

PREMIUM IS > \$5000

INSURED

This section is for policy:	60507-44-22
Assembled-on Date:	11/29/17
Assembled-on Time:	01:11:00
Full Policy Number:	6050744220018
Transaction Number:	001
Operator id:	R7166

TRANSACTION:
RENEWAL



PO BOX 2527 ,
Grand Rapids, MI. 49501-2527

PRODUCER#: 07 35 35 22G
MICHAEL KERSHAW
21818 HWY 71 W #204
SPICEWOOD TX 78669

PO BOX 2527
Grand Rapids, MI, 49501-2527



PRODUCER#: 07 35 35 22G
MICHAEL KERSHAW
21818 HWY 71 W #204
SPICEWOOD TX 78669

AGTADDDXP



MICHAEL KERSHAW
21818 HWY 71 W #204 TX 78669
SPICEWOOD
PRODUCER#: 07 35 35 22G

COUNCIL OF CO-OWNERS/OAKS CON
PO BOX 8664
HORSESHOE BAY TX 78657-8664



MICHAEL KERSHAW
21818 HWY 71 W #204
SPICEWOOD
TX 78669

COUNCIL OF CO-OWNERS/OAKS CON
PO BOX 8664
HORSESHOE BAY TX 78657-8664



STATEMENT

MID-CENTURY INSURANCE COMPANY

° COUNCIL OF CO-OWNERS/OAKS CON

PO BOX 8664

HORSESHOE BAY TX 78657-8664

NOVEMBER 29, 2017

Date

35-35-22G

Agent's Number

60507-44-22

Policy Number

Loan Number

Renewal Statement - The Company will renew your policy for an additional 12 months term only if payment of the premium indicated is made on or before the renewal date of this notice.

This Statement Reflects:

Effective Date: 02/03/18

☐ New Business ☐ Reinstatement ☐ Change Of Coverage ☐ Added Coverage

\$ Previous Balance Owing

\$ Premium

\$ Membership, Policy, Reinstatement, Reissue or Service Fees

\$ Pro Rata Premium Due

\$ **19,462.00** Premium For Renewing Entire Present Coverage From 02/03/18 To 02/03/19

\$

\$

\$

\$

\$

\$ **19,462.00** Total Charges

\$

\$ Payments

\$ Other Credits

\$ Total Credits

\$ **- NONE -** **BALANCE DUE UPON RECEIPT**

\$ Optional Amount

\$ Refund

WE WANT TO BE YOUR FIRST CHOICE FOR BUSINESS AND PERSONAL LINES INSURANCE. IF YOU PLACE A PERSONAL LINES POLICY WITH FARMERS YOU MAY BE ELIGIBLE TO RECEIVE A DISCOUNT, CONTACT YOUR AGENT TODAY.

**IMPORTANT- D-O N-O-T P-A-Y-T-H-I-S N-O-T-I-C-E
PREMIUM WILL BE BILLED. ACCT # F003767164-001-00001.**

State Required Notification:

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call the toll-free telephone number of Truck Insurance Exchange, Farmers Insurance Exchange or Mid-Century Insurance Company for information or to make a complaint at

1-800-225-0011

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 the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

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

AVISO IMPORTANTE

Para obtener información o para someter una queja:

Usted puede llamar al numero de teléfono gratuito de Truck Insurance Exchange, Farmers Insurance Exchange or Mid-Century Insurance Company para información o para presentar una queja al

1-800-225-0011

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 primero. Si la disputa no es resuelta, puede comunicarse con el departamento de Seguros de Texas.

ADJUNTE ESTE AVISO A SU POLIZA:

Esta aviso es solamente para propósitos informativos y no se convierte en parte o en condición del documento adjunto.



****Please Review Your Coverages To Ensure They Meet Your Needs****

Dear Farmers® Customer,

Thank you for choosing Farmers for your Business Insurance needs.

In today's business environment, we understand that your business needs may change during the year. For example, you may acquire new equipment, adjust your staffing, add a new location, create electronic ordering and/or billing for your customers or begin offering new services.

These changes may require updated insurance coverage for your business.

Farmers and its agents offer several services at no additional cost to you to help you protect your business and your livelihood.

For example:

- Whether you are a new or returning customer, you can take advantage of this service by calling your Farmers agent to schedule a Farmers Friendly Review®. Your agent can review your coverage and provide you with options so you can make any necessary coverage adjustments.
- Farmers Friendly Reviews are a great opportunity to find out about available insurance discounts and make sure you are receiving all the discounts for which you qualify, and to identify any potential gaps in coverage. Contact your agent to learn more about the policy discounts, coverage and billing options available to you.
- During your Farmers Friendly Review, your agent may also let you know about new products being offered by Farmers. From time to time, Farmers introduces new programs for Business Insurance which may include new rating structures and pricing based in part on new information that helps predict potential losses. Your Farmers agent can discuss your options so you can make the right choice for your business needs.
- In addition, MysafetyPoint.com offers safety and loss control information which may help you avoid workplace injuries and other losses.
- To access this information, log onto www.mysafetypoint.com, then register with your policy number and email address to find safety and loss control information that is specific to your type of business.

If you have any questions, please contact your Farmers agent.



Important Information About Changes to Cyber Liability and Data Breach Expense Coverage

Please note that with this renewal your prior coverage form "Cyber Liability and Data Breach Expense Coverage" has been replaced with a new form, **Cyber Liability and Data Breach Response Coverage**. This new coverage form includes all the features of your prior coverage and also includes five additional coverages that are explained below. **Please note that the premium for this coverage has not changed.** Higher limits are also available. If you believe additional protection might be beneficial to your business, please contact your Farmers® Agent.

Please review the information below to learn more about Cyber Liability and Data Breach Response Coverage and the available benefits and options.

What is Cyber Liability and Data Breach Response Coverage?

Cyber Liability and Data Breach Response Coverage provides:

Third Party Coverages:

Information Security and Privacy Liability (this was included in your prior coverage)

Regulatory Defense and Penalties (this was included in your prior coverage)

Website Media Content Liability

Payment Card Industry (PCI) Fines, Expenses and Costs

First Party Coverages:

Privacy Breach Response Services (this was included in your prior coverage)

Cyber Extortion

First Party Data Protection

First Party Network Business Interruption

Information Security and Privacy Liability responds to your legal liability for:

- Theft, loss or unauthorized disclosure of your customers' personally identifiable or third party corporate information.
- Acts or incidents resulting from a failure of computer security to prevent a security breach.
- Alteration, corruption, destruction, deletion or damage to data stored on computer systems.
- Failure to prevent transmission of malicious code.
- Participation in a denial of service attack.
- Failure of timely notification in violation of breach notice laws.
- Failure to comply with parts of a privacy policy.
- Failure to administer identity theft prevention program or information disposal program (pursuant to 15USC 1681).

Privacy Breach Response Services provided in the event of an actual or alleged breach of personally identifiable information include:

- Forensic and legal assistance from a panel of experts to help determine the extent of the breach and the steps needed to comply with applicable laws.
- Notification to your customers who must be notified under applicable law.
- Discretionary notice to individuals potentially affected by a breach in which there is a resulting risk of financial, reputational or other harm to the individuals, when a breach does not trigger a legal duty to notify such individuals.

- Call Center Services.
- Breach resolution and mitigation services.

Regulatory Defense and Penalties: Claims expenses and penalties because of regulatory proceeding caused by a covered incident.

Website Media Content Liability: Damages and claims expenses for display of media material that is an invasion/interference of rights of publicity, name, persona, voice or likeness. Misappropriation of ideas, plagiarism, piracy, infringement of copyright, domain name, logo, metatags, service names, improper deep-linking or framing.

Payment Card Industry (PCI) Fines, Expenses and Costs: The Payment Card Industry Data Security Standard (PCI DSS) is a set of requirements designed to ensure that all companies that process, store or transmit credit card information maintain a secure environment. Coverage indemnifies insured for fines, expenses and costs levied by the PCI.

Cyber Extortion: Reimbursement for cyber extortion losses.

First Party Data Protection: Pays your reasonable and necessary costs to restore data because of alteration, corruption, destruction, deletion or damage to data, or inability to access data.

First Party Network Business Interruption: Pays for your Business Income loss as a result of actual and necessary interruption or suspension of computer systems directly caused by a failure of computer security to prevent a security breach.

What additional benefits are provided?

Your policy's Cyber Liability and Data Breach Response Coverage **includes free data security risk management services**, which provide:

- Expert on-line support for your understanding and handling of data security issues.
- Compliance and breach response information.
- Email alerts of key legal and regulatory developments; and On-line training programs, employee training bulletins and webinars for privacy compliance and IT staff.

You may access this information by registering at **Farmers.Breachsolutions.com**. To register, go to **Farmers.Breachsolutions.com** and follow the "Click here to register" link located on the login page. You will need a temporary activation code. Your code is: Q1gYx6?

Enter the requested information and your Farmers Business Insurance policy number.

Please allow eight business days after binding your Farmers Business Insurance policy to process and set up your access to the online data security risk management service.

Some coverage provided is on a Claims-Made basis. What is that?

Claims-Made coverage means that in order for coverage to apply to the loss, it must be reported to Farmers during the policy period. The claim must first have been reported to you after the Retroactive Date.

Does the policy provide for an Extended Reporting Period?

Yes, the policy provides a limited reporting period of 14 days following termination of coverage. An optional Extended Reporting period can be purchased to protect against claims made after termination of the policy.

Farmers recognizes that data security breaches and compromises of customer data are faced by all types of business enterprises today and continue to be reported at a high frequency. When a breach occurs, business owners need to be ready to respond quickly and effectively to mitigate their exposure to brand damage and legal liability. The addition of Cyber Liability and Data Breach Response Coverage to your policy is a way to ensure that you are prepared if a covered claim occurs.

This notice provides a summary of the Cyber Liability and Data Breach Response Coverage included on your renewal policy. Please review your policy to determine the applicable terms and conditions.



Farmers Insurance Group of Companies® Privacy Notice

In the course of our business relationship with you, we collect information about you that is necessary to provide you with our products and services. We treat this information as confidential and recognize the importance of protecting it. We value your confidence in us.

You trust us with an important part of your financial life. We are proud of our privacy policies and procedures and encourage you to review them carefully.

This notice from the member companies of the Farmers Insurance Group of Companies listed on the back of this notice* describes our privacy practices regarding information about our customers and former customers that obtain financial products or services from us for personal, family or household purposes.** When state law is more protective of individuals than federal privacy law, we will protect information in accordance with state law consistent with the requirements of federal preemption.

Information We Collect

We collect and maintain information about you to provide you with the coverage, product or service you request and to service your account.

We collect certain information ("nonpublic personal information") about you and the members of your household ("you") from the following sources:

- Information we receive on applications or other forms, such as social security number, assets, income and property information;
- Information about your transactions with us, our affiliates or others, such as your policy coverage, premiums and payment history;
- Information we receive from a consumer reporting agency or insurance support organization, such as motor vehicle records, credit report information and claims history; and
- If you obtain a life, long-term care or disability product, information we receive from you, medical professionals who have provided care to you and insurance support organizations regarding your health.

How we protect your information

At Farmers, our customers are our most valued assets. Protecting your privacy is important to us. We restrict access to personal information about you to those individuals, such as our employees and agents, who provide you with our products and services. We require those individuals to whom we permit access to your customer information to protect it and keep it confidential. We maintain physical, electronic, and procedural safeguards that comply with applicable regulatory standards to guard your nonpublic personal information.

We do not disclose any nonpublic personal information about you, as our customer or former customer, except as described in this notice.

Information we disclose

We may disclose the nonpublic personal information we collect about you, as described above, to companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements and to other third parties, all as permitted by law.

Many employers, benefit plans or plan sponsors restrict the information that can be shared about their employees or members by companies that provide them with products or services. If you have a relationship with Farmers or one of its affiliates as a result of products or services provided through an employer, benefit plan or plan sponsor, we will abide by the privacy restrictions imposed by that organization.

We are permitted to disclose personal health information (1) to process your transaction with us, for instance, to determine eligibility for coverage, to process claims or to prevent fraud; (2) with your written authorization, and (3) otherwise as permitted by law.

Sharing information with affiliates

The Farmers family encompasses various affiliates that offer a variety of financial products and services in addition to insurance. Sharing information enables our affiliates to offer you a more complete range of products and services.

We may disclose nonpublic personal information, as described under Information we collect, to our affiliates, which include:

- Financial service providers such as insurance companies and reciprocals, investment companies, underwriters and brokers/dealers; and
- Non-financial service providers, such as management companies, attorneys-in-fact and billing companies.

We are permitted by law to share with our affiliates information about our transactions and experiences with you.

In addition, we may share with our affiliates consumer report information, such as information from credit reports and certain application information, that we have received from you and from third parties, such as consumer reporting agencies and insurance support organizations.

Your choice

If it is your decision not to opt-out and to allow sharing of your information with our affiliates, you do not need to respond to us in any way.

If you prefer that we not share consumer report information with our affiliates, except as otherwise permitted by law, you may by calling toll free, 1-877-411-4249, (please have all of your policy numbers available). We will implement your request within a reasonable time after hearing from you.

Modifications to our privacy policy

We reserve the right to change our privacy practices in the future, which may include sharing nonpublic personal information about you with nonaffiliated third parties. Before we do that, we will provide you with a revised privacy notice and give you the opportunity to opt-out of that type of information sharing.

Website

Our website privacy notices, such as the one located at <http://www.farmers.com/disclaimer/privacy-policy> and <http://cp.foremost.com/general/privacy-policy.htm>, contain additional information particular to website use. Please pay careful attention to those notices if you transmit personal information to Farmers over the Internet.

