the right to appoint an attorney to defend any **Bodily Injury Claim**.

Coverage under this **Bodily Injury Claim** Insuring Agreement shall be excess insurance over all other valid and collectible insurance available to an **Insured** for **Bodily Injury Claims**, including any deductible portion thereof.

3. It is agreed that paragraph a. of Defense, Settlement and Investigation of Claims applies to the **Bodily Injury Claims** insuring agreement.

4. General Conditions Section 1. Policy Limits is amended to include the following provisions:

Bodily injury claims will be subject to the **Bodily Injury Claim** Sublimit. The **Bodily Injury Claim** Sublimit will be the exclusive limit applicable to **Bodily Injury Claims**. The **Bodily Injury Claim** Sublimit is part of, and will reduce, the Maximum Policy Aggregate Limit of Liability set forth in Item 5 C. of the Declarations. The **Company** will have no obligation to pay or defend, or to continue to pay or defend, any **Bodily Injury Claim** after the **Bodily Injury Claim** Sublimit is exhausted. **Bodily Injury Claims** arising out of the same, related, or continuing incidents, events, acts, facts or circumstances will be considered a single **Bodily Injury Claim**, and only one "each claim" limit will apply, regardless of the number of claimants or **Insureds**.

5. General Conditions Section 2. **Retention and Waiting Period** is amended to include the following provisions:

The **Retention** applicable to **Bodily Injury Claims** will apply separately to each **Bodily Injury claim**. The **Retention** must be satisfied by the **Insured's** actual payment of Damages and Defense Expenses. The **Insured's** payment of the **Retention** is a condition precedent to payment by the **Company** of any amounts covered under the **Bodily Injury Claim** Insuring Agreement, and the **Company** will only be liable for **Damages** and/or **Defense Expenses** that exceed the **Retention**, subject to the **Bodily Injury Claim** Sublimit. The **Insured** must make direct payments within the **Retention** to the appropriate parties designated by the **Company**. **Bodily injury Claims** arising out of the same, related, or continuing incidents, events, acts, facts or circumstances will be considered a single **Bodily Injury Claim**, and only one **Retention** will apply, regardless of the number of claimants or **Insureds**.

6. **Definitions** is amended to to include the following definitions:

Bodily Injury Claim means:

- A. A written demand for **Damages** or non-monetary relief made against an **Insured** solely for Bodily Injury caused by a **Security Breach** or **Privacy Breach**;
- B. A written request received by an **Insured** to toll or waive a statute of limitations relating to a potential **Claim** against an **Insured** solely for **Bodily Injury** caused by a **Security Breach** or **Privacy Breach**; or
- C. The service of a civil lawsuit or the institution of arbitration or other alternative dispute resolution proceedings against an **Insured** seeking **Damages** solely for actual or alleged **Bodily Injury** caused by a **Security Breach** or **Privacy Breach**.

A **Bodily Injury Claim** will be deemed to be first made when any of the foregoing is received by an **Insured**.

Business Equipment means any machinery, vehicle or electronic device or equipment that:

- A. Is owned by or leased to you, and operated by you solely to conduct your business,
- B. Can send and receive data, and
- C. Is connected to the internet through your computer network.

Products mean:

- A. Any tangible goods, products or devices that are manufactured, produced, processed, prepared, assembled, packaged, labeled, sold or distributed by you, by others trading under your name, or by a person or organization whose business or assets have been acquired by you; and
- B. Containers, materials, parts or equipment furnished in connection with such goods, products or devices.

7. Definitions, **Computer System** is amended to include the following:

Solely with respect to the **Bodily Injury Claim** Insuring Agreement, **Computer System** means:

- A. A **Computer System** operated by, and either owned by or leased to the **Named Insured** and any **Subsidiary**;
- B. Industrial control systems, such as supervisory control and data acquisition (SCADA) systems, but only while owned and operated by the **Named Insured** and any **Subsidiary**; and
- C. **Business equipment**, but only while owned and operated by the **Named Insured** and any **Subsidiary**.
However, **Insured's Computer System** does not include any **Products**.

