SPECIMEN

ALLIANZ INSURANCE POLICY

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THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE REVIEW THE POLICY CAREFULLY. COVERAGE APPLIES ONLY TO A **CLAIM** FIRST MADE AGAINST THE **INSURED** AND REPORTED TO **US** DURING THE **POLICY PERIOD** OR, AS MAY BE APPLICABLE, AN EXTENDED REPORTING PERIOD, AND IN ACCORDANCE WITH THE REPORTING REQUIREMENTS OF THIS POLICY. **CLAIM EXPENSES** ARE IN ADDITION TO THE LIMIT OF LIABILITY.

Read this entire Policy carefully to determine **Your** rights and duties, **Our** rights and duties and what is and is not covered. Various provisions in this Policy restrict coverage.

Throughout this Policy the words **You** and **Your** refer to the **Named Insured** stated in Certificate of Insurance issued to the individual **Named Insured**. The words **We**, **Us** and **Our** refer to the Company providing this insurance. Other words and phrases that appear in bold-faced print have special meaning. Refer to Section III, Definitions.

In consideration of the payment of the premium, **Your** promise to pay the Deductible stated in the Certificate of Insurance issued to the individual **Named Insured**, and in reliance on all statements made and information **You** furnished to **Us**, including the representations made in the **Application**, and subject to the Limit of Liability stated in the Certificate of Insurance issued to the individual **Named Insured**, and all of the terms and conditions of this Policy, **We** and **You** agree as follows:

I. INSURING AGREEMENT

A. Coverage

We will pay those sums the **Insured** becomes legally obligated to pay as **Damages** due to a **Claim** arising from a **Wrongful Act** in the rendering of or the failure to render **Professional Services** to which this Policy applies.

1. This coverage applies to **Wrongful Acts** taking place during the **Policy Period**, but then only if **Claim** is first made against the **Insured** and reported to **Us** during the **Policy Period** or, as may be applicable, an Extended Reporting Period, provided the **Claim** is reported in accordance with Section VI, Conditions N, Reporting of Potential **Claims** and Actual **Claims**.

2. This coverage applies to **Wrongful Acts** taking place prior to the effective date of this Policy, but after the **Retroactive Date**, provided that

   a. As of the effective date of this Policy, an **Insured** does not have actual or constructive knowledge of any circumstances or **Wrongful Act** which could reasonably be expected to result in a **Claim**;

   b. There is no other valid and collectible insurance available to the **Insured** for any such circumstances or prior **Wrongful Act**; and

   c. **Claim** is first made against the **Insured** and reported to **Us** during the **Policy Period**, or as may be applicable, an Extended Reporting Period.

B. Defense, Investigation and Settlement of a **Claim**

1. **We** have the right and duty to defend the **Insured** against any **Suit** for which coverage under this Policy applies. However, **We** will have no duty to defend the **Insured** against any **Suit** for which there is no coverage under this Policy. If allowed by the applicable law, **We** have the right to select counsel. If, under the applicable law the **Insured** has the right to select counsel, **We** will be obligated to pay only those **Claim Expenses** that are reasonable and necessary. **We** have the right to investigate and negotiate any **Claim**, **Wrongful Act**, or **Suit**, and, with the consent of the **Named Insured**, make any settlement thereof. But

   a. **Claims Expenses** are in addition to the Limit of Liability. The amount **We** will pay for **Damages** is limited as described in Section V, Limit of Liability and Deductible; and

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b. Our right and duty to defend end when **We** have used up the applicable Limit of Liability in the payment of judgments or settlements. When **Our** right and duty to defend end, **We** will withdraw and tender the defense to the **Insured**.

2. **We** will have the right, but not the duty, to appeal any judgment;

3. For any **Claim** to which this Policy applies

   a. The **Insured** may not incur any **Claim Expenses** or admit liability for, make payment for, or settle any **Claim** without **Our** prior written consent, which shall not be unreasonably withheld. **We** shall not be liable for any expense, settlement, assumed obligation or admission to which **We** have not consented; and

   b. The **Insured** agrees to cooperate with **Us** in the defense, investigation, and settlement of any **Claim** and agrees, as a condition of coverage under this Policy, to submit to **Us** upon request such information and documentation as **We** may require in the investigation and defense of any **Claim**.

4. If the **Named Insured** refuses to consent to any settlement acceptable to the claimant that **We** recommend, then, subject to the Limit of Liability stated in the Certificate of Insurance issued to the Individual **Named Insured**, **Our** liability for such **Claim** will not exceed the amount for which the **Claim** could have been settled plus **Claims Expenses** incurred up to the date the **Named Insured** refused to consent to the settlement.

No other obligation or liability to pay sums, or perform acts or services is covered unless explicitly provided for under Section I, Insuring Agreement C, Supplementary Payments, or D, Extension-Spousal or Domestic Partners.

C. Supplementary Payments

In addition to the Limit of Liability:

1. If **We** request the **Insured's** presence at a mediation, meeting, deposition, hearing, arbitration or trial in relation to a **Claim**, **We** will pay up to $500 (five hundred dollars) per person for actual lost wages or time off, plus reasonable travel expenses. However, the most **We** will pay under this provision is $10,000 (ten thousand dollars) for each **Claim**;

2. **We** will pay the reasonable attorney's fees, costs, and expenses incurred in responding to an investigation of an **Insured** by a state licensing board, professional regulatory agency, or governmental agency with authority to regulate **Professional Services**, resulting from the **Insured's** performance of **Professional Services**. The maximum **We** will pay for all **Insureds** regardless of the number of investigations is $15,000 (fifteen thousand dollars) per **Policy Period**. However

   a. **We** have the right to select counsel; and

   b. The **Insured** must be first notified of the investigation during the **Policy Period** and must provide **Us** with written notice no later than thirty (30) days after the **Insured** has been notified of the investigation, and within the **Policy Period**.

The Deductible does not apply to Supplementary Payments.

D. Coverage Extension-Spousal or **Domestic Partners**

If a **Claim** against an **Insured** includes a **Claim** against such **Insured's** lawful spouse or **Domestic Partner** solely by reason of such person's legal status as a spouse or **Domestic Partner** of the **Insured**, including a **Claim** that seeks **Damages** recoverable from marital community property, property jointly held by the **Insured** and the spouse or **Domestic Partner**, or property transferred from the **Insured** to the spouse or **Domestic Partner**, all **Damages** which such spouse or **Domestic Partner** becomes legally obligated to pay by reason of such **Claim** shall be treated for purposes of this Policy as **Damages** which the **Insured** becomes legally obligated to pay.

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All terms and conditions of this Policy, including, without limitation, the Deductible, shall apply to any **Claim** made against such spouse or **Domestic Partner**. No coverage is provided under this Coverage Extension for any **Wrongful Act** in the rendering or failure to render **Professional Services** by the **Insured's** spouse or **Domestic Partner**.

II. TERRITORY

This Policy applies to **Wrongful Acts** committed by an **Insured** anywhere in the world, provided the **Suit** is brought within the United States of America, its territories and possessions or Puerto Rico.

III. DEFINITIONS

A. **Application** means all signed applications, including materials and attachments submitted therewith for this Policy, and for any policy **We** or **Our** affiliated insurer issued and of which this Policy is a direct or indirect renewal or replacement. All such applications, material and attachments which shall be maintained on file by **Us** are deemed attached as if physically attached to this Policy.

B. **Bookkeeping** means

1. The systematic recording of the financial transactions of an individual or business;
2. The maintenance of the current financial records of an individual or business; and
3. The compilation of a balance sheet or an income statement for the purposes of securing private credit.

However, **Bookkeeping** does not include the conduct of any testing or auditing for any client or the preparation, certification, attestation to or filing of financial statements, notes or data for any publicly traded or privately held companies trading stock, or the valuation of any entity for investment purposes.

C. **Claim** means:

1. Any written demand the **Insured** receives for **Damages** due to a **Wrongful Act** arising out of **Professional Services**, including, but not limited to, the institution of arbitration proceedings against the **Insured**;
2. Any **Suit** seeking **Damages** against the **Insured** due to a **Wrongful Act** arising out of **Professional Services** commenced by the service of a complaint or similar pleading; or
3. A written request received by an **Insured** to toll or waive a statute of limitations, relating to an alleged **Wrongful Act** or potential **Claim**.

D. **Claim Expenses** means reasonable fees charged and costs incurred by any attorney retained by **Us**, or any attorney the **Insured** retains with **Our** written consent, and, if authorized by **Us**, all other reasonable and necessary fees and costs incurred in the defense of a **Claim**, including experts' expenses, and expenses for investigation, adjustment and appeal, and the premium for appeal, attachment or similar bonds, provided we have elected to appeal. We have no obligation to apply for, furnish or have any court approve such bonds, or provide any collateral for such bonds.

Claim Expenses shall not include any remuneration, salaries, regular or overtime wages, or benefits of the **Insured** that are associated with the defense and investigation of a **Claim**.

E. **Damages** means compensatory damages, whether part of an award or settlement. **Damages** shall include attorney's fees of the person or organization bringing the **Claim** only if such fees are awarded in connection with, or are part of a settlement of a **Claim** covered under this Policy, all costs awarded against the **Insured** in a **Suit**, and prejudgment interest and post judgment interest on that portion of the **Damages We** pay. **Damages** shall not include

1. Civil or criminal fines or penalties, or taxes owed directly by any **Insured** to any taxing authority;

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2. Punitive or exemplary damages;

3. Expenses associated with an order granting non-monetary relief, including any costs incurred in complying with a request, order, judgment or settlement agreement to provide non-monetary relief or attorney fees or costs awarded to the party seeking non-monetary relief;

4. Any amounts representing the return of any commission, fee, tax, funds or premium, but this exclusion shall not apply to taxes or tax penalties that may be owed by the **Insured's** client due to the **Insured's Wrongful Act** in the performance of **Professional Services**;

5. The multiplied portion of any multiplied damage award, such as, but not limited to, double, treble or quadruple damages;

6. The costs to modify or adapt any building or property, part of any building or property, or any equipment to be accessible or accommodating, or more accessible or accommodating to any disabled person, or attorney fees or costs awarded to the party seeking such modification or adaptation;

7. Any damages deemed uninsurable under the law pursuant to which this Policy shall be construed; or,

8. Liquidated damages specified in a contract which are in excess of the **Insured's** liability for actual damages caused by a **Wrongful Act**.

F. **Domestic Partner** means any person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal benefits program established by the **Named Insured**.

G. **Employee** means any person while acting within the course and scope of his or her duties and responsibilities for and on behalf of the **Named Insured** whom the **Named Insured** compensates by salary, wages, or commissions, and has the right to govern and direct in the performance of such service, including, without limitation, part-time, seasonal and **Temporary Workers,** whether in a supervisory, co-worker, subordinate or other position.

Employee shall not mean a person who is contracted to perform work for **You**, or any person who is an independent contractor for **You**.

H. **Insured** means any person or organization to the extent set forth below:

1. The **Named Insured**;

2. Any current or former **Employee** of the **Named Insured**, but only with respect to **Professional Services** rendered for or on behalf of the **Named Insured**;

3. Any past or present duly elected or appointed director, officer, trustee or governor of the **Named Insured**, but only with respect to **Professional Services** rendered by or for the **Named Insured**;

4. Any **Leased Worker** but solely with respect to **Professional Services** performed within the scope of their duties as a **Leased Worker** for and on behalf of the **Named Insured**;

5. In the event of an **Insured's** death or incompetence, the administrators, executors, heirs, and legal representatives of the **Insured**, but only for a **Claim** arising out of the **Professional Services** performed by or on behalf of the **Insured**, for or on behalf of the **Named Insured.**

I. **Leased Worker** means a person leased to **You** by a labor leasing firm under an agreement whereby the person is to perform duties related to the conduct of the **Named Insured's** business. **Leased Worker** does not include a **Temporary Worker**.

J. **Named Insured** means the party shown as Certificate Holder in the Certificate of Insurance **We** have issued to them as evidence of their coverage under this Policy, provided that such party must

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1. Maintain active membership in the National Association of Enrolled Agents as of the Inception Date of this Policy or are active members at the time of enrollment if enrolling mid-term;
2. Have elected to enroll for coverage under this Policy, and whose enrollment is on file with the National Association of Enrolled Agents, **Us**, or **Our** authorized agent; and,
3. Have paid his or her premium for coverage under this Policy.

K. **Policy Period** means the period of time from the Inception date of this Policy to the Expiration date shown in the Certificate of Insurance issued to the individual **Named Insured**, or, if applicable, any earlier termination date. The **Policy Period** does not include the Extended Reporting Period, if any.

L. **Professional Services** means the following services rendered by the **Insured** to a client in the conduct of the **Named Insured's** profession as an Enrolled Agent, as long as the **Insured** is properly licensed or otherwise legally entitled to render such services on any date on which any **Wrongful Act** involving such services is alleged to have occurred

1. Tax advice;
2. Tax preparation and filing;
3. The representation of clients in connection with tax collection or audit actions, including appeals, before the Department of Treasury, the Internal Revenue Service, and if permitted, any State or local tax authority; or
4. **Bookkeeping**.

However, **Professional Services** shall not include

a. The conduct of testing or auditing for any client;
b. The preparation or certification of financial statements for any publicly traded or privately held companies trading stock;
c. The recommendation to purchase, or the sale of, any products to any party;
d. The design, implementation, placement, sale or administration of any benefit, welfare, pension, or investment program;
e. Investment advice; or
f. Services as an attorney or accountant beyond those services listed in items 1 thru 4 of this definition, above.

M. **Related Wrongful Acts** means any actual or alleged **Wrongful Acts** arising out of, or directly or indirectly related to the same or similar **Professional Services**, transaction, event, representation, statement, practice, advice, decision or circumstances. The determination of whether or not a **Wrongful Act** constitutes a **Related Wrongful Act** will not be affected by the identity or number of claimants or the existence of a separate professional relationship or duty.