Recipients of this notice

We are providing this notice to the named policyholder at the mailing address to which we send your policy information. If there is more than one policyholder on a policy, only the named policyholder on that policy will receive this notice, though any policyholder may request a copy of this notice. You may receive more than one copy of this notice if you have more than one policy with Farmers. You also may receive notices from affiliates, other than those listed below. Please read those notices carefully to determine your rights with respect to those affiliates' privacy practices.

Signed:

Farmers Insurance Exchange, Foremost Insurance Company Grand Rapids, Michigan**, Foremost Signature Insurance Company**, Foremost Property and Casualty Insurance Company **, Fire Insurance Exchange, Truck Insurance Exchange, Mid-Century Insurance Company, Farmers Insurance Company, Inc. (A Kansas Corp.); Farmers Insurance Company of Arizona, Farmers Insurance Company of Idaho, Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington, Farmers Insurance of Columbus, Inc.; Farmers New Century Insurance Company, Farmers Group, Inc.; Farmers Reinsurance Company, Farmers Services Insurance Agency, Farmers Services Corporation, Farmers Texas County Mutual Insurance Company, Farmers Underwriters Association, Farmers Value Added, Inc.; Farmers Financial Solutions, LLC member FINRA & SIPC***; FFS Holding, LLC; Farmers Services, LLC; ZFUS Services, LLC; FIG Holding Company, FIG Leasing Co., Inc.; Fire Underwriters Association, Illinois Farmers Insurance Company, Mid-Century Insurance Company of Texas, Texas Farmers Insurance Company, Farmers New World Life Insurance Company, Truck Underwriters Association, Civic Property and Casualty Company, Exact Property and Casualty Company and Neighborhood Spirit Property and Casualty Company.

*The above is a list of the affiliates on whose behalf this privacy notice is being provided. It is not a comprehensive list of all affiliates of the Farmers Insurance Group of Companies.

* *This notice does not apply to personal insurance policies issued by Foremost Insurance Company Grand Rapids, Michigan, Foremost Signature Insurance Company and Foremost Property and Casualty Insurance Company, but only to commercial insurance policies issued by these companies for business purposes. If you have obtained an insurance policy from these companies for personal, family or household purposes, you should refer to the privacy notice that you received with that policy.

* * *You may obtain more information about the Securities Investor Protection Corporation (SIPC) including the SIPC brochure by contacting SIPC at (202) 371-8300 or via the internet at www.sipc.org. For information about FINRA and Broker Check you may call the FINRA Broker Check hotline at (800) 289-9999 or access the FINRA website



COMMON POLICY DECLARATIONS

Named Insured COUNCIL OF CO-OWNERS/OAKS CON

Mailing Address PO BOX 8664
HORSESHOE BAY, TX 78657-8664

F003767164-001-00001

Account No.

Prod. Count

35-35-22G

60507-44-22

Agent No.

Policy Number

Form of Business ☐ Individual ☐ Joint Venture ☐ Limited Liability Co.
☐ Corporation ☐ Partnership ☒ Other Organization

Business Description:
Condominium

Policy Period From 02-03-2018 (not prior to time applied for)
To 02-03-2019 12:01 A.M. Standard time at your mailing address shown above.

If this policy replaces other coverage that ends at noon standard time of the same day this policy begins, this policy will not take effect until the other coverage ends. **This policy will continue for successive policy periods as follows:** If we elect to continue this insurance, we will renew this policy if you pay the required renewal premium for each successive policy period subject to our premiums, rules and forms then in effect.

This policy consists of the following coverage parts listed below and for which a premium is indicated. This premium may be subject to change.

Coverage Parts	Premium After Discount And Modification
Condominiums Owners Policy	\$17,648.00
Directors And Officers Liability	\$1,089.00
Employment Practices Liability	\$690.00
Cyber Liability And Data Breach Expense Coverage	\$35.00
Certified Acts Of Terrorism - See Disclosure Endorsement	Included
Total (See Additional Fee Information Below)	\$19,462.00

Policy Number: 60507-44-22

Effective Date: 02-03-2018

Forms Applicable To 25-9230ED2

Reminder-Review Your Coverages

All Coverage Parts:

Your Agent

Michael Kershaw
21818 Hwy 71 W #204
Spicewood, TX 78669
(512) 382-0967

Countersigned (Date)

By Authorized Representative

Additional Fee Information

The following additional fees apply on an account, not a per-policy, basis.

- A **service fee** will be assessed on every installment invoice and will be included in the minimum amount due. However, if you choose to pay the entire account balance in full upon receipt of the first installment, the fee will be waived. In addition, for accounts fully enrolled in online billing and scheduled for recurring Electronic Funds Transfer (EFT) payments the fee will be waived.

State	Installment Fee
All states except Alaska, Florida, Maryland, New Jersey And West Virginia	\$6.00
Alaska and Maryland	Not applicable
Florida	\$3.00
New Jersey	\$7.00
West Virginia	\$5.00

- A **returned payment fee** applies per check, electronic transaction or other remittance which is not honored by your financial institution for any reason including but not limited to insufficient funds or a closed account. **NOTE: If the returned payment is in response to a Notice of Cancellation, coverage still cancels on the cancellation effective date set forth in the notice.**

State	NSF Fee
All States Except Alaska, Florida, Indiana, Maine, Nebraska, New Jersey, North Dakota, Oklahoma, Virginia And West Virginia	\$30.00
North Dakota And Oklahoma	\$25.00
Nebraska And Indiana	\$20.00
Florida And West Virginia	\$15.00
Maine	\$10.00
Alaska, New Jersey And Virginia	Not applicable

- A **late fee** will be assessed on each Notice of Cancellation that is issued and will be included in the minimum amount due.

State	Late Fee
All States Except Alaska, Florida, Maryland, Missouri, Nebraska, New Jersey, Rhode Island, Virginia, South Carolina And West Virginia	\$20.00
Nebraska, Rhode Island And South Carolina	\$10.00
Alaska, Florida, Maryland, Missouri, New Jersey, Virginia And West Virginia	Not applicable

The following applies on a per-policy basis.

- A **reinstatement fee** of \$25.00 will be assessed if the policy is reinstated over 30 days but under 6 months from the cancellation date. *This fee does not apply to Florida, Indiana & Maryland or to Workers Compensation policies.*

One or more of the fees or charges described above may be deemed a part of premium under applicable state law.

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.



J6300
3rd Edition

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

SCHEDULE - PART I	
Terrorism Premium (Certified Acts) \$	0.00
Additional information, if any, concerning the terrorism premium:	
SCHEDULE - PART II	
Federal share of terrorism losses <u>82</u> % Year: 2018 (Refer to Paragraph B. in this endorsement)	
 Federal share of terrorism losses <u>81</u> % Year: 2019 (Refer to Paragraph B. in this endorsement)	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. 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 the Schedule of this endorsement or in the policy Declarations.

B. 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 a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) 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.

C. 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.



Mid-Century Insurance Company (A Stock Company)
Member Of The Farmers Insurance Group Of Companies®

Home Office: 6301 Owensmouth Ave., Woodland Hills, CA 91367

POLICY DECLARATIONS - CONDO/TOWNHOME PRIMARY POLICY

Named Insured COUNCIL OF CO-OWNERS/OAKS CON

Mailing Address PO BOX 8664
HORSESHOE BAY, TX 78657-8664

Policy Number 60507-44-22

☐ **Auditable**

Policy Period From 02-03-2018
To 02-03-2019 12:01 A.M. Standard time at your mailing address shown above.

In return for the payment of premium and subject to all the terms of this policy, we agree with you to provide insurance as stated in this policy. We provide insurance only for those Coverages described and for which a specific limit of insurance is shown.

The following premium credits and discounts applied to the premium associated with this coverage part:

Favorable Loss Experience Discount

There may be other credits and discounts you may be able to enjoy, please contact your agent for full details.

Your Agent

Michael Kershaw
21818 Hwy 71 W #204
Spicewood, TX 78669
(512) 382-0967

PROPERTY, INLAND MARINE AND CRIME COVERAGES AND LIMITS						
The following coverages apply to the described locations and/or building. Please refer to the Base Coverages And Extensions section for other coverages and extensions applying at the policy level.						
Option: BV - Blanket Value (see Base Coverage & Extensions for the total limit) Valuation: ACV - Actual Cash Value; AV - Agreed Value; RC - Replacement Cost; ERC - Extended RC; FRC - Functional RC; GRC - Guaranteed RC Abbreviation: ALS = Actual Loss Sustained; BI = Business Income; EE = Extra Expense						
Premises Number	Bldg. No.	Covered Premises Address	Mortgagee Name And Address			
001	All	1214 Hi Stirrup Horseshoe Bay, TX 78657-6008				
Coverage			Option	Valuation	Limit Of Insurance	Deductible/ Waiting Period
Building				ERC	\$4,873,600	\$10,000
Business Personal Property (BPP)				RC	\$1,600	\$10,000
Accounts Receivables - On-Premises					\$5,000	\$10,000
Building - Automatic Increase Amount					8%	
Building Ordinance Or Law - 1 (Undamaged Part)					Included	None
Building Ordinance Or Law - 2 (Demolition Cost)					\$27,000	None
Building Ordinance Or Law - 3 (Increased Cost)					\$10,800	None
Debris Removal					25% Of Loss + 10,000	
Electronic Data Processing Equipment					\$5,000	\$10,000
Exterior Building Glass					Included	\$10,000
Outdoor Property					\$2,500	\$10,000
Outdoor Property - Trees, Shrubs & Plants (Per Item)					\$500	\$10,000
Personal Effects					\$2,500	\$10,000
Pollutant Clean Up And Removal Aggregate					\$10,000	\$10,000
Specified Property					\$2,500	\$10,000
Valuable Paper And Records - On-Premises					\$5,000	\$10,000

PROPERTY, INLAND MARINE AND CRIME COVERAGE AND LIMITS OF INSURANCE

The following Coverages and Extensions apply to all covered locations (premises) and/or buildings. Please refer to the individual location (premises) section for coverages and limits specific to such location (premises).

Base Coverage And Extensions	Limit of Insurance	Deductible/ Waiting Period
Accounts Receivables - Off-Premises	\$2,500	\$10,000
Association Fees And Extra Expense	\$100,000	
Back Up Of Sewers Or Drains	\$50,000	\$10,000
Crime Conviction Reward	\$5,000	None
Employee Dishonesty	\$100,000	\$500
Fire Department Service Charge	\$1,000	None
Fire Extinguisher Systems Recharge Expense	\$2,500	None
Forgery And Alteration	\$2,500	\$10,000
Limited Biohazardous Substance Coverage - Per Occurrence	\$10,000	\$10,000
Limited Biohazardous Substance Coverage - Aggregate	\$20,000	\$10,000
Limited Cov. - Fungi Wet Rot Dry Rot & Bacteria - Aggregate	\$15,000	\$10,000
Master Key	\$5,000	None
Master Key - Per Lock	\$100	None
Money And Securities - Inside Premises	\$5,000	\$500
Money And Securities - Outside Premises	\$5,000	\$500
Money Orders And Counterfeit Paper Currency	\$1,000	\$10,000
Newly Acquired Or Constructed Property	\$250,000	\$10,000
Outdoor Signs	\$2,500	\$500
Outdoor Signs - Per Sign	\$1,000	
Personal Property At Newly Acquired Premises	\$100,000	\$10,000
Personal Property Off Premises	\$5,000	\$10,000
Premises Boundary	100 Feet	
Preservation Of Property	30 Days	
Valuable Paper And Records - Off-Premises	\$2,500	\$10,000

Effective Date: 02-03-2018

Each paid claim for the following coverage reduces the amount of insurance we provide during the applicable policy period. Please refer to the policy.