8. Section 7. Definitions, **Damages**, is amended to include the following:

Most favorable law provisions applicable to the **Bodily Injury Claim** Insuring Agreement only:

With respect to the insurability of punitive, exemplary or multiplied **Damages**, the applicable law will be the law of the state most favorable to the **Insured**, if the state whose law is most favorable to the **Insured** has a reasonable relationship to the **Claim**.

A state's law will be deemed to have a reasonable relationship to the **Claim** if it is the state where:

- A. The **Named Insured** is incorporated or has a place of business;
- B. The **Bodily Injury Claim** is pending; or
- C. Where the **Bodily Injury** occurred.

9. Definitions, **Wrongful Act**, is amended to include the following:

Solely with respect to the **Bodily Injury Claim** Insuring Agreement, **Wrongful Act** means **Bodily Injury** caused by a **Security Breach** or **Privacy Breach**.

10. It is agreed that Exclusion 4, does not apply to an otherwise covered **Bodily Injury Claim**.

11. Exclusions is amended to include the following exclusion:

The **Company** will not be liable for any **Claim** based upon, arising from, or in any way involving any actual or alleged warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of **Products**, or the providing of, or failure to provide, warnings or instructions for **Products**.

SPECIMEN

This endorsement is to take effect on: **TBD**

Policy Number: **TBD**

Policy Inception Date: **TBD**

Policy Expiration Date: **TBD**

Endorsement Number: **CB-107-002**

All other terms and conditions of the Policy remain unchanged.



This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

Breach Response and Remediation Expenses Outside the Limit

In consideration of the premium charged, it is hereby understood and agreed that the Limit of Liability applicable to Insuring Agreement II. H. Breach Response and Breach Remediation Expenses, as set forth in Item 6 B. of the Declarations, shall be deemed to be separate from, and in addition to, the Maximum Policy Aggregate Limit of Liability set forth in Item 6 C. of the Declarations. It is further understood and agreed that any payments made under Insuring Agreement II. H. will not reduce or erode the Maximum Policy Aggregate Limit of Liability.

SPECIMEN

This endorsement is to take effect on: **TBD**
Policy Number: **TBD**
Policy Inception Date: **TBD**
Policy Expiration Date: **TBD**
Endorsement Number: **CB-108-001**

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

Defense Expenses Outside the Limit

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this Endorsement attaches is amended as follows:

It is understood and agreed that there will be a separate limit of liability for **Defense Expenses** as follows:

- a. The **Defense Expenses** Limit of Liability is \$1,000,000 each claim and \$1,000,000 in the aggregate.
- b. The **Defense Expenses** Limit of Liability set forth in paragraph a. above will apply to **Defense Expenses** only and will be the first limit of liability applied to **Defense Expenses**. In no event will the **Defense Expenses** Limit of Liability apply to **Damages** or any other amounts covered under this Policy, other than **Defense Expenses**. **Defense Expenses** that exceed the **Defense Expenses** Limit of Liability will be subject to and will reduce the Limits of Liability applicable to Third Party Insuring Agreements I.A., B, or C, whichever applies.
- c. If purchased, the Limits of Liability applicable to Insuring Agreement I. A, B, C or D, as set forth in Item 5 of the Declarations, will apply to (a) **Damages, Regulatory Fines and Penalties** or **PCI DSS Assessment Expenses** covered under Insuring Agreement I. A, B, C, or D, whichever applies and (b) **Defense Expenses** that exceed the **Defense Expenses** Limit of Liability.
- d. In no event will the **Company** be obligated to pay more than the Limits of Liability applicable to Insuring Agreement I. A, B, C, or D for **Damages, Regulatory Fines and Penalties** or **PCI DSS Assessment Expenses** covered under Insuring Agreement I. A, B, C, or D whichever applies.
- e. In no event will the **Company's** obligations under this **Policy** exceed the combined limits of the aggregate Defense Expenses Limit of Liability set forth in paragraph a. above plus the Maximum Policy Aggregate Limit of Liability set forth in Item 6(C) of the Declarations plus any additional limits of liability added by endorsement to this Policy that may not reduce or erode the Maximum Policy Aggregate Limit of Liability. References in this Policy to "Maximum Policy Aggregate Limit of Liability" will refer to the combination of such Limits of Liability, subject to the limitations in this endorsement.
- f. Nothing in this endorsement will alter the **Retention** obligations of the **Insured**.