N. **Retroactive Date** means the Inception Date of the **Named Insured's** first claims-made Errors and Omissions Liability Policy from which date coverage has been maintained in force without interruption. The **Retroactive Date** is the earliest date on which a **Wrongful Act** took place for which coverage could exist for a **Claim** made under this Policy. **Wrongful Acts** which occur in whole or part prior to this date are not covered, even if a **Claim** is made under this Policy and reported to **Us** during the **Policy Period** or Extended Reporting Period, if applicable.

O. **Suit** means

A civil proceeding seeking compensatory monetary damages. **Suit** includes

1. An arbitration proceeding seeking compensatory monetary damages, provided, however, that the **Insured** is legally required to submit to arbitration, or does so with **Our** consent; or

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2. Any other alternative dispute resolution proceeding in which compensatory monetary damages are claimed, and to which the **Insured** submits with **Our** consent.

P. **Temporary Worker** means a person who is furnished to the **Insured** to substitute for a permanent **Employee** on leave, or to meet seasonal or short term workload conditions.

Q. **Wrongful Act** means any actual or alleged negligent act, error or omission, or negligent misstatement or misleading statement by the **Insured** in the rendering of or failure to render **Professional Services.**

IV. EXCLUSIONS

We shall not be liable to make any payment in connection with any **Claim** based upon, arising out of, or in any way related to

A. Any criminal, malicious, fraudulent, knowingly wrongful, or dishonest act or omission, or willful violation of any statute or regulation committed by the **Insured** or with the knowledge, consent or approval of the **Insured.** This exclusion shall not apply unless there is a judgment or other final ruling adverse to the **Insured** in any judicial, administrative or alternative dispute resolution proceeding establishing that such acts or omissions were criminal, malicious, fraudulent, knowingly wrongful or dishonest, or that the **Insured** approved, consented to or had knowledge of such conduct. The conduct or knowledge of one **Insured** shall not be imputed to another **Insured**, except that the conduct or knowledge of any past, present or future officer, managing partner or general counsel of any **Insured** organization shall be imputed to the **Insured** organization.

B. The **Insured's** unjust enrichment, or obtaining any profit, remuneration or advantage to which such **Insured** was not legally entitled. However, this exclusion shall not apply unless a judgment or other final ruling adverse to the **Insured** in any judicial, administrative or alternative dispute resolution proceeding establishes that there was in fact unjust enrichment or obtaining of profit, remuneration or advantage to which such **Insured** was not legally entitled. For the purposes of this exclusion, the conduct of one **Insured** shall not be imputed to another **Insured.**

C. Any liability assumed by the **Insured** under any contract or agreement, whether written or oral, except to the extent the Insured would have been legally liable in the absence of such contract or agreement.

D. Any actual or alleged direct or indirect infringement or use of any copyright, patent, trademark, trade name, trade dress, service mark, trade secret, misappropriation of ideas, or any other infringement or misappropriation or use of any other intellectual property right.

E. Failure to procure, place or maintain any bond or insurance or appropriate or adequate bond or insurance.

F. Libel, slander, oral or written publication of defamatory or disparaging material, invasion of privacy, wrongful entry or eviction, violation of rights of occupancy, false arrest, false imprisonment, malicious prosecution, malicious use of or abuse of process, assault, battery, loss of consortium or any disability, shock, humiliation, embarrassment, mental injury or anguish, emotional distress or injury to personal or business reputation or character.

G. Any **Claim** by any **Employee**, **Leased Worker**, **Temporary Worker** or any other person alleging an employment relationship with any **Insured** for any actual or alleged injury, damage or sums due of any kind arising out of any actual or alleged employment by any **Insured**, including any liability, obligation or responsibility the **Insured** may have to them as their actual or alleged employer, whether based in contract, equity, common law, statute, law, ordinance or regulation of any kind. This exclusion applies to **Claims** brought by heirs or representatives of the **Employee, Leased Worker** or **Temporary Worker** or to any obligation of the **Insured** to share **Damages** with or repay someone else who must pay **Damages** because of the **Claim,** or injury or damage to the actual or purported employee. However, this exclusion shall not apply to requests by any

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Employee, Leased Worker or **Temporary Worker** seeking defense or indemnity in any **Claim** being made against them for **Damages** arising out of the performance of **Professional Services** for or on behalf of the **Named Insured**.

H. Any actual or alleged discrimination on any basis or harassment of any kind.

I. The sale, supply or distribution of any goods or products designed or manufactured by the **Insured** or by others under license or trade name from the **Insured**, including, but not limited to, computer programs and software. This exclusion does not apply to computer software designed or modified for and sold or supplied to a client of the **Insured** in connection with the **Insured's** rendering of **Professional Services** for that client.

J. Any **Claim** made against any **Insured** by any other **Insured** or by any entity

1. That is operated, managed or controlled by the **Insured** or in which the **Insured** has an ownership interest in excess of 49% (forty-nine percent); or
2. In which the **Insured** is an officer or director; or
3. Which wholly or partly owns, operates, or manages the **Insured**.

K. Any express warranties and guarantees. However, this limitation does not apply to a warranty or guarantee by the **Insured** that the **Insured's Professional Services** are in conformity with the standard of care applicable to that **Professional Service**.

L. The **Insured's** unauthorized recording, use of or dissemination of confidential, privileged or non-public material or information for any purpose whatsoever.

M. Any actual or alleged

1. Bodily injury, including sickness, injury, disease or death of any person, provided, however, this exclusion shall not apply to emotional distress or mental anguish solely based upon or arising out of the **Insured's** rendering of or failure to render **Professional Services**, or
2. Trespass, nuisance, inverse condemnation, temporary or permanent taking, adverse possession or dedication by adverse use involving any real property; or the destruction, loss, theft, conversion, loss of use, diminution in value of, or injury to, any real or personal property; provided, however, this exclusion shall not apply to client records that an **Insured** has in their care, custody or control, or over which an **Insured** is exercising physical control for any reason.

N. For any actual or alleged violation of

1. The Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940 or any state securities or Blue Sky statutes, including any rules or regulations promulgated under any of the foregoing, or,
2. The rules or regulations of
   a. Any self-regulating organization, including but not limited to, FINRA or its predecessors, or
   b. Any state insurance or securities department, commission or agency.

O. Any actual or alleged violation of

1. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
2. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
3. The Fair and Accurate Credit Transaction Act of 2003 (FACTA), part of The Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681 et. seq., including any amendment of or addition to such law;

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4. Any statute, ordinance or regulation other than the TCPA, FACTA, FCRA or CAN-SPAM Act of 2003 that prohibits or limits the sending, transmitting, communicating, or distribution of material or information, or the inclusion of full credit card numbers or credit card expiration dates on any receipts provided to customers at the time of a credit card transaction or handling of or dissemination of personal financial or other information;

5. The Health Insurance Portability Accountability Act of 1996 (HIPAA), including any amendment of or addition to such law, and any rules or regulations promulgated pursuant to such law; or

6. The Employee Retirement Income Security Act of 1974, (ERISA) including any amendments or additions to such law, and any rules or regulations promulgated pursuant to such law.

P. Any breach of a data-security system, or unauthorized access or use of or tampering with data or systems.

Q. Notary services performed in the absence of the physical presence of the person whose signature is notarized.

R. Any **Insured's** obligations or services as a fiduciary or trustee under the Employee Retirement Income Security Act of 1974, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Pension Benefits Act, including any rules or regulations promulgated under any of the foregoing, or any similar provisions of any state statutory law or common law.

S. Any **Insured's** actions, activities, responsibilities or duties as a third party administrator of any benefit plan, whether insured or self-insured.

V. LIMIT OF LIABILITY AND DEDUCTIBLE

A. The Limit of Liability stated in the Certificate of Insurance issued to the individual **Named Insured** as applicable to each **Claim** is **Our** maximum liability for **Damages** resulting from any one **Claim**, without regard to the number of claimants or **Insureds** against whom a **Claim** has been made. All **Damages** arising out of the same **Wrongful Act** or **Related Wrongful Acts** will be subject to the each **Claim** Limit of Liability in effect when the original **Claim** arising out of the **Wrongful Act** or **Related Wrongful Acts** was first made against any **Insured** and reported to **Us** in conformance with Section VI, Condition N, Reporting of Potential **Claims** and Actual **Claims**.

B. Where this Policy is a renewal of a Policy issued by **Us**, and solely for the purposes of determining the Limit of Liability, all **Claims** arising out of the same **Wrongful Act** or **Related Wrongful Acts** will be treated

1. As if they had been first made and reported to **Us** at the time the original **Claim** was made and reported to **Us** in accordance with Section VI, Condition N, Reporting of Potential **Claims** and Actual **Claims**; and

2. Subject to the each **Claim** Limit of Liability under the Policy in effect at the time the original **Claim** was made and reported to **Us** in accordance with Section VI, Condition N, Reporting of Potential **Claims** and Actual **Claims**.

C. The Limit of Liability stated in the Certificate of Insurance issued to the individual **Named Insured** as applicable in the Aggregate is **Our** maximum liability for all **Damages** resulting from all **Claims** made during the **Policy Period**.

D. **We** shall only be liable to pay **Damages** and **Claim Expenses** in excess of the Deductible stated in the Certificate of Insurance issued to the individual **Named Insured**, which Deductible shall apply to each and every **Claim**. **We** shall determine the reasonableness of **Claim Expenses** subject to the Deductible.

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E. If **We** pay all or part of any Deductible, **We** will notify **You** of **Our** payment of the Deductible, and request reimbursement. **You** will pay **Us** for the part of the Deductible **We** paid within thirty (30) days of **Our** request.

F. The Deductible may only be satisfied by an actual cash payment by **You** and may not be satisfied by the release of a claim or counterclaim.

G. The Limit of Liability includes the Deductible, and is not in addition to the Deductible.

H. **Our** duty to defend the **Insured** and pay **Damages** or **Claim Expenses** end upon exhaustion of the Limit of Liability, including paying or tendering the Limit of Liability into court.

VI. CONDITIONS

A. Assistance and Cooperation of the **Insured**

1. The **Insured** agrees to:

   a. Cooperate with **Us**

   b. Upon **Our** request, assist in the defense, investigation, and settlement of any **Claims**, or **Suits**, and, as may be appropriate, any potential **Claims**;

   c. Enforce any right of contribution or indemnity against any person or organization that may be liable to the **Insured** because of **Damages** to which this insurance applies; and

   d. Attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

2. The **Insured** shall not:

   a. Except at the **Insured's** own cost, voluntarily make any payments, assume any obligation or incur any expense;

   b. Prejudice **Our** position, potential or actual rights of recovery, legal obligations or rights; or

   c. Settle any **Claim**, incur any **Claim Expenses**, or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without **Our** written consent.

B. Authorization Clause/Notices

By acceptance of this Policy, the **Insureds** agree that the **Named Insured** shown in the Certificate of Insurance shall act on behalf of all **Insureds** with respect to the giving and receiving of notice of any **Claim** or potential **Claim**, cancellation, nonrenewal, the payment of premiums and the receiving of any return premiums that may become due under this Policy. Notice to the **Named Insured** at their last address known to **Us** shall also constitute notice to all **Insureds.**

C. Bankruptcy

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate will not relieve **Us** of **Our** obligations under this Policy.

D. Cancellation and Nonrenewal

1. Cancellation

   a. The **Named Insured** may cancel this Policy by mailing or delivering to **Us** advance written notice of cancellation. The **Policy Period** will end on the effective date requested.

   b. **We** may cancel this Policy only in the event of non-payment of premium, non-payment of Deductible owed to **Us** pursuant to Section V, Limit of Liability and Deductible, E, or **Your** fraud or misrepresentation. If **We** cancel for non-payment of premium, non-payment of Deductible, or **Your** fraud or misrepresentation, **We** will mail by first class or certified mail, to the **Named Insured** and the agent or broker of record, at their last address known to **Us**, written notice stating the reason for cancellation, at least ten (10) days before the effective date of cancellation.

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c. Notice of cancellation will state the effective date of cancellation. The **Policy Period** will end on the date of cancellation.

d. If this Policy is cancelled, **We** will send the **Named Insured** any premium refund due. If **We** cancel, the refund will be the pro rata unearned premium. If the **Named Insured** cancels, the refund may be less than pro rata. The cancellation will be effective even if **We** have not made or offered a refund.

e. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.

2. Nonrenewal by **Us**

a. **We** are not required to renew this Policy when it expires.

b. If **We** elect not to renew this Policy, **We** will mail by first class or certified mail, to the **Named Insured** and the agent or broker of record, at their last address known to **Us**, written notice stating the reason for nonrenewal, at least sixty (60) days but not more than one hundred and twenty (120) days before the effective date of nonrenewal.

c. Notice of nonrenewal will state the effective date of nonrenewal. The **Policy Period** will end on the date of nonrenewal.

d. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.

E. Changes

Notice to any agent or broker or knowledge possessed by any agent or broker or by any other person shall not effect a waiver or change in any part of this Policy or estop **Us** from asserting any right under the terms of this Policy, nor shall the terms of this Policy be waived or changed, except by endorsement issued to form a part of this Policy.

F. Conformance with State Statutes

Terms of this Policy which are in conflict with the statutes of the state or province wherein this Policy is issued are hereby amended to conform to such statutes.

G. Economic and Trade Sanctions or Violations of Law

Any **Claims** or transactions uninsurable under the laws or regulations of the United States concerning trade or economic sanctions or export control laws are not covered under this Policy.

H. Examination Audit and Inspection

You agree to permit **Us** to examine and audit **Your** books and records at any time during the **Policy Period**, extensions thereof and within three (3) years after the final termination of this policy as far as they relate to the subject matter of this insurance.

All premiums for this Policy shall be computed in accordance with **Our** rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein.

You shall maintain records of such information as is necessary for premium computation and shall send copies of such records to **Us** as **We** may direct.

I. Entire Agreement

It is agreed that this Policy, together with the Declarations, Certificate of Insurance, endorsements and the **Application** as of the Inception date of this Policy, constitute the entire agreement existing between **Us** and the **Insureds**.

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J. Extended Reporting Periods

1. **We** will provide an Extended Reporting Period as described below if this Policy is cancelled or non-renewed by **Us** for any reason other than non-payment of premium, non-payment of Deductible, or **Your** fraud or misrepresentation.

