

## **POLICYHOLDER NOTICE**

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



**AIG Specialty Insurance Company**

A capital stock company

**NOTICE: THIS INSURER IS NOT LICENSED IN THE STATE OF NEW YORK AND IS NOT SUBJECT TO ITS SUPERVISION.**

# Specialty Risk Protector®

POLICY NUMBER:

REPLACEMENT OF POLICY NUMBER:

## DECLARATIONS

### NOTICES

THIS POLICY CONTAINS ONE OR MORE COVERAGE SECTIONS. CERTAIN COVERAGE SECTIONS ARE LIMITED TO LIABILITY FOR CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER AS REQUIRED BY THE TERMS OF THE POLICY. DEFENSE COSTS SHALL REDUCE THE APPLICABLE LIMITS OF LIABILITY AND SUBLIMITS OF LIABILITY AND ARE SUBJECT TO APPLICABLE RETENTIONS.

PLEASE READ THIS POLICY CAREFULLY AND REVIEW IT WITH YOUR INSURANCE AGENT OR BROKER.

### ITEMS

1	NAMED ENTITY	Named Entity	State of West Virginia		
		Mailing Address	1124 Smith Street Suite 4300 CHARLESTON, WV 25301		
2	POLICY PERIOD	Inception Date	July 1, 2019	Expiration Date	July 1, 2020
		12:01 A.M. at the address stated in Item 1			
3	PREMIUM	\$239,558			

*Premium for Certified Acts of Terrorism Coverage under Terrorism Risk Insurance Act, as amended (TRIA): \$0 included in policy premium. Any coverage provided for losses caused by an act of terrorism as defined by TRIA (TRIA Losses) may be partially reimbursed by the United States under a formula as follows: 81% of TRIA Losses in excess of the insurer deductible mandated by deductible mandated by TRIA, the deductible to be based on a percentage of the insurer's direct earned premiums for the year preceding the act of terrorism.*

*A copy of the TRIA disclosure sent with the original quote is attached hereto.*


1660998

<b>4 NAME AND ADDRESS OF INSURER</b>					
<i>AIG Specialty Insurance Company  175 Water Street  New York, NY 10038-4969</i>					
This Policy is issued only by the insurance company indicated in this Item 4.					
<b>5 LIMIT OF LIABILITY</b>		\$25,000,000			
<b>6 COVERAGE SUMMARY</b>					
<b>COVERAGE SECTION</b>		<b>SUBLIMIT OF LIABILITY</b>	<b>RETENTION</b>	<b>RETROACTIVE DATE</b>	<b>CONTINUITY DATE</b>
MC	Media Content Insurance	\$6,000,000	\$50,000	Full Prior Acts	Policy Inception
S&P	Security and Privacy Liability Insurance	\$6,000,000	\$50,000	Full Prior Acts	Policy Inception
	Regulatory Action Sublimit of Liability	\$6,000,000			
NI	Network Interruption Insurance	\$6,000,000	\$50,000	Not Applicable	Not Applicable
	Waiting Hours Period	12 hours			
EM	Event Management Insurance	\$6,000,000	\$50,000	Not Applicable	Not Applicable
CE	Cyber Extortion Insurance	\$6,000,000	\$50,000	Not Applicable	Not Applicable
RG	ReputationGuard® Insurance	\$50,000	\$0	Not Applicable	Policy Inception
	Coinsurance	0 %			

PRODUCER: ARTHUR J GALLAGHER RISK MNGT SERV INC  
ADDRESS: 200 S. ORANGE AVENUE  
STE 1350  
ORLANDO, FL 32801

1660998

**IN WITNESS WHEREOF**, the **Insurer** has caused this Policy to be signed by its President, Secretary and its duly Authorized Representative.



\_\_\_\_\_  
PRESIDENT



\_\_\_\_\_  
SECRETARY

This Policy shall not be valid unless signed below at the time of issuance by an authorized representative of the **Insurer**.



\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
COUNTERSIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
COUNTERSIGNED AT

1660998

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM INSURANCE COVERAGE  
(RIGHT TO PURCHASE COVERAGE)**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury-in consultation with the Secretary of Homeland Security, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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

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

**COPY OF DISCLOSURE SENT WITH ORIGINAL QUOTE**

Insured Name: *State of West Virginia*

Policy Number: *01-454-57-12*

Policy Period Effective Date From: *July 1, 2019*

To: *July 1, 2020*



Specialty Risk Protector ®

**GENERAL TERMS AND CONDITIONS**  
**("GENERAL TERMS AND CONDITIONS")**

In consideration of the payment of the premium, and in reliance upon the statements made to the **Insurer** by **Application**, the **Insurer** agrees as follows:

**1. TERMS AND CONDITIONS**

These **General Terms and Conditions** shall be applicable to all **Coverage Sections**. Terms appearing in bold in these **General Terms and Conditions** and not defined in Clause 2. **DEFINITIONS** of these **General Terms and Conditions** shall have the meaning provided for such terms in any applicable **Coverage Section** for purposes of coverage provided under such **Coverage Section**. The terms and conditions set forth in a **Coverage Section** shall only apply to that particular **Coverage Section** and shall in no way be construed to apply to any other **Coverage Section** of this policy.

**2. DEFINITIONS**

(a) "**Application**" means each and every signed application, any attachments to such applications, other materials submitted therewith or incorporated therein and any other statements, information, representations of any **Insured** or documents submitted by any **Insured** in connection with the underwriting of this policy or the underwriting of any other policy providing the same or similar coverage issued by the **Insurer**, or any of its affiliates, of which this policy is in whole or part a renewal or replacement or which it succeeds in time.

With respect to publicly held companies, **Application** shall also include each and every public filing by or on behalf of any **Insured** made with the SEC including, but not limited to, any **Company's** Annual Report(s), 10-Ks, 10-Qs, 8-Ks and proxy statements, any financial information in such filings, and any certifications relating to the accuracy of the foregoing, provided that such public filing was filed during the period of time:

- (i) beginning at the start of the twelve (12) month period immediately preceding the first submission to the **Insurer** in connection with the underwriting of this policy; and
- (ii) ending at the inception of the **Policy Period**.

(b) "**Claims-Made and Reported Coverage Section**" means any **Coverage Section** designated as such.

(c) "**Company**" means the **Named Entity** and any **Subsidiary** thereof.

(d) "**Continuity Date**" means the date set forth in Item 6 of the Declarations with respect to each **Coverage Section**.

(e) "**Control Group**" means a **Company's** Chief Executive Officer, Chief Financial Officer, Chief Security Officer, Chief Technology Officer, Chief Information Officer, Risk Manager and

General Counsel (or equivalent positions, regardless of title).

- (f) "**Coverage Section**" means each **Coverage Section** that is purchased by the **Named Entity** as indicated in Item 6 of the Declarations.
- (g) "**Discovery Coverage Section**" means any **Coverage Section** designated as such.
- (h) "**Discovery Period**" means any **Automatic Discovery Period** or **Optional Discovery Period**, as such terms are defined in Clause 9. of these **General Terms and Conditions**.
- (i) "**Domestic Partner**" means any natural person legally recognized as a domestic or civil union partner under: (i) the provisions of any applicable federal, state or local law; or (ii) the provisions of any formal program established by a **Company**.
- (j) "**First Party Coverage Section**" means any **Coverage Section** designated as such.
- (k) "**First Party Event**" means the event(s) or circumstance(s) contained in the definition of **First Party Event** in a **First Party Coverage Section**.
- (l) "**Insurer**" means the insurance company indicated in the Declarations.
- (m) "**Limit of Liability**" means the amount stated in Item 5 of the Declarations.
- (n) "**Management Control**" means: (i) owning interests representing more than fifty percent (50%) of the voting, appointment or designation power for the selection of a majority of: the board of directors of a corporation, the management committee members of a joint venture or partnership, or the members of the management board of a limited liability company; or (ii) having the right, pursuant to written contract or the by-laws, charter, operating agreement or similar documents of a **Company**, to elect, appoint or designate a majority of: the board of directors of a corporation, the management committee of a joint venture or partnership, or the management board of a limited liability company.
- (o) "**Named Entity**" means the entity listed in Item 1 of the Declarations.
- (p) "**Occurrence Coverage Section**" means any **Coverage Section** designated as such.
- (q) "**Policy Period**" means the period of time from the inception date stated in Item 2 of the Declarations to the earlier of the expiration date stated in Item 2 of the Declarations or the effective date of cancellation of this policy.
- (r) "**Related Acts**" means all **First Party Events** and **Third Party Events** which are the same, related or continuous and all **First Party Events** and **Third Party Events** which arise from a common nucleus of facts. All **Related Acts** shall be considered to have occurred at the time the first such **Related Act** occurred.
- (s) "**Retroactive Date**" means the date set forth in Item 6 of the Declarations as such for each **Coverage Section**.
- (t) "**Sublimit of Liability**" means the applicable amount, if any, stated in Item 6 of the Declarations as such for each **Coverage Section**.

(u) "**Subsidiary**" means:

- (1) any for-profit entity of which the **Named Entity** has or had **Management Control** ("**Controlled Entity**") on or before the inception date of the **Policy Period**, either directly or indirectly through one or more other **Controlled Entities**;
- (2) any for-profit entity of which the **Named Entity** acquires **Management Control** during the **Policy Period**, either directly or indirectly, whose gross revenues for the most recent fiscal year prior to the inception of this policy do not exceed ten percent (10%) of the aggregate gross revenues of the **Companies** for the most recent fiscal year prior to the inception date of this policy;
- (3) any for-profit entity of which the **Named Entity** acquires **Management Control** during the **Policy Period**, either directly or indirectly, whose gross revenues for the most recent fiscal year prior to the inception of this policy exceed ten percent (10%) of the aggregate gross revenues of the **Companies** for the most recent fiscal year prior to the inception date of this policy, but only once (a) the **Named Entity** shall have provided the **Insurer** with full particulars of such entity and agreed to any additional premium and amendments to this policy relating to such entity; and (b) the **Insurer** has ratified its acceptance of such entity as a **Subsidiary** by endorsement to this policy; and
- (4) any not-for-profit entity sponsored exclusively by a **Company**.

Notwithstanding the foregoing, coverage afforded under this policy shall only apply to **Loss** arising out of **First Party Events** and **Third Party Events** occurring or allegedly occurring after the effective time that the **Named Entity** obtained **Management Control** of such **Subsidiary** and prior to the time that such **Named Entity** ceased to have **Management Control** of such **Subsidiary**.

(v) "**Third Party Event**" means the event(s) or circumstance(s) contained in the definition of **Third Party Event** in a **Third Party Coverage Section**.

(w) "**Third Party Coverage Section**" means any **Coverage Section** designated as such.

### 3. EXTENSIONS

Subject otherwise to the terms hereof, this policy shall cover **Loss** arising from any **Claim** made against (i) the estates, heirs, or legal representatives of deceased natural person **Insureds**, and the legal representatives of natural person **Insureds** in the event of incompetency, insolvency or bankruptcy, who were **Insureds** at the time the **Third Party Events** upon which such **Claims** are based occurred; or (ii) the lawful spouse (whether such status is derived by reason of statutory law, common law or otherwise of any applicable jurisdiction in the world) or **Domestic Partner** of a natural person **Insured** for all **Claims** arising solely out of his or her status as the spouse or **Domestic Partner** of a natural person **Insured**, including a **Claim** that seeks damages recoverable from marital community property, property jointly held by the natural person **Insured** and the spouse or **Domestic Partner**, or property transferred from the natural person **Insured** to the spouse or **Domestic Partner**; provided, however, that this extension shall not afford coverage for any **Claim** for any actual or alleged **Third Party Event** committed by or directly involving the spouse or **Domestic Partner**, but shall apply only to **Claims** arising out of any actual or alleged **Third Party**



**Event** committed by or directly involving a natural person **Insured**, subject to the policy's terms, conditions and exclusions.

#### 4. LIMIT OF LIABILITY

The **Limit of Liability** is the **Insurer's** maximum liability for all **Loss** under all **Coverage Sections** combined and the **Insurer** shall not be responsible to pay any **Loss** upon exhaustion of the **Limit of Liability**.

If a **Sublimit of Liability** is stated in Item 6 of the Declarations with respect to a **Coverage Section**, then such **Sublimit of Liability** shall be the **Insurer's** maximum liability for all **Loss** with respect to such **Coverage Section** and the **Insurer** shall not be responsible to pay any **Loss** under such **Coverage Section** upon exhaustion of such **Sublimit of Liability**. Each **Sublimit of Liability** shall be part of and not in addition to the **Limit of Liability** and shall in no way serve to increase the **Limit of Liability**.

The **Limit of Liability** and any applicable **Sublimits of Liability** for any **Discovery Period** shall be part of, and not in addition to, the **Limit of Liability** and the corresponding **Sublimits of Liability** for the **Policy Period**.

Solely with respect to any **Claims-Made and Reported Coverage Sections**, a **Claim** which is made subsequent to the **Policy Period** or **Discovery Period** pursuant to Clauses 6(b) and 6(c) respectively, which is considered made during the **Policy Period** or **Discovery Period** shall also be subject to the **Limit of Liability** and any applicable **Sublimit of Liability**.

#### 5. RETENTION

The **Insurer** shall only be liable for the amount of **Loss** arising from each **Claim** or **First Party Event** that exceeds the Retention stated in Item 6 of the Declarations as applicable to the **Coverage Section** affording coverage to such **Claim** or **First Party Event**. Such Retention amounts must be borne by the **Insureds** and remain uninsured.

##### (a) For **Third Party Coverage Sections**

If a **Claim** triggers more than one **Third Party Coverage Section**, the highest applicable Retention amount shall apply to such **Claim**.

A single Retention amount shall apply to all **Claims** alleging **Related Acts**.

##### (b) For **First Party Coverage Sections**

If a **First Party Event** triggers more than one **First Party Coverage Section**, all applicable Retention amounts shall apply to such **First Party Event**.