Covered Premises And Operations

Address	Classification /Exposure	Class Code	Prem. Basis	Annual Exposure	Rate	Advance Premium
1214 Hi Stirrup Horseshoe Bay, TX 78657-6008	Condominiums / Townhomes	8641	Incl	Included	Included	Included

Policy Number: 60507-44-22

Effective Date: 02-03-2018

LIABILITY AND MEDICAL EXPENSES COVERAGE AND LIMITS OF INSURANCE CONTINUED	
Coverage	Amount /Date
General Aggregate (Other Than Products & Completed Operations)	\$2,000,000
Products And Completed Operations Aggregate	\$1,000,000
Personal And Advertising Injury	Included
Each Occurrence	\$1,000,000
Tenants Liability (Each Occurrence)	\$75,000
Medical Expense (Each Person)	\$5,000
Directors & Officers Liability - Per Claim	\$1,000,000
Directors & Officers Liability - Aggregate	\$1,000,000
Directors & Officers Liability - Self Insured Retention	\$1,000
Directors & Officers Liability - Discrimination	Included
Directors & Officers Liability Retroactive Date	12/01/2011
Hired Auto Liability	\$1,000,000
Non-Owned Auto Liability	\$1,000,000

Policy Number: 60507-44-22

Effective Date: 02-03-2018

Policy Forms And Endorsements Attached At Inception

Number	Title
25-2110	Work Comp Exclusion
25-6359	Notice Re Limited Excl Of Acts Of Terror
25-9200	Farmers Privacy Notice
51-1845ED2	Notice Of Accident Prevention Serv
56-5223ED5	Tx-Additional Conditions
56-6191	Cyber Liability & Data Breach Dec
562377-ED1	EPLI Dec
E0104-ED1	Business Liab Cov-Tenants Liab
E0119-ED5	Backup Sewer & Drain Covg-Condos
E0147-ED1	War Liability Exclusion
E2038-ED3	Conditional Exclusion Of Terrorism
E3015-ED2	Calculation Of Premium
E3024-ED3	Condominium Common Conditions
E3314-ED3	Condominium Liability Covg
E3316-ED2	Addl Insd-Mgr Or Lessor Of Prem-Condo
E3319-ED2	Addl Insd-Mtgee, Assignee Or Recvr-Condo
E3331-ED2	Limitation Of Covg To Desig Premises
E3336-ED2	Hired & Non-Owned Auto Covg Form
E3422-ED3	Condominium Property Covg
E4299-ED1	Supplementary Payments
E6097-ED4	Extended Replacement Cost
E6288-ED3	Excl-Building Conversions
E9122-ED6	D & O Liab Covg Form
E9126-ED5	D&o Liab-Discrimination Excl Buyback
J6300-ED3	Discl Of Prem-Cert Acts Of Terror
J6316-ED2	Excl Of Loss Due To Virus
J6347-ED1	Excl-Violation Of Statutes
J6350-ED1	Employee Dishonesty-Prop Mgr
J6351-ED2	Limited Terrorism Excl
J6353-ED2	Change Of Limits Of Insurance
J6577-ED1	EPLI - Standard
J6829-ED1	Ltd Covg For Fungi, Wet/Dry Rot
J6849-ED2	Deductible Provisions
J7110-ED1	Exclusion Confidential Info
J7131-ED1	Dishonesty Excl-Tenant Vandal Excp
J7133-ED1	Limited Biohazardous Substance Cov
J7139-ED1	Bus Inc And Extr Exp-Prt Slwdwn Cov
S7663-ED1	Tx Chgs-Conditions Requiring Notice
S7665-ED3	Texas Changes
S7666-ED2	Tx Chgs-Condominium Law Provisions
W0392-ED2	Tx-Mold & Microorganism Excl

Policy Number: 60507-44-22

Effective Date: 02-03-2018

Policy Forms And Endorsements Attached At Inception

Number	Title
W0410-ED3	Texas Amendatory Endorsement
W2172-ED1	Texas Loss Pay Cond-Proft Ovrhd

DECLARATIONS
EMPLOYMENT PRACTICES INSURANCE COVERAGE - STANDARD

THIS IS A CLAIMS MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE, PROVIDED SUCH CLAIM IS REPORTED IN WRITING TO THE INSURER AS SOON AS PRACTICABLE. WITHOUT NEGATING THE FOREGOING REQUIREMENTS, SUCH NOTICE OF CLAIM MUST ALSO BE REPORTED NO LATER THAN 30 DAYS AFTER THE END OF THE POLICY PERIOD OR, IF APPLICABLE, THE EXTENDED REPORTING PERIOD. AMOUNTS INCURRED AS DEFENSE COSTS SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS. THE INSURER SHALL NOT BE LIABLE FOR ANY DEFENSE COSTS OR FOR ANY JUDGMENT OR SETTLEMENT AFTER THE LIMIT OF LIABILITY HAS BEEN EXHAUSTED. PLEASE READ THIS POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT.

Policy Number: **60507-44-22**

1. Named Insured: **COUNCIL OF CO-OWNERS/OAKS CON**

☐ Individual ☐ Partnership ☐ Corporation ☐ Joint Venture ☐ Other

2. Policy Period: **02/03/18** to **02/03/19** at 12:01 a.m.
(Standard Time at Your address shown below)

3. Address: **PO BOX 8664**
HORSESHOE BAY TX 78657-8664

4. Limit Of Liability (Includes Cost Of Defense):

(a) Each Insured Event Limit **\$100,000**
(b) Aggregate Limit of Liability **\$100,000**

5. Self Insured Retention (Includes Cost Of Defense):

Any One Insured Event **\$2,500**

6. Prior Knowledge Date: **02/03/12**

7. Retroactive Date: **02/03/12**

8. Premium: **\$690.00**

9. Authorized Representatives:
Beazley Claims USA
30 Batterson Park Road
Farmington, CT 06032

10. Endorsements At Inception:

Refer to Policy Declaration, Policy forms and Endorsements section
for applicable Employment Practice Liability Insurance Coverage Forms.



Mid-Century Insurance Company (A Stock Company)
Member Of The Farmers Insurance Group Of Companies®

Home Office: 6301 Owensmouth Ave., Woodland Hills, CA 91367

DECLARATIONS CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE

THIS COVERAGE INCLUDES CLAIMS MADE AND REPORTED COVERAGES. SUBJECT TO ITS TERMS, THIS COVERAGE FORM'S CLAIMS MADE COVERAGES APPLY ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE OPTIONAL EXTENDED REPORTING PERIOD, IF APPLICABLE, PROVIDED SUCH CLAIM IS REPORTED IN WRITING TO THE COMPANY AS SOON AS PRACTICABLE. WITHOUT NEGATING THE FOREGOING REQUIREMENTS, SUCH NOTICE OF CLAIM MUST ALSO BE REPORTED NO LATER THAN 30 DAYS AFTER THE END OF THE POLICY PERIOD OR, IF APPLICABLE, DURING THE OPTIONAL EXTENDED REPORTING PERIOD. AMOUNTS INCURRED AS CLAIMS EXPENSES, WHICH INCLUDES DEFENSE COSTS, SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS. THE COMPANY SHALL NOT BE LIABLE FOR ANY CLAIMS EXPENSES OR FOR ANY JUDGMENT OR SETTLEMENT AFTER THE LIMIT OF LIABILITY HAS BEEN EXHAUSTED. PLEASE READ THE COVERAGE FORM CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT.

Named Insured COUNCIL OF CO-OWNERS/OAKS CON

Policy Number 60507-44-22

Mailing Address PO BOX 8664
HORSESHOE BAY, TX 78657-8664

Policy Period From: 02-03-2018
To: 02-03-2019 12:01 A.M. Standard time at your mailing address shown above.

Retroactive Date: 02/03/2013

Continuity Date: 02/03/2013

Optional Extension Period:

Length of optional extension period: _____

If no time period is stated, optional extension period coverage is not provided.

Cyber Extortion Hot Line: 1-800-435-7764

Coverage	Limit Of Insurance	Retention/Waiting Period
Aggregate Limit of Liability	\$50,000	
Insuring Agreement A - Information Security & Privacy Liability	\$50,000	\$2,500
Insuring Agreement B - Privacy Breach Response Services	\$50,000/ 5,000 Notified Individuals	\$2,500/ 100 Notified Individuals
Insuring Agreement C - Regulatory Defense & Penalties	\$50,000	\$2,500
Insuring Agreement D - Website Media Content Liability	\$50,000	\$2,500
Insuring Agreement E - PCI Fines, Expenses And Costs	\$10,000	\$2,500
Insuring Agreement F - Cyber Extortion	\$50,000	\$2,500
Insuring Agreement G - First Party Data Protection	\$50,000	\$2,500
Insuring Agreement H - First Party Network Business Interruption Income Loss/Extra Expense Waiting Period	\$50,000	\$2,500 12 hours

Policy Forms And Endorsements Attached At Inception

Number	Title
J7155-ED1 W2171-ED1	Cyber Liability Coverage Form Cyber Liab - TX Amendatory Endor



TEXAS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the:

CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE FORM

A. Section II. DEFENSE AND SETTLEMENT OF CLAIMS is amended by the addition of the following:

- D.** The Company shall provide written notice to the "named insured" of an initial offer to settle or compromise a "claim" against the "insured", no later than 10 days after the date on which the offer to settle or compromise is made, unless the "named insured" advises us of such initial offer to settle or compromise the "claim". The Company shall also provide written notice to the "named insured" of the settlement of a "claim" against the "insured" no later than 30 days after the settlement.

B. Section XVI. CANCELLATION is deleted and replaced with the following:

- A.** The "named insured" may only cancel this Coverage Form by mailing to the Company written notice stating when, not less than 30 days thereafter, such cancellation shall be effective.
- B.** If this Coverage Form does not provide coverage to a governmental unit, as defined under 28 TEX. ADMIN. CODE, Section 5.7001 and:
- 1.** Has been in effect for 60 days or less and is not a renewal, the Company may cancel this Coverage Form for any reason; or
 - 2.** Has been in effect for more than 60 days, the Company may only cancel this Coverage Form for one or more of the following reasons:
 - a.** Fraud in obtaining coverage;
 - b.** Failure to pay Premiums when due;
 - c.** An increase in hazard within the "insured's" control that would produce a rate increase;
 - d.** Loss of our reinsurance covering all or part of the risk covered by this Coverage Form; or
 - e.** If the Company is placed in supervision, conservatorship, or receivership and the cancellation is approved or directed by the supervisor, conservator, or receiver.
- C.** If this policy provides coverage to a governmental unit, as defined under 28 TEX. ADMIN. CODE, Section 5.7001 and:
- 1.** Has been in effect for less than 90 days, we may cancel this policy for any reason; or
 - 2.** Has been in effect for 90 days or more, or if it is a renewal or continuation of a policy issued by us, we may cancel this policy only for the following reasons:
 - a.** If the first "named insured" does not pay the premium or any portion of the premium when due;
 - b.** If the Texas Department of Insurance determines that continuation of this policy would result in violation of the Texas Insurance Code or any other law governing the business of insurance in Texas;
 - c.** If the "named insured" submits a fraudulent claim; or
 - d.** If there is an increase in the hazard within the control of the "named insured" which would provide an increase in rate.

- D.** The Company may cancel this Coverage Form by mailing or delivering to the "named insured" at the address shown in the Declarations written notice stating when, not less than ten days thereafter, such cancellation shall be effective. The notice of cancellation shall state the reason for cancellation. We shall not cancel this Coverage Form based solely on the fact the "insured" is an elected official.

If this Coverage Form is cancelled, the Company will send the "named insured" any unearned premium refund due. If the Company cancels, the refund will be pro rata. Refund premium adjustments may be made at the time cancellation becomes effective, but payment or tender of unearned Premium is not a condition of cancellation.

If the "named insured" cancels, earned Premium will be computed on a short rate basis. The customary short rate return premium shall be calculated by multiplying the pro rata unearned premium by 90%. The cancellation will be effective even if the Company has not made or offered a refund.

- C.** Section **XVII. NONRENEWAL** is amended by the addition of the following:

If notice of non-renewal by the Company is mailed or delivered less than 60 days before the date this Coverage Form expires, this Coverage Form will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned Premium for any period of coverage that extends beyond this Coverage Forms expiration date will be computed pro rata based on the previous years premium. If this Coverage Form is so extended, such period of extended coverage shall be part of and not in addition to the "Policy Period". We may not refuse to renew this Coverage Form solely because the "insured" is an elected official.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE FORM

THIS COVERAGE FORM INCLUDES CLAIMS MADE AND REPORTED COVERAGES. SUBJECT TO ITS TERMS, THIS COVERAGE FORM'S CLAIMS MADE COVERAGES APPLY ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE OPTIONAL EXTENDED REPORTING PERIOD, IF APPLICABLE, PROVIDED SUCH CLAIM IS REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR THE OPTIONAL EXTENDED REPORTING PERIOD, IF APPLICABLE. AMOUNTS INCURRED AS CLAIMS EXPENSES, WHICH INCLUDES DEFENSE COSTS, SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS. THE COMPANY SHALL NOT BE LIABLE FOR ANY CLAIMS EXPENSES OR FOR ANY JUDGMENT OR SETTLEMENT AFTER THE LIMIT OF LIABILITY HAS BEEN EXHAUSTED. READ THIS COVERAGE FORM CAREFULLY TO DETERMINE THE EXTENT OF COVERAGE.

Except as specifically set forth herein, the provisions of the policy to which this coverage form is attached shall not apply to this Coverage Form. Throughout this Coverage Form, the words "you" and "your" refer to the "named insured(s)" shown in the Declarations of this Coverage Form and any other person(s) or organization(s) qualifying as a "named insured" under this Coverage Form. The words "we", "us", and "our" refer to the company providing this insurance.

Any words or phrases that appear in "quotations" have special meaning applicable to this Coverage Form only. Refer to Section **XI. DEFINITIONS**.

Paragraphs **A., C., D., and E.** of Section **I. INSURING AGREEMENTS** provide coverage on a claims made and reported basis and apply only to "claims" first made against the "insured" and reported to us during the policy period, the "automatic extension period", or the "optional extension period" (if applicable)

Paragraphs **B., F., G., and H.** of Section **I. INSURING AGREEMENTS** provide first party coverage on an incident discovered and reported basis and apply only to incidents first discovered and reported to us during the policy period.

The Company agrees with the "Named Insured":

I. INSURING AGREEMENTS

A. Information Security And Privacy Liability

We shall pay on behalf of the "insured", "damages" and "claims expenses", in excess of the retention, which the "insured" shall become legally obligated to pay because of any "claim", including a "claim" for violation of a "privacy law", for:

- 1.** Theft, loss, or "unauthorized disclosure" of "personally identifiable information" or "third party information" that is in the care, custody or control of the "insured organization", or a third party for whose theft, loss or "unauthorized disclosure" of "personally identifiable information" or "third party information" the "insured organization" is legally liable;
- 2.** One or more of the following acts or incidents that directly result from a failure of "computer security" to prevent a "security breach":
 - a.** The alteration, corruption, destruction, deletion, or damage to data stored on "computer systems";
 - b.** The failure to prevent transmission of malicious code from "computer systems" to computer or network systems that are not owned, operated or controlled by an "insured"; or
 - c.** The participation by the "insured organization's" "computer system" in a denial of service attack directed against computer or network systems that are not owned, operated or controlled by an "insured";

3. The "insured organization's" failure to timely disclose an incident described in paragraphs **A.1.** or **A.2.** in violation of any "breach notice law";
4. Failure by the "insured" to comply with that part of a "privacy policy" that specifically:
 - a. Prohibits or restricts the "insured organization's" disclosure, sharing or selling of a person's "personally identifiable information";
 - b. Requires the "insured organization" to provide access to "personally identifiable information" or to correct incomplete or inaccurate "personally identifiable information" after a request is made by a person; or
 - c. Mandates procedures and requirements to prevent the loss of "personally identifiable information";

Provided the "insured organization" must, at the time of such acts, errors or omissions have in force a "privacy policy" that addresses subsections **4.a.** - **4.c.** above that are relevant to such "claim"; or

5. Failure by the "insured" to administer:
 - a. An identity theft prevention program required by regulations and guidelines promulgated pursuant to 15 U.S.C. §1681m(e), as amended; or
 - b. An information disposal program required by regulations and guidelines promulgated pursuant to 15 U.S.C §1681W, as amended.