2. The Limit of Liability available under the Extended Reporting Periods shall be part of, and not in addition to the Limit of Liability available under the last Policy issued to **You**. The Extended Reporting Periods do not in any way reinstate or increase the Limit of Liability or extend the **Policy Period**. Once in effect, Extended Reporting Periods may not be cancelled. All **Claims** under Extended Reporting Periods must be reported to **Us** in accordance with Section VI, Condition N 2, Reporting of Actual **Claims**.

3. **Claims** first made against the **Insured** during the term of the Basic or Supplemental Extended Reporting Periods and which arise out of a **Wrongful Act** that was committed during the **Policy Period**, or if a **Retroactive Date** is applicable, after the **Retroactive Date**, but before the end of the **Policy Period**, will be deemed to have been made on the last day of the **Policy Period**.

4. Basic Extended Reporting Period

   a. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts at the date of Policy termination or the end of the **Policy Period**, whichever is earlier, and lasts for sixty (60) days.

   b. The Basic Extended Reporting Period applies to **Claims** arising out of a **Wrongful Act** that was committed during the **Policy Period** or if a **Retroactive Date** is applicable, after the **Retroactive Date**, but before the end of the **Policy Period**, and which are first made against the **Insured** within sixty (60) days after Policy termination or the end of the **Policy Period**, whichever is earlier.

   c. The Basic Extended Reporting Period shall be included within the Supplemental Extended Reporting Period, if such Supplemental Extended Reporting Period is purchased.

   d. The Basic Extended Reporting Period does not apply to **Claims** that are covered under any subsequent insurance **You** purchase or that would be covered but for exhaustion of the amount of insurance applicable to such **Claim**.

5. Supplemental Extended Reporting Period

   a. A Supplemental Extended Reporting Period is available by endorsement and for an additional charge. **You** must give **Us** a written request for the endorsement within sixty (60) days after the end of the **Policy Period**, or Policy termination date, whichever is earlier. The Supplemental Extended Reporting Period will not go into effect unless the additional premium for it is paid promptly when due. Such premium will be deemed fully earned at the inception date of the Supplemental Extended Reporting Period.

   b. Issuance of a Supplemental Extended Reporting Period endorsement will be subject to the following additional premium:

      (1) 100% (one hundred percent) of the full annual premium for this Policy for a twelve (12) month period;

      (2) 150% (one hundred fifty percent) of the full annual premium for this Policy for a twenty-four (24) month period;

      (3) 185% (one hundred eighty-five percent) of the full annual premium for this Policy for a thirty-six (36) month period.

   c. The Supplemental Extended Reporting Period endorsement will set forth the specific terms applicable to the Supplemental Extended Reporting Period selected.

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K. Legal Action Against **Us**

1. No one shall sue **Us** unless the following conditions precedent are met:

   a. There has been full compliance with all the terms of this Policy; and,

   b. The amount of the **Insured's** obligation to pay has been finally determined either by judgment against the **Insured** after actual and contested trial on the merits, or by written agreement of the **Insured**, the claimant, and **Us**.

2. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy.

3. Nothing contained in this Policy shall give any person or organization any right to join **Us** as a co-defendant in any action against the **Insured** to determine the **Insured's** liability. Bankruptcy or insolvency of the **Insured** shall not relieve **Us** of any obligation hereunder.

L. Liberalization

If **We** adopt a change in **Our** forms or rules during the term of this Policy which would broaden the coverage provided by any form that is a part of this Policy without an extra premium charge, the broader coverage will apply to this Policy. This extension is effective upon the approval of such broader coverage in the state in which the **Named Insured** is headquartered.

M. Other Insurance

1. If there is other valid insurance (whether primary, excess, contingent or self-insurance) which may apply against a **Claim** covered by this Policy, the insurance provided hereunder shall be excess insurance over and above the applicable limit of all other insurance or self-insurance unless such other insurance is written only as a specific excess insurance over the Limit of Liability provided in this Policy.

2. When this insurance is excess, **We** shall have no duty under this policy to defend any **Claim** or **Suit** that any other insurer or self-insurer has a duty to defend. If the other insurer or self-insurer refuses to defend the **Claim** or **Suit**, **We** can choose to defend and then shall be entitled to the **Insured's** rights against all other insurers or self-insurers for any **Claim Expenses We** incur.

3. When both this insurance and any other insurance or self-insurance apply to the **Claim** on the same basis, **We** shall not be liable under this Policy for a greater proportion of **Damages** than the applicable Limit of Liability under this Policy for those **Damages** bears to the total applicable Limit of Liability of all valid and collectible insurance for those **Damages**. Subject to the foregoing, if a **Claim** occurs involving two or more policies, each of which provides that its insurance shall be excess, each will contribute pro rata based on Limit of Liability or limits of insurance.

N. Reporting of Potential **Claims** and Actual **Claims**

1. Reporting of Potential **Claims**

   If during the **Policy Period**, the **Insured** first becomes aware of a **Wrongful Act** which might reasonably be expected to give rise to a **Claim**, and during the **Policy Period** gives written notice to **Us** of such **Wrongful Act** as required below, then any **Claim** subsequently made against the **Insured** by reason of such **Wrongful Act** shall be deemed to have been first made and reported to **Us** during the **Policy Period**.

   Written report of a potential **Claim** is required and must include:

   a. The specific facts, conditions and circumstances which constitute the **Wrongful Act**, including the date(s) thereof,

   b. The **Insured** and clients involved;

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c. The date and circumstances by which the **Insured** became aware of such **Wrongful Act**; and,

d. A description of the **Claim** arising out of a **Wrongful Act** that may reasonably result.

2. Reporting of Actual **Claims**

The **Insured** shall provide notice to **Us** as soon as practicable after a **Claim** is first made against the **Insured,** and in no event after the end of the **Policy Period**, or Extended Reporting Period, if applicable. This notice shall be deemed sent to **Us** only if it is received by **Us** via facsimile or electronic mail or sent by the **Insured** by prepaid registered or return-receipt-requested mail properly addressed to **Us** at the address shown in or attached to this Policy.

The **Insured** also agrees to forward, as soon as practicable, the following:

a. Every demand, notice, summons, or other process received by the **Insured** or the **Insured's** representative;

b. Particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances thereof;

c. The names, addresses and other available contact information for any witnesses;

d. Copies of all agreements with any party that is referred to, or in any way associated with the **Claim**; and,

e. Identification of any and all parties referred to, related to, or in any way associated with the **Claim**, or the **Wrongful Act** leading to the **Claim.**

O. Representations

By acceptance of this policy, **You** agree that:

1. The statements in the **Application** for this Policy are accurate and complete;

2. Those statements are based upon representations **You** made to **Us**; and

3. That the representations made are deemed to be material, and that **We** have issued this Policy in reliance upon the truth of such representations.

P. Separation of **Insureds**

Except with respect to the Limit of Liability and any rights or duties specifically assigned to the **Named Insured**, this Policy applies;

1. As if each **Named Insured** were the only **Named Insured**; and

2. Separately to each **Insured** against whom **Claim** is made or **Suit** is brought.

Q. Subrogation and Assignment

1. If the **Insured** has rights to recover all or part of any payment **We** have made under this Policy, those rights are transferred to **Us**. The **Insured** must do nothing to impair them. At **Our** request, the **Insured** will bring **Suit** or transfer those rights to **Us** and help **Us** enforce them; and

2. **You** may not assign any interest in this Policy unless **We** give **Our** prior written consent.

R. Valuation and Foreign Currency

All premiums, Limit of Liability, Deductible, **Damages**, and any other amounts to which this Policy may apply are expressed and payable in the currency of the United States of America. If a judgment is rendered, a settlement is determined or any element of **Damages** due under this Policy is stated in a currency other than that of the United States of America, payment under this Policy shall be made in the currency of the United States of America at the rate of exchange

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published in the Wall Street Journal on the date the final judgment is rendered, final settlement is agreed upon, or the applicable element of **Damages** is due if not a final settlement.

This Policy is not valid unless a Declarations is signed by **Our** authorized representative.

IN WITNESS WHEREOF, **We** have caused the signatures of **Our** executive officers to be affixed hereto, and have caused this Policy to be countersigned by **Our** authorized representative.

Secretary

President

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District of Columbia Amendatory Endorsement

Policy Number	Effective Date
USF00304719	07/1/2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

ENROLLED AGENTS ERRORS AND OMISSIONS LIABILITY INSURANCE POLICY

It is agreed that:

The Conditions Section, Cancellation and Nonrenewal Subsection, the Cancellation provision, Item 1.b is deleted in its entirety and replaced with the following:

b. **We** may cancel this Policy only in the event of non-payment of premium, non-payment of Deductible owed to **Us** pursuant to Section V, Limit of Liability and Deductible, E, or **Your** fraud or misrepresentation. If **We** cancel for non-payment of premium, non-payment of Deductible, or **Your** fraud or misrepresentation, **We** will mail by first class or certified mail, to the **Named Insured** and the agent or broker of record, at their last address known to **Us**, written notice stating the reason for cancellation, at least thirty (30) days before the effective date of cancellation.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS REMAIN UNCHANGED.

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Policy Extension: Life Insurance Agents' Errors and Omissions Endorsement

This endorsement modifies insurance provided under the following:

Enrolled Agents Errors and Omissions Liability Insurance Policy

The Policy is amended solely with respect to the coverage afforded by this Policy Extension as follows

I. Section III, Definitions L, **Professional Services** is amended to include the following

Professional Services also includes the following services rendered in connection with a **Covered Product** by the **Insured** to a client in the conduct of such **Insured's** profession as a Life or Accident and Health Insurance Agent so long as such **Insured** is properly licensed to render the services on the date on which the **Wrongful Act** involving those services is alleged to have occurred:

1. Soliciting (whether directly or indirectly),negotiating, placing, recommending, selling or servicing a **Covered Product**; but not including the surrender, conversion, or any alteration of a **Covered Product** in order to acquire or invest in anything other than a **Covered Product**;
2. Providing advice or consulting solely related to a **Covered Product**, including financial planning or consulting solely related to a **Covered Product**, but not including any advice or recommendation to in any way convert, redeem or alter a **Covered Product** in order to acquire or invest in anything other than a **Covered Product**;
3. Training, managing and supervising others, but only in connection with **Covered Products**.

However, **Professional Services**, as amended herein, shall not include

a. The ownership, creation, formation, operation or administration of, the adjustment of, or administration of, claims for

i. Any Multiple Employer Welfare Arrangement;
ii. Any health maintenance organization or preferred provider organization;
iii. Any pool, syndicate, association or other similar group combination formed for the purpose of providing insurance or benefits; or
iv. Any risk retention group, purchasing group, Professional Employer Organization (PEO), captive or self-insurance program;

b. Any services performed by any **Insured** as a Named Fiduciary, as defined by ERISA, as amended, or trustee of any Employee Benefits Plan; or

c. Any commingling, misappropriation or conversion of clients' funds.

II. Section III, Definitions, is amended by the addition of the following Definitions:

R. **Covered Product** means the following products offered by a **Product Provider**

1. Life Insurance (other than Variable Life Insurance products), Accident and Health Insurance, Medicare Supplemental Insurance, Disability Income Insurance, or Annuities (other than Variable or Equity Indexed products);
2. Long Term Care Insurance;
3. Individual Accident, Health and Disability policies;

Covered Product does not include any plan or arrangement operating as a Multiple Employer Welfare Arrangement (as defined in ERISA, as amended).

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S. **Product Provider** means any of the following entities, if such entity is not partly or wholly owned by any **Insured**

1. An insurance company authorized to transact business in the state or jurisdiction in which the business was transacted and at the time such business was transacted;

2. A group insurance plan or trust fully insured by an insurance company authorized to transact business in the state or jurisdiction in which the business was transacted, and at the time the business was transacted; or

3. Any similar entity in the business of transacting insurance that, as a risk-bearing entity, provides an insurance product, and is authorized to transact business in the state or jurisdiction in which the business was transacted and at the time the business was transacted.

III. Section IV, Exclusion E is deleted in its entirety and replaced by the following:

E. Failure to procure, place or maintain any bond or insurance or appropriate or adequate bond or insurance, but this exclusion does not apply to a failure to procure, place or maintain a **Covered Product** for a client.

IV. Section IV, Exclusion K. is deleted in its entirety and replaced by the following

K. Any actual or alleged warranty, promise, guarantee or representation as to the present or future value or yield of any **Covered Product**, or as to interest rates or future premium payments.

V. The following exclusions are added to Section IV, Exclusions:

W. Any **Claim** or dispute with another insurance agent or broker, or Registered Representative or Registered Investment Advisor or Investment Advisor Representative including, but not limited to, any business dispute concerning commissions, fees, client lists, or non-compete or similar agreements. However, this exclusion shall not apply if the **Wrongful Act** arises out of **Professional Services** by an **Insured** rendered to such other agent or broker as a client, provided the **Insured** rendering such **Professional Services** does not have any legal or equity interest in the subject of the insurance or investment procured for the client.

X. Any bankruptcy, receivership, conservatorship, insolvency, or financial inability to pay of any entity, including, but not limited to a **Product Provider**, regardless of when the financial impairment of such entity began and whether or not any **Insured** was aware or could have been aware of the financial impairment of such entity. However, this exclusion shall not apply if at the time of the placement or renewal of coverage the **Product Provider** was

1. An admitted insurance company rated A- or better by A.M. Best Company, or

2. A non-admitted insurance company rated A- or better by A.M. Best Company that is also authorized to conduct business in the applicable state in which the **Covered Product** was sold, placed or obtained.

Y. The direct or indirect placement of, or any recommendation to place, any client's insurance, coverage, funds, premium or product with or in any **Product Provider**, entity or vehicle not authorized to transact such business in the state or jurisdiction in which the business was transacted.

Z. Any

1. Promissory notes;

2. Viatical or life settlements or viatical investment pools;

3. Securities (as defined in the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, and the Investment Advisers Act of 1940, and any amendments thereto);

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4. Commodities, futures contracts or option contracts, or

AA. The offering, sale or servicing of any structured settlement.