A separate Retention amount shall apply to each respective **First Party Coverage Section** for **First Party Events** involving **Related Acts**.

##### (c) For **First Party Coverage Sections** and **Third Party Coverage Sections**

If a **First Party Event** or a **Third Party Event** and any **Related Acts** trigger coverage under one or

more **First Party Coverage Sections** and one or more **Third Party Coverage Sections**, all **First Party Coverage Section Retentions** shall apply pursuant to (b) above, in addition to the applicable **Third Party Coverage Section Retention** pursuant to (a) above.

## 6. NOTICE

(a) The **Insureds** shall, as a condition precedent to the obligations of the **Insurer** under this policy, give written notice to the **Insurer** of any **Claim** made against an **Insured** or a **First Party Event** as soon as practicable after:

- (1) any personnel in the office of any member of the **Control Group** first becomes aware of the **Claim**; or
- (2) any **First Party Event** commences or, solely with respect to a **Discovery Coverage Section**, is discovered.

Notwithstanding the foregoing and regardless of whether any personnel described in (1) above has become aware, in all events each **Claim** under a **Claims-Made and Reported Coverage Section** must be reported no later than either:

- (1) forty-five (45) days after the end of the **Policy Period**; or
- (2) the end of any applicable **Discovery Period**.

(b) If written notice of a **Claim** or a **First Party Event** has been given to the **Insurer** pursuant to Clause (a) above, then:

- (1) any subsequent **Claim** made against an **Insured**; or
- (2) any subsequent **First Party Event**;

arising out of, based upon or attributable to the facts giving rise to such **Claim** or **First Party Event** for which such notice has been given, or alleging any **Related Act** thereto, shall be considered made at the time such notice was given; and

(c) Solely with respect to any **Claims-Made and Reported Coverage Section**, if during the **Policy Period** or during the **Discovery Period** (if applicable), an **Insured** shall become aware of any circumstances which may reasonably be expected to give rise to a **Claim** being made against an **Insured** and shall choose to give written notice to the **Insurer** of such circumstances, the **Third Party Events**, allegations anticipated and the reasons for anticipating such a **Claim**, with full particulars as to dates, persons and entities involved, then any **Claim** which is subsequently made against an **Insured** and reported to the **Insurer** alleging, arising out of, based upon or attributable to such circumstances or alleging any **Related Act** to that alleged or contained in such circumstances, shall be considered made at the time such notice of such circumstances was given.

(d) Notice as described herein shall be given in writing to the **Insurer** at the following address or email address:

**AIG Property Casualty  
Financial Lines Claims  
P.O. Box 25947  
Shawnee Mission, KS 66225  
c-claim@aig.com**

Any notice must reference the Policy Number set forth in the Declarations and the **Coverage Section(s)** under which an **Insured** is providing notice.

If mailed or transmitted by electronic mail, the date of such mailing or transmission shall constitute the date that such notice was given and proof of mailing or transmission shall be sufficient proof of notice.

## **7. INSURED'S OBLIGATIONS**

In connection with all **Claims** and **First Party Events** under this policy, each **Insured** agrees to the following:

- (a) such **Insured** shall send the **Insurer** copies of all demands, suit papers, other related legal documents and invoices for **Defense Costs** received by such **Insured**, as soon as practicable;
- (b) such **Insured** shall immediately record the specifics of any **Claim** and **First Party Event** and the date such **Insured** first received such **Claim** or **First Party Event**;
- (c) such **Insured** shall cooperate with and help the **Insurer** and/or any counsel appointed pursuant to the terms of this policy, including, without limitation, as follows:
  - (1) by not admitting liability;
  - (2) in making settlements;
  - (3) in enforcing any legal rights any **Insured** may have against anyone who may be liable to any **Insured**;
  - (4) by attending depositions, hearings and trials;
  - (5) by securing and giving evidence, and obtaining the attendance of witnesses;
  - (6) by furnishing any and all documentation within the possession of such **Insured** that may be required; and
  - (7) by taking such actions that such **Insured** and the **Insurer** agree are necessary and practicable to prevent or limit **Loss** arising from any **First Party Event** or **Third Party Event**.
- (d) unless required to do so by law, **Insureds** shall not, without the **Insurer's** prior written consent:
  - (1) assume any financial obligation or incur any cost unless specifically allowed to settle any **Claim** on behalf of all **Insureds** within the retention pursuant to a **Coverage Section**.
  - (2) take any action, or fail to take any required action which prejudices the **Insurer's** rights under this policy.

## **8. CANCELLATION**

- (a) *By the Named Entity*: This policy may be canceled by the **Named Entity** at any time only by mailing written prior notice to the **Insurer** or by surrender of this policy to the **Insurer's** authorized agent or to the **Insurer**.

(b) *By the Insurer:* This policy may be canceled by the **Insurer's** delivering to the **Named Entity** by registered, certified, other first class mail or other reasonable delivery method, at the address of the **Named Entity** set forth in Item 1 of the Declarations, written notice stating when, not less than sixty (60) days thereafter (ten (10) days in the event of cancellation for non-payment of premium), the cancellation shall be effective. Proof of mailing or delivery of such notice as aforesaid shall be sufficient proof of notice and this policy shall be deemed canceled as to all **Insureds** at the date and hour specified in such notice.

(c) *Return of Premium:* If this policy shall be canceled by the **Named Entity**, the **Insurer** shall retain the customary short rate proportion of the premium hereon. If this policy shall be canceled by the **Insurer**, the **Insurer** shall retain the pro rata proportion of the premium hereon.

## 9. DISCOVERY

This Clause applies solely to **Claims-Made and Reported Coverage Sections** of this policy but shall not apply in the event of cancellation for non-payment of premium:

(a) *Automatic Discovery Period:* If the **Named Entity** or the **Insurer** shall cancel or refuse to renew this policy or in the event of a **Transaction** (as that term is defined in Clause 10. below), the **Named Entity** shall have the right following the effective date of such cancellation or nonrenewal to a period of sixty (60) days (the "**Automatic Discovery Period**") in which to give written notice to the **Insurer** of **Claims** first made against an **Insured** during the **Automatic Discovery Period** for any **Third Party Events** occurring prior to the end of the **Policy Period** and otherwise covered by this policy. The **Automatic Discovery Period** shall not apply where an **Optional Discovery Period** has been purchased or to **Claims** that are covered under any subsequent insurance an **Insured** purchases or that is purchased for an **Insured's** benefit, or that would be covered by any subsequent insurance but for the exhaustion of the amount of insurance applicable to such **Claims** or any applicable Retention amount.

(b) *Optional Discovery Period:* Except as indicated below, if the **Named Entity** or the **Insurer** shall cancel or refuse to renew this policy or in the event of a **Transaction** (as that term is defined in Clause 10. below), the **Named Entity** shall have the right to a period of up to three years following the effective date of such cancellation or nonrenewal (an "**Optional Discovery Period**"), upon payment of an additional premium amount of up to:

- (i) one hundred percent (100%) of the full annual premium, for a period of one (1) year,
- (ii) one hundred and seventy-five percent (175%) of the full annual premium, for a period of two (2) years, or
- (iii) two hundred percent (200%) of the full annual premium, for a period of three (3) years,

in which to give written notice to the **Insurer** of **Claims** first made against an **Insured** during the **Optional Discovery Period** for any **Third Party Events** occurring prior to the end of the **Policy Period** and otherwise covered by this policy.

If the **Named Entity** exercises its right to purchase an **Optional Discovery Period**, that period incepts at the end of the **Policy Period** and there shall be no **Automatic Discovery Period**.

As used herein, "full annual premium" means the premium amount set forth in the Declarations as such, plus an additional premium charged for any endorsements to this policy.

The right to purchase an **Optional Discovery Period** shall terminate unless written notice of election, together with any additional premium due, is received by the **Insurer** no later than thirty (30) days after the effective date of the cancellation, nonrenewal or **transaction**.

Any **Discovery Period** cannot be canceled and any additional premium charged for an **Optional Discovery Period** shall be fully earned at inception.

This Clause 9. **DISCOVERY** shall not apply to any cancellation resulting from non-payment of premium.

## 10. TRANSACTIONS

(a) If during the **Policy Period**:

- (1) the **Named Entity** shall consolidate with or merge into, or sell all or substantially all of its assets to any other person or entity or group of persons or entities acting in concert; or
- (2) any person or entity or group of persons or entities acting in concert shall acquire **Management Control** of the **Named Entity**;

(either of the above events herein referred to as the "**Transaction**"), then this policy shall continue in full force and effect only as to those **First Party Events** and **Third Party Events** occurring prior to the effective time of the **Transaction**.

This policy may not be canceled after the effective time of the **Transaction**.

(b) Notwithstanding the foregoing, this policy may continue in full force and effect as to those **First Party Events** and **Third Party Events** occurring subsequent to the effective time of the **Transaction** if:

- (1) within thirty (30) days of such **Transaction** the **Insurer** has been provided with full particulars of the **Transaction**, the related or acquiring person(s) or entity(ies) and any other information requested by the **Insurer**; and
- (2) the **Insurer** waives the restrictions set forth in Paragraph 10(a) above with respect to such **Transaction** by written endorsement to this policy and the **Named Entity** or its successor has paid any additional premium and accepted any amendments to this policy required by the **Insurer**.

## 11. SUBROGATION

An **Insured** may be able to recover all or part of **Loss** from someone other than the **Insurer**. Such **Insured** must do all that is possible after a **First Party Event** or **Third Party Event** to preserve any, and all, rights of recovery. As a condition of any payment by the **Insurer** under this policy, an **Insured's** rights to recovery will be transferred to the **Insurer**. Each **Insured** will do whatever is necessary, including signing documents, to help the **Insurer** obtain that recovery.

A **Company** may waive an **Insured's** rights to recovery against others if such **Company** does so in writing and before the **First Party Event** or **Third Party Event** occurred.

## 12. OTHER INSURANCE

Such insurance as is provided by this policy shall apply only as excess over any other valid and collectible insurance, unless such other insurance is expressly written to be excess over the **Limit of Liability** or any applicable **Sublimit of Liability** provided by this policy.

### 13. NOTICE AND AUTHORITY

Except for the giving of a notice of **Claim**, which shall be governed by the provisions of Section 6 of these **General Terms and Conditions**, all notices required under this policy to be given by an **Insured** to the **Insurer** shall be given in writing to the **Insurer** at the address stated in Item 4(a) of the Declarations. It is agreed that the **Named Entity** shall act on behalf of all **Insureds** with respect to the giving of notice of a **Claim**, the giving and receiving of notice of cancellation and nonrenewal, the payment of premiums and the receiving of any return premiums that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy, the exercising or declining of the right to tender the defense of a **Claim** to the **Insurer** and the exercising or declining to exercise any right to a **Discovery Period**.

### 14. ASSIGNMENT

This policy and any and all rights hereunder are not assignable without the prior written consent of the **Insurer**, which consent shall be in the sole and absolute discretion of the **Insurer**.

### 15. DISPUTE RESOLUTION PROCESS

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

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

- (a) either party shall have the right to commence a judicial proceeding; or
- (b) either party shall have the right, with all other parties consent, to commence an arbitration proceeding with the **AAA** that will be submitted to an arbitration panel of three (3) arbitrators as follows: (i) the implicated **Insureds** shall select one (1) arbitrator; (ii) the **Insurer** shall select one (1) arbitrator; and (iii) said arbitrators shall mutually agree upon the selection of the third arbitrator. The arbitration shall be conducted in accordance with the **AAA's** then-prevailing Commercial Arbitration Rules.

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

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

#### 16. ACTION AGAINST INSURER

Except as provided in Clause 15 above, no action shall lie against the **Insurer** unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, nor until the amount of an **Insured's** obligation to pay shall have been finally determined either by judgment against such **Insured** after actual trial or by written agreement of such **Insured**, the claimant and the **Insurer**.

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. No person or organization shall have any right under this policy to join the **Insurer** as a party to any action against an **Insured** or a **Company** to determine an **Insured's** liability, nor shall the **Insurer** be impleaded by an **Insured** or a **Company** or their legal representatives.

#### 17. BANKRUPTCY

Bankruptcy or insolvency of any **Company** or any **Insured** or of their estates shall not relieve the **Insurer** of any of its obligations hereunder.

#### 18. WORLDWIDE TERRITORY

Where legally permissible, this policy shall apply to **First Party Events** and **Third Party Events** occurring, **Claims** made or **Losses** suffered anywhere in the world.

#### 19. HEADINGS

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

#### 20. SERVICE OF SUIT

Subject to Clause 15, it is agreed that in the event of the **Insurer's** failure to pay any amount claimed to be due under this policy, the **Insurer**, at the request of any **Insured**, will submit to the jurisdiction of a court of competent jurisdiction within the United States of America. Nothing in this Clause constitutes, or should be understood to constitute, a waiver of the **Insurer's** rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States of America or of any state in the United States of America. It is further agreed that service of process may be made upon General Counsel, Legal Department, AIG Specialty Insurance Company, 175 Water Street, New York, NY 10038 or his or her representative, and that in any suit instituted against the **Insurer** upon this contract, the **Insurer** will abide by the final decision of such court or of any appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States of America which makes provision therefore, the **Insurer** hereby designates the Superintendent, Commissioner, or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office as the **Insurer's** true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of any **Insured** or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the above-named General Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

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**Specialty Risk Protector®**

**ReputationGuard® Insurance  
("ReputationGuard Coverage Section")**

**This is a Discovery Coverage Section and a First Party Coverage Section**

**Notice:** Pursuant to Clause 1 of the **General Terms and Conditions**, the **General Terms and Conditions** are incorporated by reference into, made a part of and are expressly applicable to this **ReputationGuard Coverage Section**, unless otherwise explicitly stated to the contrary in the **General Terms and Conditions** or in this **ReputationGuard Coverage Section**.