All acts, incidents, failures to timely disclose, failures to comply, thefts, losses, errors or omissions described in Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability** must first take place on or after the "retroactive date" and before the end of the "policy period" to be eligible for coverage under Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability**.

B. Privacy Breach Response Services

We shall provide to the "insured organization" "privacy breach response services" in excess of the retention because of an incident described in Paragraphs **1.** and **2.** of Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability**.

"Privacy breach response services" means:

1. "Computer expert services";
2. "Legal services";
3. "Public relations and crisis management expenses";
4. "Notification services" to provide notification to:
 - a. Individuals residing in the United States who are required to be notified by the "insured organization" under the applicable "breach notice law". However, we may also provide "notification services" to individuals, who at our discretion, have been affected by an incident in which their "personally identifiable information" has been subject to theft, loss, or "unauthorized disclosure" in a manner which compromises the security or privacy of such individual by posing a significant risk of financial, reputational or other harm to the individual.
 - b. For incidents involving more than 100 "notified individuals" "Privacy Breach Response" Services also means:
 - (1) "Call center services" to "notified individuals"; and

- (2) To be covered, such offer must be provided in a mailed notification provided pursuant to Insuring Agreement **I.B.4.** above. However, if the Insured uses an attorney and other service providers recommended by the Company for all "Privacy Breach Response Services", then the threshold of 100 "notified individuals" set forth above shall not apply to the "call center services", but the self-insured retention shall continue to apply as set forth in the Declarations.

5. "Call center services"; and
6. "Breach resolution and mitigation services".

"Privacy breach response services" also includes assistance from the breach response services team and access to education and loss control information at no charge.

"Privacy breach response services" will be provided subject to the terms and conditions of this Coverage Form and shall not include any internal salary or overhead expenses of the "insured organization".

C. Regulatory Defense And Penalties

We shall pay on behalf of the "insured", "claims expenses" and "penalties" in excess of the retention, which the "insured" shall become legally obligated to pay because of any "claim" in the form of a "regulatory proceeding", caused by an incident described in Paragraphs **1.**, **2.**, and **3.** of Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability** that first takes place on or after the "retroactive date" and before the end of the "policy period".

D. Website Media Content Liability

We shall pay on behalf of the "insured", "damages" and "claims expenses", in excess of the retention, which the "insured" becomes legally obligated to pay for one or more of the following acts first committed on or after the "retroactive date" and before the end of the "policy period" in the course of the "insured organization's" display of "media material" on its web site or on social media web pages created and maintained by or on behalf of the "insured organization":

1. Invasion or interference with an individual's right of publicity, including commercial appropriation of name, persona, voice or likeness;
2. Misappropriation of ideas under implied contract;
3. Plagiarism and piracy;
4. Infringement of copyright;
5. Infringement of domain name, trademark, trade name, logo, title, metatags, or service mark, or service name; or
6. Improper deep-linking or framing within electronic content.

E. PCI Fines, Expenses And Costs

We shall indemnify the "insured" for "PCI Fines, Expenses, and Costs", in excess of the retention, which the "insured" shall become legally obligated to pay on or after the "retroactive date" and before the end of the "policy period". Coverage under Section **I. INSURING AGREEMENTS, E. PCI Fines, Expenses And Costs** is sublimited to the amount set forth in the Declarations. We have no duty to defend any "claim" or to pay any "claims expenses" associated with a "claim" brought under Section **I. INSURING AGREEMENTS, E. PCI Fines, Expenses And Costs**.

F. Cyber Extortion

We shall reimburse the "insured" for "cyber extortion loss", in excess of the retention, which the "insured" pays as a direct result of an "extortion threat" first made against the "insured" on or after the "retroactive date" and before the end of the "policy period" by a person, other than the "insured's" employees, directors, officers, principals, trustees, governors, managers, members, management committee members, members of the management board, partners, contractors, outsourcers, or any person in collusion with any of the foregoing. Coverage under this Insuring Agreement is subject to the applicable conditions and reporting requirements, including those set forth in Section **XV. OBLIGATIONS IN THE EVENT OF AN EXTORTION THREAT**.

G. First Party Data Protection

We shall indemnify the "insured" for "data protection loss" in excess of the retention, which the "insured" becomes obligated to pay as a direct result of one or more of the following that first takes place on or after the "retroactive date" and before the end of the "policy period":

1. alteration, corruption, destruction, deletion or damage to a "data asset"; or
2. inability to access a "data asset";

and is directly caused by a failure of "computer security" to prevent a "security breach"; provided that such "security breach" must take place on or after the "retroactive date" and before the end of the "policy period".

H. First Party Network Business Interruption

We shall indemnify the "insured", for "business interruption loss", in excess of the retention, incurred by the "insured" during the "period of restoration" or the "extended interruption period" (if applicable) as a direct result of the actual and necessary interruption or suspension of "computer systems" that first takes place during the "policy period" and is directly caused by a failure of "computer security" to prevent a "security breach"; provided that such "security breach" must first take place on or after the "retroactive date" and before the end of the "policy period".

II. DEFENSE AND SETTLEMENT OF CLAIMS

A. We shall have the right and duty to defend:

1. Any "claim" against the "insured" seeking "damages" even if any of the allegations of the "claim" are groundless, false or fraudulent; or
2. Under Section **I. INSURING AGREEMENTS, C. Regulatory Defense And Penalties**, any "claim" in the form of a "regulatory proceeding".

Selection of defense counsel shall be mutually agreed upon between us and the "named insured", but in the absence of such agreement, our decision shall be final.

B. We will pay "claims expenses" incurred. The Aggregate Limit of Liability available to pay "damages" and "penalties" shall be reduced and may be completely exhausted by payment of "claims expenses". "Damages", "penalties", and "claims expenses" shall be applied against the each claim retention payable by the "insured".

C. If the "insured" refuses to consent to any settlement or compromise recommended by us and acceptable to the claimant and elects to contest the "claim", our liability for any "damages", "penalties", and "claims expenses" shall not exceed the lesser of:

1. The amount for which the "claim" could have been settled, less the remaining retention, plus the "claims expenses" incurred up to the time of such refusal; or

2. The applicable Limit of Liability whichever is less, and we have the right to withdraw from further defense by tendering control of said defense to the "insured". The portion of any proposed settlement or compromise that requires the "insured" to cease, limit or refrain from actual or alleged infringing or otherwise injurious activity or is attributable to future royalties or other amounts that are not "damages" (or "penalties" for "claims" covered under Section **I. INSURING AGREEMENTS, C. Regulatory Defense And Penalties**) shall not be considered in determining the amount for which a "claim" could have been settled.

III. WHO IS AN INSURED

A. Whether expressed in singular or plural, "insured" shall mean:

1. The "named insured" and any "subsidiaries" of the "named insured" (together the "insured organization");
2. A director, manager of a limited liability company or officer of the "insured organization", but only with respect to the performance of their duties as such on behalf of the "insured organization";
3. An employee of the "insured organization", but only for work done while acting within the scope of their employment and related to the conduct of the "insured organization's" business;
4. A principal if the "named insured" is a sole proprietorship, or a partner if the "named insured" is a partnership, but only with respect to the performance of their duties as such on behalf of the "insured organization";
5. Any person previously qualified as an "insured" under Paragraphs **A2.**, **A3.**, or **A4.** of Section **III. WHO IS AN INSURED** prior to the termination of the required relationship with the "insured organization", but only with respect to the performance of their duties as such on behalf of the "insured organization".

B. "Named insured" means the entity or individual shown in the Declarations of this Coverage Form.

IV. EXCLUSIONS

This insurance does not apply to any "claim" or "loss":

- A. Arising out of or resulting from any contractual liability or obligation, or arising out of or resulting from breach of contract or agreement either oral or written. However, this exclusion will not apply:
 1. Only with respect to the coverage provided pursuant to Paragraph **1.** of Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability**, to any obligation of the "insured organization" to maintain the confidentiality or security of "personally identifiable information" or of "third party information";
 2. Only with respect to Paragraph **4.** of Section **I. INSURING AGREEMENTS, D. Website Media Content Liability**, for misappropriation of ideas under implied contract; or
 3. To the extent the "insured" would have been liable in the absence of such contract or agreement.
- B. Arising out of or resulting from any liability or obligation under a "merchant services agreement" except this exclusion does not apply to "PCI Fines, Expenses, and Costs" covered under Section **I. INSURING AGREEMENTS, E. PCI Fines, Expenses, and Costs**, or to "computer expert services" or "legal services" covered under Section **I. INSURING AGREEMENTS, B. Privacy Breach Response Services**.
- C. Arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to:

1. Any "claim" covered under Paragraphs **1.**, **2.**, or **3.** of Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability** or Section **I. INSURING AGREEMENTS, C. Regulatory Defense and Penalties**; or
 2. The providing of "privacy breach response services" covered under Section **I. INSURING AGREEMENTS, B. Privacy Breach Response Services**.
- D.** Arising out of or resulting from the actual or alleged unlawful collection, acquisition or retention of "personally identifiable information" (except as otherwise covered under Paragraph **5.** of Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability**) or other personal information by, on behalf of, or with the consent or cooperation of the "insured organization"; or the failure to comply with a legal requirement to provide individuals with the ability to assent to or withhold assent (e.g. opt-in or opt-out) from the collection, disclosure or use of "personally identifiable information". This exclusion shall not apply to the actual or alleged unlawful collection, acquisition or retention of "personally identifiable information" by a person or entity that is not a "related party" and without the knowledge of the "insured organization".
- E.** Arising out of or resulting from any act, error, omission, incident, failure of "computer security", or "security breach" committed or occurring prior to the "continuity date" of this Coverage Form:
1. If any member of the "control group" on or before the "continuity date" knew or could have reasonably foreseen that such act, error or omission, incident, failure of "computer security", or "security breach" might be expected to be the basis of a "claim" or "loss"; or
 2. In respect of which any "insured" has given notice of a circumstance, which might lead to a "claim" or "loss", to the insurer of any other policy in force prior to the inception date of this Coverage Form.
- F.** Arising out of or resulting from any related or continuing acts, errors, omissions, incidents or events, where the first such act, error, omission, incident or event was committed or occurred prior to the "retroactive date."
- G.** For, arising out of or resulting from any actual or alleged:
1. Infringement of patent or patent rights or misuse or abuse of patent;
 2. Infringement of copyright arising from or related to software code or software products other than infringement resulting from a theft or "unauthorized access or use" of software code by a person who is not a "related party";
 3. Use or misappropriation of any ideas, trade secrets or "third party corporate information" (i) by, or on behalf of, the "insured organization", or (ii) by any other person or entity if such use or misappropriation is done with the knowledge, consent or acquiescence of a member of the Control Group;
 4. Disclosure, misuse or misappropriation of any ideas, trade secrets or confidential information that came into the possession of any person or entity prior to the date the person or entity became an employee, officer, director, manager of a limited liability company, principal, partner or "subsidiary" of the "insured"; or
 5. Under Paragraph **2.** of Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability**, theft of or "unauthorized disclosure" of a "data asset."
- H.** In connection with or resulting from a "claim" brought by or on behalf of the Federal Trade Commission, the Federal Communications Commission, or any other state, federal, local or foreign governmental entity, in such entity's regulatory or official capacity; provided, this exclusion shall not apply to an otherwise covered "claim" under Section **I. INSURING AGREEMENTS, C. Regulatory Defense and Penalties** or to the providing of "privacy breach response services" under Section **I. INSURING AGREEMENTS, B. Privacy Breach Response Services** to the extent such services are legally required to comply with a "breach notice law";

- I. Arising out of or resulting from a "claim" by or on behalf of one or more "insureds" under this coverage against any other "insured" or "insureds" under this coverage; provided this exclusion shall not apply to an otherwise covered "claim" under Paragraphs **1.**, **2.**, or **3.** of Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability** made by a current or former employee of the "insured organization";
- J. Arising out of or resulting from:
1. Any "claim" made by any business enterprise in which any "insured" has greater than a 15 percent (15%) ownership interest or made by any parent company or other entity which owns more than 15 percent (15%) of the "named insured"; or
 2. The "insured's" activities as a trustee, partner, member, manager of a limited liability company, officer, director or employee of any employee trust, charitable organization, corporation, company or business other than that of the "insured organization";
- K. Arising out of or resulting from:
1. The actual or alleged obligation to make licensing fee or royalty payments;
 2. Any costs or expenses incurred or to be incurred by the "insured" or others for the reprinting, reposting, recall, removal or disposal of any "media material" or any other information, content or media, including any media or products containing such "media material", information, content or media;
 3. Any "claim" brought by or on behalf of any intellectual property licensing bodies or organizations;
 4. The actual or alleged inaccurate, inadequate or incomplete description of the price of goods, products or services, cost guarantees, cost representations, or contract price estimates, the authenticity of any goods, products or services, or the failure of any goods or services to conform with any represented quality or performance;
 5. Any actual or alleged gambling, contest, lottery, promotional game or other game of chance; or
 6. Any "claim" made by or on behalf of any independent contractor, joint venture or venture partner arising out of or resulting from disputes over ownership of rights in "media material" or services provided by such independent contractor, joint venture or venture partner;
- L. With respect to Section **I. INSURING AGREEMENTS F. Cyber Extortion, G. Data Protection Loss and H. Business Interruption Loss** arising out of or resulting from any criminal, dishonest, fraudulent, or malicious act, error or omission, any "security breach", "extortion threat", or intentional or knowing violation of the law, if committed by any member of the "control group" or any person in participation or collusion with any member of the "control group";
- M. With respect to Section **I. INSURING AGREEMENTS G. Data Protection Loss and H. Business Interruption Loss** arising out of or resulting from:
1. Any failure or malfunction of electrical or telecommunications infrastructure or services, provided that this exclusion shall not apply to any otherwise covered "claim" or "loss" arising out of failure of "computer security" to prevent a "security breach" that was solely caused by a failure or malfunction of telecommunications infrastructure or services under the "insured's" direct operational control;

2. Fire, flood, earthquake, volcanic eruption, explosion, lighting, wind, hail, tidal wave, landslide, act of God or other physical event; or
3. Any satellite failures.