All other terms and conditions of the Policy to which this endorsement is attached remain unchanged.

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Policy Extension: Life Insurance and Securities Sales Errors and Omissions Endorsement

This endorsement modifies insurance provided under the following:

Enrolled Agents Errors and Omissions Insurance Policy

The Policy is amended solely with respect to the coverage afforded by this Policy Extension as follows:

I. Section III, Definition L, **Professional Services** is amended to include the following:

Professional Services also includes the following services rendered in connection with a **Covered Product** by the **Insured** to a client in the conduct of the **Insured's** profession as a Life or Accident and Health Insurance Agent or **Registered Representative** so long as the **Insured** is properly licensed to render such services on the date on which the **Wrongful Act** involving such services is alleged to have occurred

1. Soliciting (whether directly or indirectly), negotiating, placing, recommending, selling or servicing a **Covered Product**; but not including the surrender, conversion, or any alteration of a **Covered Product** in order to acquire or invest in anything other than a **Covered Product**;
2. Providing advice or consulting solely related to a **Covered Product**, including financial planning or consulting solely related to a **Covered Product** but not including any advice or recommendation to in any way convert, redeem or alter a **Covered Product** in order to acquire or invest in anything other than a **Covered Product**;
3. Training, managing and supervising others, but only in connection with **Covered Products**.

However, **Professional Services,** as amended herein, shall not include:

a. The ownership, creation, formation, operation or administration of, the adjustment of, or administration of, claims for

i. Any Multiple Employer Welfare Arrangement;

ii. Any health maintenance organization or preferred provider organization;

iii. Any pool, syndicate, association or other similar group combination formed for the purpose of providing insurance or benefits; or

iv. Any risk retention group, purchasing group, Professional Employer Organization (PEO), captive, or self-insurance program;

b. Any services performed by any **Insured** as a Named Fiduciary, as defined by ERISA, as amended, or trustee of any Employee Benefits Plan; or

c. Any commingling, misappropriation or conversion of clients' funds.

II. Section III, Definitions, is amended by the addition of the following Definitions:

R. **Covered Product** means the following products offered by a **Product Provider**

1. Life Insurance (other than Variable Life Insurance products), Accident and Health Insurance, Medicare Supplemental Insurance, Disability Income Insurance, or Annuities (other than Variable or Equity Indexed products);
2. Long Term Care Insurance;
3. Variable life and variable annuity products sold or serviced by the **Insured** as a properly licensed **Registered Representative**;
4. Equity Indexed annuities;

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5. Mutual Funds, whether or not offered by a **Product Provider**, which are registered with the Securities Exchange Commission and sold or serviced by the **Insured** as a properly licensed **Registered Representative**; and

6. **Securities**, whether or not offered by a **Product Provider**, sold or serviced by the **Insured** as a properly licensed **Registered Representative**.

Covered Product does not include any plan or arrangement operating as a Multiple Employer Welfare Arrangement (as defined in ERISA, as amended).

S. **Product Provider** means any of the following entities, if such entity is not partly or wholly owned by any **Insured**

1. An insurance company authorized to transact business in the state or jurisdiction in which the business was transacted and at the time the business was transacted;

2. A group insurance plan or trust fully insured by an insurance company authorized to transact business in the state or jurisdiction in which the business was transacted, and at the time the business was transacted; or

3. Any similar entity in the business of transacting insurance that, as a risk-bearing entity, provides an insurance product, and is authorized to transact business in the state or jurisdiction in which the business was transacted and at the time the business was transacted.

T. **Registered Representative** means any **Insured** that is

1. Licensed, and, if applicable, registered by the Financial Industry Regulatory Authority (FINRA) and any other applicable federal, state, or local governmental, or non-governmental regulatory entity charged with regulating the solicitation, sales and servicing of **Securities**; and

2. Contracted with or employed by a broker dealer (as defined in the Securities Exchange Act of 1934, as amended) that is licensed by FINRA.

U. **Securities** has the same meaning as that term in the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, and the Investment Advisers Act of 1940, and any amendments thereto, provided, however, **Securities** shall not include

1. Any promissory notes;

2. Any unregistered **Securities**;

3. Any telephone leasing; or

4. Any equity **Security** priced under five dollars ($5.00) at the time of purchase, provided, however, this limitation shall not apply if the **Securities** are

a. Registered or approved for registration upon notice of issuance on a national exchange;

b. Authorized for quotation in the NASDAQ system; or

c. Issued by an investment company (as defined in the Investment Company Act of 1940), as amended.

III. Section IV, Exclusion E is deleted in its entirety and replaced by the following:

E. Failure to procure, place or maintain any bond or insurance or appropriate or adequate bond or insurance, but this exclusion does not apply to a failure to procure, place or maintain a **Covered Product** for a client.

IV. Section IV, Exclusion K is deleted in its entirety and replaced by the following:

K. Any actual or alleged warranty, promise, guarantee or representation as to the present or future value or yield of any **Covered Product**, or as to interest rates or future premium payments.

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V. The following exclusions are added to Section IV, Exclusions:

T. Any **Claim** or dispute with another insurance agent or broker, or **Registered Representative** or Registered Investment Advisor or Investment Advisor Representative including, but not limited to, any business dispute concerning commissions, fees, client lists, or non-compete or similar agreements. However, this exclusion shall not apply if the **Wrongful Act** arises out of **Professional Services** by an **Insured** rendered to such other agent or broker as a client, provided the **Insured** rendering such **Professional Service** does not have any legal or equity interest in the subject of the insurance or investment procured for the client.

U. Any bankruptcy, receivership, conservatorship, insolvency, or financial inability to pay of any entity, including, but not limited to a **Product Provider**, regardless of when the financial impairment of such entity began and whether or not any **Insured** was aware or could have been aware of the financial impairment of such entity. However, this exclusion shall not apply if at the time of the placement or renewal of coverage the **Product Provider** was

1. An admitted insurance company rated A- or better by A.M. Best Company, or
2. A non-admitted insurance company rated A- or better by A.M. Best Company that is also authorized to conduct business in the applicable state in which the **Covered Product** was sold, placed or obtained.

V. The direct or indirect placement of, or any recommendation to place, any client's insurance, coverage, funds, premium or product with or in any **Product Provider**, entity or vehicle not authorized to transact such business in the state or jurisdiction in which the business was transacted.

W. Any

1. Promissory notes;
2. Viatical or life settlements or viatical investment pools; or
3. Commodities, futures contracts or option contracts.

X. The offering, sale or servicing of any structured settlement.

Y. Any **Insured's** activities in exercising discretionary authority or control with regard to the management or disposition of assets (whether for individuals, groups, plans or other entities); provided, however, this exclusion shall not apply to any **Insured** providing an asset allocation service with respect to any **Covered Products** pursuant to a written asset allocation plan executed by the client.

Z. Solely based upon any fluctuation in the market value of any investment covered by this Policy.

AA. The formation, syndication, operation, administration, dissolution or roll-up of any limited partnership or limited partnership interest, any real estate syndicate or investment trust or any interest therein or any Internal Revenue Code section 1031 exchange.

BB. Any **Securities** transaction which has not been approved by a broker dealer (as defined in the Securities Exchange Act of 1934, as amended).

CC. Any **Insured's** actions, activities, responsibilities or duties as a broker dealer (as defined in the Securities Exchange Act of 1934, as amended) for **Securities** transactions.

DD. The purchase of, or advice concerning the purchase of, any bonds which, at the time of purchase were unrated or rated below investment grade by any rating agency.

EE. Any function of an **Insured** as a market maker or specialist for any **Securities**.

FF. An **Insured** failing to make a market for any **Securities**.

All other terms and conditions of the Policy to which this endorsement is attached remain unchanged.

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Policy Amendment: Definition of Insured

This endorsement modifies insurance provided under the following:

Enrolled Agents Errors and Omissions Insurance Policy 144634

I. Section III, Definitions, H. **Insured**, 3. is deleted in its entirety and replaced by the following:

3. Any past or present duly elected or appointed director, officer, partner, trustee or governor of the **Named Insured**, but only with respect to **Professional Services** rendered by or for the **Named Insured;**

II. Section III, Definitions, H. **Insured** is modified by the addition of the following:

6. The business entity owned and controlled by the **Named Insured,** but only with respect to **Professional Services** rendered by or on behalf of the **Named Insured.**

7. The **Predecessor Entity**, but only with respect to **Professional Services** rendered by or on behalf of that **Predecessor Entity**.

III. Section III, Definitions, N. **Retroactive Date** is deleted in its entirety and replaced by the following:

M. **Retroactive Date** means the Inception Date of the **Named Insured's** or **Predecessor Entity's** first claims-made Errors and Omissions Liability Policy from which date coverage has been maintained in force without interruption. The **Retroactive Date** is the earliest date on which a **Wrongful Act** took place for which coverage could exist for a **Claim** made under this Policy. **Wrongful Acts** which occur in whole or part prior to this date are not covered, even if a **Claim** is made under this Policy and reported to **Us** during the **Policy Period** or Extended Reporting Period, if applicable.

IV. Section III, Definitions, is modified by the addition of the following:

Predecessor Entity means the business entity in whose financial assets and liabilities the **Named Insured** is the majority successor in interest.

All other terms and conditions of the Policy to which this endorsement is attached remain unchanged.

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Policy Amendment: Definition of Professional Services

This endorsement modifies insurance provided under the following:

Enrolled Agents Errors and Omissions Insurance Policy

Section III, Definition L. **Professional Services**, is deleted in its entirety and replaced by the following:

L. **Professional Services** means the following services rendered by the **Insured** to a client in the conduct of the **Named Insured's** profession as an Enrolled Agent or Registered Tax Return Preparer, as long as the **Insured** is properly licensed or otherwise legally entitled to render such services on any date on which any **Wrongful Act** involving such services is alleged to have occurred

1. Tax advice;
2. Tax preparation and filing;
3. The representation of clients in connection with tax collection or audit actions, including appeals, before the Department of Treasury, the Internal Revenue Service, and if permitted, any State or local tax authority;
4. **Bookkeeping**;
5. Services as a Notary Public; or
6. Payroll processing.

However, **Professional Services** shall not include

a. The conduct of testing or auditing for any client;

b. The preparation or certification of financial statements for any publicly traded or privately held companies trading stock;

c. The recommendation to purchase, or the sale of, any products to any party;

d. The design, implementation, placement, sale or administration of any benefit, welfare, pension, or investment program;

e. Investment advice; or

f. Services as an attorney or accountant beyond those services listed in items 1 thru 6 of this definition, above.

All other terms and conditions of the Policy to which this endorsement is attached remain unchanged.

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Policy Amendment – Supplementary Payments Extension

This endorsement modifies insurance provided under the following:

Enrolled Agents Errors and Omissions Insurance Policy 144634

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

I. Section I. Insuring Agreement, C. Supplementary Payments is amended by the addition of:

3. Pre-Claim Assistance

Solely at **Our** discretion, **We** will pay **Pre-Claim Expenses** up to $10,000 for a **Potential Claim** reported in accordance with Section VI. Conditions, N. Reporting of Potential Claims and Actual Claims, 1. Reporting of Potential Claims. **Pre-Claim Expenses** must be incurred subsequent to the date that the **Potential Claim** was reported to us and prior to the date that any **Claim** is made based upon or arising out of such **Potential Claim.** Once a **Potential Claim** becomes a **Claim**, **Damages** and **Claim Expenses** that result from such **Claim** are subject to Section V. Limit of Liability and Deductible as described herein.

4. Subpoena Assistance

We will pay up to $10,000 per **Policy Period** for reasonable fees, costs and expenses incurred relative to any subpoena for documents or testimony, including legal advice, legal counsel and the production of documents, provided that such subpoena is first received by the **Insured** during the **Policy Period** and reported to **Us** in writing during the **Policy Period**, and such subpoena arises out of **Professional Services** rendered by an **Insured** during the **Policy Period** or subsequent to their **Retroactive Date** as defined in the Policy. This payment does not apply to any deposition where the **Insured** is acting as an expert witness. Any notice to **Us** of such subpoena will be deemed to also be a **Potential Claim** pursuant to Section VI., Conditions, N. Reporting of Potential Claims and Actual Claims, 1. Reporting of Potential Claims.

II. Section III, Definitions is amended by the addition of the following:

Potential Claim means any **Wrongful Act**, fact or circumstance involving a natural person or entity that might reasonably be expected to be the basis of a **Claim**.

Pre-Claim Expenses means reasonable fees, costs and expenses incurred by legal counsel selected by **Us** and resulting from the investigation and adjustment of a **Potential Claim. Pre-Claim Expenses** do not include salary charges or expenses of **Our** or **Your** employees or officers or fees and expenses of independent adjusters. **Pre-Claim Expenses** do not include Section C. Supplementary Payments, sub clauses 2. or 4.

All other terms and conditions of the Policy remain unchanged.

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PERSONAL DATA COMPROMISE COVERAGE ENDORSEMENT

This Endorsement modifies insurance provided under the following:

Enrolled Agents Errors and Omissions Insurance Policy 144634

Limit of Liability:	$_____ **Personal Data Compromise Loss** for all **Personal Data Compromise Incidents** occurring during the **Policy Period**
Deductible:	$2,500 Each **Personal Data Compromise Incident**

Information required to complete this Schedule, if not shown above, will be shown on the Certificate of Insurance issued to the **Named Insured** as applicable to this Endorsement.

For purposes of the coverage provided by this Endorsement, the following is added or amended to the Policy:

A. Section I. INSURING AGREEMENT is amended to include the following additional Coverage:

We will pay on the **Insured's** behalf those sums qualifying as **Personal Data Compromise Loss** arising out of a **Personal Data Compromise Incident** occurring during the **Policy Period**, but only in the total absence of any other coverage available to the Insured for Personal Data Compromise Loss. If the Insured has any other coverage available, that will be the sole coverage for this exposure and this Policy will not respond as excess coverage above such other coverage.