**1. INSURING AGREEMENT**

With respect to the **REPUTATION THREAT INSURING AGREEMENT** and the **REPUTATION ATTACK INSURING AGREEMENT** of this Clause 1., solely with respect to a **Reputation Threat** or **Reputation Attack** first discovered during the **Policy Period** for which the **Named Entity** has first retained a **Panel PR Firm** during the **Policy Period**, this **ReputationGuard Coverage Section** affords the following coverage:

**REPUTATION THREAT INSURING AGREEMENT**

The **Insurer** shall pay the **Proactive Costs** in excess of the applicable Retention that an **Insured** incurs in seeking to avoid or minimize the potential impact of a specific **Reputation Threat**.

**REPUTATION ATTACK INSURING AGREEMENT**

The **Insurer** shall pay the **Response Costs** in excess of the applicable Retention that an **Insured** incurs in seeking to minimize the potential impact of a specific **Reputation Attack**.

**2. DEFINITIONS**

"**Bold**" terms in this policy have the meaning and/or values ascribed to them in this Clause and/or in Item 6 of the Declarations.

(a) "**Consultation Costs**" mean the:

- (1) fees for crisis communications services provided by a **Panel PR Firm** to an **Insured** to the extent that such services are provided specifically in response to a **Reputation Threat** or **Reputation Attack**; and
- (2) expenses of such **Panel PR Firm** in rendering such crisis communications services.

(b) "**Covered Brand**" means the brand of the **Named Entity** and any other brands owned exclusively by an **Insured**.

(c) "**Crisis Preparedness Program**" means one or more crisis preparedness activities (including, but not limited to, a vulnerabilities assessment, development of a multi-scenario crisis

communications plan or crisis response team infrastructure, internal roll-out and employee training on that plan, and simulation exercises) purchased by the **Insureds** and performed by a **Panel PR Firm** as part of the normal course of business management prior to the identification or occurrence of a covered **Reputation Threat** or a **Reputation Attack**.

- (d) "**First Party Event**" means any **Reputation Threat** or **Reputation Attack**.
- (e) "**Insured**" means the **Named Entity** or any of its **Subsidiaries**.
- (f) "**Loss**" means any: (1) **Proactive Costs**; and (2) **Response Costs**. **Loss, Proactive Costs** and **Response Costs** shall not mean: (i) payments made, directly or indirectly, to any person or entity to avoid **Publication** of a **Reputation Threat** by such person or entity; (ii) attorney's fees, accountant's fees or expenses incurred by or in connection with the retention of any attorney or accountant; (iii) employee compensation, benefits or overhead; (iv) cost of any services provided by an **Insured** or any of its affiliates; (v) costs or expenses incurred to withdraw or recall any good, product or service from the marketplace other than **Consultation Costs** and **Targeted Communications Costs**; (vi) forensic investigation costs; (vii) amounts paid to third parties alleged to be harmed in connection with a **Reputation Threat** or **Reputation Attack**, including but not limited to amounts deposited in a consumer redress fund or similar accounts; (viii) cost of a **Crisis Preparedness Program**; (ix) amounts incurred in connection with seeking or opposing the consummation of any transaction that requires a security holder, debt holder or other stakeholder or management vote or approval; or (x) other expenses or charges that an **Insured** had committed to prior to, or planned to incur in the absence of, a **Reputation Threat** or **Reputation Attack**.
- (g) "**Panel Affiliate**" means any entity that a **Panel PR Firm** directly or indirectly controls, is controlled by or is in common control with, and that is specifically retained by the **Named Entity** in connection with a **Reputation Threat** or a **Reputation Attack** at the specific written recommendation of such **Panel PR Firm**.
- (h) "**Panel PR Firm**" means any public relations, crisis management or brand management firm specifically retained by the **Named Entity** in connection with a **Reputation Threat** or a **Reputation Attack** but only if such firm is listed at <http://www.aig.com/us/panelcounseldirectory> under the "*ReputationGuard*<sup>®</sup>" link as an approved *ReputationGuard*<sup>®</sup> **Panel PR Firm** at the time the firm is retained.

If no firm listed under the *ReputationGuard*<sup>®</sup> link is willing and able to provide crisis communication services to an **Insured** in connection with a specific **Reputation Threat** or **Reputation Attack**, the **Named Entity** may retain a **Panel Affiliate**, and such **Panel Affiliate** shall be treated as a **Panel PR Firm** solely for that specific **Reputation Threat** or a **Reputation Attack** against that specific **Insured**.

If no firm listed under the *ReputationGuard*<sup>®</sup> link and no **Panel Affiliate** is willing and able to provide crisis communication services to an **Insured** in connection with a specific **Reputation Threat** or **Reputation Attack**, then a public relations, crisis management or brand management firm retained by the **Named Entity** with the **Insurer's** prior written consent shall be treated as a **Panel PR Firm** solely for that specific **Reputation Threat** or a **Reputation Attack** against that specific **Insured**.

- (i) "**Proactive Costs**" means **Consultation Costs** incurred by an **Insured** in connection with a **Reputation Threat** prior to the earlier of: (1) a **Reputation Attack** that arises out of the subject of the **Reputation Threat**, or (2) the ninetieth (90<sup>th</sup>) day after the date a **Panel PR Firm** was first hired in response to the **Reputation Threat**.
- (j) "**Publication**" means the dissemination via any medium (including but not limited to dissemination via print, video, audio, electronic, or digital or digitized form) of previously non-public information or opinion specifically concerning an **Insured** or a **Covered Brand**; provided, however, that "**Publication**" does not mean the reporting or disclosure of any financial information, financial projections or estimates, any communication seeking or opposing the consummation of any transaction that requires a security holder, debt holder or other stakeholder or management vote or approval, or any internal communication directed only to an **Insured's** executives and/or employees.
- (k) "**Related Event**" means any **Reputation Threat** or **Reputation Attack** that: (1) is an extension, expansion or **Publication** of another **Reputation Threat** or **Reputation Attack**; or (2) arises out of, is based upon or is attributable to the same or related facts that are or were the subject of another **Reputation Threat** or **Reputation Attack**.
- (l) "**Reputation Attack**" means any **Publication** by a **Third Party** that the **Named Entity** believes: (1) will be seen by any **Insured's** stakeholders (including, but not limited to, actual or potential customers, investors, creditors, vendors, employees, suppliers or regulators) as a material breach of trust, and (2) is likely to have an adverse impact on the public perception of an **Insured** or a **Covered Brand**.
- (m) "**Reputation Threat**" means any act or event that the **Named Entity** believes would, if disclosed in a **Publication**: (1) be seen by any **Insured's** stakeholders (including, but not limited to, actual or potential customers, investors, creditors, vendors, employees, suppliers or regulators) as a material breach of trust, and (2) have an adverse impact on the public perception of an **Insured** or a **Covered Brand**. A "**Reputation Threat**" ceases upon the earlier of any **Publication** or any **Reputation Threat** becoming the subject of a **Reputation Attack**.
- (n) "**Response Costs**" means, to the extent incurred by an **Insured** specifically in response to a **Reputation Attack**:
- (1) **Consultation Costs**; and
- (2) **Targeted Communications Costs**;
- provided, however, **Response Costs** shall not include the cost of providing any notice or making any disclosure required by law or contract.
- (o) "**Targeted Communications Costs**" means any public relations, communications and marketing expenses (including, but not limited to, the cost of crisis communications-related advertising, printing, mailing, brand monitoring and the operation of a telephone or internet hotline or answer line) incurred within the **Communication Cost Period** commencing at the time of the first **Publication** of a **Reputation Attack**, but only to the extent that such public relations, communications and marketing expenses are incurred at the recommendation of a **Panel PR Firm** as a targeted response, specifically designed to address a **Reputation Attack**.

(p) "**Third Party**" means any person or entity other than an **Insured**, the directors or officers of any **Insured**, or any of their respective affiliates, agents, successors or assigns.

### 3. EXCLUSIONS

The **Insurer** shall not be liable to make any payment for **Loss** in connection with any **Reputation Attack** or **Reputation Threat** arising out of, based upon or attributable to any:

- (a) change in population, economic conditions, customer tastes or competitive or business environment;
- (b) bankruptcy or insolvency of any **Insured**; provided, however, the **Insurer** shall pay **Loss** in connection with a public announcement arising out of the actual or anticipated filing of a bankruptcy petition by or on behalf of an **Insured**, subject to a sublimit of \$50,000 for all such **Loss**; provided further that such amount is part of, and not in addition to, the **Limit of Liability** and the **Sublimit of Liability** applicable to this **Coverage Section**.
- (c) criticism of an **Insured's** financial performance, or any change in the financial rating of an **Insured** or of any security issued by an **Insured**;
- (d) direct and foreseeable consequence of an **Insured's** decision to change or discontinue the use of any business strategy, manufacturing process, vendor, supplier or distributor;
- (e) acquisition or merger strategy, any actual or threatened acquisition of or by an **Insured**, or any merger of an **Insured** by or with any other entity; or
- (f) strike or similar labor action, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions.

### 4. COINSURANCE

The Coinsurance percentage applicable to this **Coverage Section** shall be borne by the **Insureds** and remain uninsured. Payments of any Coinsurance percentage by an **Insured** shall not reduce the **Limit of Liability** or the **Sublimit of Liability** for this **Coverage Section**.

### 5. REPUTATION THREAT OR REPUTATION ATTACK TERMS AND CONDITIONS

Before coverage will apply for **Loss** under this **ReputationGuard Coverage Section**:

- (a) The **Named Entity** shall provide written notice to the **Insurer** of a **Reputation Threat** or **Reputation Attack** as soon as practicable after the **Named Entity** first retains a **Panel PR Firm** in connection with such **Reputation Threat** or **Reputation Attack**. Such notice must be provided no later than fourteen (14) days after the **Named Entity's** retention of such **Panel PR Firm**; provided, however, if the **Named Entity** has purchased a **Crisis Preparedness Program** from such **Panel PR Firm**, notice may be given no later than thirty (30) days after the **Named Entity's** retention of such **Panel PR Firm**.
- (b) If a **Reputation Threat** or **Reputation Attack** in response to which the **Named Entity** has first retained a **Panel PR Firm** during the **Policy Period** is reported in accordance with paragraphs (a) of this Clause, then the **Named Entity** shall be deemed to have first retained a **Panel PR Firm** during the **Policy Period** for any subsequent **Related Events**.

- (c) Each **Insured** shall give the **Insurer** full cooperation and such information as it may reasonably require.
- (d) Payment of covered **Loss** shall be made by the **Insurer** no later than ninety (90) days after the presentation and written acceptance by the **Insurer** of satisfactory proof of loss. The cost and expense of establishing or proving an **Insured's Loss** under this **ReputationGuard Coverage Section**, including but not limited to the cost and expense of preparing a proof of loss, shall be such **Insured's** obligation, and are not covered under this policy.

**Right to Void Coverage:** The **Insurer** shall have the right to void coverage under this **ReputationGuard Coverage Section**, *ab initio*, whether by rescission or otherwise, in the event that:

- (1) the application, statements, warranties or representations materially affected either the acceptance of the risk or the hazard assumed by the **Insurer** under this **Coverage Section** and any **Insured** knew that the application or such statements, warranties and representations were not accurate and complete; or
- (2) any **Insured** had knowledge of any fact or information as of the **Continuity Date** that would lead a reasonable person to believe that a **Reputation Threat** or **Reputation Attack** might occur during the **Policy Period**.



Specialty Risk Protector ®

**CyberEdge<sup>SM</sup> Cyber Extortion Insurance**  
("CYBER EXTORTION COVERAGE SECTION")

**THIS IS AN OCCURRENCE COVERAGE SECTION AND A FIRST PARTY COVERAGE SECTION**

**Notice:** Pursuant to Clause 1 of the **General Terms and Conditions**, the **General Terms and Conditions** are incorporated by reference into, made a part of and are expressly applicable to this **Cyber Extortion Coverage Section**, unless otherwise explicitly stated to the contrary in either the **General Terms and Conditions** or in this **Cyber Extortion Coverage Section**.

**1. INSURING AGREEMENTS**

With respect to the **CYBER EXTORTION INSURING AGREEMENT** of this Clause 1., solely with respect to a **Security Threat** or **Privacy Threat** first occurring during the **Policy Period** and reported to the **Insurer** pursuant to the terms of this policy, this **Cyber Extortion Coverage Section** affords the following coverage:

**CYBER EXTORTION INSURING AGREEMENT**

The **Insurer** shall pay all **Loss** in excess of the applicable Retention that an **Insured** incurs solely as a result of a **Security Threat** or **Privacy Threat**.

**2. DEFINITIONS**

- (a) "**Bodily Injury**" means physical injury, sickness or disease and, if arising out of the foregoing, mental anguish, mental injury, shock, humiliation or death at any time.
- (b) "**Computer System**" means any computer hardware, software or any components thereof that are under the ownership, operation or control of, or that are leased by, a **Company** and are linked together through a network of two or more devices accessible through the Internet, internal network or connected with data storage or other peripheral devices.
- (c) "**Confidential Information**" means any of the following in a **Company's** care, custody or control or for which a **Company** is legally responsible:
  - (1) information from which an individual may be uniquely and reliably identified or contacted, including, without limitation, an individual's name, address, telephone number, social security number, account relationships, account numbers, account balances, account histories and passwords;
  - (2) information concerning an individual that would be considered "nonpublic personal information" within the meaning of Title V of the Gramm-Leach Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1338) (as amended) and its implementing regulations, or protected personal information under any similar federal, state, local or foreign law;
  - (3) information concerning an individual that would be considered "protected health information" or "electronic protected health information" within the Health Insurance Portability and Accountability Act of 1996 (as amended) (HIPAA) or the Health Information

Technology for Economic and Clinical Health Act (HITECH Act), and their implementing regulations, or protected health-related information under any similar federal, state, local or foreign law;

(4) information used for authenticating customers for normal business transactions; or

(5) any third party's trade secrets, data, designs, interpretations, forecasts, formulas, methods, practices, processes, records, reports or other item of information that is not available to the general public.

(d) "**First Party Event**" means any **Security Threat** or **Privacy Threat**.