N. With respect to Section **I. INSURING AGREEMENTS F. Cyber Extortion** arising out of or resulting from:

1. Any threat to physically harm or kidnap any person; or
2. Any threat to harm, take, or transfer property other than any "data asset", even if such threat is made in conjunction with a threat to a "data asset" or by carrying out such threat to, harm, theft, or transfer, a "data asset" may be damaged, corrupted, altered, taken, disseminated or transferred;

O. Arising out of or resulting from any seizure, nationalization, confiscation, or destruction of "computer systems" or "data assets" by order of any governmental or public authority;

P. Arising out of or resulting from, directly or indirectly occasioned by, happening through or in consequence of: war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

V. LIMIT OF LIABILITY AND COVERAGE

A. The Aggregate Limit of Liability set forth in the Declarations is our combined total limit of liability for all "damages", "penalties", "PCI Fines, Expenses, and Costs", "public relations and crisis management expenses", "cyber extortion loss", "data protection loss", "business interruption loss" and "claims expenses" payable under this Coverage Form.

Neither the inclusion of more than one "insured" under this Coverage Form, nor the making of "claims" by more than one person or entity, shall increase the Limit of Liability.

B. The Limit of Liability for the "automatic extension period" and the "optional extension period" shall be part of and not in addition to the Aggregate Limit of Liability.

C. The "Notified Individuals" limit stated in the Declarations is the maximum total number of "notified individuals" to whom notification will be provided or attempted for all incidents or series of related incidents giving rise to an obligation to provide "notification services", "call center services" or "breach resolution and mitigation services".

D. We shall not be obligated to pay any "damages", "penalties", or "claims expenses", or to undertake or continue defense of any suit or proceeding after the Aggregate Limit of Liability has been exhausted by payment of "damages", "penalties" or "claims expenses", or after deposit of the Aggregate Limit of Liability in a court of competent jurisdiction. Upon such payment, we shall have the right to withdraw from further defense of any "claim" under this Coverage Form by tendering control of said defense to the "insured".

E. Unless otherwise specified in this Coverage Form, "privacy breach response services" will be provided by a service provider selected by us from the service providers listed in the "information packet".

F. To the extent that costs to provide "privacy breach response services" are covered pursuant to a "claim" described in Paragraph **D.4.** of Section **XI. DEFINITIONS**, such costs shall be covered solely under Section **I. INSURING AGREEMENTS, A. Information Security and Privacy Liability**.

G. In the event that this Coverage Form is accompanied by an application, then only Paragraphs **B. - E.**, of this Section **V. LIMIT OF LIABILITY AND COVERAGE** apply and limits of liability shall be as follows:

1. The Aggregate Limit of Liability shall include all items as set forth in the Declarations and Paragraph **A.** except "public relations and crisis management expenses".
2. The Regulatory Defense and Penalties sublimit of liability stated in the Declarations is the aggregate sublimit of liability payable under Section **I. INSURING AGREEMENTS, C. Regulatory Defense and Penalties** of this Coverage Form and is part of and not in addition to the Aggregate Limit of Liability.
3. The PCI Fines, Expenses, and Costs sublimit of liability stated in the Declarations is the aggregate sublimit of liability payable under Section **I. INSURING AGREEMENTS, E. PCI Fines, Expenses, and Costs** of this Coverage Form and is part of and not in addition to the Aggregate Limit of Liability.
4. The Cyber Extortion sublimit of liability stated in the Declarations is the sublimit of liability payable under Section **I. INSURING AGREEMENTS, F. Cyber Extortion** of this Coverage Form and is part of and not in addition to the Aggregate Limit of Liability.
5. The First Party Data Protection sublimit of liability stated in the Declarations is the sublimit of liability payable under Section **I. INSURING AGREEMENTS, G. First Party Data Protection** of this Coverage Form and is part of and not in addition to the Aggregate Limit of Liability.
6. The First Party Network Business Interruption sublimit of liability stated in the Declarations is the sublimit of liability payable under Section **I. INSURING AGREEMENTS, H. First Party Network Business Interruption** of this Coverage Form and is part of and not in addition to the Aggregate Limit of Liability.
7. There shall be a separate aggregate limit of coverage as stated in the Declarations for "computer expert services", "legal services, and "public relations and crisis management expenses". The aggregate limit stated in the Declarations is the aggregate limit of coverage for all "computer expert services", "legal services" and "public relations and crisis management expenses" combined.

VI. RETENTION

- A.** The retention(s) set forth in the Declarations apply(ies) separately to each incident, event or related incidents or events, giving rise to a "claim". The retention(s) shall be satisfied by monetary payments by the "named insured" of "damages", "claims expenses", "penalties" "public relations and crisis management", "cyber extortion loss", "data protection loss", "business interruption loss", or "PCI Fines, Expenses and Costs".
- B.** For all "notification services", "call center services" and "breach resolution and mitigation services" for each incident, the notified individuals sublimit set forth in the Declarations applies separately to each incident, event or related incidents or events, giving rise to an obligation to provide such services.
- C.** With respect to Section **I. INSURING AGREEMENTS H. First Party Network Business Interruption**, the retention set forth in the Declarations applies separately to each "security breach". The "retention" shall be satisfied by covered "business interruption loss" retained by the "insured organization". The "retention" for Section **I. INSURING AGREEMENTS H. First Party Network Business Interruption**, shall be as follows:
 1. with respect to covered "business interruption loss", the "retention" shall be the greater of:
 - a.** the "retention" amount set forth in the Declarations; or
 - b.** the amount of "business interruption loss" during the "waiting period";

- D. Satisfaction of the applicable retention is a condition precedent to our payment of any amounts hereunder, and we shall be liable only for the amounts in excess of such retention subject to our total liability not exceeding the Aggregate Limit of Liability. The "named insured" shall be responsible for all payments within the retention and shall make all such payments directly to the other parties designated by us.

VII. EXTENSION PERIODS

A. Automatic Extension Period

We will provide a 14 day "automatic extension period" in the event of termination of this Coverage Form for any reason except the non-payment of premium. The "automatic extension period" does not apply to Section **I. INSURING AGREEMENTS, B. Privacy Breach Response Services, F. Cyber Extortion, G. First Party Data Protection** and **H. First Party Network Business Interruption**.

B. Optional Extension Period

1. In the event of the termination of this Coverage Form for any reason except the non-payment of premium, you have the right to purchase an endorsement providing an "optional extension period" of 12 or 24 months for "claims" first made against any "insured" and reported to us during the "optional extension period". You must submit a written request for the "optional extension period" to us within 30 days of the termination of this Coverage Form. Payment of the full additional premium for the "optional extension period" endorsement is due within 30 days of the termination of this Coverage Form. If notice of election and payment for the "optional extension period" is not given to us within such 30 day period, there shall be no right to purchase the "optional extension period".
2. The Limit of Liability for the "optional extension period" shall be part of, and not in addition to, the applicable Limit of Liability for the "policy period". The purchase of the "optional extension period" does not in any way increase the Aggregate Limit of Liability or any sublimit of liability. The "optional extension period" does not extend the "policy period" or change the scope of the coverage provided. The "optional extension period" only extends the "claims" reporting period. A "claim" first made against any "insured" and reported to us during the "optional extension period" will be deemed to have been made on the last day of the "policy period" provided that the "claim" is for any act, error, or omission committed on or after the "retroactive date" and before the end of the "policy period".
3. The additional premium for a 12 month "optional extension period" will be 100% of the premium charged for the last "policy period". The additional premium for a 24 month "optional extension period" will be 200% of the premium charged for the last "policy period". At the commencement of the "optional extension period" the entire premium shall be deemed earned, and in the event the "named insured" terminates the "optional extension period" for any reason prior to its natural expiration; we will not be liable to return any premium paid for the "optional extension period".
4. The right to purchase an "optional extension period" shall not be available to you if the premium for the policy to which this coverage form is attached has not been paid in full, or if we have cancelled or not renewed it due to non-payment of premium or your failure to pay amounts in excess of the applicable limit of liability or within the amount of the retention. The "optional extension period" does not apply to Section **I. INSURING AGREEMENTS, B. Privacy Breach Response Services, F. Cyber Extortion, G. First Party Data Protection** and **H. First Party Network Business Interruption**.

VIII. NOTICE OF CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM

- A. If any "claim" is made against the "insured" the "insured" shall forward as soon as practicable to us written notice of such "claim" in the form of a facsimile, email, through our web or mobile app portals, or express or certified mail together with every demand, notice, summons or other process received by the "insured" or the "insured's" representative.

B. With respect to Section **I. INSURING AGREEMENTS, B. Privacy Breach Response Services**, for a legal obligation to comply with a "breach notice law" because of an incident described in Paragraph **1.** or **2.** of Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability**, such incident or reasonably suspected incident must be reported as soon as practicable during the "policy period" after discovery by the "insured".

C. If during the "policy period", the "insured" becomes aware of any circumstance that could reasonably be the basis for a "claim" it may give written notice to us in the form of a facsimile, through our web or mobile app portals, email or express or certified mail as soon as practicable during the "policy period". Such a notice must include:

- 1.** The specific details of the act, error, omission, or "security breach" that could reasonably be the basis for a "claim";
- 2.** The injury or damage which may result or has resulted from the circumstance; and
- 3.** The facts by which the "insured" first became aware of the act, error, omission or "security breach".

Any subsequent "claim" made against the "insured" arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to us.

An incident or reasonably suspected incident reported to us during the "policy period" and in conformance with Paragraph **B.** of Section **VIII. NOTICE OF CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM** shall also constitute notice of a circumstance under this Paragraph **C.**

D. A "claim" or legal obligation under Paragraphs **A.** or **B.** of Section **VIII. NOTICE OF CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM** shall be considered to be reported to us when written notice is first received by us in the form of a facsimile, email, through our web or mobile app portals, or express or certified mail or email of the "claim" or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a "claim" if provided in compliance with Paragraph **C.** of Section **VIII. NOTICE OF CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM.**

E. With respect to Section **I. INSURING AGREEMENTS, H. Business Interruption Loss**, the "insured" shall forward immediately to us, written notice of the interruption or suspension of "computer systems" to which this Coverage Form applies in the form of a facsimile, email, through our web or mobile app portals or express mail. Such notice must be provided during the "policy period", or no later than ten days after the end of the "policy period" for interruptions or suspensions occurring within ten days of the end of the "policy period"; provided, all covered "business interruption loss" must be reported to us (in accordance with Section **XIII. Proof of Loss and Appraisal**) no later than six (6) months after the end of the "policy period".

IX. OTHER INSURANCE

The insurance under this Coverage Form shall apply in excess of any other valid and collectible insurance available to any "insured", including any self-insured retention or deductible portion thereof unless such other insurance is written only as specific excess insurance over the Aggregate Limit of Liability or any other applicable Limit of Liability of this Coverage Form.

X. NAMED INSURED AS AGENT

The "named insured" shall be considered the agent of all "insureds" and shall act on behalf of all "insureds" with respect to the giving of or receipt of all notices pertaining to this Coverage Form and the acceptance of any endorsements to this Coverage Form. With respect to Section **I. INSURING AGREEMENT F. Cyber Extortion**, in the event of an "extortion threat" to which this insurance applies, the "insured" shall notify us by calling the phone number for the Cyber Extortion Threat hotline shown in the Declarations immediately upon receipt of any "extortion threat", and shall thereafter also provide written notice by facsimile, email, through our web or mobile app portals, or express mail within five days following the "extortion threat".

XI. DEFINITIONS

A. The following definitions apply to the provisions of this coverage form:

1. "Automatic extension period" means the period described in Section **VII. EXTENSION PERIODS**, Paragraph **A. Automatic Extension Period**, wherein this Coverage Form provides extra days after the end of this "policy period" for an "insured" to report a "claim" that occurred during the "policy period".
2. "Breach notice law" means any statute or regulation that requires notice to persons whose "personally identifiable information" was accessed or reasonably may have been accessed by an unauthorized person.
3. "Breach resolution and mitigation services" means a credit monitoring, identity monitoring or other solution selected from the products listed in "information pack" and offered to "notified individuals". The product offered to "notified individuals" will be selected by us in consultation with the "insured organization" and in accordance with the "information pack".

The product offer will be included in the communication provided pursuant to Paragraph **3.** of Section **I. INSURING AGREEMENTS, B. Privacy Breach Response Services**.

4. "Business interruption loss" means the total of:
 - a. "Income loss" and "extra expense" during the "period of restoration"; and
 - b. "Extended income loss" if the "income loss" during the "period of restoration" is in excess of the applicable retention.