B. Section III. DEFINITIONS is amended to include the following:

1. **Detrimental Code** means any computer virus, program, routine, sub-routine, Trojan Horse, worm, script or other code string that destroys, alters or corrupts or causes a **Personal Data Compromise incident**, regardless of how the **Detrimental Code** was introduced or acquired.
2. **Identity Theft** means the fraudulent or illegal use of **Personal Information,** including the fraudulent or illegal use of such information to establish credit accounts, secure loans, enter into contracts, make purchases, or commit crimes. However, **Identify Theft** does not include the fraudulent or illegal use of a business name or any other method of identifying a business or business activity.
3. **Personal Data Compromise Incident** means the loss, theft, accidental release or accidental publication of a **Client's Personal Information** by or from an **Insured** in the course of providing **Professional Services**, provided, however, that at the time of the loss, theft, accidental release or accidental publication, the **Personal Information** was in the **Insured's** direct care, custody or control.

   Personal Data Compromise Incident does not include:

   a. The loss, theft, release or publication of information that is in the care, custody or control of any person or entity who is not an **Insured;** or

   b. Any intentional, deliberate or reckless failure to use appropriate safeguards in the handling of **Personal Information**, such as shredding or destruction in the disposal or abandonment of **Personal Information.**

4. **Personal Data Compromise Loss** means

   a. The reasonable and necessary costs for the following legal and forensic information technology review:

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1. Legal counsel review of the **Personal Data Compromise Incident** and recommendations regarding the most appropriate response; and,

2. Professional information technology review to determine the nature and extent of the **Personal Data Compromise Incident** and the number and identities of **Clients** whose **Personal Information** may be involved in the **Personal Data Compromise Incident;**

b. The costs to provide notification of the **Personal Data Compromise Incident** to the **Clients** whose **Personal Information** is involved in the **Personal Data Compromise Incident**; and

c. The reasonable and necessary costs to provide the following services to **Clients** whose **Personal Information** is involved in the **Personal Data Compromise Incident**:

1. A packet of loss information and customer support;

2. A toll-free telephone line for the fielding of questions and requests for information by **Clients** involved in the **Personal Data Compromise Incident;**

3. A credit report and electronic credit monitoring services requested by any **Client** whose **Personal Information** is involved in the **Personal Data Compromise Incident;** and

4. When a covered **Personal Data Compromise Incident** leads to a **Client's Identity Theft,** the services of an identity restoration professional to assist with the correction of the **Client's** credit and other records, and as may be reasonably possible, the restoration of the **Client's** control over their identity.

However, **Personal Data Compromise Loss** does not include, unless specifically included in paragraphs a., b. and c. of this Definition, the following:

i. Any **Damages** or **Claim Expenses;**

ii. Any fines or penalties levied against any party;

iii. Any cost associated with any claim for non-monetary relief , or the cost of any criminal investigation or proceeding;

iv. Any response or payment in response to any threat, extortion or blackmail, including any ransom or the cost of private or other security;

v. Any fees or surcharges charged by any financial institution;

vi. Any cost, expense or payment of any kind to detect, research, repair or remedy any deficiency in any systems, procedures, processes, policies, internal or external security or any other condition or situation that caused or contributed to any **Personal Data Compromise Incident**, but this limitation does not apply to the cost to research the extent of any **Personal Data Compromise Incident** or determine whose **Personal Information** was released; or

vii. Any cost, expense or payment of any kind to retrieve or prevent the use of **Client's Personal Information** by a former **Insured**.

5. **Personal Information** means a **Client's** name in combination with any one or more of the following:

a. Social Security number;

b. Driver's license number or state identification number;

c. Account numbers, credit card numbers, debit card numbers, access codes or passwords that would permit access to that **Client's** financial account; or

d. Other nonpublic personal information, provided that personal information shall not include information that is lawfully made available to the general public for any reason, including information from federal, state, or local government records.

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6. **Client**, either in the singular or plural, means any natural person for whom the **Insured** has agreed to render **Professional Services**. **Client** does not include any business, organization or entity, but does include individuals connected to that business, organization or entity whose **Personal Information** is involved in a covered **Personal Data Compromise Incident** because of the **Insured's** rendering or failure to render **Professional Services** to that business, organization or entity.

C. Section IV. EXCLUSIONS lead-in language is deleted and replaced by the following:

We shall not be liable to make any payment in connection with any **Claim** or **Personal Data Compromise Loss** or **Personal Data Compromise Incident** based upon, arising out of, or in any way related to:

D. Section IV. EXCLUSIONS is further amended by the addition of the following Exclusions:

1. The **Insured's** unauthorized use or release of any confidential or private information pertaining to any **Client**, any director, manager, partner, member, officer or employee of any **Client** or any family member of any such person, but this exclusion shall not apply if such use or release was made without the knowledge of the **Insured** seeking coverage, or to the extent that coverage is provided for a **Personal Data Compromise Incident** or **Personal Data Compromise Loss** by this endorsement.

2. For any **Personal Data Compromise Incident** or **Personal Data Compromise Loss** based upon, arising out of or in any way involving or attributable to:

   a. **Your** intentional or willful complicity in a **Personal Data Compromise Incident**;

   b. Any **Detrimental Code** that is or becomes named and recognized by the CERT Coordination Center, McAfee, Secunia, Symantec, or other comparable vendor or monitor of **Detrimental Code** activity;

   c. Any mechanical or electrical failure or interruption caused by a third party, acting independently of the **Insured** or by events outside the **Insured's** control, including any electrical power interruption or surge, brownout, blackout, short circuit, over voltage, or power fluctuations;

   d. The maintenance of a chat room, bulletin board or other open forum; or

   e. Fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God, or any other similar physical event however caused.

E. With respect to coverage provided by this Endorsement, Section V. LIMIT OF LIABILITY AND DEDUCTIBLE is amended to include the following:

1. The Limit of Liability stated in the Certificate of Insurance issued to the **Named Insured** as applicable to **Personal Data Compromise Loss** is the most **We** will pay for all **Personal Data Compromise Incidents** occurring during the **Policy Period**.

2. **We** shall only be liable to pay **Personal Data Compromise Loss** arising from each **Personal Data Compromise Incident** which is in excess of the Deductible stated above as applicable to each **Personal Data Compromise Incident**.

3. All **Personal Data Compromise Incidents** that are related, including all **Personal Data Compromise Incidents** that occur or are discovered at the same time or arise from the same cause regardless of the number of **Clients** involved will be considered one **Personal Data Compromise Incident** and subject to the Limit of Insurance and Deductible in effect at the time the first **Personal Data Compromise Incident** occurs and is reported to the Company during the **Policy Period**.

F. Section VI. CONDITIONS is amended by the addition of the following:

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1. Due Diligence Requirements for **Personal Data Compromise Incident** Coverage

   You agree to use due diligence to prevent and mitigate any **Personal Data Compromise Incident** covered under this Endorsement, including complying with reasonable and industry accepted protocols for providing and maintaining the following:

   a. Physical security for the **Insured's** premises, computer system and hard copy files;

   b. Computer and internet security, including security and access controls for personal computers and laptops;

   c. Periodic backups of computer files;

   d. Protections for transactions, including processing credit card, debit card and check payments; and

   e. Control, storage and disposal of, and access to, any electronic or physical files containing any **Personal Information**, including shredding physical files and destroying physical media used to store physical media.

2. Duties In the Event Of a **Personal Data Compromise Incident**

   In the event of a **Personal Data Compromise Incident**, **You** agree to:

   a. Notify the police and any other authorities requiring notification;

   b. Take all reasonable steps to protect all **Personal Information** remaining in the **Insured's** care, custody or control;

   c. Give **Us** prompt written notice of the **Personal Data Compromise Incident**, providing details of how, when and where the **Personal Data Compromise Incident** occurred, and to the extent possible, and as soon as practicable, no later than thirty (30) days after the expiration of the **Policy Period**, whichever comes first. Notice must include names and contact information of the **Clients** whose **Personal Information** is involved in a **Personal Data Compromise Incident** to the extent this information is known; and

   d. Cooperate with **Us** in the investigation, handling and settlement of any **Personal Data Compromise Incident** and **Personal Data Compromise Loss**, including access to books and records as may be necessary.

G. With respect to the coverage provided by this Endorsement, Section IV. CONDITIONS, J. Extended Reporting Periods, is amended by the addition of the following:

   Extended Reporting Periods do not apply to **Personal Data Compromise Incident** or **Personal Data Compromise Loss** coverage.

All other terms and conditions of the Policy remain unchanged.

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CHANGE OF CONTROL ENDORSEMENT

This endorsement modifies insurance provided under the following:

Enrolled Agents Errors and Omissions Insurance Policy

(A) Section III DEFINITIONS is amended as follows:

(1) to include the following term:

Change of Control means:

a. the merger of the **Named Insured** with, or consolidation into, another entity such that the **Named Insured** is not the surviving entity;

b. the sale of all or the majority of the **Named Insured's** assets to another entity;

c. the acquisition by any natural person or entity acting alone or in concert of securities or voting rights which results in ownership or control by the natural person or entity of more than 50% of the outstanding securities representing the present right to vote for the election of the board of directors of the **Named Insured**; or

d. the appointment of a receiver, liquidator, administrator, trustee, or equivalent under the laws of any jurisdiction in which such appointment occurred.

(2) The terms **Associated Costs**, **Discovered**, **Extension Expense**, **Loss**, **Triggering Event**, and **Wrongful Act** set forth in the Cyber Coverage Endorsement shall apply with respect to this Endorsement.

(B) Section VI CONDITIONS is amended as follows:

(1) The following Subsection is added:

Change of Control

We shall not be liable for any **Damages**, **Claim Expenses**, **Loss**, **Associated Costs**, or **Extension Expense**, arising out of, based upon, attributable to or a consequence of a **Wrongful Act** committed or **Triggering Event Discovered** after the effective date of a **Change of Control** is legally effective in the jurisdiction in which it occurs.

The **Named Insured** will give **Us** written notice of the **Change of Control** as soon as practicable after the **Named Insured** first becomes aware of the **Change of Control**.

(2) Subsection VI.J Extended Reporting Period is amended to include the following:

6. Change of Control Supplemental Extended Reporting Period

In the event of a **Change of Control**, the **Named Insured** may elect a Change of Control Supplemental Extended Reporting Period. **We** will extend such coverage by endorsement for an additional charge. **You** must give **Us** a written request for the endorsement no later than thirty (30) days after such **Change of Control**. **We** shall be entitled to underwrite the exposure and to extend an offer on whatever terms, conditions and limitations **We** deem appropriate. The Change of Control Supplemental Extended Reporting Period will not go into effect unless the additional premium is paid promptly when due. Such premium will be deemed fully earned at the inception date of the Change of Control Supplemental Extended Reporting Period and this Policy may not be cancelled thereafter. In the event of a **Change of Control** the right to an Change of Control Supplemental Extended Reporting Period shall not otherwise exist except as indicated in this paragraph.

All other terms and conditions of the Policy to which this endorsement is attached remain unchanged.

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CYBER COVERAGE ENDORSEMENT

CLAIMS MADE COVERAGE FOR THE THIRD PARTY LIABILITY COVERAGES

AND

DISCOVERY FIRST PARTY COVERAGE

This endorsement modifies insurance provided under the following:

Enrolled Agents Errors and Omissions Insurance Policy

The Policy is amended solely with respect to the coverage afforded by this Policy Extension as follows:

THE **THIRD PARTY LIABILITY COVERAGES** AFFORD COVERAGE ON A CLAIMS MADE AND REPORTED BASIS. COVERAGE AFFORDED UNDER SUCH COVERAGES APPLY ONLY TO **CLAIMS** FIRST MADE AGAINST AN **INSURED** DURING THE **POLICY PERIOD**, OR **EXTENDED REPORTING PERIOD** (IF APPLICABLE), AND REPORTED TO **US** IN ACCORDANCE WITH SUBSECTION F.2 (REPORTING OF POTENTIAL CLAIMS, ACTUAL CLAIMS, AND TRIGGERING EVENTS) OF THIS ENDORSEMENT. AMOUNTS INCURRED AS **DEFENSE COSTS** AND **OTHER EXPENSES** SHALL REDUCE THE APPLICABLE **LIMIT OF LIABILITY** AND ARE SUBJECT TO ALL APPLICABLE **DEDUCTIBLES**.

THE **FIRST PARTY COVERAGES** IN THIS **COVERAGE PART** AFFORD FIRST PARTY COVERAGE ON A DISCOVERED AND REPORTED BASIS. COVERAGE APPLIES ONLY TO **TRIGGERING EVENTS** FIRST DISCOVERED BY THE **INSURED** DURING THE **POLICY PERIOD** AND REPORTED TO **US** IN ACCORDANCE WITH SUBSECTION F.2 (REPORTING OF POTENTIAL CLAIMS, ACTUAL CLAIMS, AND TRIGGERING EVENTS) OF THIS ENDORSEMENT.

Solely with respect to the coverage afforded pursuant to this Endorsement:

A. Section I. INSURING AGREEMENT is amended as follows:

1. The following is added:

a. Cyber Coverages

(1) Third Party Liability Coverages

The coverage under this **Third Party Coverages** Subsection is afforded solely with respect to a **Claim** alleging a **Wrongful Act** first made against an **Insured** during the **Policy Period**, or Extended Reporting Period (if exercised) and reported to **Us** as required by Subsection F.2 (Reporting of Potential Claims, Actual Claims, And Triggering Events) of this Endorsement.

The coverage afforded under the **Third Party Liability Coverages** shall only apply if the **Wrongful Act** and **Related Wrongful Act** applicable to such coverage takes place on or after the **Cyber Retroactive Date**, if any, and before the end of the **Policy Period**.

(a) Network Security and Privacy Liability Coverage

We shall pay on an **Insured's** behalf all **Loss** in excess of the applicable Cyber Deductible which such **Insured** becomes legally obligated to pay on account of any **Claim** alleging a **Security or Privacy Liability Wrongful Act**.

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(b) Regulatory Proceedings Fines and Penalties Coverage

We shall pay on an **Insured's** behalf all **Loss** in excess of the applicable Cyber Deductible which such **Insured** becomes legally obligated to pay on account of any **Claim** alleging a **Regulatory Liability Wrongful Act**.