(e) "**Insured**" means a **Company**.

(f) "**Loss**" means:

(1) monies paid by an **Insured** with the **Insurer's** prior written consent to terminate or end a **Security Threat** or **Privacy Threat** that would otherwise result in harm to an **Insured**; and

(2) the costs to conduct an investigation to determine the cause of a **Security Threat** or **Privacy Threat**.

(g) "**Pollutants**" means, but is not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.

(h) "**Privacy Threat**" means any threat or connected series of threats to unlawfully use or publicly disclose **Confidential Information** misappropriated from an **Insured** for the purpose of demanding money, securities or other tangible or intangible property of value from an **Insured**.

(i) "**Property Damage**" means damage to, loss of use of or destruction of any tangible property. For purposes of this definition, "tangible property" shall not include electronic data.

(j) "**Security Threat**" means any threat or connected series of threats to commit an intentional attack against a **Computer System** for the purpose of demanding money, securities or other tangible or intangible property of value from an **Insured**.

### 3. EXCLUSIONS

The **Insurer** shall not be liable to make any payment for **Loss**:

(a) arising out of, based upon or attributable to any dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law, if committed by any:

(1) past or present director, officer, trustee, general or managing partner or principal (or the equivalent positions) of a **Company**, whether acting alone or in collusion with other persons; or

(2) past or present employee (other than those referenced in Sub-paragraph (1) above) or independent contractor employed by a **Company** if any of those referenced in Sub-paragraph (1) above participated in, approved of, or knew or had reason to know prior to the act of, or acquiesced to the dishonest, fraudulent, malicious, or criminal act committed by such employee or independent contractor that caused a direct loss to an

**Insured** or any other person.

- (b) arising out of, based upon or attributable to any misappropriation of an **Insured's** trade secret or infringement of patent, copyright, trademark, trade dress or any other intellectual property right.
- (c) arising out of, based upon or attributable to any (1) presence of **Pollutants**; (2) the actual or threatened discharge, dispersal, release or escape of **Pollutants**; or (3) direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, or in any way respond to or assess the effects of **Pollutants**.
- (d) for any **Bodily Injury** or **Property Damage**.
- (e) arising out of, based upon or attributable to any war, invasion, military action (whether war is declared or not), civil war, mutiny, popular or military uprising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against any of these events.
- (f) arising out of, based upon or attributable to any **Security Threat** or **Privacy Threat** made by any government entity or public authority.
- (g) arising out of, based upon or attributable to any **Security Threat** or **Privacy Threat** or **Related Act** thereto which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Cyber Extortion Coverage Section** is a renewal or replacement or which it may succeed in time.

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Specialty Risk Protector ®

**CyberEdge<sup>SM</sup> Security Failure/Privacy Event Management Insurance**

**("EVENT MANAGEMENT COVERAGE SECTION")**

**THIS IS A DISCOVERY COVERAGE SECTION AND A FIRST PARTY COVERAGE SECTION**

**Notice:** Pursuant to Clause 1 of the **General Terms and Conditions**, the **General Terms and Conditions** are incorporated by reference into, made a part of and are expressly applicable to this **Event Management Coverage Section**, unless otherwise explicitly stated to the contrary in the **General Terms and Conditions** or in this **Event Management Coverage Section**.

## **1. INSURING AGREEMENTS**

With respect to the **EVENT MANAGEMENT INSURING AGREEMENT** of this Clause 1., solely with respect to a **Security Failure** or **Privacy Event** first discovered during the **Policy Period** and reported to the **Insurer** pursuant to the terms of this policy, this **Event Management Coverage Section** affords the following coverage:

### **EVENT MANAGEMENT INSURING AGREEMENT**

The **Insurer** shall pay all **Loss**, in excess of the applicable Retention, that an **Insured** incurs solely as a result of an alleged **Security Failure** or **Privacy Event** that has actually occurred or is reasonably believed by such **Insured** and the **Insurer** to have occurred.

## **2. DEFINITIONS**

- (a) "**Bodily Injury**" means physical injury, sickness or disease and, if arising out of the foregoing, mental anguish, mental injury, shock, humiliation or death at any time.
- (b) "**Computer System**" means any computer hardware, software or any components thereof that are linked together through a network of two or more devices accessible through the Internet, internal network or connected with data storage or other peripheral devices (including, without limitation, wireless and mobile devices), and are under ownership, operation or control of, or leased by, a **Company**.

For this **Coverage Section**, "**Computer System**" also means "cloud computing" and other hosted resources operated by a third party service provider for the purpose of providing hosted computer resources to a **Company** as provided in a written contract between such third party and a **Company**.

- (c) "**Confidential Information**" means any of the following in a **Company's** or **Information Holder's** care, custody or control or for which a **Company** or **Information Holder** is legally responsible:
  - (1) information from which an individual may be uniquely and reliably identified or contacted,

including, without limitation, an individual's name, address, telephone number, social security number, account relationships, account numbers, account balances, account histories and passwords;

- (2) information concerning an individual that would be considered "nonpublic personal information" within the meaning of Title V of the Gramm-Leach Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1338) (as amended) and its implementing regulations, or protected personal information under any similar federal, state, local or foreign law;
  - (3) information concerning an individual that would be considered "protected health information" or "electronic protected health information" within the Health Insurance Portability and Accountability Act of 1996 (as amended) (HIPAA) or the Health Information Technology for Economic and Clinical Health Act (HITECH Act), and their implementing regulations, or protected health-related information under any similar federal, state, local or foreign law;
  - (4) information used for authenticating customers for normal business transactions; or
  - (5) any third party's trade secrets, data, designs, interpretations, forecasts, formulas, methods, practices, processes, records, reports or other item of information that is not available to the general public.
- (d) "**Electronic Data**" means any software or electronic data stored electronically on a **Computer System**, including without limitation **Confidential Information**.
- (e) "**First Party Event**" means any **Privacy Event** or **Security Failure**.
- (f) "**Information Holder**" means a third party that:
- (1) an **Insured** has provided **Confidential Information** to; or
  - (2) has received **Confidential Information** on behalf of a **Company**.
- (g) "**Insured**" means a **Company**.
- (h) "**Loss**" means the following reasonable and necessary expenses and costs incurred by an **Insured** within one year of the discovery of the **Security Failure** or **Privacy Event**:
- (1) to conduct an investigation (including a forensic investigation) to determine the cause of the **Security Failure** or **Privacy Event**;
  - (2) for a public relations firm, crisis management firm or law firm agreed to by the **Insurer** to advise an **Insured** on minimizing the harm to such **Insured**, including, without limitation, maintaining and restoring public confidence in such **Insured**;
  - (3) to notify those whose **Confidential Information** is the subject of the **Security Failure** or **Privacy Event** and advise of any available remedy in connection with the **Security Failure** or **Privacy Event**, including, without limitation, those expenses and costs for printing, advertising and mailing of materials;
  - (4) for identity theft education and assistance, identity theft call center services, credit file or identity monitoring and victim reimbursement insurance made available to those persons notified about a **Security Failure** or **Privacy Event** pursuant to subparagraph (3) above;
  - (5) for any other services approved by the **Insurer** at the **Insurer's** sole and absolute discretion;
  - (6) to restore, recreate or recollect **Electronic Data**; or
  - (7) to determine whether **Electronic Data** can or cannot be restored, recollected or recreated.

Provided, however, **Loss** shall not include compensation, fees, benefits, overhead or internal charges of any **Insured**.

- (i) "**Pollutants**" means, but is not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.
- (j) "**Privacy Event**" means any failure to protect **Confidential Information** (whether by "phishing," other social engineering technique or otherwise), including, without limitation, that which could result in an identity theft or other wrongful emulation of the identity of an individual or corporation.
- (k) "**Property Damage**" means damage to, loss of use of or destruction of any tangible property. For purposes of this definition, "tangible property" shall not include electronic data.
- (l) "**Security Failure**" means a failure or violation of the security of a **Computer System**, including, without limitation, that which results in or fails to mitigate any unauthorized access, unauthorized use, denial of service attack or receipt or transmission of a malicious code. "**Security Failure**" includes any such failure or violation resulting from the theft of a password or access code from an **Insured's** premises, the **Computer System**, or an officers, director or employee of a **Company** by non-electronic means.

### 3. EXCLUSIONS

The **Insurer** shall not be liable to make any payment for **Loss**:

- (a) arising out of, based upon or attributable to any dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law, if committed by any:
  - (1) past or present director, officer, trustee, general or managing partner or principal (or the equivalent positions) of a **Company**, whether acting alone or in collusion with other persons;  
or
  - (2) past or present employee (other than those referenced in Sub-paragraph (1) above) or independent contractor employed by a **Company** if any person referenced in Sub-paragraph (1) above participated in, approved of, acquiesced to, or knew or had reason to know prior to the act of, the dishonest, fraudulent, malicious, or criminal act committed by such employee or independent contractor that caused a direct loss to an **Insured** or any other person.
- (b) arising out of, based upon or attributable to any misappropriation of an **Insured's** trade secret, any misappropriation of a trade secret by an **Insured** or any employee of an **Insured** or any infringement of patent, copyright, trademark or trade dress.
- (c) arising out of, based upon or attributable to any (1) presence of **Pollutants**; (2) the actual or threatened discharge, dispersal, release or escape of **Pollutants**; or (3) direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, or in any way respond to or assess the effects of **Pollutants**.

- (d) for any **Bodily Injury** or **Property Damage**.
- (e) arising out of, based upon or attributable to any:
  - (1) fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God or any other physical event, however caused;
  - (2) war, invasion, military action (whether war is declared or not), civil war, mutiny, popular or military uprising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against any of these events; or
  - (3) satellite failure.
- (f) arising out of, based upon or attributable to any seizure, confiscation, nationalization, or destruction of a **Computer System** or **Electronic Data** by order of any governmental or public authority.
- (g) arising out of, based upon or attributable to any **Security Failure** or **Privacy Event**, or any **Related Acts** thereto, which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Event Management Coverage Section** is a renewal or replacement or which it may succeed in time.
- (h) for any profit or advantage to which any **Insured** is not legally entitled.
- (i) arising out of, based upon or attributable to any amounts for: (i) the original creation of; (ii) diminution of value of; (iii) lost profits of; (iv) or loss of use of, a trade secret, patent, copyright, trademark, trade dress or any other intellectual property.

#### 4. NOTICE

In addition to the applicable items of Clause 6. **NOTICE** of the **General Terms and Conditions**, and before coverage will apply for **Loss** under this **Event Management Coverage Section**, each **Insured** must also:

- (a) complete and sign a written, detailed and affirmed proof of loss within ninety (90) days after the discovery of any **Loss** (unless such period has been extended by the **Insurer** in writing) which shall include, among any other pertinent information:
  - (1) a full description of such **Loss** and the circumstances surrounding such **Loss**, which shall include, among any other necessary information, the time, place and cause of the **Loss**;
  - (2) a detailed calculation of any **Loss**; and
  - (3) all underlying documents and materials that reasonably relate to or form any part of the proof of such **Loss**.
- (b) upon the **Insurer's** request, submit to an examination under oath.
- (c) immediately record the specifics of any **Loss**, **Security Failure** or **Privacy Event** and the date such **Insured** first became aware of such **Loss**, **Security Failure** or **Privacy Event**.
- (d) provide the **Insurer** with any cooperation and assistance that the **Insurer** may request, including

assisting the **Insurer** in:

- (1) any investigation of a **Security Failure, Privacy Event, Loss** or circumstance;
- (2) enforcing any legal rights an **Insured** or the **Insurer** may have against anyone who may be liable to an **Insured**; and
- (3) executing any documents that the **Insurer** deems necessary to secure its rights under this policy.

All adjusted claims shall be due and payable thirty (30) days after the presentation and written acceptance by the **Insurer** of satisfactory proof of **Loss** to the address set forth in the **General Terms and Conditions**. The costs and expenses of establishing or proving an **Insured's Loss** under this **Event Management Coverage Section**, including, without limitation, those connected with preparing a proof of loss, shall be such **Insured's** obligation, and are not covered under this policy.

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Specialty Risk Protector ®

**CyberEdge<sup>SM</sup> Security and Privacy Liability Insurance**  
("SECURITY AND PRIVACY COVERAGE SECTION")

**THIS IS A CLAIMS MADE AND REPORTED COVERAGE SECTION AND A THIRD PARTY COVERAGE SECTION**

Notice: Pursuant to Clause 1 of the **General Terms and Conditions**, the **General Terms and Conditions** are incorporated by reference into, made a part of and are expressly applicable to this **Security and Privacy Coverage Section**, unless otherwise explicitly stated to the contrary in the **General Terms and Conditions** or in this **Security and Privacy Coverage Section**.

## 1. INSURING AGREEMENTS

With respect to the **SECURITY AND PRIVACY INSURING AGREEMENT**, the **DEFENSE** provisions and the **SETTLEMENT** provisions of this Clause 1., solely with respect to **Claims** first made against an **Insured** during the **Policy Period** or the **Discovery Period** (if applicable) and reported to the **Insurer** pursuant to the terms of this policy, this **Security and Privacy Coverage Section** affords the following coverage:

### SECURITY AND PRIVACY INSURING AGREEMENT

The **Insurer** shall pay on an **Insured's** behalf all **Loss** in excess of the applicable Retention that such **Insured** is legally obligated to pay resulting from a **Claim** alleging a **Security Failure** or a **Privacy Event**.

### DEFENSE

- (a) The **Insurer** has the right and duty to defend a **Suit** or **Regulatory Action** alleging a **Security Failure** or a **Privacy Event**, even if the **Suit** or **Regulatory Action** is groundless, false or fraudulent.
- (b) The **Insurer** has the right to investigate any **Claim**.
- (c) The **Insurer's** duty to defend ends if an **Insured** refuses to consent to a settlement that the **Insurer** recommends pursuant to the **SETTLEMENT** provision below and that the claimant will accept. As a consequence of such **Insured's** refusal, the **Insurer's** liability shall not exceed the amount for which the **Insurer** could have settled such **Claim** had such **Insured** consented, plus **Defense Costs** incurred prior to the date of such refusal, plus 50% of **Defense Costs** incurred with the **Insurer's** prior written consent after the date of such refusal. This Clause shall not apply to any settlement where the total incurred **Loss** does not exceed the applicable Retention amount.