Provided that "business interruption loss" shall not mean and Section **I. INSURING AGREEMENTS, H. Business Interruption Loss** shall not cover any of the following: "loss" arising out of any liability to any third party for whatever reason; legal costs or legal expenses of any type; "loss" incurred as a result of unfavorable business conditions, loss of market or any other consequential loss; or costs or expenses the "insured organization" incurs to identify and remove software program errors or vulnerabilities.

All "business interruption loss" resulting from multiple covered interruptions or suspensions of "computer systems" that arise out of the same or a continuing "security breach", from related or repeated "security breaches", or from multiple "security breaches" resulting from a failure of "computer security" shall be deemed to be a single "business interruption loss"; provided, however, that a separate "waiting period" shall apply to each "period of restoration".

5. "Call center services" means the provision of a call center to answer calls during standard business hours for a period of 90 days following notification (or longer if required by applicable law or regulation) of an incident for which notice is provided pursuant to Paragraph **3.** of Section **I. INSURING AGREEMENTS, B. Privacy Breach Response Services** (Notification Services).

"Call center services" will be provided by a service provider selected by us in consultation with the "insured organization" from the list of service providers in the "information packet".

6. "Claim" means:
 - a. A written demand received by any "insured" for money or services; including service of a suit or institution of regulatory or arbitration proceedings;
 - b. With respect to coverage provided under Section **I. INSURING AGREEMENTS, C. Regulatory Defense And Penalties** only, institution of a "regulatory proceeding" against any "insured";
 - c. A written request or agreement to toll or waive a statute of limitations relating to a potential "claim" described in Paragraph **1.** above; and

- d. With respect to coverage provided under Paragraph **1.** of Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability** only, a demand received by any "insured" to fulfill the "insured organization's" contractual obligation to provide notice of an incident (or reasonably suspected incident) described in Paragraph **1.** of Section **I. INSURING AGREEMENTS, A. Information Security And Privacy Liability** pursuant to a "breach notice law".

Multiple "claims" arising from the same or a series of related or repeated acts, errors, or omissions, or from any continuing acts, errors, omissions, or from multiple "security breaches" arising from a failure of "computer security", shall be considered a single "claim" for the purposes of this Coverage Form, irrespective of the number of claimants or "insureds" involved in the "claim". All such "claims" shall be deemed to have been made at the time of the first such "claim".

7. "Claim expenses" means:

- a. Reasonable and necessary fees charged by an attorney designated pursuant to Paragraph **A.** of Section **II. DEFENSE AND SETTLEMENT OF CLAIMS**;
- b. All other legal costs and expenses resulting from the investigation, adjustment, defense and appeal of a "claim", suit, or proceeding arising in connection therewith, or circumstance which might lead to a "claim", if incurred by us, or by the "insured" with the prior written consent of us; and
- c. The premium cost for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required in any "claim" against an "insured" provided that we shall have no obligation to appeal or to obtain bonds.

"Claims expenses" do not include any salary, overhead, or other charges by the "insured" for any time spent in cooperating in the defense and investigation of any "claim" or circumstance that might lead to a "claim" notified under this Coverage Form, or costs to comply with any regulatory orders, settlements or judgments.

8. "Computer expert services" means costs for:

- a. A computer security expert to determine the existence and cause of an actual or suspected electronic data breach which may require the "insured organization" to comply with a "breach notice law" and to determine the extent to which such information was accessed by an unauthorized person or persons;
- b. A Payment Card Industry (PCI) Forensic Investigator that is approved by the PCI Security Standards Council and is retained by the "insured organization" in order to comply with the terms of a "merchant services agreement" to investigate the existence and extent of an actual or suspect compromise or credit card data; and within our discretion, where a computer security expert described in Paragraph **8.a.** above has not been retained, for a computer security expert to provide advice and oversight in connection with the investigation conducted by the PCI Forensic Investigator; and
- c. A computer security expert which amount is part of and not in addition to the combined aggregate limit of coverage for all "computer expert services", "legal services", and "public relations and crisis management expenses" stated in the Declarations to demonstrate the "insureds" ability to prevent a future electronic data breach as required by a "merchant services agreement".

"Computer expert services" will be provided in accordance with the terms and conditions set forth in this Coverage Form and will be provided by a service provider selected by the "insured organization" in consultation with us from the list of service providers in the "information packet".

9. "Computer security" means software, computer or network hardware devices, as well as the "insured organization's" written information security policies and procedures, the function or purpose of which is to prevent "unauthorized access or use", a denial of service attack against "computer systems", infection of "computer systems" by malicious code or transmission of malicious code from "computer systems". "Computer security" includes anti-virus and intrusion detection software, firewalls and electronic systems that provide access control to "computer systems" through the use of passwords, biometric or similar identification of authorized users.
10. "Computer systems" means computers and associated input and output devices, data storage devices, networking equipment, and back up facilities:
- a. Operated by and either owned by or leased to the "insured organization"; or
 - b. With respect to Section I. **INSURING AGREEMENTS A. - G.**, systems operated by a third party service provider and used for the purpose of providing hosted computer application services to the "insured organization" or for processing, maintaining, hosting or storing the "insured organization's" electronic data, pursuant to written contract with the "insured organization" for such services.
11. "Continuity date" means the date stated in the Declarations that coverage was first written with respect to the "named insured" and any "subsidiaries" acquired before such date. Any litigation initiated before this date is not subject to coverage under this Coverage Form even if the allegations were not part of a potentially covered claim.
12. "Control group" means the individuals holding the following positions in the "insured organization":
- a. President;
 - b. Members of the Board of Directors;
 - c. Executive Officers, including the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer; General Counsel, Chief Information Officer, Chief Security Officer, Chief Privacy Officer;
 - d. Staff attorneys employed by the "insured organization";
 - e. Manager of a limited liability company; and
 - f. Any individual in a substantially similar position or which substantially similar responsibilities as those referenced above.
13. "Cyber extortion loss" means:
- a. Any "extortion payment" that has been made under duress by or on behalf of the "insured" with our prior written consent, but solely to prevent or terminate an "extortion threat" and in an amount that does not exceed the covered "damages" and "claims expenses" that would have been incurred had the "extortion payment not been paid;
 - b. An otherwise covered "extortion payment" that is lost in transit by actual destruction, disappearance or wrongful abstraction while being conveyed by any person authorized by or on behalf of the "insured" to make such conveyance; and
 - c. Fees and expenses paid by or on behalf of the "insured" for security consultants retained with our prior written approval, but solely to prevent or terminate an "extortion threat".
14. "Damages" means a monetary judgment, award or settlement; provided that the term "damages" shall not include or mean:
- a. Future profits, restitution, disgorgement of unjust enrichment or profits by an "insured", or the costs of complying with orders granting injunctive or equitable relief;

- b. Return or offset of fees, charges, or commissions charged by or owed to an "insured" for goods or services already provided or contracted to be provided;
 - c. Any damages which are a multiple of compensatory damages, fines, taxes or loss of tax benefits, sanctions or penalties;
 - d. Punitive or exemplary damages, unless insurable by law in any applicable venue that most favors coverage for such punitive or exemplary damages;
 - e. Discounts, coupons, prizes, awards or other incentives offered to the "insured's" customers or clients;
 - f. 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; or
 - g. Any amounts for which the "insured" is not liable, or for which there is no legal recourse against the "insured".
15. "Data asset" means any software or electronic data that exists in "computer systems" and that is subject to regular back up procedures, including computer programs, applications, account information, customer information, private or personal information, marketing information, financial information and any other information maintained by the "insured organization" in its ordinary course of business.
16. "Data protection loss" means:
- a. With respect to any "data asset" that is altered, corrupted, destroyed, deleted or damaged the actual, reasonable and necessary costs and expenses incurred by the "insured" to restore a "data asset" from back-ups or from originals or to gather, assemble and recollect such "data asset" from other sources to the level or condition in which it existed immediately prior to its alteration, corruption, destruction, deletion or damage; or
 - b. With respect to any "data asset" that the "insured" is unable to access, the lesser of the actual, reasonable and necessary costs and expenses incurred by the "insured organization" to:
 - (1) Regain access to such "data asset"; or
 - (2) Restore such "data asset" from back-ups or originals or gather, assemble and recollect such "data asset" from other sources, to the level or condition in which it existed immediately prior to the "insured's" inability to access it.

Provided that if such "data asset" cannot reasonably be accessed, restored, gathered, assembled or recollect, then "data protection loss" means the actual, reasonable and necessary costs and expenses incurred by the "insured" to reach this determination.

Provided further that "data protection loss" shall not exceed, and shall not mean, any amount in excess of the amount by which the net profit before income taxes of the "insured" would have decreased had the "insured" failed to restore, gather, assemble or recollect as set forth in sub-paragraphs **16.a.** and **16.b.** above.

A "data protection loss" will be deemed to occur at the time such alteration, corruption, destruction, deletion or damage to or inability to access a "data asset" is first discovered by the "insured". All "data protection loss" that arises out of the same or a continuing "security breach", from related or repeated "security breaches", or from multiple "security breaches" resulting from a failure of "computer security" shall be deemed to be a single "data protection loss".

"Data protection loss" shall not mean, and there shall be no coverage under Section **I. INSURING AGREEMENTS, G. First Party Data Protection** for:

- a. Costs or expenses incurred by the "insured" to identify or remediate software program errors or vulnerabilities or update, replace, restore, gather, assemble, reproduce, recollect or enhance a "data asset" or "computer systems" to a level beyond that which existed prior to the alteration, corruption, destruction, deletion or damage of such "data asset";
 - b. Costs or expenses to research or develop any "data asset", including but not limited to trade secrets or other proprietary information;
 - c. The monetary value of profits, royalties, or lost market share related to a "data asset", including but not limited to trade secrets or other proprietary information or any other amount pertaining to the value of the "data asset";
 - d. Loss arising out of any liability to any third party for whatever reason; or
 - e. Legal costs or legal expenses of any type.
- 17.** "Denial of service attack" means an attack intended by the perpetrator to overwhelm the capacity of a "computer system" by sending an excessive volume of electronic data to such "computer system" in order to prevent authorized access to such "computer system".
- 18.** "Extended income loss" means the "income loss" during the "extended interruption period".
- 19.** "Extended interruption period" means the period of time that:
- a. Begins on the date and time that the "period of restoration" ends; and
 - b. Terminates on the date and time the "insured" restores, or would have restored if the "insured" had exercised due diligence and dispatch, the net profit before income taxes that would have been earned by the "insured" directly through its business operations had the actual and necessary interruption or suspension of "computer systems" not occurred;
- Provided that in no event shall the "extended interruption period" mean more than or exceed 30 days.
- 20.** "Extortion payment" means cash, marketable goods or services demanded to prevent or terminate an "extortion threat".
- 21.** "Extortion threat" means a threat to breach "computer security" in order to:
- a. Alter, destroy, damage, delete or corrupt any "data asset";
 - b. Prevent access to "computer systems" or a "data asset", including a "denial of service attack" or encrypting a "data asset" and withholding the decryption key for such "data asset";
 - c. Perpetrate a theft or misuse of a "data asset" on "computer systems" through external access;
 - d. Introduce "malicious code" into "computer systems" or to third party computers and systems from "computer systems"; or
 - e. Interrupt or suspend "computer systems";
- unless an "extortion payment" is received from or on behalf of the "insured".
- Multiple related or continuing "extortion threats" shall be considered a single "extortion threat" for purposes of this insurance and shall be deemed to have occurred at the time of the first such "extortion threat".
- 22.** "Extra expense" means:
- a. Reasonable and necessary expenses that are incurred by the "insured" during the "period of restoration" to minimize, reduce or avoid an "income loss", provided that such expenses:

- (1) Are over and above those the "insured" would have incurred had no interruption or suspension of the "computer systems" occurred; and
- (2) Do not exceed the amount by which the "income loss" in excess of the retention and covered under this insurance is thereby reduced; and

b. "Forensic expenses";

provided that "extra expense" shall not mean, and there shall be no coverage under Section I. **INSURING AGREEMENTS, H. Business Interruption Loss** for expenses incurred by the "insured" to update, upgrade, enhance or replace "computer systems" to a level beyond that which existed prior to the actual and necessary interruption or suspension of "computer systems"; or the costs and expenses incurred by the "insured" to restore, reproduce, or regain access to any "data asset" that was altered, corrupted, destroyed, deleted, damaged or rendered inaccessible as a result of the failure of "computer security" to prevent a "security breach".

23 "Forensic expenses" means reasonable and necessary expenses incurred by the "insured" to investigate the source or cause of the failure of "computer security" to prevent a "security breach".

24. "Income loss" means:

- a.** The net profit before income taxes that the "insured" is prevented from earning through its business operations or the net loss before income taxes that the "insured" is unable to avoid through its business operations as a direct result of the actual and necessary interruption or suspension of "computer systems"; and
- b.** Fixed operating expenses incurred by the "insured" (including payroll), but only to the extent that a. such operating expenses must necessarily continue during the "period of restoration" (or Extended Interruption Period, if applicable); and b. such expenses would have been incurred by the "insured" had such interruption or suspension not occurred.

"Income loss" shall be reduced to the extent the "insured" (if applicable) is able, with reasonable dispatch and due diligence, to reduce or limit such interruption or suspension of "computer systems" or conduct its business operations by other means.

In determining "income loss", due consideration shall be given to the prior experience of the "insured's" business operations before the beginning of the "period of restoration" and to the probable business operations the "insured organization" could have performed had no actual and necessary interruption or suspension occurred as result of a failure of "computer security" to prevent a "security breach".

"Income loss" will be calculated on an hourly basis based on the "insured's" net profit (or loss) and fixed operating expenses as set forth above.

25. "Information packet" means the information packet that includes a list of service providers who provide "privacy breach response services."