SPECIMEN

This endorsement is to take effect on: **TBD**

Policy Number: **TBD**

Policy Inception Date: **TBD**

Policy Expiration Date: **TBD**

Endorsement Number: **CB-109-001**

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

GDPR Coverage

In consideration of the premium charged, it is hereby understood and agreed that the Policy is amended as follows:

The following Insuring Agreement is added to the **Policy**, under Third Party Insuring Agreements:

I. Amounts which the **Insured** is legally obligated to pay as a direct result of a **Claim** first made against the **Insured** during the **Policy Period**, and reported in writing or by electronic notice to the **Company** during the **Policy Period** or Extended Reporting Period, if applicable, for:

General Data Protection Regulation

Damages, Regulatory Fines and Penalties and **Defense Expenses** which the **Insured** is legally obligated to pay because of any **Claim** first made against any **Insured** during the **Policy Period** for a violation of the EU General Data Protection Regulation (or legislation in the relevant EU jurisdiction implementing this Regulation) arising from a **Security Breach** or **Privacy Breach**.

With respect to the General Data Protection Regulation Insuring Agreement, the definition of **Claim** is amended to include a request for information or institution of a regulatory proceeding against any **Insured** under the General Data Protection Regulation Insuring Agreement for a violation of the EU General Data Protection Regulation (or legislation in the relevant EU jurisdiction implementing this Regulation).

Exclusion 21. Anti-Trust Laws and Unfair Competition will not apply to the General Data Protection Regulation Insuring Agreement, provided no member of the **Control Group** participated or colluded in the activities or incident giving rise to coverage under such insuring agreement.

Exclusion 10. Government Intervention will not apply to the General Data Protection Insuring Agreement.

This endorsement is to take effect on: **TBD**

Policy Number: **TBD**

Policy Inception Date: **TBD**

Policy Expiration Date: **TBD**

Endorsement Number: **CB-111-002**

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

Solicitation Claims Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

1. General Conditions **Policy Limits** is amended by the addition of the following:

Any **Solicitation Claim** will be subject to the sub-limits set forth below. The limits shown below will be the exclusive limits applicable to **Solicitation Claims**. Such sub-limits are part of, and will erode, the Limits of Liability set forth in Item 5.A. of the Declarations for the Network Security and Privacy Liability insuring agreement or the Regulatory Investigations, Fines and Penalties insuring agreement, whichever applies, and the Maximum Policy Aggregate Limit of Liability set forth in Item 6.C. of the Declarations.

Solicitation Claim sublimit:

\$50,000 each **Solicitation Claim**

\$50,000 Aggregate

2. Definitions, **Privacy Regulations**, is amended to include the following:

- A. CAN-SPAM Act of 2003;
- B. Truth In Caller Act of 2009; and
- C. Telephone Consumer Protection Act of 1991.

3. Definitions is amended to include the following definition:

Solicitation Claim means any **Claim** under the Network Security and Privacy Liability insuring agreement or Regulatory Investigations, Fines and Penalties insuring agreement for, based upon, arising from, in consequence of, or in any way involving any actual or alleged **Privacy Breach** in violation of the CAN-SPAM Act of 2003, the Truth In Caller Act of 2009, or the Telephone Consumer Protection Act of 1991, as amended, or any regulation promulgated under the foregoing statutes, or any federal, state, local or foreign laws similar to the foregoing statutes, whether such law is statutory, regulatory or common law.

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This endorsement is to take effect on: **TBD**

Policy Number: **TBD**

Policy Inception Date: **TBD**

Policy Expiration Date: **TBD**

Endorsement Number: **CB-120-001**

All other terms and conditions of the Policy remain unchanged.