(2) First Party Coverages

The coverage afforded under this **First Party Coverages** Subsection is afforded solely with respect to **Loss** resulting from a **Triggering Event** first **Discovered** during the **Policy Period** and reported to **Us** as required by Subsection F.2 (Reporting of Potential Claims, Actual Claims, And Triggering Events) of this Endorsement.

Security Incident or Privacy Incident Coverage

We shall pay all **Loss** and/or **Associated Costs** in excess of the applicable Cyber Deductible that a **Named Insured** incurs solely as a result of a **Privacy Incident Triggering Event** or **Security Incident Triggering Event**.

b. Cyber Coverage Extensions

(1) Subpoena Reimbursement

We will pay up to the Sub-Limit of Liability as set forth in the Certificate of Insurance issued to the individual **Named Insured** for reimbursement of reasonable expenses incurred by an **Insured** relative to subpoenas for documents or testimony, including legal advice, legal counsel, and the production of documents, provided, such subpoena is first received by the **Insured** during the **Policy Period** or Extended Reporting Period, if applicable, and reported by the **Insured** to **Us** in writing during the **Policy Period**, and such subpoena arises out of a **Triggering Event** subsequent to the **Cyber Retroactive Date** circumstances as described in Subsection F.2.b (Reporting Potential Claims) of this Endorsement. In no event shall the total reimbursement exceed the Sub-Limit of Liability per **Policy Period**, regardless of the number of subpoenas or the number of **Insureds**.

Any payment made under this extension shall be a part of, and not in addition to, the **Cyber Limit of Liability** as stated in the Certificate of Insurance issued to the individual **Named Insured** and no Cyber Deductible shall apply.

(2) Coverage Extension – Reward Expenses

We will pay up to the Sub-Limit of Liability set forth in the Certificate of Insurance issued to the individual **Named Insured** for reimbursement of **Reward Expenses** incurred by the **Named Insured** on account of a covered **Security Incident**, or **Privacy Incident** first **Discovered** during the **Policy Period**.

Any payment made under this extension shall be a part of, and not in addition to, the **Cyber Limit of Liability** as stated in the Certificate of Insurance issued to the individual **Named Insured** and no Cyber Deductible shall apply.

(3) Loss Mitigation Expense

We will pay up to the Sub-Limit of Liability set forth in the Certificate of Insurance issued to the individual **Named Insured** for **Loss Mitigation Expenses** incurred by the **Named Insured** on account of a covered **Claim** first made during the **Policy Period**

(4) Coverage Extension – Industrial Control Systems, Supervisory Control and Data Acquisition (SCADA) Systems

The definition of **Computer System** will be extended to explicitly include Industrial Control Systems, including any information technology to steer or control technical processes, embedded systems or other industrial information technology.

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2. The following Subsections are amended:

   a. Subsection I.B. Defense, Investigation, and Settlement of a Claim is deleted in its entirety and replaced with the following:

      Defense, Investigation, and Settlement of a Claim

      (1) Duty to Defend

      We shall have the right and duty to defend any **Claim** for which coverage under this Endorsement applies. However, **We** will have no duty to defend the **Insured** against any **Claim** for which there is no coverage under this Policy. We will have the right, but not the duty to appeal any judgment. If allowed by the applicable law, **We** have the right to select counsel. If, under the applicable law the **Insured** has the right to select counsel, **We** will be obligated to pay only those **Defense Costs** that are reasonable and necessary. **Defense Costs** are part of, not in addition to, the **Limit of Liability**. **Our** duty to defend any **Claim** will cease upon exhaustion of the applicable **Limit of Liability**. When **Our** right and duty to defends ends, **We** have the right to withdraw from, and tender the defense to the **Named Insured** and the **Named Insured** agrees, as a condition to the issuance of this Policy, to accept such tender. Further, and where permissible by law, **We** reserve the right to recoup any and all **Defense Costs** related to the defense of any non-covered **Claim** or the defense of any non-covered aspect of a **Claim**.

      (2) Claims Participation and Cooperation for the Third Party Coverages

      The **Insured** agrees not to offer to settle or to settle any **Claim**, incur any **Defense Costs** or otherwise assume any contractual obligation, voluntarily make any payment, admit any liability or stipulate to any judgment with regard to any **Claim** without **Our** written consent, such consent shall not be unreasonably withheld or delayed. **We** will not be liable for, or as a result of, any offer to settle, settlement, **Defense Costs**, payment, assumed obligation, admission or stipulated judgment to which **We** have not given written consent.

      The **Insured** shall provide to **Us** all such cooperation and assistance as **We** may reasonably request in connection with any **Claim**.

      (3) Consent to Settlement for the Third Party Coverages

      We have the right to investigate any **Claim**, **Wrongful Act**, or **Triggering Event** and with the consent of the **Named Insured** make any settlement thereof. If any **Insured** refuses to consent to a settlement or compromise recommended by the **Us** and acceptable to the plaintiff, and elects to contest or continues to contest the **Claim**, **Our** liability shall not exceed the amount of **Defense Costs** incurred prior to the date of the recommendation plus the amount of the recommended settlement or compromise; provided that in no event shall **Our** liability under this Policy for such **Claim** or **Loss** exceed the remaining portion of the applicable **Limit of Liability**.

      (4) Allocation

      If both **Loss** covered by this Policy and **Loss** not covered by this Policy are incurred, either because a **Claim** made or **Triggering Event Discovered** against the **Insured** contains both covered and uncovered matters, or because a **Claim** or **Triggering Event** is made against both the **Insured** and others who are not **Insureds**, the **Insured** and **We** will use our best efforts to determine a fair and appropriate allocation of **Loss** between that portion of **Loss** that is covered under this Policy and that portion of **Loss** that is not covered under this Policy. Additionally, the **Insured** and **We** agree that in determining a fair and appropriate allocation of **Loss**, the parties will take into account the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and settlement of the **Claim** by the **Insured** and others.

      In the event that an agreement cannot be reached between **Us** and the **Insured** as to an allocation of **Loss** then **We** shall pay or advance that portion of **Loss** (pursuant to this

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Subsection) which the **Insured** and **We** agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of this Policy and applicable law.

b. The following Subsections are added:

First Party Coverage Conditions

The following provisions are added with respect to the **First Party Coverages**

(1) Cooperation

The **Insured** shall:

(a) provide to **Us** all such cooperation and assistance as **We** may reasonably request in connection with **Loss**, **Associated Costs** and **Extension Expenses**; and

(b) not admit liability, make any payments, assume any obligations, incur any costs, enter into any settlement or accept any judgment or award without **Our** prior written consent, such consent not to be unreasonably withheld or delayed.

(2) Insured's Duties in the Event of First Party Loss

The **Insured** shall:

(a) take all reasonable steps to reduce or minimize **Loss**, **Associated Costs** and **Extension Expenses**; and

(b) submit to **Us** (at the **Insured's** own cost) a written, detailed proof of **Loss**, **Associated Costs** and **Extension Expenses** which provides an explanation of the circumstances and a detailed calculation of such **Loss**, **Associated Costs** and **Extension Expenses**.

(3) Appraisal

If the **Named Insured** and **We** do not agree on the amount of a **Loss** or **Associated Cost** arising out of a **Triggering Event**, each party shall select and pay an appraiser or other qualified expert (the "Appraiser") to state the amount of such loss, 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 losses 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 **Loss** or **Associated Cost** and shall not control the determination of whether such loss is otherwise covered by the Policy. **We** will still retain and do not waive **Our** rights to deny coverage or enforce any obligation under this Policy.

B. Section II TERRITORY is amended to add the following to the end thereof:

Coverage under this Endorsement shall apply to **Loss** incurred, **Claims** made, **Wrongful Acts** occurring or **Triggering Events Discovered** anywhere in the world, provided the **Suit** is brought within the United States of America.

C. Section III. DEFINITIONS is amended as follows:

1. Solely with respect to coverage afforded pursuant to this Endorsement, the following terms are deleted in their entirety:

a. **Claim Expenses**

b. **Defense Costs**

2. The following terms are deleted in their entirety and replaced with the following:

a. **Claim**, with respect to the **Third Party Coverages**, means:

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(1) as regarding Network Security and Privacy Liability Coverage:

(a) written demand received by an **Insured** for monetary damages or non-monetary or injunctive relief;

(b) a **Suit**;

alleging a **Security or Privacy Liability Wrongful Act**.

(2) as regarding Regulatory Proceedings Fines and Penalties Coverage:

(a) a:

i. civil, administrative or regulatory proceeding, of an **Insured** brought or conducted by a **Regulator** commenced by the service of a complaint or similar pleading; or

ii. criminal investigation or proceeding commended by the receipt of notice of charges, statement of allegations, laying of an information, an arrest, the return of an indictment or information, or similar documents; including any appeal therefrom;

alleging a **Regulatory Liability Wrongful Act**;

(b) a civil investigative demand of an **Insured** brought or conducted by a **Regulator** commenced by the service of such demand;

(c) an investigation, audit, or of an **Insured** brought or conducted by a **Regulator**; or

(d) a request for information or demand by a **Regulator** received by an **Insured**, where the alleged events have given rise, or may reasonably be expected to give rise to a **Claim** alleging a **Regulatory Liability Wrongful Act**.

b. **Related Wrongful Act** means all **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or a series of causally connected facts, circumstances, situations, events transactions or causes, whether such **Wrongful Act** involve one or more **Insureds** or others for whose acts the **Insured** may be legally responsible, or involve the same or different claimants.

c. **Wrongful Act** means:

(1) with respect to Network Security and Privacy Liability Coverage, any **Security or Privacy Liability Wrongful Act**; and

(2) with respect to Regulatory Proceedings Fines and Penalties Coverage, **Regulatory Liability Wrongful Act**.

3. In addition to the Definitions in the Policy, the following Definitions shall also apply to this Endorsement:

a. **Associated Costs** means **Security Incident Associated Costs**.

b. **Client** means any third party to whom the **Insured** provides services and/or goods.

c. **Computer System** means any information technology or operational technology.

d. **Computer Programs** means a collection of instructions that describe a task, or set of tasks, to be carried out by a **Computer System**, including but not limited to application of software, operating systems, firmware and compilers.

e. **Confidential Information** means, with respect to an organization, any information held by the **Insured**:

(1) that is subject to any form of confidentiality agreement or confidentiality provision in a contract or agreement between the **Client** and the **Named Insured**; or

(2) which the **Named Insured** is legally required to maintain in confidence.

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However, **Confidential Information** does not include **Personal Information** or any publicly available information that is lawfully in the public domain or information available to the general public from government records.

f. **Consumer Redress Fund** means any sum of money the **Insured** is legally required to deposit in a fund for the payment of consumer claims due to a settlement of, or an adverse judgment in, a **Claim**. **Consumer Redress Fund** shall not include criminal fines or penalties.

g. **Cyber Retroactive Date** means the Inception Date of the **Named Insured's** first claims-made cyber errors and omissions liability policy from which date coverage has been maintained in force without interruption. The **Cyber Retroactive Date** is the earliest date on which a **Wrongful Act** took place for which coverage could exist for a **Claim** under this Policy. **Wrongful Acts** which occur in whole or in part prior to this date are not covered, even if a **Claim** is made under this Policy and reported to **Us** during the **Policy Period** or Extended Reporting Period, if applicable **Cyber Retroactive Date** means the date set forth in the Certificate of Insurance issued to the individual **Named Insured**. If blank or "none" is entered, a **Cyber Retroactive Date** is not applicable to the coverage.

h. **Cyberterrorism** means any actual, or alleged intentional act on a **Computer System**, including but not limited to the use of force or violence, by a natural person or entity, committed or threatened for political, religious, ideological, or similar motivation with the intention to influence, harm or instill fear in any **Insured** or any **Client** of any **Insured**.

i. **Data** means any electronic information or record of a form readily usable or readable by a **Computer Program**.

j. **Data Breach Team** means a list of approved service providers to provide legal, computer forensic, notification, call center, public relations, crisis communications, fraud consultation, credit monitoring, and identity restoration advice services.

k. **Data Breach Counsel** means the law firm within the **Data Breach Team** designated for consultative and pre-litigation services provided to the **Insured**.

l. **Defense Costs** shall only apply to the **Third Party Coverages** and shall mean:

(1) reasonable and necessary attorney's fees, expert witness fees and other fees and costs, incurred by or on behalf of the **Insured** with **Our** prior written consent, such consent not to be unreasonably withheld or delayed, in the investigation, response, settlement, defense or appeal of a covered **Claim**; and

(2) the premium for the covered portion of any appeal, attachment or similar bonds if required in relation to a covered **Claim**, but without any obligation by **Us** to apply for, furnish, or obtain such bonds.

Defense Costs shall not include; (i) remuneration payable to any natural person **Insured**; (ii) overhead expenses of the **Named Insured**; (iii) any other associated benefit or overhead of any **Insured**; or (iv) **Associated Costs**.

m. **Denial of Service Attack** means a malicious attack by a third party which is designed to slow, interrupt or deny access to a targeted **Computer System** or website by other third parties authorized to gain access to the **Computer System** or website.

n. **Discovered** or **Discovery**, with respect to this Endorsement, means the date when there is evidence that is known to any **Insured** that would cause him or her to reasonably believe that a **Triggering Event** has been or is likely to result in **Loss** or **Associated Costs**, even though the exact amount or detail of **Loss** or **Associated Costs** may not be known at that time.

o. **Expenses** means **Extension Expenses** and **Loss Mitigation Expenses**.

p. **Extension Expenses** means **Reward Expenses** and/or subpoena reimbursement expenses covered under Subsection B.1.b.(1) (Subpoena Reimbursement) of this Endorsement.

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q. **First Party Coverages** means, if purchased, the following: Security Incident or Privacy Incident Coverage.

r. **Loss** means:

(1) with respect to Network Security and Privacy Liability Coverage:

compensatory damages, judgments, settlements (including punitive, exemplary and multiplied damages), prejudgment or post-judgment interest, **Loss Mitigation Expenses**, and **Defense Costs**. Provided that with respect to punitive, exemplary, or multiple damages, the law of the jurisdiction most favorable to the insurability of those damages shall apply.