26. "Insured organization" means the "named insured" and any "subsidiaries" of the "named insured".

27. "Legal services" means fees charged by an attorney:

- a.** To determine the applicability of and actions necessary for the "insured organization" to comply with "breach notice laws" due to an actual or reasonably suspected theft, loss or "unauthorized disclosure" of "personally identifiable information";

- b.** To provide necessary legal advice to the "insured organization" in responding to actual or suspected theft, loss or "unauthorized disclosure" of "personally identifiable information"; and
- c.** To advise the "insured organization" in responding to credit card system operating regulation requirements for any actual or suspected compromise of credit card data that is required to be reported to the "insured organization's" merchant bank under the terms of a "merchant services agreement", but "legal services" does not include fees incurred in any actual or threatened legal proceeding, arbitration or mediation, or any advice in responding to credit card system operating regulation in connection with an assessment of "PCI Fines, Expenses, and Costs".

"Legal services" will be provided in accordance with the terms and conditions set forth in this Coverage Form and will be provided by an attorney selected by the "insured organization" in consultation with us, from the list of attorneys in the "information packet".

28. "Loss" means:

- a.** "Business Interruption Loss";
- b.** "Damages";
- c.** "Claims Expenses";
- d.** "Cyber Extortion Loss";
- e.** "Data Protection Loss";
- f.** "Public Relations and Crisis Management Expenses";
- g.** "Penalties";
- h.** "PCI Fines, Expenses and Costs"; and
- i.** "Privacy Breach Response Services".

29. "Malicious code" means any virus, Trojan horse, worm or any other similar software program, code or script intentionally designed to insert itself into computer memory or onto a computer disk and spread itself from one computer to another.

30. "Management control" means:

- a.** Owning, directly or indirectly, more than fifty percent (50%) of the outstanding securities, representing the present right to vote for the election of an entity's directors, members of the board of managers, management committee members or persons serving in a functionally equivalent role for such an entity operating or organization outside of the United States; or
- b.** Having the right, pursuant to a written contract or the bylaws, charter, operating agreement or similar documents of an entity to elect, appoint or designate a majority of:
 - (1)** The Board of Directors of a corporation;
 - (2)** The Management Committee of a joint venture or partnership;
 - (3)** The Management Board of a Limited Liability Company; or
 - (4)** Persons serving in a functionally equivalent role for such an entity operating or organized outside of the United States.

31. "Media material" means any information in electronic form, including words, sounds, numbers, images, or graphics and shall include advertising, video, streaming content, web-casting, online forum, bulletin board and chat room content, but does not mean computer software or the actual goods, products or services described, illustrated or displayed in such "media material".

32. "Merchant services agreement" means any agreement between an "insured" and a financial institution, credit/debit company, credit/debit card processor or independent service operator enabling an "insured" to accept credit card, debit card, prepaid card, or other payment cards for payments or donations.

33. "Notification services" means:

- 1.** Notification by first class mail or e-mail to United States or Canadian residents; and
- 2.** Notification by first class mail or e-mail to individuals residing outside the United States or Canada, but only to the extent reasonably practicable.

"Notification services" will be provided by a service provider selected by us in consultation with the "insured organization" from the list of service providers in the "information packet".

34. "Notified individual" means an individual person to whom notice is given or attempted to be given under Paragraph **3.** of Section **I.B. Privacy Breach Response Services** pursuant to a "breach notice law" as defined in Paragraph **A.2.** of Section **XI. DEFINITIONS**.

35. "Optional extension period" means period of time described in Section **VII. EXTENSION PERIODS**, Paragraph **B. Optional Extension Period**, wherein this Coverage Form provides extra days after the end of the "policy period" for an "insured" to report a "claim" that occurred during the "policy period".

36. "PCI Fines, Expenses and Costs" means the direct monetary fines, penalties, reimbursements, fraud recoveries or assessments owed by the "insured organization" under the terms of a "merchant services agreement", but only where such fines, penalties, reimbursements, fraud recoveries or assessments result both from the "insured organization's" actual or alleged noncompliance with published Payment Card Industry (PCI) Data Security Standards and from a data breach caused by an incident (or reasonably suspected incident) described in Paragraphs **1.** and **2.** of Section **I.A. Information Security And Privacy Liability**; provided, that the term "PCI Fines, Expenses and Costs" shall not include, or mean any charge backs, interchangeable fees, discount fees or prospective service fees.

37. "Penalties" means:

- a.** Any civil fine or punitive sum of money payable to a governmental entity that was imposed in a "regulatory proceeding" by the Federal Trade Commission, Federal Communications Commission, or any other federal, state, local or foreign governmental entity, in such entity's regulatory or official capacity; the insurability of "penalties" shall be in accordance with the law in the applicable venue that most favors coverage for such "penalties"; and
- b.** Amounts which the "insured" is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a "regulatory proceeding"; but shall not include payments to charitable organizations or disposition of such funds other than for payment of consumer claims for losses caused by an event covered pursuant to Paragraphs **1.**, **2.**, or **3.** of Section **I.A. Information Security And Privacy Liability**;

"Penalties" does not mean:

- a.** Costs to remediate or improve "computer systems";
- b.** Costs to establish, implement, maintain, improve or remediate security or privacy practices, procedures, programs or policies;
- c.** Audit, assessment, compliance or reporting costs; or
- d.** Costs to protect the confidentiality, integrity and/or security of "personally identifiable information" from theft, loss or disclosure.

38. "Period of restoration" means the time period that:

- a.** Begins on the specific date and time that the actual and necessary interruption or suspension of "computer systems" first occurred; and
- b.** Ends on the specific date and time that the actual and necessary interruption or suspension of "computer systems" ends, or would have ended had the "insured" acted with due diligence and dispatch;

Provided that in no event shall the "period of restoration" mean more than or exceed 30 days; and provided further that restoration of "computer systems" will not end the "period of restoration" if such systems are actually and necessarily interrupted or suspended again within one hour of such restoration due to the same cause as the original interruption or suspension.

39. "Personally identifiable information" means:

- a.** Information concerning the individual that constitutes nonpublic personal information as defined in the Gramm-Leach Bliley Act of 1999, as amended, and regulations issued pursuant the Act;
- b.** Medical or health care information concerning the individual, including protected health information as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and regulations issued pursuant to the Act;
- c.** Information concerning the individual that is defined as private personal information under statutes enacted to protect such information in foreign countries, for "claims" subject to the law of such jurisdiction;
- d.** Information concerning the individual that is defined as private personal information under a "breach notice law";
- e.** Education records as defined by the Family Educational Rights and Privacy Act (FERPA), which are directly related to an individual's attendance as a student; or
- f.** The individuals drivers' license or state identification number, social security number, unpublished telephone number, and credit, debit, or other financial account numbers in combination with associated security codes, access codes, passwords or pins;

if such information allows an individual to be uniquely and reliably identified or contacted or allows access to the individuals financial account or medial record information.

"Personally identifiable information" does not include publicly available information that is lawfully made available to the general public from government records

40. "Policy period" means the period of time between the inception date shown in the "declarations" and the effective date of termination, expiration or cancellation of this insurance and specifically excludes any "optional extension period" or any prior policy period or renewal period.

41. "Privacy breach response services" means the services and coverage provided by Section **I.B. Privacy Breach Response Services**.

42. "Privacy law" means a federal, state or foreign statute or regulation requiring the "insured organization" to protect the confidentiality and/or security of "personally identifiable information".

43. "Privacy policy" means the "insured organization's" public declaration of its policy for collection, use, disclosure, sharing, dissemination and correction or supplementation of, and access to "personally identifiable information".

44. "Public relations and crisis management expense" shall mean the following costs approved in advance by us, and which are directly related to mitigating harm to the "insured organization's" reputation or potential "loss" covered by this Coverage Form resulting from an incident described in Paragraphs **1.** and **2.** of Section **I.A. Information Security And Privacy Liability** or from a "public relations event":

- a.** Costs incurred by a public relations or crisis management consultant;
- b.** Costs for media purchasing or for printing or mailing materials intended to inform the general public about the incident, such costs to be limited to the amount noted in the Schedule or Declarations Page for Section **I.B. Privacy Breach Response Services**;
- c.** For incidents or events in which notifications services are not otherwise provided pursuant to Section **I.A. Information Security And Privacy Liability** and **B. Privacy Breach Response Services**, costs to provide notifications and notices via e-mail or first class mail to customers where such notifications are not required by law (voluntary notifications), including non-affected customers of the "insured organization";
- d.** Costs to provide government mandated public notices related to breach events (including such notifications required under HITECH);
- e.** Costs to provide services to restore healthcare records of "notified individuals" residing in the United States whose "personally identifiable information" was compromised as a result of theft, loss or "unauthorized disclosure"; and
- f.** Other costs approved in advance by us.

"Public relations and crisis management expenses" must be incurred no later than 12 months following the reporting of such "claim" or breach event to us and, with respect to Paragraphs **a.** and **b.** above, within 90 days following the first publication of such "claim" or incident. If voluntary notifications are provided, e-mail notification will be provided in lieu of first class mail to the extent practicable.

45. "Public relations event" means the publication or imminent publication in a newspaper (or other general circulation print publication) or on radio, television or a publically accessible website of a covered "claim" under this Coverage Form.

46. "Regulatory proceeding" means a request for information, civil investigative demand or civil proceeding commenced by service of a complaint or similar proceeding brought by or on behalf of the Federal Trade Commission, Federal Communications Commission, or any federal, state, local or foreign governmental entity in such entity's regulatory or official capacity in connection with such proceeding.

47. "Related party" means the "insured organization" and any past, present or future employees, directors, officers, managers of a limited liability company, partners or natural person independent contractors of the "insured organization".

48. "Retroactive date" means the date set forth in the Declarations.

49. "Security breach" means:

- a.** "Unauthorized access or use" of "computer systems", including "unauthorized access or use" resulting from the theft of a password from a "computer system" or from any "insured";
- b.** A denial or service attack against "computer systems" or "computer systems" that are not owned, operated or controlled by an "insured"; or
- c.** Infection of "computer systems" by malicious code or transmission of malicious code from "computer systems".

A series of continuing "security breaches", related or repeated "security breaches", or multiple "security breaches" resulting from a continuing failure of "computer security" shall be considered a single "security breach" and be deemed to have occurred at the time of the first such "security breach".

50. "Subsidiary" means any corporation, limited liability company, joint venture or partnership while the "named insured" has "management control" over such entity, if the "named insured":
- a. had "management control" over such entity on the inception date of this Coverage Form or such entity was an "insured" under a policy issued by the Underwriters of which this Coverage Form is a renewal; or
 - b. acquires "management control" after the inception date of this Coverage Form:
- provided that this Coverage Form only provides coverage for acts, errors, omissions, incidents or events that take place while the "named insured" has "management control" over such entity.
51. "Third party information" means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report or other item of information of a third party not insured under this Coverage Form which is not available to the general public and is provided to the "insured" subject to a mutually executed written confidentiality agreement or which the "insured organization" is legally required to maintain in confidence; however, "third party information" shall not include "personally identifiable information".
52. "Unauthorized access or use" means the gaining of access to or use of "computer systems" by an unauthorized person or persons or the use of "computer systems" in an unauthorized manner".
53. "Unauthorized disclosure" means the disclosure of (including disclosure resulting from phishing) or access to information in a manner that is not authorized by the "insured organization" and is without knowledge of, consent, or acquiescence of any member of the "control group".
54. "Waiting period" means the period of time beginning when the "period of restoration" begins and expiring after the lapse of the number of hours set forth in the Declarations. A "waiting period" shall apply to each "period of restoration".

XII. CONDITIONS APPLICABLE TO PRIVACY BREACH RESPONSE SERVICES AND COVERAGE

- A.** With respect to Section **I.H. First Party Network Business Interruption**, the "insured" must forward written notice by express mail, email, through our web or mobile app portals, or facsimile to us immediately upon discovery of alteration, corruption, destruction, deletion or damage to or inability to access a "data asset" to which this insurance applies. All covered "data protection loss" must be discovered and reported (in accordance with Section **XIII. PROOF AND APPRAISAL OF LOSS** below) to us no later than six months after the end of the "policy period".
- B. Insuring Agreements A., C., D., G. and H.** only apply if:
- 1. The "insured organization" initiates the notification services described in Paragraph **3. Section I.B. Privacy Breach Response Services** as soon as practicable after the "insured's" discovery of the "claim";
 - 2. The "claim" is made against the "insured" no later than two years after the "insured organization" initiates the notification services described in Paragraph **3. Section I.B. Privacy Breach Response Services**; and
 - 3. The "insured" reports the "claim" to us in writing as soon as practicable.

XIII. PROOF AND APPRAISAL OF LOSS

A. Proof of Loss. With respect to Section **I.G. First Party Data Protection** and **I.H. First Party Network Business Interruption**, before coverage will apply, the "named insured" must:

1. Prepare and submit to us a written and detailed proof of loss sworn by an officer of the "named insured" within 90 days after the "insured" discovers a "data protection loss" or the "insured organization" sustains a "business interruption loss" (as applicable), but in no event later than six months following the end of the "policy period" (unless such period has been extended by our written consent). Such proof of loss shall include a narrative with full particulars of such "data protection loss" or "business interruption loss", including, the time, place and cause of the "data protection loss" or "business interruption loss", a detailed calculation of any "data protection loss" or "business interruption loss", the "insured organization's" interest and the interest of all others in the property, the sound value thereof and the amount of "data protection loss" or "business interruption loss" or damage thereto and all other insurance thereon; and
2. Upon our request, submit to an examination under oath and provide copies of the underlying documents, data and materials that reasonably relate to or are part of the basis of the claim for such "data protection loss" or "business interruption loss".