This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

Criminal Reward Expenses Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

The **Company** will pay for the **Reward Expenses** up to the amount of \$50,000 subject to an application retention of \$25,000 incurred by the **Insured** and approved in writing in advance by the **Company**, but only if a written request for indemnification is made by a member of the **Control Group** to the **Company** in accordance with Claims Conditions, section 2. Notice of Claim, Loss or Circumstance.

Reward Expenses means the reasonable amount that the **Insured** pays to an **Informant** for information not otherwise available, and which leads to the arrest and conviction of any person who commits an illegal act that causes a **Loss**.

Informant means any person, other than a member of the **Control Group**, who provides information regarding an illegal act committed by another person which causes a **Loss**, solely in return for money that the **Insured** pays or promises to pay. **Informant** does not include: 1) any person who commits an illegal act which causes a **Loss**, whether acting alone or in collusion with others; 2) any **Insured**; 3) any **Insured's** auditors, whether internal or external; 4) any person or firm hired or retained to investigate a **Loss**;

This endorsement is to take effect on: **TBD**

Policy Number: **TBD**

Policy Inception Date: **TBD**

Policy Expiration Date: **TBD**

Endorsement Number: **CB-123-001**

All other terms and conditions of the Policy remain unchanged.



This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

Loss of Funds Exclusion Carveback

In consideration of the premium charged, it is hereby understood and agreed that the Policy is amended as follows:

Exclusions, exclusion #13 is deleted in its entirety and replaced with the following:

13. Loss of Funds

- a. Loss, decrease in value or theft of securities or currency;
- b. Trading losses, liabilities or changes in trading account value; or
- c. The value of electronic funds, money, securities or wire transfer;

However, this exclusion does not apply to Insuring Agreement II.E. Social Engineering and Cyber Crime Coverage.

This endorsement is to take effect on: **TBD**

Policy Number: **TBD**

Policy Inception Date: **TBD**

Policy Expiration Date: **TBD**

Endorsement Number: **CB-128-001**

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

Cyber Select Amendatory Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

1. On the Declarations page, **Item 6 B. Reputational Loss Coverage** Period of Indemnity shall be 12 months;
2. On the Declarations page, **Item 8 Extended Reporting Period** is deleted and replaced with the following:
 - 1 year: 90% of the annual policy premium
 - 2 years: 150% of the annual policy premium
 - 3 years: 175% of the annual policy premium
3. First Party Insuring Agreement II. A **Business Interruption** is deleted and replaced with the following:

Business Income Loss and **Extra Expenses** incurred during the **Interruption Period** directly as a result of the total, or partial, or intermittent interruption or degradation in service of an **Insured's Computer System** caused directly by a **Privacy Breach, Security Breach, Administrative Error, Power Failure, or Preventative Shutdown.**
4. First Party Insuring Agreement II. B **Contingent Business Interruption** is deleted and replaced with the following:

Business Income Loss and **Extra Expenses** incurred during the **Interruption Period** caused directly as a result of the total, partial, or intermittent interruption or degradation in service of the **Computer System** of an **Outsourced Service Provider** caused directly by a **Privacy Breach, Security Breach, Administrative Error or Preventative Shutdown** at that **Outsourced Service Provider.**
5. Definitions, **Application** is deleted and replaced with the following:

All information provided by or on behalf of the **Insured** to the **Company** as part of any request for this **Policy**, including any supplemental information submitted therewith within twelve (12) months prior to the inception of this Policy; All of the above are deemed attached to, material and incorporated into this **Policy**;

6. Definitions, **Claim** paragraph a. is deleted and replaced with the following:

- a. A notice of an intention to hold the **Insured** responsible for **Damages**, including the service of legal proceedings, the institution of arbitration, mediation, or other alternative dispute resolution proceeding , or a written request to toll or waive a statute of limitations against any of the **Insureds**;

7. Definitions, **Computer System** paragraph is deleted and replaced with the following:

A system of interconnected hardware and peripherals, and associated software, including Internet of Things (IoT) devices, systems and application software, terminal devices, related communication networks, mobile devices, storage and back-up devices, industrial systems, operated by the **Insured** or an **Outsourced Service Provider**;

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8. Definitions, **Control Group** is deleted and replaced with the following:

Any of the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Legal Officer/General Counsel, Risk Manager or functional equivalent;

9. Definitions, **Media Material** is amended to include the following:

Media Material also includes content posted by users to any website that is operated and managed by the **Insured**.