### SETTLEMENT

- (a) The **Insurer** has the right, with the written consent of an **Insured**, to settle any **Claim** if the **Insurer** believes that it is proper.

- (b) An **Insured** may settle any **Claim** on behalf of all **Insureds** to which this insurance applies and which are subject to one Retention amount where the total incurred **Loss** does not exceed the Retention amount.

## 2. DEFINITIONS

- (a) "**Bodily Injury**" means physical injury, sickness or disease, and, if arising out of the foregoing, mental anguish, mental injury, shock, humiliation or death at any time.
- (b) "**Claim**" means:
- (1) a written demand for money, services, non-monetary relief or injunctive relief;
  - (2) a written request for mediation or arbitration, or to toll or waive an applicable statute of limitations;
  - (3) a **Suit**; or
  - (4) a **Regulatory Action**.
- (c) "**Computer System**" means any computer hardware, software or any components thereof that are linked together through a network of two or more devices accessible through the Internet, internal network or connected with data storage or other peripheral devices (including, without limitation, wireless and mobile devices), and are under ownership, operation or control of, or leased by, a **Company**.

For this **Coverage Section**, "**Computer System**" also means "cloud computing" and other hosted resources operated by a third party service provider for the purpose of providing hosted computer resources to a **Company** as provided in a written contract between such third party and a **Company**.

- (d) "**Confidential Information**" means any of the following in a **Company's** or **Information Holder's** care, custody or control or for which a **Company** or **Information Holder** is legally responsible:
- (1) information from which an individual may be uniquely and reliably identified or contacted, including, without limitation, an individual's name, address, telephone number, social security number, account relationships, account numbers, account balances, account histories and passwords;
  - (2) information concerning an individual that would be considered "nonpublic personal information" within the meaning of Title V of the Gramm-Leach Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1338) (as amended) and its implementing regulations, or protected personal information under any similar federal, state, local or foreign law;
  - (3) information concerning an individual that would be considered "protected health information" or "electronic protected health information" within the Health Insurance Portability and Accountability Act of 1996 (as amended) (HIPAA) or the Health Information Technology for Economic and Clinical Health Act (HITECH Act), and their implementing regulations, or protected health-related information under any similar federal, state, local or foreign law;
  - (4) information used for authenticating customers for normal business transactions; or
  - (5) any third party's trade secrets, data, designs, interpretations, forecasts, formulas, methods, practices, processes, records, reports or other item of information that is not available to the general public.

- (e) "**Defense Costs**" means all reasonable and necessary fees charged by an attorney appointed by the **Insurer** (unless otherwise provided for by this policy) in connection with any **Suit** or **Regulatory Action** brought against an **Insured**, as well as all other reasonable and necessary fees, costs and expenses (including premiums for any appeal bond, attachment bond or similar bond arising out of a covered judgment, but without any obligation to apply for or furnish any such bond) incurred in the defense or investigation of a **Claim** by the **Insurer** or by an **Insured** with the **Insurer's** written consent. **Defense Costs** shall not include: (i) compensation of any natural person **Insured**; or (ii) any fees, costs or expenses incurred prior to the time that a **Claim** is first made against an **Insured**.
- (f) "**Information Holder**" means a third party that:
- (1) a **Company** has provided **Confidential Information** to; or
  - (2) has received **Confidential Information** on behalf of a **Company**.
- (g) "**Insured**" means:
- (1) a **Company**;
  - (2) any past, present or future officer, director, trustee or employee of a **Company** acting in their capacity as such (and in the event a **Company** is a partnership, limited liability partnership or limited liability company, then any general or managing partner or principal thereof acting in their capacity as such); and
  - (3) any entity which a **Company** is required by contract to add as an **Insured** under this **Security and Privacy Coverage Section**, but only for the acts of such **Company** that result in a **Security Failure** or a **Privacy Event**.
- (h) "**Loss**" means compensatory damages, judgments, settlements, pre-judgment and post-judgment interest and **Defense Costs**, including without limitation:
- (1) punitive, exemplary and multiple damages where insurable by the applicable law which most favors coverage for such punitive, exemplary and multiple damages;
  - (2) civil fines or penalties imposed by a governmental agency and arising from a **Regulatory Action**, unless the civil fine or penalty imposed is uninsurable under the law of the jurisdiction imposing such fine or penalty;
  - (3) any monetary amounts an **Insured** is required by law or has agreed to by settlement to deposit into a consumer redress fund; and
  - (4) amounts payable in connection with a **PCI-DSS Assessment**.
- (i) "**PCI Data Security Standards**" means generally accepted and published Payment Card Industry standards for data security (commonly referred to as "PCI-DSS").
- (j) "**PCI-DSS Assessment**" means any written demand received by an **Insured** from a Payment Card Association (e.g., MasterCard, Visa, American Express) or bank processing payment card transactions (i.e., an "Acquiring Bank") for a monetary assessment (including a contractual fine or penalty) in connection with an **Insured's** non-compliance with **PCI Data Security Standards** which resulted in a **Security Failure** or **Privacy Event**.
- (k) "**Pollutants**" means, but is not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.



- (l) "**Privacy Event**" means the following occurring on or after the **Retroactive Date** and prior to the end of the **Policy Period**:
- (1) any failure to protect **Confidential Information** (whether by "phishing," other social engineering technique or otherwise) including, without limitation, that which could result in an identity theft or other wrongful emulation of the identity of an individual or corporation;
  - (2) any failure to disclose an event referenced in Sub-paragraph (1) above in violation of any **Security Breach Notice Law**;
  - (3) any unintentional failure of an **Insured** to comply with those parts of a **Company's** privacy policy that (a) prohibit or restrict the disclosure or sale of **Confidential Information** by an **Insured**, or (b) require an **Insured** to allow an individual to access or correct **Confidential Information** about such individual; or
  - (4) any violation of a federal, state, foreign or local privacy statute alleged in connection with a **Claim** for a failure described in Sub-paragraphs (1) or (2) above.
- (m) "**Property Damage**" means damage to, loss of use of or destruction of any tangible property. For purposes of this definition, "tangible property" shall not include electronic data.
- (n) "**Regulatory Action**" means a request for information, civil investigative demand or civil proceeding brought by or on behalf of a governmental agency, including requests for information related thereto.
- (o) "**Security Breach Notice Law**" means any federal, state, local or foreign statute or regulation that requires an entity collecting or storing **Confidential Information**, or any entity that has provided **Confidential Information** to an **Information Holder**, to provide notice of any actual or potential unauthorized access by others to such **Confidential Information**, including but not limited to, the statute known as California SB 1386 (§1798.82, *et. seq.* of the California Civil Code).
- (p) "**Security Failure**" means the following occurring on or after the **Retroactive Date** and prior to the end of the **Policy Period**:
- (1) a failure or violation of the security of a **Computer System** including, without limitation, that which results in or fails to mitigate any unauthorized access, unauthorized use, denial of service attack or receipt or transmission of a malicious code;
  - (2) failure to disclose an event referenced in Sub-paragraphs (1) above in violation of any **Security Breach Notice Law**.
- "**Security Failure**" includes any such failure or violation, resulting from the theft of a password or access code from an **Insured's** premises, the **Computer System**, or an officer, director or employee of a **Company** by non-electronic means.
- (q) "**Suit**" means a civil proceeding for monetary, non-monetary or injunctive relief, which is

commenced by service of a complaint or similar pleading. **Suit** includes a binding arbitration proceeding to which an **Insured** must submit or does submit with the **Insurer's** consent.

(r) "**Third Party Event**" means a **Security Failure** or **Privacy Event**.

### 3. EXCLUSIONS

This policy shall not cover **Loss** in connection with a **Claim** made against an **Insured**:

(a) alleging, arising out of, based upon or attributable to any dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law, if committed by any:

- (1) past or present director, officer, trustee, general or managing partner or principal (or the equivalent positions) of a **Company**, whether acting alone or in collusion with other persons; or
- (2) past or present employee or independent contractor employed by a **Company** or an **Information Holder** if any person referenced in Sub-paragraph (1) above knew or had reason to know prior to the act of, participated in, approved of or acquiesced to the dishonest, fraudulent, malicious, or criminal act committed by such employee or independent contractor that caused a direct loss to an **Insured** or any other person;

provided, however, the **Insurer** will defend **Suits** that allege any of the foregoing conduct by such person, and that are not otherwise excluded, until there is a final, non-appealable judgment or adjudication as to such conduct in any action or proceeding other than an action or proceeding initiated by the **Insurer** to determine coverage under this policy, at which time the **Insureds** shall reimburse the **Insurer** for **Defense Costs**.

(b) alleging, arising out of, based upon or attributable to any infringement of patent, or any misappropriation of a trade secret by any **Insured**.

(c) alleging, arising out of, based upon or attributable to any (1) presence of **Pollutants**, (2) the actual or threatened discharge, dispersal, release or escape of **Pollutants**, or (3) direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, or in any way respond to or assess the effects of **Pollutants**.

(d) alleging, arising out of, based upon or attributable to any **Bodily Injury** or **Property Damage**.

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

- (1) fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God or any other physical event, however caused;
- (2) strikes or similar labor action, war, invasion, military action (whether war is declared or not), civil war, mutiny, popular or military uprising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against any of these events;
- (3) electrical or mechanical failures of infrastructure not under the control of an **Insured**, including any electrical power interruption, surge, brownout or blackout; provided, however, this Sub-paragraph (3) shall not apply to a **Security Failure** or a **Privacy Event** that is caused by such electrical or mechanical failure;

- (4) failure of telephone lines, data transmission lines or other telecommunications or networking infrastructure not under the control of an **Insured**; provided, however, this Sub-paragraph (4) shall not apply to a **Security Failure** or a **Privacy Event** that is caused by such failure of telephone lines, data transmission lines or other telecommunication or networking infrastructure; or
- (5) satellite failure.
- (f) alleging, arising out of, based upon or attributable to any:
- (1) purchase, sale, or offer or solicitation of an offer to purchase or sell securities;
  - (2) violation of any securities law, including the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any regulation promulgated under the foregoing statutes, or any federal, state or local laws similar to the foregoing statutes (including "Blue Sky" laws), whether such law is statutory, regulatory or common law; provided, however, this exclusion does not apply to a **Claim** alleging a **Privacy Event** in violation of Regulation S-P (17 C.F.R. § 248); provided further, however, this exclusion does not apply to a **Claim** alleging a failure to disclose a **Security Failure** or **Privacy Event** in violation of any **Security Breach Notice Law**; or
  - (3) violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced And Corrupt Organizations Act, or "RICO"), as amended, or any regulation promulgated thereunder or any federal, state or local law similar to the foregoing, whether such law is statutory, regulatory or common law;
- (g) alleging, arising out of, based upon or attributable to an **Insured's** employment of any individual or any of an **Insured's** employment practices (including, without limitation, wrongful dismissal, discharge or termination, discrimination, harassment, retaliation or other employment-related claim); provided, however, this exclusion shall not apply to any **Claim** by an individual to the extent such individual is alleging (1) a **Privacy Event** in connection with such individual's employment or application for employment with a **Company**, or (2) a failure to disclose a **Security Failure** or **Privacy Event** in violation of any **Security Breach Notice Law**
- (h) alleging, arising out of, based upon or attributable to antitrust, unfair competition, restraint of trade, including, without limitation, violations of any local, state or federal law regulating such conduct, or that is brought by or on behalf of the Federal Trade Commission ("FTC") or any other federal, state or local government agency, or foreign government agency; provided, however, solely with respect to unfair competition, this Paragraph (h) shall not apply to any **Loss** arising out of a covered **Regulatory Action**.
- (i) brought by or on behalf of:
- (1) any **Insured**;
  - (2) any business entity that is controlled, managed or operated, directly or indirectly, in whole or in part, by an **Insured**; or
  - (3) any parent company, **Subsidiary**, successor or assignee of an **Insured**, or any person or entity affiliated with an **Insured** or such business entity through common **Management Control**;

provided, however, this exclusion shall not apply to (i) an **Insured** as described in Sub-paragraph (3) of the definition of **Insured**; or (ii) an **Insured** as described in Sub-paragraph

(2) of the definition of **Insured** but only to the extent such **Insured** is alleging a **Privacy Event** or a failure to disclose a **Security Failure** or **Privacy Event** in violation of any **Security Breach Notice Law**.

(j) for any of the following:

- (1) the return of an **Insured's** fees or compensation;
- (2) any profit or advantage to which an **Insured** is not legally entitled;
- (3) an **Insured's** expenses or charges, including employee compensation and benefits, overhead, over-charges or cost over-runs;
- (4) an **Insured's** cost of providing, correcting, re-performing or completing any services;
- (5) civil or criminal fines or penalties imposed by law against an **Insured** and any matters deemed uninsurable under the law pursuant to which this policy shall be construed; provided, however, this Sub-paragraph (5) shall not apply to (a) any monetary amounts an **Insured** is required by law or has agreed to by settlement to deposit into a consumer redress fund, or (b) any civil fine or penalty imposed by a governmental agency arising from a **Regulatory Action**, unless the civil fine or penalty imposed is uninsurable under the law of the jurisdiction imposing such fine or penalty;
- (6) an **Insured's** costs and expenses of complying with any injunctive or other form of equitable relief;
- (7) taxes incurred by an **Insured**;
- (8) the amounts for which an **Insureds** is not financially liable or which are without legal recourse to any **Insured**;
- (9) amounts an **Insured** agrees to pay pursuant to a contract, including without limitation, liquidated damages, setoffs or penalties; provided, however, this exclusion shall not apply to any **PCI-DSS Assessment**.