Loss shall not include:

(a) any amount for which the **Insured** is not financially liable or legally obligated to pay;

(b) taxes, fines, penalties, or sanctions assessed against an **Insured**;

(c) matters uninsurable under the laws pursuant to which this Policy is construed;

(d) the cost to comply with any injunctive or other non-monetary or declaratory relief, including specific performance, or any agreement to provide such relief;

(e) loss of fees or profits by the **Insured**, return of fees, commissions or royalties by the **Insured**, or re-performance of services by the **Insured** or under the **Insured's** supervision; and

(f) disgorgement of any profit, remuneration or financial advantage to which any **Insured** was not legally entitled.

(2) with respect to Regulatory Proceedings Fines and Penalties Coverage:

Regulatory Fines and Penalties, **Consumer Redress Funds** and **Defense Costs**.

(3) with respect to Security Incident or Privacy Incident Coverage:

the following reasonable and necessary costs, fees, and expenses that the **Insured** incurs with **Our** approval under the guidance and direction of the **Data Breach Counsel** in responding to a **Privacy Incident**:

(a) to retain the services of the **Data Breach Counsel**, including but not limited to retaining such services for a **Self-Report**;

(b) to retain the services of a third party computer forensics firm to determine the existence, cause and scope of a **Privacy Incident**;

(c) to comply with **Privacy Regulations**, including but not limited to the consumer notification provisions of **Privacy Regulations** of any applicable jurisdiction that most favors coverage for such expenses;

(d) to retain the services of a notification service to notify affected individuals;

(e) to retain the services of a public relations firm, crisis management firm or law firm for advertising or related communications solely for the purpose of protecting or restoring the **Insured's** reputation;

(f) to retain the services of a call center;

(g) to provide credit and/or identity monitoring and identity protection and restoration services or any similar service for affected individuals; and

(h) to provide medical identity restoration for affected individuals.

Loss shall not include costs or expenses incurred to update or otherwise improve privacy or network security controls, policies or procedures to a level beyond that which existed prior to the loss event or to be compliant with **Privacy Regulations**. Nor shall **Loss** include regular

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or overtime wages, salaries, or fees of the **Insured** or taxes, fines, penalties or the expense in complying with injunctive or other non-monetary or declaratory relief.

s. **Loss Mitigation Expenses** means the reasonable and necessary costs and expenses incurred by an **Insured**, with **Our** prior written consent, in successfully avoiding a **Claim**. **Our** consent shall not be unreasonably withheld.

t. **Network Security** means those activities performed by the **Named Insured** or its **Outsourced Service Provider** to protect against the transmission of malicious code, malware, zero day attacks, or hacker attacks, expressly directed against and resulting in unauthorized access to, unauthorized use of, or an act of **Cyberterrorism** against an **Named Insured's Computer System**.

u. **Outsourced Service Provider** means any third party who stores or processes **Personal Information** or **Corporate Information** pursuant to a written contract with the **Named Insured**.

v. **Pending and Prior Date** means the date set forth in the Certificate of Insurance issued to the individual **Named Insured**.

w. **Personal Information** means any information from which an individual may be uniquely and reliably identified or contacted, including an individual's name, telephone number, social security number, medical or health insurance data or other protected health information as defined by the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA"), driver's license number or state identification number, account number, credit card number, debit card number, access code or password that would permit access to that individual's financial account or any other non-public personal information as defined in **Privacy Regulations**; provided, however, **Personal Information** does not include information lawfully available to the general public for any reason.

x. **Privacy Incident** means any actual or suspected:

(1) loss, theft or unauthorized disclosure by the **Insured** or by the **Outsourced Service Provider** of any **Personal Information**; provided, however this definition shall not include destruction of **Data**;

(2) unauthorized access or unauthorized use relating to any **Personal Information** stored in the **Named Insured's** or **Outsourced Service Provider's Computer Systems**; or

(3) an actual or alleged breach of any **Privacy Regulations**.

y. **Privacy Incident Triggering Event** any actual or alleged or **Privacy Incident** sustained by a **Named Insured**.

z. **Privacy Regulations** means any of the following statutes, including any amendments thereto or regulations thereunder, associated with the control and use of personally identifiable financial, medical or other sensitive information:

(1) Health Information Technology for Economic and Clinical Health Act (HITECH) (American Recovery and Reinvestment Act of 2009);

(2) Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191);

(3) Gramm-Leach-Bliley Act of 1999;

(4) California Security Breach Notification Act (CA SB 1386), CA AB 211 and CA SB 541;

(5) Section 5(a) of the Federal Trade Commission Act (15 U.S.C. 45(a)), but solely for alleged unfair or deceptive acts or practices in or affecting commerce;

(6) Massachusetts 201 CMR 17;

(7) the Identity Red Flags under the Fair and Accurate Credit Transactions Act of 2003.; and

(8) any similar state, federal or foreign identity theft or privacy protection law or regulation.

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aa. **Regulator** means any state or federal administrative or regulatory agency or similar governmental body, including foreign equivalents, with responsibility to enforce **Privacy Regulations**.

bb. **Regulatory Fines and Penalties** means all civil or administrative monetary fines and penalties to the full extent they are insurable under the law of any applicable jurisdiction that most favors coverage which the **Insured** is legally obligated to pay as the result of a **Claim**. **Regulatory Fines and Penalties** shall not include criminal fines or penalties.

cc. **Regulatory Liability Wrongful Act** means any actual or alleged breach of any **Privacy Regulation**.

dd. **Related Triggering Event** means all **Triggering Events** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or a series of causally connected facts, circumstances, situations, events transactions or causes, whether such **Triggering Events** involve one or more **Insureds** or others for whose acts the **Insured** may be legally responsible, or involve the same or different claimants.

ee. **Reward Expenses** means the reasonable amount paid by the **Named Insured** with **Our** prior consent, such consent not to be unreasonably withheld or delayed, to an informant for information not otherwise available which leads to the arrest and conviction of a person responsible for a **Security Incident**, or **Privacy Incident**.

ff. **Security Incident** means any actual or suspected:

(1) loss, theft or unauthorized disclosure of **Confidential Information**;

(2) use or misuse of, or alteration of the **Named Insured's Computer System** caused by phishing, malware, zero day attacks, hacker attacks, or **Denial of Service Attack**; or

(3) unauthorized distribution or transmission of malicious code from the **Named Insured's Computer System** to the **Computer System** of a third party.

ff. **Security Incident Associated Costs** means costs to retain the services of a third party computer forensics firm to determine the existence, cause and scope of a **Security Incident.**

gg. **Security Incident Triggering Event** any actual or alleged **Security Incident** sustained by a **Named Insured.**

hh. **Security or Privacy Liability Wrongful Act** means any actual or alleged **Security Incident** or **Privacy Incident** resulting from any act, error, or omission, neglect, negligence, misstatement or misleading statement, or unintentional breach of contract, actually or allegedly committed or attempted by any **Insured** in their capacity as such, or by any person or organization for whom an **Named Insured** is legally responsible.

ii. **Self-Report** means any report to a **Regulator** by the **Insured** pursuant to an obligation to inform the **Regulator** of matters giving rise to actual or potential regulatory issues, where failure to give such notification or delay in notifying, can itself give rise to enforcement consequences.

jj. **Third Party Coverages** means, if purchased, the following: Network Security and Privacy Liability Coverage, and Regulatory Proceedings Fines and Penalties Coverage.

kk. **Triggering Event** means with respect to Security Incident or Privacy Incident Coverage, any **Privacy Incident Triggering Event** or **Security Incident Triggering Event**.

D. Section IV EXCLUSIONS is deleted in its entirety and replaced with the following:

Under this Endorsement, **We** shall not be liable for **Loss, Associated Costs** or **Extension Expenses** on account any **Claim** or **Triggering Event**:

1. Bodily Injury and Property Damage

based upon, arising out of, attributable to, or alleging any actual or alleged:

a. bodily injury, including injury to the body, sickness, disease, or death; provided however this

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exclusion shall not apply to emotional distress or mental anguish solely based upon, arising out of the **Insured's Wrongful Act**;

b. damage to, loss of use of or destruction of any tangible property. For purposes of this definition, "tangible property" shall not include electronic data.

2. **Insured versus Insured**

by or on behalf of, or for the benefit of any **Insured**. However this exclusion shall not apply to any cross claim or third party claim for contribution or indemnity arising from another **Claim** otherwise covered under this Policy.

3. **Conduct**

based upon, arising out of, attributable to, or alleging any:

a. deliberate, criminal, fraudulent, dishonest or malicious act or omission by the **Insured**;

b. intentional or knowing violation of any law or regulation by the **Insured**; or

c. gain of any profit, remuneration, or financial or non-financial advantage to which the **Insured** was not legally entitled.

Provided, however, this Subsection shall only apply if such behavior is established by a final non-appealable judgment or adjudication in the underlying action. Following such establishment the **Insured** will promptly repay **Us** any amount paid to or on behalf of the **Insured** under this Policy.

Knowledge of a **Triggering Event** or **Wrongful Act** by any one **Insured** shall not be imputed to any other **Insured** for the purposes of determining the applicability of the foregoing Exclusion. Only conduct or knowledge of any past, present or future officer, managing partner or general counsel of any **Insured** organization shall be imputed to the **Insured** organization.

4. **Contractual Liability**

based upon, arising out of, attributable to, or alleging liability under any express, implied, actual, constructive, oral or written contract, agreement, promise, guarantee or warranty, including any actual or alleged liability assumed by the **Insured**, unless such liability would have attached to the **Insured** even in the absence of such contract, agreement, promise, guarantee, or warranty. With respect to Security Incident or Privacy Incident Coverage, this exclusion shall not apply to any obligation, agreement or promise of the **Insured** to maintain the confidentiality of **Confidential Information**.

5. **Destruction of Data**

with respect to Security Incident or Privacy Incident Coverage, for any actual or alleged damage to or destruction of **Data**.

6. **Employment Practices and Fiduciary Liability**

based upon, arising out of, attributable to, or alleging:

a. violation of the Employee Retirement Income Security Act of 1974, or any similar federal, state or foreign law; or

b. any employment-related act, error, omission, practice or policy, including but not limited to wrongful termination, harassment, or discrimination of any kind, in a **Claim** by any **Employee**, independent contractor or any other person alleging an employment relationship with any **Insured**. This exclusion applies to **Claims** brought by heirs or representatives of the **Employee** or to any obligation of the **Insured** to share loss with or repay someone else who must pay loss because of the **Claim**, or injury or damage alleged by the actual **Employee** or purported employee.

These exclusions apply whether the **Insured** may be liable as an employer or in any other capacity.

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7. **False Claims Act**

based upon, arising out of, attributable to, or directly or indirectly resulting from the False Claims Act (31 U.S.C. §§ 3729-2733), or any similar provision of any federal state, local or foreign law, or any amendments thereto.

8. **Infrastructure Failure**

based upon, arising out of, attributable to, or alleging any electrical or mechanical failures or interruption, not under the **Insured's** operational control, however caused, including but not limited to any electrical disturbance, surge, spike, brownout or blackout, and outages of gas, water, telephone, internet, cable, satellite, telecommunications or other infrastructure.

9. **Physical Events**

based upon, arising out of, or attributable to any fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, electromagnetic fields, radiation, Act of God, or any other similar physical event however caused.

10. **Pollution**

based upon, arising out of, or in any way related to any discharge, dispersal, seepage, migration, release or escape of **Pollutants**. This exclusion applies whether or not such **Pollutants** have any function in the **Insured's** business, operations, premises, site or location and regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to any **Claim** or **Triggering Event** associated with such **Pollutants**.

11. **Prior Claims, Losses and Circumstances**

based upon, arising out of, attributable to, or alleging any:

a. claim, demand, litigation, hearing, proceeding, or investigation which was initiated or commenced, or order, decree or judgment entered against any **Insured**, prior to or pending as of the **Pending and Prior Date** or which arises from the same or substantially similar fact, circumstance, situation, event, or acts as alleged therein; or

b. fact, event or circumstance which is likely to give rise to a claim which was notified to any prior insurance carrier of which this Policy is a renewal, replacement or which it may succeed in time.

12. **Prior Knowledge**

based upon, arising out of, attributable to, or alleging any **Wrongful Act** or **Triggering Event** of which any past, present or future officer, managing partner or general counsel of any **Insured** organization was aware or could have reasonably foreseen, prior to the inception date of the first policy issued and continuously renewed by **Us**, of which this Policy is a renewal or a replacement, that such **Wrongful Act**, **Triggering Event**, **Related Wrongful Act** or **Related Triggering Event** likely would result in a **Claim**.

13. **Regulated Business Activities**

based upon, arising out of, attributable to, or alleging any actual or alleged violation of:

a. any federal, state or local statutes, ordinances or regulations regarding or relating to unsolicited marketing activities, including but not limited to TCPA or CANSPAM Act of 2003, or any other federal, state or foreign anti-spam statute or any other regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information, including telemarketing, solicitations, emails, faxes or any other communications of any type or nature that violate any "anti-spam" and "do-not-call" statutes, ordinances, or regulations; provided however that with respect to Security Incident or Privacy Incident Coverage, this exclusion shall not apply where the violation of such "anti-spam" law was the direct result of an incident falling within the meaning of subparagraph B of the definition of **Security Incident**; or

b. the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961 et seq. (as amended), including any rules or regulations promulgated thereunder, or any similar federal, state or foreign

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law prohibiting participation in and contribution to criminal organizations or the commission of indictable offences for the benefit of such an organization.

14. **Regulatory Proceedings**

based upon, arising out of, attributable to, or alleging any action brought by or on behalf of any federal, state, local or foreign government agency or authority, or any licensing or regulatory organization, in such entity's regulatory, quasi-regulatory, or official capacity, function or duty, including but not limited to the U.S. Federal Trade Commission and the U.S. Federal Communications Commission; provided however, that this exclusion shall not apply to Regulatory Proceedings Fines and Penalties Coverage or Security Incident or Privacy Incident Coverage.