10. Definitions, **Preventative Shutdown** is added and means:

An **Insured's** reasonable and necessary intentional shutdown of:

- i. With respect to Insuring Agreement II. A Business Interruption, an **Insured's Computer System**, but only to the extent that such shut down:
 - a. is in response to an actual or credible threat of **Computer Crime and Computer Attacks** expressly directed against such **Insured's Computer System** which may reasonably be expected to cause an interruption in service in the absence of such shutdown; and
 - b. serves to mitigate, reduce, or avoid **Business Income Loss** as a result of the actual or credible threat of such **Computer Crime and Computer Attacks**; or
- ii. With respect to Insuring Agreement II. B. **Contingent Business Interruption**, the **Insured's** access or connectivity to an **Outsourced Service Provider's Computer Network**, but only to the extent that such shutdown:
 - a. is in response to actual **Computer Crime and Computer Attacks** against such **Outsourced Service Provider's Computer Network** which may reasonably be expected to cause an interruption in service in the absence of such shutdown; and
 - b. serves to mitigate, reduce, or avoid **Business Income Loss** as a result of such **Computer Crime and Computer Attacks**.

11. Claims Conditions, **Notice of Claim, Loss or Circumstance** is amended to include the following:

If the **Insured** is unable to provide notification required under this **Policy** due a prohibition by any law enforcement or governmental authority, the **Insured** will use its best efforts to provide the **Company** with information to make the **Company** aware of a potential or actual **Claim** or **Loss** until written notice can actually be provided. Notwithstanding the foregoing, there shall be no coverage for any such **Claim** or **Loss** if the information withheld relating to such **Claim** or **Loss** was:

- i. both (i) known to the **Insured** prior to the **Policy Inception Date** set forth in Item 2 of the Declarations, and (ii) not disclosed in the **Application**; or



- ii. not disclosed in writing to the **Company** within a reasonable time period after the prohibition on disclosing the information was revoked or no longer necessary.

12. Claims Conditions, Defense, Settlement, and Investigation of Claims, paragraph (d) is deleted in its entirety and replaced with the following:

- a. If the **Insured** refuses to consent to a settlement that the **Company** recommends and that the claimant will accept, the **Insured** must then defend, investigate or settle the **Claim** at the **Insured's** own expense. As a consequence of the refusal to settle as per **Underwriter's** recommendation, **Underwriter's** liability for any **Claim** shall not be more than the amount of the initial recommended settlement plus up to 80% of any additional costs incurred by the **Insured** above this amount in order to settle this matter, subject always to the limit of the **Policy**.

13. General Conditions 4 Cancellation is deleted in its entirety and replaced with the following:

If this **Policy** is cancelled by the **Named Insured**, the **Company** will refund the unearned premium computed at the **Company's** pro rata then in force. No premium will be refunded where any **Claim** or circumstance has been notified under this **Policy**, whether or not it has been accepted for coverage.

This **Policy** is fully non-rescindable except for non-payment of premium. The **Company** may cancel this **Policy** for non-payment of premium by mailing to the **Named Insured** written notice stating when, not less than ten (10) days thereafter, such cancellation will be irrevocable. If payment is not received within the ten (10) day period, then this **Policy** will be cancelled ab initio, meaning coverage is null and void as of the effective date of this **Policy**.

14. General Conditions 5 Other Insurance is deleted in its entirety and replaced with the following:

This **Policy** is primary to any other valid and collectible insurance available to the **Insured**.