(k) alleging, arising out of, based upon or attributable to any obligation an **Insured** has under contract; provided, however, this exclusion shall not apply to:

- (1) the obligation to prevent a **Security Failure** or a **Privacy Event**, including without limitation, whether same is in violation of an implied or statutory standard of care;
- (2) liability an **Insured** would have in the absence of such contract or agreement;
- (3) the obligation to comply with **PCI Data Security Standards**; or
- (4) with respect to a **Privacy Event**, any liability or obligation under the confidentiality or non-disclosure provisions of any agreement;

(l) alleging, arising out of, based upon or attributable to any **Security Failure** or **Privacy Event**, or any **Related Acts** thereto, alleged or contained in any **Claim** which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Security and Privacy Coverage Section** is a renewal or replacement or which it may succeed in time.

(m) alleging, arising out of, based upon or attributable to any **Security Failure** or **Privacy Event** occurring prior to the **Retroactive Date** or any **Related Acts** thereto, regardless of when such **Related Act** occurs.

- (n) alleging, arising out of, based upon or attributable to any **Security Failure** or **Privacy Event** occurring prior to the **Continuity Date**, or any **Related Act** thereto (regardless of when such **Related Act** occurs), if, as of the **Continuity Date**, an **Insured** knew or could have reasonably foreseen that such **Security Failure** or a **Privacy Event** did or would result in a **Claim** against an **Insured**.
- (o) alleging, arising out of, based upon or attributable to any seizure, confiscation, nationalization, or destruction of a **Computer System** by order of any governmental or public authority.
- (p) for (1) the theft of money or securities from an **Insured**; or (2) the transfer or loss of money or securities from or to an **Insured's** accounts or accounts under an **Insured's** control, including customer accounts. For purposes of this Sub-paragraph (p), the term "accounts" shall include, but are not limited to, deposit, credit, debit, prepaid and securities brokerage accounts.

#### 4. LIMIT OF LIABILITY

The following provisions shall apply in addition to the provisions of Clause 4. **LIMIT OF LIABILITY** of the **General Terms and Conditions**:

Notwithstanding anything in the policy to the contrary, the maximum liability of the **Insurer** for all **Loss** arising from a **Regulatory Action** shall be the **Regulatory Action Sublimit of Liability** set forth in Item 6 of the Declarations. This amount shall be part of and not in addition to the **Limit of Liability** and any applicable **Sublimit of Liability**.

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Specialty Risk Protector ®

**CyberEdge<sup>SM</sup> Network Interruption Insurance**  
**("NETWORK INTERRUPTION COVERAGE SECTION")**

**THIS IS AN OCCURRENCE COVERAGE SECTION AND A FIRST PARTY COVERAGE SECTION**

Notice: Pursuant to Clause 1 of the **General Terms and Conditions**, the **General Terms and Conditions** are incorporated by reference into, made a part of and are expressly applicable to this **Network Interruption Coverage Section**, unless otherwise explicitly stated to the contrary in the **General Terms and Conditions** or in this **Network Interruption Coverage Section**.

**1. INSURING AGREEMENTS**

With respect to the **NETWORK INTERRUPTION INSURING AGREEMENT** of this Clause 1., solely with respect to a **Security Failure** first occurring during the **Policy Period** and reported to the **Insurer** pursuant to the terms of this policy, this **Network Interruption Coverage Section** affords the following coverage:

**NETWORK INTERRUPTION INSURING AGREEMENT**

The **Insurer** shall pay all **Loss** in excess of the **Remaining Retention** that an **Insured** incurs after the **Waiting Hours Period** and solely as a result of a **Security Failure**.

**2. DEFINITIONS**

- (a) "**Bodily Injury**" means physical injury, sickness or disease and, if arising out of the foregoing, mental anguish, mental injury, shock, humiliation or death at any time.
- (b) "**Computer System**" means any computer hardware, software or any components thereof that are linked together through a network of two or more devices accessible through the Internet, internal network or connected with data storage or other peripheral devices (including, without limitation, wireless and mobile devices), and are under the ownership, operation or control of, or leased by, a **Company**.

For this **Coverage Section**, "**Computer System**" also means computer hardware, software or any components thereof that are under the ownership, operation or control of an **Outsource Provider**.

- (c) "**First Party Event**" means any **Security Failure**.
- (d) "**Insured**" means a **Company**.
- (e) "**Loss**" means the below listed costs incurred from the beginning of a **Material Interruption** through the 120<sup>th</sup> day after the end of the **Material Interruption** (or 120 days after the **Material Interruption** would have ended if an **Insured** exercised due diligence and dispatch):

- (1) costs that would not have been incurred but for a **Material Interruption**; and
- (2) the sum of all of following, which shall be calculated on an hourly basis:
  - (a) Net Income (Net Profit or Loss before income taxes) that would have been earned; and
  - (b) Continuing normal operating expenses incurred, including payroll.
- (f) "**Material Interruption**" means the actual and measurable interruption or suspension of an **Insured's** business directly caused by a **Security Failure**.
- (g) "**Outsource Provider**" means an entity not owned, operated or controlled by an **Insured** that such **Insured** depends on to conduct its business.
- (h) "**Pollutants**" means, but is not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.
- (i) "**Property Damage**" means damage to, loss of use of or destruction of any tangible property. For purposes of this definition, "tangible property" shall not include electronic data.
- (j) "**Remaining Retention**" means the Retention set forth in Item 6 of the Declarations for this **Network Interruption Coverage Section** less the amount of **Loss** incurred by any **Insured** during the **Waiting Hours Period**. If the **Loss** incurred by any **Insured** during the **Waiting Hours Period** is greater than the applicable Retention set forth in the Declarations, the **Remaining Retention** equals zero.
- (k) "**Security Failure**" means a failure or violation of the security of a **Computer System**, including, without limitation, that which results in or fails to mitigate any unauthorized access, unauthorized use, denial of service attack or receipt or transmission of a malicious code. "**Security Failure**" includes any such failure or violation resulting from the theft of a password or access code from a **Company's** premises, a **Company's Computer System**, or an officer, director or employee of a **Company** by non-electronic means.
- (l) "**Waiting Hours Period**" means the number of hours set forth in Item 6 of the Declarations that must elapse once a **Material Interruption** has begun.

### 3. EXCLUSIONS

The **Insurer** shall not be liable to make any payment for **Loss**:

- (a) arising out of, based upon or attributable to any dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law, if committed by any:
  - (1) past or present director, officer, trustee, general or managing partner or principal (or the equivalent positions) of a **Company**, whether acting alone or in collusion with other persons; or
  - (2) past or present employee (other than those referenced in Sub-paragraph (1) above) or independent contractor employed by a **Company** if any of those referenced in Sub-paragraph (1) above participated in, approved of, acquiesced to, or knew or had reason

to know prior to the act of, the dishonest, fraudulent, malicious, or criminal act committed by such employee or independent contractor that caused a direct loss to an **Insured** or any other person.

- (b) arising out of, based upon or attributable to any misappropriation or theft of trade secret or infringement of patent, copyright, trademark, trade dress or any other intellectual property right.
- (c) arising out of, based upon or attributable to any (1) presence of **Pollutants**; (2) the actual or threatened discharge, dispersal, release or escape of **Pollutants**; or (3) direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, or in any way respond to or assess the effects of **Pollutants**.
- (d) arising out of, based upon or attributable to any **Bodily Injury** or **Property Damage**.
- (e) arising out of, based upon or attributable to any:
  - (1) fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God or any other physical event, however caused;
  - (2) war, invasion, military action (whether war is declared or not), civil war, mutiny, popular or military uprising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against any of these events; or
  - (3) satellite failure.
- (f) arising out of, based upon or attributable to any seizure, confiscation, nationalization, or destruction of a **Computer System** by order of any governmental or public authority.
- (g) arising out of, based upon or attributable to any **Security Failure** or **Related Act** thereto which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Network Interruption Coverage Section** is a renewal or replacement or which it may succeed in time.
- (h) for any profit or advantage to which any **Insured** is not legally entitled.
- (i) arising out of, based upon or attributable to: (1) any liability to third-parties for whatever reason; (2) legal costs or legal expenses of any type; (3) updating, upgrading, enhancing, or replacing any **Computer System** to a level beyond that which existed prior to sustaining **Loss**; (4) unfavorable business conditions; or (5) the removal of software program errors or vulnerabilities.

#### 4. LIMIT OF LIABILITY

The following provisions shall apply in addition to the provisions of Clause 4. **LIMIT OF LIABILITY** of the **General Terms and Conditions**:

Notwithstanding anything in the policy to the contrary, the maximum liability of the **Insurer** for all **Loss** arising from a **Security Failure** of the **Computer System** of an **Outsource Provider** shall be \$100,000. This amount shall be part of and not in addition to the **Limit of Liability** or any applicable **Sublimit of Liability**.



## 5. RETENTION

The following provisions shall apply in addition to the provisions of Clause 5. **RETENTION** of the **General Terms and Conditions**:

Solely with respect to this **Network Interruption Coverage Section**, the applicable Retention shall be the **Remaining Retention**.

## 6. NOTICE

In addition to the applicable items of Clause 6. **NOTICE** of the **General Terms and Conditions**, and before coverage will apply for **Loss** under this **Network Interruption Coverage Section**, each **Insured** must also:

- (a) complete and sign a written, detailed and affirmed proof of loss within ninety (90) days after the discovery of any **Loss** (unless such period has been extended by the **Insurer** in writing) which shall include, among any other pertinent information:
  - (1) a full description of such **Loss** and the circumstances surrounding such **Loss**, which shall include, among any other necessary information, the time, place and cause of the **Loss**;
  - (2) a detailed calculation of any **Loss**; and
  - (3) all underlying documents and materials that reasonably relate to or form a part of the basis of the proof of such **Loss**.
- (b) upon the **Insurer's** request, submit to an examination under oath.
- (c) immediately record the specifics of any **Loss** or **Security Failure** and the date such **Insured** first became aware of such **Loss** or **Security Failure**.
- (d) provide the **Insurer** with any cooperation and assistance that the **Insurer** may request, including assisting the **Insurer** in:
  - (1) any investigation of a **Security Failure, Loss** or circumstance;
  - (2) enforcing any legal rights an **Insured** or the **Insurer** may have against anyone who may be liable to an **Insured**;
  - (3) executing any documents that the **Insurer** deem necessary to secure its rights under this policy; and
  - (4) any calculation or appraisal conducted by or on behalf of the **Insurer** pursuant to this **Network Interruption Coverage Section**.

All adjusted claims shall be due and payable thirty (30) days after the presentation and written acceptance by the **Insurer** of satisfactory proof of **Loss** to the address set forth in the **General Terms and Conditions**. The costs and expenses of establishing or proving an **Insured's Loss** under this **Network Interruption Coverage Section**, including, without limitation, those connected with preparing a proof of loss, shall be such **Insured's** obligation, and are not covered under this policy.

## 7. NET PROFIT CALCULATIONS

In determining the amount of net profit (or net loss) and charges and expenses covered hereunder

for the purpose of ascertaining the amount of **Loss** (and otherwise) under this **Network Interruption Coverage Section**, due consideration shall be given to the prior experience of an **Insured's** business before the beginning of the **Security Failure** and to the probable business an **Insured** could have performed had no **Security Failure** occurred. Provided, however, that such net profit (or net loss) calculations shall not include, and this policy shall not cover, net income that would likely have been earned as a result of an increase in volume of business due to favorable business conditions caused by the impact of **Security Failures** on other businesses. All such net profit (or net loss) and charges and expenses shall be calculated on an hourly basis and based on such an **Insured's** actual net profit (or net loss) and charges and expenses.

## 8. APPRAISAL

If any **Insured** and the **Insurer** disagree on the amount of **Loss**, either may make a written demand for an appraisal of such **Loss**. If such demand is made, each party will select a competent and impartial appraiser. The appraisers will then jointly select an umpire. If the appraisers cannot agree on an umpire, they may request that selection be made by a judge of a court having jurisdiction. Each appraiser will separately state the amount of **Loss**. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two of these three will be binding.

Such **Insured** and the **Insurer** will:

- (1) pay their respective chosen appraiser; and
- (2) bear the expenses of the umpire equally.

Any appraisal of **Loss** shall be calculated in accordance with all terms, conditions and exclusions of this policy.

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**Specialty Risk Protector ®**

**Media Content Insurance  
("MEDIA CONTENT COVERAGE SECTION")**

**THIS IS A CLAIMS MADE AND REPORTED COVERAGE SECTION AND A THIRD PARTY COVERAGE SECTION**

**Notice:** Pursuant to Clause 1 of the **General Terms and Conditions**, the **General Terms and Conditions** are incorporated by reference into, made a part of and are expressly applicable to this **Media Content Coverage Section**, unless otherwise explicitly stated to the contrary in the **General Terms and Conditions** or in this **Media Content Coverage Section**.

**1. INSURING AGREEMENTS**

With respect to the **MEDIA CONTENT INSURING AGREEMENT**, the **DEFENSE** provisions and the **SETTLEMENT** provisions of this Clause 1., solely with respect to **Claims** first made against an **Insured** during the **Policy Period** or **Discovery Period** (if applicable) and reported to the **Insurer** pursuant to the terms of this policy, this **Media Content Coverage Section** affords the following coverage:

**MEDIA CONTENT INSURING AGREEMENT**

The **Insurer** shall pay on an **Insured's** behalf all **Loss** in excess of the applicable Retention that such **Insured** is legally obligated to pay resulting from a **Claim** alleging a **Wrongful Act**.

**DEFENSE**

- (a) The **Insurer** has the right and duty to defend a **Suit** for a **Wrongful Act**, even if the **Suit** is groundless, false or fraudulent.
- (b) The **Insurer** has the right to investigate any **Claim**.
- (c) The **Insurer's** duty to defend ends if an **Insured** refuses to consent to a settlement that the **Insurer** recommends pursuant to the **SETTLEMENT** provision below and that the claimant will accept. As a consequence of such **Insured's** refusal, the **Insurer's** liability shall not exceed the amount for which the **Insurer** could have settled such **Claim** had such **Insured** consented, plus **Defense Costs** incurred prior to the date of such refusal, plus 50% of **Defense Costs** incurred with the **Insurer's** prior written consent after the date of such refusal. This Clause shall not apply to any settlement where the total incurred **Loss** does not exceed the applicable Retention amount.