15. **Securities Claims**

based upon, arising out of, or attributable to the purchase, sale, or offer or solicitation to purchase, sell or solicit securities or any actual or alleged violation of the UK Financial Services and Markets Act 2000, the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisors Act, any state Blue Sky or securities law or rules, regulations or amendments issued in relation to such acts, or any similar state, federal or foreign statutes or regulations.

16. **Theft of Money or Securities**

for the theft of money or securities from an **Insured** or the transfer or loss of currency or securities from or to an **Insured's** accounts or accounts under an **Insured's** control, including customer accounts. For purposes of this exclusion, the term "accounts" shall include, but are not limited to, deposit, credit, debit, prepaid and securities brokerage accounts.

17. **Trade Practices**

a. based upon, arising out of, or attributable to any actual or alleged deceptive or unfair trade practice, consumer fraud, false or deceptive advertising or misrepresentation; or

b. based upon, arising out of, or attributable to any actual or alleged, unfair competition, price fixing, restraint of trade, monopolization, consumer fraud, or other violation of the Federal Trade Commission Act, the Sherman Anti- Trust Act, the Clayton Act, as amended, or any other federal, state, local, foreign or common law or rules or regulations involving antitrust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade, or otherwise regulating competition.

18. **Trade Secrets and Intellectual Property**

based upon, arising out of, or attributable to any actual or alleged theft, misappropriation, plagiarism, validity, invalidity, or infringement of any rights with respect to patents, trademarks, trade names, copyrights, licenses or any other form of intellectual property or information that derives independent economic value, actual or potential, from not being generally known and not readily ascertainable through proper means by another person who can obtain economic advantage from its disclosure or use.

19. **Trading Losses and Liabilities**

based upon, arising out of or attributable to any actual or alleged:

a. losses, liabilities, or lost opportunities connected with any types of purchase or sale transactions or other dealing in securities, commodities, derivatives, foreign or Federal funds, currencies, foreign exchange, and the like; or

b. trading losses or trading liabilities; the monetary value of any electronic fund transfers or transactions by or on behalf of the **Insured** which is lost, diminished, or damaged during transfer from, into or between accounts; or the face value of coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount.

20. **War, Terrorism and Governmental Acts**

based upon, arising out of or attributable to any actual or alleged war, invasion, act of foreign enemy, strike or similar labor action, invasion, act of foreign enemy, hostilities or warlike operations (whether

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declared or not), civil war, mutiny, rebellion, revolution, insurrection, riot or civil commotion assuming the proportion of or amounting to a popular uprising, military or usurped power, or martial law, any expropriation, nationalization, confiscation, requisition, seizure or any other act by or under order of any governmental, de facto or public local authority. Provided, however, this exclusion shall not apply to **Cyberterrorism**.

E. Section V LIMIT OF LIABILITY AND DEDUCTIBLE is amended as follows:

1. Subsection V.A. is amended by adding the following to the end thereof:

Cyber Coverage Limit of Liability

The Limit of Liability stated in the Certificate of Insurance issued to the individual **Named Insured** issued to the individual **Named Insured** as applicable to each **Claim** and **Triggering Event** is **Our** maximum liability for all **Loss**, **Associated Costs** and **Extension Expenses** resulting from any one **Claim**, without regard to the number of claimants or **Insureds** against whom a **Claim** has been made or **Triggering Event** has been **Discovered**. All **Loss, Associated Costs** and **Extension Expenses** arising out of the same **Wrongful Act, Related Wrongful Act, Triggering Event,** or **Related Triggering Event** will be subject to the Each **Claim** Limit of Liability in effect when the original **Claim** arising out of the **Wrongful Act** or **Related Wrongful Acts** was first made against any **Insured**; or **Triggering Event** or **Related Triggering Events** were first **Discovered** by an **Insured** and reported to **Us** in conformance with Subsection G.2. (Reporting of Potential Claims, Actual Claims and Triggering Events) of this Endorsement.

Our liability to pay or indemnify under each coverage of the Cyber Coverage for each and every **Loss, Associated Cost** and **Extension Expense** and for all **Loss, Associated Costs** and **Extension Expenses** in the aggregate on account of each **Claim** and **Triggering Event** will not exceed the applicable Cyber Limit of Liability, or Sub-Limit of Liability, set forth in the Certificate of Insurance issued to the individual **Named Insured**. The Cyber Limit of Liability shall apply only in excess of the applicable Cyber Deductible.

With respect to this Endorsement, **Defense Costs**, **Associated Costs**, and **Extension Expenses**, are not payable by **Us** in addition to the Cyber Limit of Liability. Such **Defense Costs** and **Extension Expenses** are part of **Loss** and as such are subject to the Cyber Limit of Liability for **Loss**

Once the applicable Limit of Liability or Sub-Limit of Liability is exhausted by payments required pursuant to the applicable **First Party Coverages** and **Third Party Coverages** and subject to the Annual Aggregate **Limit of Liability** for this Policy, **Our** obligations under the affected **First Party Coverages** and **Third Party Coverages** of this Policy shall be terminated, and **We** shall have the right to withdraw from any further obligations under the Policy.

The Limit of Liability for the Extended Reporting Period shall be part of, and not in addition to the Annual Aggregate Limit of Liability for the **Policy Period**.

Sub-Limits of Liability

The Sub-Limits of Liability separately set forth in the Certificate of Insurance issued to the individual **Named Insured** shall be **Our** maximum liability with respect to such specified coverage. Each Cyber Coverage Extension Sub-Limit of Liability shall be part of and not in addition to, applicable Cyber Coverage Limit of Liability and subject to the each **Claim** and Annual Aggregate Limit of Liability of this Policy.

2. Subsection V.B. is deleted in its entirety and replaced with the following:

Where this Policy is renewal of a Policy issued by **Us**, and solely for the purposes of determining the Limit of Liability:

a. All **Claims** arising out of the same **Wrongful Acts, Related Wrongful Acts**, **Triggering Events** or **Related Triggering Event** will be treated:

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(1) As if they had been first made and reported to **Us** at the time the original **Claim** was made and reported to **Us** in accordance with Subsection F.2. (Reporting of Potential Claims, Actual Claims and Triggering Events); of this Endorsement; and

(2) Subject to the each **Claim** Limit of Liability under the Policy in effect at the time the original **Claim** was made and reported to **Us** in accordance with Subsection F.2. (Reporting of Potential Claims, Actual Claims and Triggering Events); of this Endorsement.

b. All **Claims** or **Losses** resulting from **Triggering Events** or **Related Triggering Events** will be treated as a single **Claim** will be deemed to be first made or **Loss Discovered** when the earliest of such **Claim** was first made or **Triggering Events Discovered** and reported to **Us** in accordance with Subsection F.2. (Reporting of Potential Claims, Actual Claims and Triggering Events); of this Endorsement.

3. Subsection V.C. is amended by adding the following to the end thereof:

The Limit of Liability stated in the Certificate of Insurance issued to the individual **Named Insured** as applicable in the Aggregate **is Our** maximum liability for all **Loss**, **Associated Costs** and **Extension Expenses** resulting from all **Claims** first made and **Triggering Events** first **Discovered** during the **Policy Period**.

4. Subsection V.E. is amended by adding the following to the end thereof:

With respect to the Coverages afforded pursuant to this Endorsement, if **We** pay all or part of any Cyber Deductible, **We** will notify **You** of **Our** payment and request reimbursement. **You** will pay **Us** for the part of the Cyber Deductible **We** paid within thirty (30) days of **Our** request.

In the event **Loss**, **Associated Costs**, and/or **Extension Expenses** arising from a **Wrongful Act** or **Related Wrongful Act** are covered under more than one **Third Party Coverage** or **Triggering Event** or **Related Triggering Event** are covered under a **First Party Coverage**, only the single highest Cyber Deductible applicable to one of the relevant **Third Party Coverage** or **First Party Coverage** shall apply.

F. Section VI CONDITIONS is amended as follows:

1. Subsection J.1. Extended Reporting Period is amended to add the following to the end thereof:

With respect to coverage afforded pursuant to this Endorsement, the Extended Reporting Period, shall apply solely to a **Claim** pursuant to the **Third Party Coverages** commencing immediately after the expiration of the **Policy Period**, during which written notice may be given to **Us** of a **Claim** resulting from a **Wrongful Act** or **Triggering Event** that occurred prior to the expiration date of the **Policy Period** and only where **Loss** or **Associated Costs** arising from such **Claim** is not partially nor wholly covered by any other insurance policy in force after the expiration date of the Policy.

2. Subsection N Reporting of Potential Claims and Actual Claims is deleted in its entirety and replaced with the following:

Reporting of Potential Claims, Actual Claims and Triggering Events

a. Notice of Triggering Event Under First Party Coverages

The **Insured** shall give **Us** written notice of a **Triggering Event** as soon as practicable following the **Insured's Discovery**, but no later than sixty (60) days after the expiration of the **Policy Period**, whichever comes first. **We** and our employees and representatives shall maintain as confidential and shall not disclose such information or otherwise use such information except as required in the ordinary course of **Our** business.

The **Insured** shall include within any notice of a **Triggering Event**, a description of the **Triggering Event** as soon as practicable and the manner in which the **Insured** first became aware of the **Triggering Event**. If, during the **Policy Period**, a **Triggering Event** is **Discovered** and reported to **Us** in accordance with the requirements of this Policy, any **Related Triggering Event** which is **Discovered** and reported after the end of the **Policy Period** will be accepted by **Us** as having been

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Discovered and reported on the date the first **Triggering Event** was first reported to **Us** and shall be considered to be a single **Triggering Event**.

b. Reporting of Potential Claims

If during the **Policy Period** an **Insured** becomes aware of circumstances that could lead to a **Claim** and the **Insured** gives written notice of such circumstances to **Us** during the **Policy Period,** then any **Claim** subsequently made arising out of such circumstances shall be considered to have first been made during the **Policy Period** in which such circumstances were first reported to **Us** provided that such subsequent **Claim** is reported to **Us** as soon as practicable. Such notice of circumstances must include the:

(1) specific details of the circumstances that could reasonably be the basis for a **Claim**;

(2) nature of the potential **Triggering Event** and the injury or damage which may result or has resulted from the circumstances being reported; and

(3) facts by which the **Insured** first became aware of the circumstances.

c. Reporting of Actual **Claims**

The **Insured** shall provide notice to **Us** as soon as practicable after a **Claim** is first made against the **Insured**, and in no event after the end of the **Policy Period**, or Extended Reporting Period, if applicable. This notice shall be deemed sent to **Us** only if it is received by **Us** via facsimile or electronic mail or sent by the **Insured** by prepaid registered or return-receipt-requested mail properly addressed to **Us** at the address shown in or attached to this Policy.

The **Insured** also agrees to forward, as soon as practicable the following:

(1) Every demand, notice, summon, or other process received by the **Insured** or the **Insured's** representative;

(2) Particulars sufficient to identify the **Insured** and also reasonably obtainable information with respect to the time, place and circumstances thereof;

(3) The names, addresses and other available contact information of any witnesses;

(4) Copies of all agreements with any parties that is referred to, or in any way associated with the **Claim**; and

(5) Identified of any and all parties referred to, related to, or in any way associated with the **Claim**, the **Wrongful Act** or **Triggering Event** leading to the **Claim.**

d. The following Subsection is added:

Related Claims and Related Triggering Events

All **Claims** or **Loss** resulting out of **Related Wrongful Acts** or **Related Triggering Events** will constitute one single **Claim** or **Loss** and will be deemed to be first made or **Discovered** when the earliest of such **Claims** was first made or **Triggering Events Discovered**.

All other terms and conditions of the Policy to which this endorsement is attached remain unchanged.

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SPECIMEN

Economic or Trade Sanctions Compliance – 145985 06 14

Policy Amendment

The following is added to the Policy and replaces any other provision in the Policy addressing economic or trade sanctions:

This insurance does not apply to the extent that economic or trade sanctions or other laws or regulations prohibit us (the Company) from providing insurance.

All other terms and conditions of the policy remain unchanged.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the **Allianz Insurance companies** as named in the policy

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SPECIMEN

Allianz

REPORTING A CLAIM

Allianz Global Corporate & Specialty is committed to providing insureds and clients with effective claim service.

In the event of a Cyber Breach, please contact the 24-Hour Breach Coach Hotline. In the event of an incident which may result in a claim, an actual claim, or your receipt of suit papers, please follow the procedures outlined below.

IF YOU SUSPECT A CYBER BREACH, PLEASE CALL OUR BREACH COACH HOTLINE:

1.800.454.9068

Learn more about the Breach Coaches:

Mullen Coughlin LLC/ John Mullen

Lewis Brisbois/ Sean Hoar

Norton Rose Fulbright US LLP/ David Kessler

NOTICE OF EACH INCIDENT, CLAIM OR SUIT SHOULD IMMEDIATELY BE REPORTED TO:

Lancer Claims Services, Inc.

Phone Number: 1-800-821-0540

or

Fax Number: 1-714-978-8023

or

By E-mail: firstreports@calsurance.com

or contact your agent or broker for assistance.

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Cap on Losses from Certified Acts of Terrorism

Policy Number	Effective Date
USF00304719	07/1/2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The following provisions are added:

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed $100 billion in a calendar year and the Insurer (the company providing coverage under this Policy) has met its Insurer deductible under the Terrorism Risk Insurance Act, the Insurer 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.

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

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

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS REMAIN UNCHANGED.

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IMPORTANT DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE

This notice applies to all type(s) of insurance provided under this policy that are subject to the Terrorism Risk Insurance Act ("The Act"), as amended. This policy makes available and provides at a premium of $0 insurance coverage for losses resulting from acts of terrorism. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 and 80% BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS $0 AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

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ABOUT ALLIANZ

Your insurance company is part of the Allianz Group – an organization with a 125-year history of partnering with clients and delivering exceptional insurance products around the world.

Allianz is the world's largest property & casualty insurance company by revenue and has one of the strongest financial ratings of the leading global property & casualty insurers. The strength of its financial ratings and quality of its people make Allianz the insurer of choice for thousands of mid-size businesses and the majority of Global Fortune 500 companies.

Allianz is also ranked "one of the world's most admired companies" by Fortune and "one of the top 100 global brands" by Interbrand.

agcs.allianz.com

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