15. General Conditions, Section 7. Mergers and Acquisitions

- a. That acquired entity has an annual revenue of more than 30% of the **Named Insured's** annual revenue (evaluated according to the last set of audited accounts formally filed by that entity against the information provided by the **Named Insured** when applying for this **Policy**); or
- b. Unless that acquired entity stores a total number of unique, personally identifiable records that are in excess of 30% of the total unique, personally identifiable records that the **Named Insured** stores (as at the date of completion of such acquisition).

16. The following section is added to the General Conditions of this **Policy**:

Sold Subsidiaries



If, after the inception of the **Policy Period**, the **Named Insured** sells a **Subsidiary**, that **Subsidiary** will be an **Insured** for the duration of the **Policy Period**, but only with respect to **Claims** or **Losses** that occur on or after the retroactive date (if applicable) and prior to the effective date of the sale. The **Named Insured** must give the **Company** written notice, through the entity named in Item 1 of the Declarations, of any sale within sixty (60) days of the effective date of the sale. There will be no return premium.

This endorsement is to take effect on: **TBD**

Policy Number: **TBD**

Policy Inception Date: **TBD**

Policy Expiration Date: **TBD**

Endorsement Number: **CB-129-001**

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

Cryptojacking Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

1. Definitions, **Telecommunications Fraud Loss** is deleted and replaced with the following:

Charges the Insured incurs for unauthorized calls directly resulting from **Telecommunications Fraud** and **Cryptojacking Fraud**.

2. Definitions, **Cryptojacking Fraud** is added to the policy and means: The secret use of your **Telecommunications Systems** by a **Third Party** to mine cryptocurrency.

This endorsement is to take effect on: **TBD**

Policy Number: **TBD**

Policy Inception Date: **TBD**

Policy Expiration Date: **TBD**

Endorsement Number: **CB-155-001**

All other terms and conditions of the Policy remain unchanged.



This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

War Exclusion Cyber Terrorism Carveback

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

Exclusion **23.**, **War** is deleted and replaced with the following:

Confiscation, nationalization, requisition, strikes, labor strikes or similar labor actions; war, invasion, or warlike operations, civil war, mutiny, rebellion, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military coup or usurped power.

This exclusion shall not apply to a terrorist event perpetrated by electronic or internet-based applications or means;

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This endorsement is to take effect on: **TBD**

Policy Number: **TBD**

Policy Inception Date: **TBD**

Policy Expiration Date: **TBD**

Endorsement Number: **CB-167-001**

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
SMART CYBER INSURANCE ENDORSEMENT

Coverage for Certified Acts of Terrorism Endorsement

You and the **Company** agree to the following:

1. Exclusions, item 19. is deleted and replaced with the following:

7. **Terrorism;**

Any act of terrorism.

This exclusion shall apply and prevent any and all coverage for **claims** arising from terrorism, regardless of whether any other cause or event that otherwise would be covered contributes in any way to the loss. This exclusion does not apply to a **Certified Act of Terrorism**, or to a terrorist event perpetrated by electronic or internet based applications or means, however:

- a. Except for a terrorist event perpetrated by electronic or internet based applications or means, the **Company** will not pay any amounts for which the **Company** is not responsible under the terms of the federal Terrorism Risk Insurance Act of 2002 as amended (the "Act"); and
- b. The amendment of this exclusion does not create coverage for any loss that would otherwise be excluded under the Policy. All other policy terms and conditions, including the Policy's exclusions, remain in full force and effect, even in the event of a **Certified Act of Terrorism**.

2. Definitions is changed to add the following:

Certified Act of Terrorism means an 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 pursuant to the federal Terrorism Risk Insurance Act (the "Act"). Section 102(1) of the Act requires such act be certified to be an act of terrorism and resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Act; 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 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.

In all other respects, the policy remains the same.

NOTICE

COVERAGE FOR **CERTIFIED ACTS OF TERRORISM** IS INCLUDED IN YOUR POLICY. 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 INVESTORS' 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.

This endorsement is to take effect on: **TBD**

Policy Number: **TBD**

Policy Inception Date: **TBD**

Policy Expiration Date: **TBD**

Endorsement Number: **CB-202-001**

All other terms and conditions of the Policy remain unchanged.