**SETTLEMENT**

- (a) The **Insurer** has the right, with the written consent of an **Insured**, to settle any **Claim** if the **Insurer** believes that it is proper.
- (b) An **Insured** may settle any **Claim** on behalf of all **Insureds** to which this insurance applies and

which are subject to one Retention amount where the total incurred **Loss** does not exceed the Retention amount.

## 2. DEFINITIONS

(a) "**Bodily Injury**" means physical injury, sickness or disease, and, if arising out of the foregoing, mental anguish, mental injury, shock, humiliation or death at any time.

(b) "**Claim**" means:

- (1) a written demand for money, services, non-monetary relief or injunctive relief;
- (2) a written request for mediation or arbitration, or to toll or waive an applicable statute of limitations; or
- (3) a **Suit**.

(c) "**Defense Costs**" means all reasonable and necessary fees charged by an attorney appointed by the **Insurer** (unless otherwise provided for by this policy) in connection with any **Suit** brought against an **Insured** alleging a **Wrongful Act**, as well as all other reasonable and necessary fees, costs and expenses (including premiums for any appeal bond, attachment bond or similar bond arising out of a covered judgment, but without any obligation to apply for or furnish any such bond) incurred in the defense or investigation of a **Claim** by the **Insurer** or by an **Insured** with the **Insurer's** written consent. **Defense Costs** shall not include: (i) compensation of any natural person **Insured**; or (ii) any fees, costs or expenses incurred prior to the time that a **Claim** is first made against an **Insured**.

(d) "**Insured**" means:

- (1) a **Company**;
- (2) any past, present or future officer, director, trustee or employee of a **Company** (and in the event that a **Company** is a partnership, limited liability partnership or limited liability company, then any general or managing partner or principal thereof), but only while acting within the scope of his or her duties in connection with the provision of **Material** for such **Company**;
- (3) any independent contractors, agents, third-party distributors, licensees and sub-licensees, but only:
  - (i) with respect to **Material** that they provide to a **Company**; and
  - (ii) when such **Company** has, prior to the commission of a **Wrongful Act**, expressly agreed in writing to indemnify and defend such party against liability arising out of such **Wrongful Act**;
- (4) any person or entity that a **Company** has expressly agreed in writing, prior to the commission of a **Wrongful Act**, to add as an **Insured** under this policy, but only for the **Wrongful Acts** of a **Company**; and
- (5) any other person or entity listed as **Insured** by endorsement to this policy, but only for the **Wrongful Acts** of a **Company**.

(e) "**Loss**" means compensatory damages, judgments, settlements, pre-judgment and post-judgment interest and **Defense Costs**, including punitive, exemplary and multiple damages where insurable by the applicable law which most favors coverage for such punitive, exemplary and multiple damages.

- (f) "**Material**" means media content in any form, including, without limitation, advertising and written, printed, video, electronic, digital or digitized content, of:
- (1) broadcasts, including without limitation, broadcasts via television, motion picture, cable, satellite television, radio, wireless devices or the Internet; or
  - (2) publications, including without limitation, publications via newspaper, newsletter, magazine, book and other literary, monograph, brochure, directory, screen play, film script, playwright and video publications.
- (g) "**Pollutants**" means, but is not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.
- (h) "**Property Damage**" means damage to, loss of use of or destruction of any tangible property. For purposes of this definition, "tangible property" shall not include electronic data.
- (i) "**Suit**" means a civil proceeding for monetary, non-monetary or injunctive relief, which is commenced by service of a complaint or similar pleading. **Suit** includes a binding arbitration proceeding to which an **Insured** must submit or does submit with the **Insurer's** consent.
- (j) "**Third Party Event**" means any **Wrongful Act**.
- (k) "**Wrongful Act**" means any act, error, omission, negligent supervision of an employee, misstatement or misleading statement by an **Insured** in connection with **Material** occurring on or after the **Retroactive Date** and prior to the end of the **Policy Period** (including without limitation, any of the foregoing conduct in the gathering, collection, broadcast, creation, distribution, exhibition, performance, preparation, printing, production, publication, release, display, research, or serialization of **Material** by an **Insured**) that results solely in:
- (1) infringement of copyright, title, slogan, trademark, trade name, trade dress, mark, service mark, service name, infringement of domain name, deep-linking or framing, including, without limitation, unfair competition in connection with such conduct;
  - (2) plagiarism, piracy or misappropriation or theft of ideas under implied contract or other misappropriation or theft of ideas or information; including, without limitation, unfair competition in connection with such conduct;
  - (3) invasion, infringement or interference with rights of privacy or publicity, false light, public disclosure of private facts, intrusion and commercial appropriation of name, persona or likeness; including, without limitation, emotional distress or mental anguish in connection with such conduct;
  - (4) defamation, libel, slander, product disparagement or trade libel or other tort related to disparagement or harm to character or reputation; including, without limitation, unfair competition, emotional distress or mental anguish in connection with such conduct;
  - (5) wrongful entry or eviction, trespass, eavesdropping or other invasion of the right to private occupancy, or false arrest, detention or imprisonment or malicious prosecution; including, without limitation, any emotional distress or mental anguish in connection with such conduct; or
  - (6) negligent or intentional infliction of emotional distress, outrage or *prima facie* tort in connection with **Material**.

### 3. EXCLUSIONS

This policy shall not cover **Loss** in connection with a **Claim** made against an **Insured**:

- (a) alleging, arising out of, based upon or attributable to a dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law; provided, however, the **Insurer** will defend **Suits** that allege any of the foregoing conduct, and that are not otherwise excluded, until there is a final, non-appealable judgment or adjudication against an **Insured** as to such conduct in any action or proceeding other than an action or proceeding initiated by the **Insurer** to determine coverage under this policy, at which time the **Insureds** shall reimburse the **Insurer** for **Defense Costs**.
- (b) alleging, arising out of, based upon or attributable to any misappropriation of trade secret or infringement of patent.
- (c) alleging, arising out of, based upon or attributable to any (1) presence of **Pollutants**, (2) the actual or threatened discharge, dispersal, release or escape of **Pollutants**, or (3) direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, or in any way respond to or assess the effects of **Pollutants**.
- (d) alleging, arising out of, based upon or attributable to any **Bodily Injury** or **Property Damage**.
- (e) alleging, arising out of, based upon or attributable to any:
  - (1) fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God or any other physical event, however caused;
  - (2) strikes or similar labor action, war, invasion, military action (whether war is declared or not), civil war, mutiny, civil commotion, popular or military uprising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against any of these events;
  - (3) electrical or mechanical failures of infrastructure not under the control of an **Insured**, including any electrical power interruption, surge, brownout or blackout;
  - (4) failure of telephone lines, data transmission lines or other telecommunications or networking infrastructure not under the control of an **Insured**; or
  - (5) satellite failure.
- (f) alleging, arising out of, based upon or attributable to any:
  - (1) purchase, sale, or offer or solicitation of an offer to purchase or sell securities;
  - (2) violation of any securities law, including the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any regulation promulgated under the foregoing statutes, or any federal, state or local laws similar to the foregoing statutes (including "Blue Sky" laws), whether such law is statutory, regulatory or common law;
  - (3) violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced And Corrupt Organizations Act, or "RICO"), as amended, or any regulation promulgated thereunder or any federal, state or local law similar to the foregoing, whether such law is statutory, regulatory or common law;
  - (4) antitrust violations, restraint of trade, unfair competition, or violations of the Sherman Act, Clayton Act or the Robinson-Patman Act, as amended; provided, however, that this

exclusion shall not apply to unfair competition as referenced in sub-paragraphs (1), (2) or (4) of the definition of **Wrongful Act**; or  
(5) violation of the Telephone Consumer Protection Act of 1991, as amended.

(g) alleging, arising out of, based upon or attributable to an **Insured's** employment of any individual or any of an **Insured's** employment practices (including, without limitation, wrongful dismissal, discharge or termination, discrimination, harassment, retaliation or other employment-related claim).

(h) alleging, arising out of, based upon or attributable to any unfair or deceptive business practices, including, without limitation, violations of any local, state or federal consumer protection laws; provided, however, this exclusion shall not apply to **Claims** in connection with the collection of **Material**.

(i) brought by or on behalf of:

(1) any **Insured**;

(2) any business entity that is controlled, managed or operated, directly or indirectly, in whole or in part, by an **Insured**; or

(3) any parent company, **Subsidiary**, successor or assignee of an **Insured**, or any person or entity affiliated with an **Insured** or such business entity through common **Management Control**;

provided, however, this exclusion shall not apply to an **Insured** as described in Sub-paragraph (d)(4) or (d)(5) of the definition of **Insured**.

(j) for any of the following:

(1) the return of an **Insured's** fees or compensation;

(2) any profit or advantage to which an **Insured** is not legally entitled;

(3) an **Insured's** expenses or charges, including employee compensation and benefits, overhead, over-charges or cost over-runs;

(4) civil or criminal fines or penalties imposed against an **Insured** and any matters deemed uninsurable under the law pursuant to which this policy shall be construed;

(5) an **Insured's** costs and expenses of complying with any injunctive or other form of equitable relief;

(6) taxes incurred by an **Insured**;

(7) the amounts for which an **Insured** is not financially liable or which are without legal recourse to any **Insured**;

(8) production costs or the cost of recall, reproduction, reprinting, return or correction of **Material** by any person or entity; or

(9) amounts an **Insured** agrees to pay pursuant to a contract, including without limitation, liquidated damages, setoffs or penalties.

(k) alleging, arising out of, based upon or attributable to any obligation that an **Insured** has under a contract, other than liability from a **Wrongful Act** where such liability has been assumed by an **Insured** in the form of a written hold harmless or indemnity agreement that predates the first such **Wrongful Act**.

- (l) alleging, arising out of, based upon or attributable to any **Wrongful Acts**, or any **Related Acts** thereto, alleged or contained in any **Claim** which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Media Content Coverage Section** is a renewal or replacement or which it may succeed in time.
- (m) alleging, arising out of, based upon or attributable to any **Wrongful Act** occurring prior to the **Retroactive Date** or any **Related Act** thereto, regardless of when such **Related Act** occurs.
- (n) alleging, arising out of, based upon or attributable to any **Wrongful Act** occurring prior to the **Continuity Date**, or any **Related Act** thereto (regardless of when such **Related Act** occurs), if, as of the **Continuity Date**, an **Insured** knew or could have reasonably foreseen that such **Wrongful Act** did or would result in a **Claim** against such **Insured**.
- (o) alleging, arising out of, based upon or attributable to any breach of fiduciary duty, responsibility, or obligation in connection with any employee benefit or pension plan, including violations of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, or similar statutory or common law of the United States of America or any state or jurisdiction therein.
- (p) alleging, arising out of, based upon or attributable to (1) false advertising or misrepresentation in advertising of an **Insured's** products or services, (2) any failure of goods, products or services to conform with an advertised quality or performance, or (3) any infringement of trademark or trade dress by any goods, products or services, including any goods or products displayed or contained in any **Material**.
- (q) brought by or on behalf of: (i) ASCAP, SESAC, BMI, RIAA or other music licensing organizations; (ii) the Federal Trade Commission; (iii) the Department of Health and Human Services or Office of Civil Rights; (iv) the Federal Communications Commission; or (v) any other federal, state, local or foreign government, agency or office.
- (r) brought by or on behalf of any independent contractor, third-party distributor, licensee, sub-licensee, joint venturer, venture partner, any employee of the foregoing, or any employee or agent of an **Insured** alleging, arising out of, based upon or attributable to disputes over the (i) ownership or exercise of rights in **Material**; or (ii) services supplied by such independent contractor, third-party distributor, licensee, sub-licensee, joint venturer, venture partner or employee or agent.
- (s) alleging, arising out of, based upon or attributable to any infringement of copyright related to software, source code or software license; provided, however, that this exclusion shall not apply to any otherwise covered **Claim** alleging an infringement of copyright, trademark or servicemark with respect to **Material** generated or displayed in a publication or broadcast by the use of software.
- (t) alleging, arising out of, based upon or attributable to the failure to protect information used for authenticating or identifying an **Insured's** customers, vendors, suppliers or independent contractors in the normal course of an **Insured's** business.
- (u) alleging, arising out of, based upon or attributable to any:



- (1) accounting or recovery of profits, royalties, fees or other monies claimed to be due from an **Insured**, or any **Claim** brought by any such party against an **Insured** claiming excessive or unwarranted fees, compensation or charges of any kind made by an **Insured**; or
- (2) licensing fees or royalties ordered, directed or agreed to be paid by an **Insured** pursuant to a judgment, arbitration award, settlement agreement or similar order or agreement, for the continued use of a person or entity's copyright, title, slogan, trademark, trade name, trade dress, service mark, service name, or other intellectual property right.

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**General Litigation  
Management Guidelines**  
Effective September 2015

# Litigation Management Program

The policies and practices set forth in this document describe the Litigation Management Guidelines ("Guidelines") for all law firms and counsel retained by AIG Claims ("Company" or "the Company") or any Company approved third party administrator ("TPA") to defend the interests of the Company's insureds against claims arising under policies issued to such insureds.

These Guidelines are the foundation of a successful relationship between insureds, retained counsel and the Company.

This document is not intended to interfere with counsel's obligation to exercise independent legal judgment in representing the insured. Rather, the purpose of these Guidelines is to foster active communication, activity coordination and collaborative decision-making, which along with common sense and good business judgment, are essential to a cooperative, effective, economically sound and results-oriented approach to litigation management.