The costs and expenses of preparing and submitting a proof of loss, and establishing or proving "data protection loss", "business interruption loss" or any other "loss" under this insurance shall be the "insured's" obligation, and are not covered under this insurance.

B. Appraisal of Loss. If we do not agree with the "named insured" on the amount of a "loss", each party shall select and pay a qualified and disinterested appraiser or other qualified expert (the "Appraiser") to state the amount of the "loss" or reasonable expenses, and the Appraisers shall choose an umpire. If the Appraisers cannot agree on an umpire, the "named insured" or we may request a judge of a court having jurisdiction to make the selection. Each Appraiser shall submit the amount of the "loss" or reasonable expenses to the umpire, and agreement by the umpire and at least one of the Appraisers as to the amount of a "loss" shall be binding on all Insureds and us. The "named insured" and we will equally share the costs of the umpire and any other costs other than the cost of the Appraisers. This provision shall govern only the appraisal of the amount of a "loss", and shall not control the determination of whether such "loss" is otherwise covered by this insurance. We will still retain and do not waive our rights to deny coverage or enforce any obligation under this insurance.

XIV. RECOVERED PROPERTY

If the "insured" or we recover any property, money or "data assets" after a loss payment is made, the party making the recovery must give prompt notice of the recovery to the other party. If the recovered property is money or other funds, the recovery shall be applied first to any costs incurred by us in recovering the property, second to loss payments made by us, and third to any retention payment made by the "named insured". If property other than money or funds is recovered, then the "named insured" may keep the recovered property and return the loss payment, plus any costs of recovery incurred by us, or keep the loss payment less the costs of recovery incurred by us and transfer all rights in the property to us.

XV. OBLIGATIONS IN THE EVENT OF AN EXTORTION THREAT

A. Insured's Duty of Confidentiality

The "insured" shall use its best efforts at all times to ensure that knowledge regarding the existence of this insurance for "cyber extortion loss" afforded by this insurance is kept confidential. We may terminate the insurance provided by this Coverage Form for "cyber extortion loss" upon ten days written notice to the "named insured" if the existence of insurance for "cyber extortion loss" provided by this insurance becomes public knowledge or is revealed to a person making an "extortion threat" through no fault of ours.

B. Insured Organization's Obligation to Investigate Extortion Threat and Avoid or Limit Extortion Payment

Prior to the payment of any "extortion payment", the "insured" shall make every reasonable effort to determine that the "extortion threat" is not a hoax, or otherwise not credible. The "insured" shall take all steps reasonable and practical to avoid or limit the payment of an "extortion payment".

C. Conditions Precedent

As conditions precedent to this insurance for "cyber extortion loss" under the terms of this insurance:

1. Named Insured's Obligation to Demonstrate Duress

The "insured" must be able to demonstrate that the "extortion payment" was surrendered under duress.

2. Notification of Police

The "insured" shall allow us or their representative to notify the police or other responsible law enforcement authorities of any "extortion threat".

XVI. CANCELLATION

- A.** The "named insured" may only cancel this Coverage Form by mailing to the Company written notice stating when, not less than 30 days thereafter, such cancellation shall be effective.
- B.** The Company may cancel this Coverage Form for any reason, except non-payment of premium, by mailing or delivering to "named insured" at the address shown in the Declarations, written notice stating when, not less than 30 days thereafter, such cancellation shall be effective. The Company may cancel this Coverage Form for non-payment of premium, by mailing or delivering to the "named insured" at the address shown in the Declarations, written notice stating when, not less than ten days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation as stated in the notice shall become the end of the "Policy Period". Delivery of such written notice shall be equivalent to mailing.
- C.** If this Coverage Form is cancelled, the Company will send the "named insured" any unearned premium refund due. If the Company cancels, the refund will be pro rata. Refund premium adjustments may be made at the time cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

If the "named insured" cancels, the refund may be less than pro rata. The cancellation will be effective even if the Company has not made or offered a refund. However, premium shall be deemed fully earned if any "claim" under this Coverage Form is reported to the Company on or before the date of cancellation.

XVII. NONRENEWAL

If the Company decides not to renew this Coverage Form, the Company will mail or deliver to the first "named insured" shown in the Declarations, written notice of the non-renewal not less than 60 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient notice of non-renewal.



BUSINESS INCOME AND EXTRA EXPENSE - PARTIAL SLOWDOWN COVERAGE

This endorsement modifies insurance provided under the following:

APARTMENT OWNERS PROPERTY COVERAGE FORM CONDOMINIUM PROPERTY COVERAGE FORM

- A.** Section **A.5. Additional Coverages** of the Apartment Owners Property Coverage Form is amended as follows:
- 1.** The following is added to Paragraphs **5.e. Business Income** and **5.f. Extra Expense**:
 - (3)** With respect to the coverage provided in this Additional Coverage, suspension means:
 - (a)** The partial slowdown or complete cessation of your business activities; or
 - (b)** That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- B.** Paragraph **5.e. Association Fees and Extra Expense** in Section **A.5. Additional Coverages** of the Condominium Property Coverage Form is amended as follows:
- 1.** The following is added under Sub-paragraph **5.e.(2) Extra Expense**:
 - (c)** With respect to the coverage provided in this Additional Coverage, suspension means:
 - (i)** The partial slowdown or complete cessation of your business activities; or
 - (ii)** That a part or all of the described premises is rendered untenable.
- C.** The following is added to Paragraph **B.4. Business Income And Extra Expense Exclusions** of the Apartment Owners Property Coverage Form:
- c.** With respect to this exclusion, suspension means:
 - (1)** The partial slowdown or complete cessation of your business activities; or
 - (2)** That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.



EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the:

APARTMENT OWNERS PROPERTY COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM
CONDOMINIUM PROPERTY COVERAGE FORM

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under Section **A. Coverage** in all forms and endorsements that comprise this policy, except as provided in Paragraph **C.** This includes but is not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- C.** However, the exclusion in Paragraph **B.** does not apply to the following:
 - 1.** Loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage may be addressed in a separate exclusion in this policy;
 - 2.** Coverage otherwise provided under Food Borne Illness Business Interruption Coverage **E3032** (if that endorsement is attached to this policy);
 - 3.** Coverage otherwise provided under the Restaurant Food Contamination Shutdown Coverage **E3419** (if that endorsement is attached to this policy); or
 - 4.** Coverage otherwise provided under the Limited Biohazardous Substance Coverage **J7133** (if that endorsement is attached to this policy).
- D.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- E.** If the following provisions are part of this policy, they are hereby amended to remove reference to bacteria:
 - 1.** Exclusion of "Fungi", Wet Rot, Dry Rot And Bacteria; and
 - 2.** Additional Coverage - Limited Coverage For "Fungi", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- F.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

W2172
1st Edition

TEXAS LOSS PAYMENT CONDITION - PROFIT AND OVERHEAD

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM
APARTMENT OWNERS PROPERTY COVERAGE FORM
CONDOMINIUM PROPERTY COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by this endorsement.

Paragraph **6.d.** of Sub-section **E. Property Loss Conditions** of Section **I - PROPERTY** of the Businessowners Coverage Form, Paragraph **6.d.** of Section **E. Property Loss Conditions** of the Businessowners Special Property Coverage Form and the Apartment Owners Property Coverage Form, and Paragraph **5.d.** of Section **E. Property Loss Conditions** of Condominium Property Coverage Form is amended as follows:

Sub-paragraph **(1)** is amended to add the following:

- (f)** We will not pay for the increased fee, charge or cost attributable to a general contractor's profit and overhead or other similar fees or charges on a replacement cost basis, unless you have incurred them and they are reasonable.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.



Dear Valued Customer,

Have the growth of your business and rising labor costs reduced the accuracy of the payroll or revenue shown on your policy? Have increased costs and inflationary trends reduced the protection provided by your policy? Building and Business Personal Property insurance limits, once adequate, may no longer meet today's repair or replacement costs.

To help compensate for these inflationary trends, the limits of insurance for Building and/or Business Personal Property coverages have been increased by a modest percentage. To keep your policy current with rising labor costs and normal business growth, the payroll and/or revenue have also been increased by a modest percentage.

This renewal offer includes the adjusted limits of insurance, payroll, revenue, and premium for your policy. The adjustments are relatively small, and they're based on estimated increases in the past year's construction and repair costs, as well as other inflationary factors, such as rising labor costs and normal business growth.

These increases do not guarantee adequate coverage for any loss; they are based on estimates. It is possible, for example, that updates or improvements to your property or increased sales might cause your individual needs for coverage to be greater than the amount provided by these adjustments. If you have not reviewed your policy recently, the effects of inflationary changes over time create the likelihood that the increases we made are less than the increases you need for optimal coverage.

These changes are made to better serve your insurance needs, and we encourage you to contact your Farmers[®] agent, who will be pleased to help you with a comprehensive review of your policy.

Acceptance of these changes does not waive the provisions of the coinsurance clause or any other policy clause.

Thank you for choosing Farmers. We appreciate your business.



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DISHONESTY EXCLUSION - TENANT VANDALISM EXCEPTION

This endorsement modifies insurance provided under the:

APARTMENT OWNERS PROPERTY COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM
CONDOMINIUM PROPERTY COVERAGE FORM

1. Paragraph **2.e. Dishonesty** of Section **B. Exclusions** in the Apartment Owners Property Coverage Form and the Condominium Property Coverage Form is deleted and replaced with the following:

e. Dishonesty

- (1)** Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (a)** Acting alone or in collusion with others; and
 - (b)** Whether or not occurring during the hours of employment.
- (2)** This exclusion does not apply to:
 - (a)** Acts of destruction, including vandalism by your employees; but theft by employees is not covered;
 - (b)** Acts of destruction, including vandalism, or theft by a tenant who rents or leases a unit directly from you; or
 - (c)** Carriers for hire with respect to accounts receivable and "valuable papers and records".

2. Paragraph **2.f. Dishonesty** of Section **B. Exclusions** in the Businessowners Special Property Coverage Form is deleted and replaced with the following:

f. Dishonesty

- (1)** Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (a)** Acting alone or in collusion with others; and
 - (b)** Whether or not occurring during the hours of employment.
- (2)** This exclusion does not apply to:
 - (a)** Acts of destruction, including vandalism by your employees; but theft by employees is not covered;
 - (b)** Acts of destruction, including vandalism, or theft by your tenants; or
 - (c)** Carriers for hire with respect to accounts receivable and "valuable papers and records".

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.



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LIMITED BIOHAZARDOUS SUBSTANCE COVERAGE

This endorsement modifies insurance provided under the:

APARTMENT OWNERS PROPERTY COVERAGE FORM
BUSINESSOWNERS COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM
CONDOMINIUM PROPERTY COVERAGE FORM

SCHEDULE

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. The following is added under Section **A.5. Additional Coverages** in the applicable Property Coverage Form:

Limited Biohazardous Substance Coverage

If a "biohazardous substance" resulting from the death of a tenant or guest causes direct physical damage to covered property, and if all reasonable means were used to save and preserve the property from further damage upon discovery of human remains:

1. We will pay for loss of or damage by a "biohazardous substance". As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property at the described premises caused by or resulting from a "biohazardous substance" including the cost of the removal of human remains and any resulting "biohazardous substance";
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "biohazardous substance"; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided it is reasonable to believe that a "biohazardous substance" is present.
2. The most we will pay under this Limited Coverage for the sum of all loss or damage arising resulting from the death of a tenant or guest is \$10,000 per occurrence subject to an aggregate limit of \$20,000 per policy year, unless another Limit of Insurance is shown on the Declarations. These limits are subject to, and not in addition to the applicable Limit of Insurance on the affected property. Payments under this Limited Coverage are subject to and not in addition to the applicable Limit of Insurance on any Covered Property.
3. If there is covered loss or damage to Covered Property not caused by a "biohazardous substance" loss payment will not be limited by the terms of this Limited Coverage, except to the extent that a "biohazardous substance" causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
4. If there is covered loss or damage to Covered Property caused by a "biohazardous substance" resulting from the death of a tenant or guest by fire or lightning loss payment will not be limited by the terms of this Limited Coverage.

5. The following applies only if Business Income or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage.
 - a. If the loss which resulted in the presence of a "biohazardous substance" does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by such "biohazardous substance", we will pay for the actual loss of business income and extra expense you sustain. However, we will only pay for loss of business income and extra expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered suspension of "operations" was caused by loss or damage other than the presence of a "biohazardous substance", but remediation of such "biohazardous substance" prolongs the "period of restoration", we will pay for the actual loss of business income and extra expense you sustain during the delay (regardless of when such a delay occurs during the "period of restoration") but such coverage is limited to 30 days. The days need not be consecutive.
6. The following applies to Association Fees and Extra Expense coverage:
 - a. If the loss which resulted in the presence of a "biohazardous substance" does not in itself render a unit uninhabitable, but such unit is uninhabitable due to loss or damage to property caused by such "biohazardous substance", then our payment under the Association Fees and Extra Expense coverage is limited to the amount of lost fees and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If loss or damage other than the presence of a "biohazardous substance" renders a unit uninhabitable, but remediation of such "biohazardous substance" prolongs the "period of restoration", we will pay for such loss of Association Fees and/or Extra Expense you sustain during the delay (regardless of when such a delay occurs during the "period of restoration") but such coverage is limited to 30 days. The days need not be consecutive.

B. Section H. Property Definitions of the applicable Property Coverage Form is revised as follows:

1. The following definition is added:

"Biohazardous substance" means:

- a. Human blood;
- b. Bodily fluids;
- c. Potentially infectious materials; or
- d. Any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness or disease;

emanating from human remains that requires a bio-hazard clean up and material disposal.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.