These Guidelines apply to all legal services rendered on or after **September 1, 2015** and are to be applied unless the claim professional otherwise instructs in advance and in writing. All law firms are responsible for ensuring that employees providing legal services on Company matters are aware of and comply with these Guidelines .

Counsel is expected to represent our shared clients with the utmost loyalty and honesty and avoid even the appearance of impropriety in the attorney-client relationship. Accordingly, all firms are required to use an accurate system to screen for potential conflicts of interest prior to retention in a particular matter and immediately advise the Company and the insured as appropriate if a conflict subsequently develops or becomes apparent.

These Guidelines are periodically updated. Counsel should always verify that they are using/consulting the most current version of the Guidelines. For questions or to request additional copies of these Guidelines, contact the AIG Legal Operations Center, via <https://aig.onit.com/portals> Disputes or questions regarding the interpretation of these Guidelines should be directed to the Global Director of Firm Management within the AIG Legal Operations Center.

While these Guidelines are applicable to all assignments, the following specialty specific guidelines should be followed when applicable:

AIG Matter Management Guidelines (Corporate/GLCR assigned matters)

- Appellate Litigation
- Canadian Litigation
- Coverage
- Financial Lines D&O, EPL Non-Duty to Defend, Fiduciary (ERISA and Non-ERISA)
- Workers' Compensation
- Defense Base Act
- Private Client Group
- International Casualty Home Office

## I. EFFECTIVE LITIGATION MANAGEMENT

The Company's goal is to implement the most effective, cost-efficient litigation management strategies to achieve the preferred outcome in every case. From commencement of litigation through resolution, the claim professional and counsel should discuss and pursue the earliest opportunities to achieve the preferred outcome.



Although litigation management must be a flexible process, effective litigation management requires:

- Identification of the critical issues that need to be resolved
- Identification of the preferred resolution
- Identification of a strategy to achieve the preferred resolution
- Identification of the costs to be incurred throughout the life of the case (i.e., a budget)

These Guidelines include procedures and forms to assist counsel and the claim professional in reaching and documenting these understandings and the attendant legal services required to provide a quality, cost efficient defense to the insured.

#### **A. Pre-Litigation Assignments**

Pre-litigation counsel assignments may be made in certain situations. In those cases, counsel and the claim professional should discuss whether reporting mandated by these Guidelines will be required. Even when reporting under these Guidelines will not be required, counsel should reach agreement with the claim professional on the critical issues, preferred resolution, strategy to achieve the preferred resolution and a legal budget in the form required by the claim professional.

#### **B. Electronic Billing**

The Company requires the use of electronic budgeting and invoice processing technology ("e-billing"). If the Company changes its technology, counsel is obliged upon reasonable notice to transition to the new technology.

#### **C. Legal Audit, Inspection and File Retention**

Counsel must keep case files, including without limitation all emails, and billing records, including legal invoices, original timesheets and/or other back up materials, related to each case assignment in compliance with generally accepted procedures. Counsel must keep such case files and billing records for a period of no less than seven years following the conclusion of the case. If counsel creates a complete electronic copy of the case file and billing records, counsel need not retain paper or duplicate originals or copies. Beyond the Company's seven-year record retention period, counsel should maintain a record management policy to ensure the preservation and retention of documents as required by law.

Throughout and following conclusion of an assignment, case files and billing records must be open to inspection during regular business hours by an authorized representative of the Company including without limitation the Company Legal Audit Team.

#### **D. Outside Communications**

It is the Company's general policy to decline to comment on litigation or litigation policies, practices and/or strategies. Consistent with this position, counsel must refrain from commenting either orally or in writing on behalf of the Company and/or the insured without first obtaining the written permission of the Company through AIG Corporate Communications and as necessary the insured. Further, counsel must not use any trademark or other intellectual property of the Company in its advertising or other marketing material without the Company's prior written permission.



## E. Confidentiality

Counsel must take steps to protect the information of the insured and the Company from unauthorized access, acquisition, disclosure, loss, destruction or damage by ensuring that hard copy and electronic materials are transmitted and stored in a secure fashion using encryption or other similar technologies when appropriate. Counsel must limit access to insured and Company information to only those individuals who have a business need to access it. Counsel must promptly inform the Company and as necessary the insured if there is any unauthorized access or damage to, or unauthorized acquisition, disclosure, loss or destruction of, the information of Company or the insured.

## II. CASE ACKNOWLEDGEMENT

Within five business days after assignment of a new case, counsel should acknowledge receipt of the assignment by e-mail. Counsel should also address any matters of immediate concern or information that may result in early resolution of the case.

## III. THE AGREED-TO LITIGATION PLAN AND BUDGET

### A. Contents

Every case must have an Agreed-To Litigation Plan (ATLP), which is to include a budget that estimates costs for the life of the file.

The ATLP is divided into five primary components (**See Attachments A and B**):

1. The **Executive Summary** provides a short, concise, high level description of the case.
2. The **Detailed Case Summary** describes the nature of the dispute and the critical issues that need to be resolved. An evaluation of liability and damages should only be provided when specifically requested by the claim professional.
3. The **Resolution Strategy** sets forth the preferred method of resolution and how it will be achieved. The Resolution Strategy should only be provided when specifically requested by the claim professional.
4. The **Case Management** section describes the steps required to implement the case strategy and clarifies the roles of the claim professional, counsel and others in achieving that case strategy. This section should include actions anticipated by counsel to respond to discovery, motions and other litigation-related activity initiated by other parties or the court.
5. The **Budget** is the financial translation of the legal costs reasonably anticipated during the litigation. Budgeting must be done for the full life of the case and address the legal fees and expenses that are anticipated to be incurred during each of the following six specific case stages:
  1. Evaluation
  2. Discovery
  3. Trial
  4. Appeal
  5. Dispositive Motions
  6. Alternative Dispute Resolution



**Evaluation** is the initial and pre-discovery case evaluation process. This may include: reviewing the first notice; reviewing and drafting pleadings; assessing risk transfer opportunities; investigating facts; analyzing liability and damages; identifying experts, consultants and structured settlement opportunities; and, if requested, developing a case resolution strategy.

**Discovery** is the stage of litigation during which factual and expert information is obtained and exchanged. This may include without limitation document exchanges, interrogatories, electronic discovery, site inspections, fact and expert witness testimony and discovery-related motions.

**Trial** includes activities in connection with the trial, including pre-trial preparation and post-trial motion practice.

**Appeal** includes counsel's activities in connection with a higher tribunal's review of a lower tribunal's verdict, ruling or judgment, from the filing of a notice of appeal (or a substantive equivalent) to the higher tribunal's entry of its final judgment.

The following two stages, when appropriate, may occur at any time during the case:

**Dispositive Motion** includes counsel's preparation and presentation of a motion that allows the court by operation of law to dispose of a case in whole or part.

**Alternative Dispute Resolution (ADR)** includes counsel's activities relating to the preparation and submission of a case to a third party neutral for resolution.

See **Attachment C** for associated stages and corresponding UTBMS Codes.

## **B. Submission and Updating of ATLPs**

Within **30 days** of an assignment, the claim professional and counsel must have a detailed planning conversation. During this conversation, the parties should agree to an initial litigation plan including a budget that estimates costs for the life of the file presented by the six previously outlined specific case stages. The planning conversation and initial ATLP should to be completed even if little information is available at the time of the assignment. Counsel is to provide the initial ATLP to the claim professional within **five business days** of the planning conversation.

It is expected that subsequent planning conversations and ATLPs will be event rather than time driven. Therefore, unlike the initial planning conversation and ATLP, which are triggered at a specific time frame (i.e., respectively, within 30 days of assignment and within five business days of the planning conversation), subsequent planning conversations are to be conducted upon the occurrence of any event that may significantly impact liability, damages or the budget, with revised ATLPs submitted upon request of the claim professional. If counsel and the claim professional agree that no revised ATLP is needed, counsel must promptly confirm that understanding in writing to the claim professional.

Examples of significant events that require counsel to conduct a planning conversation with the claim professional include:

- Commencement of a new case stage not previously discussed in a planning conversation
- A significant change in liability
- A significant change in damages



Although planning conversations other than the first are expected to be event driven, the period between planning conversations must not exceed **180 days** even if no significant event has occurred during the 180 day period.

### C. Budgets

Even at the earliest stages, the budget must include a well-defined estimate of the probable ultimate costs to litigate the entire case to conclusion.

Counsel must budget each case stage in the spaces provided at the end of the ATLP form (**Attachment A**) (See also instructions at the end of **Attachment B**). Legal services in the absence, or in excess, of a well-defined budget may be rejected.

Within the six case stages each budget and budget update should address the following:

- Legal tasks that counsel will initiate
- Legal tasks that opponents are anticipated to initiate
- Legal tasks that the court or others involved in the case are anticipated to initiate
- Legal tasks that relate to case management, reporting and communications
- Legal tasks that carry over from prior timeframes
- Expenses

Once the budget is established counsel should ensure that it is approved via the Company's current e- billing system. Both counsel and the claim professional are responsible for managing legal expenses within the budget.

The costs of e-discovery must be included in the budget. Counsel is responsible for ensuring that e- discovery vendors provide a statement of work ("SOW"), with estimated time frame, cost and volume assumptions. A change order is required for any material deviations from the SOW, including cost- overruns greater than five percent.

During planning conversations the claim professional and counsel should discuss what might cause the ATLP or budget to vary. If counsel's opinion changes regarding the costs for any case stage, counsel should discuss such change with the claim professional prior to performing significant legal services that deviate from the ATLP and budget and inquire whether a revised ATLP or budget is needed.

### D. Combined Pre-trial Report and ATLP

Unless the claim professional instructs otherwise, the Combined Pre-trial Report and ATLP ("Pre-trial Report") (**Attachment D**) is due at the earliest of the following times:

- By **10 business days** after the close of discovery
- By **10 business days** after counsel receives the initial trial notice
- By **120 days** prior to the scheduled trial date

If one of these triggering events occurs prior to the close of discovery, counsel should submit a Pre-trial Report based on the information known at that time. If the case is not resolved within **180 days** of issuing the Pre-trial Report, counsel must promptly hold a planning conversation with the claim professional. The claim professional has the authority to waive the Pre-trial Report in cases with a verdict potential less than \$50,000.



## **E. Summary Plans and Budgets**

Certain cases will not require a detailed ATLP and budget. At the claim professional's discretion, cases that historically have involved nominal legal expenses can be managed via a summary case plan and budget. Any agreement to waive the requirement of a detailed ATLP and budget should be confirmed by counsel to the claim professional in writing. If a case subject to such agreement later increases in complexity counsel should inquire whether a detailed ATLP and budget must then be provided.

## **IV. GENERAL REPORTING**

Absent exceptional circumstances or express direction to the contrary, written material should be conveyed to the Company via e-mail. All correspondence should include a caption with the names of the insured and plaintiff, claim number, date of loss and document type label. As to attachments, the document type label is to be clearly listed on the document's first page or cover page. A listing of specific document type labels is attached to these Guidelines as **Attachment E**.

At the commencement of the assignment, counsel should determine the insured's interest in receiving communications concerning the case and communicate with the insured accordingly.

### **A. Case Documents**

At the commencement of the assignment counsel and the claim professional must discuss what documents should be exchanged and in what manner.

Copies (and drafts when appropriate) of the following items should be sent to the claim professional as a matter of course:

- All discovery responses that will require certification by a claim professional with sufficient time to review those responses
- Substantive pleadings including original and amended complaints, answers and third-party pleadings
- Copies of substantive motions
- Responses to interrogatories and bills of particulars
- Correspondence and other documents relating to written and oral settlement offers and demands
- Releases, settlement agreements, dismissals or final judgments and other court orders, including drafts when requested

### **B. Case Development and Discovery**

Substantial legal fees and expenses may be incurred in obtaining and exchanging information. The claim professional and counsel should discuss the most cost-effective means to:

- Obtain information relative to the dispute
- Exchange information between them
- Exchange information with other parties
- Exchange information with the court
- Oppose requests when necessary
- Use technology to avoid travel to depositions, meetings and other events





## C. Depositions

Counsel must promptly advise the claim professional of the scheduling of the deposition of the plaintiff and the insured and initiate a telephone conversation with the claim professional at least **five business days** prior to both the plaintiff's and insured's depositions to discuss the critical issues to be addressed.

Counsel also must promptly notify the claim professional regarding the deposition scheduling of all other witnesses who are critical to the evaluation or strategy of the case and timely determine with the claim professional whether a conference to discuss these upcoming depositions is required.

### Deposition Reports and Summaries

- Counsel must provide a brief summary of the depositions of the plaintiff, the insured and any other witness whose testimony impacts the critical issues, evaluation, value or strategy of the case within **10 business days** after the deposition.
- Deposition summaries should be limited to two pages per witness per day. Unless the claim professional agrees in advance and in writing, the Company will not pay for deposition reports in excess of this page limit.
- When a deposition does not provide information that is valuable to the critical issues, evaluation, value or strategy of the case, counsel may simply advise in writing that no significant testimony was elicited during the witness' deposition.

When a deposition is conducted over time, counsel should inform the claim professional within **10 business days** of each deposition session that the deposition was concluded in part and the date on which the deposition will resume. In addition, counsel should ascertain if the claim professional wants a summary of the deposition testimony to date or upon the conclusion of the deposition. If, however, deposition testimony significantly impacts the critical issues, evaluation, value, or strategy of the case, counsel should report such testimony within **10 business days** even if the relevant deposition is incomplete.

Unless specifically requested in writing by the claim professional, the Company will not pay for line-by-line summaries or abstracts of depositions. If counsel is assigned to a case in which depositions already have been conducted, counsel should discuss the need for deposition summaries with the claim professional.

Summaries of plaintiff's deposition should include information needed by the Company to comply with the Medicare Medicaid and SCHIP Extension Act of 2007 (MMSEA).

When requested and available, counsel should provide a digital copy of the deposition transcript.

## D. Event Reporting

Counsel must notify the claim professional of settlement conferences, mediations, arbitration hearings or trial dates as soon as dates are set and advise of any subsequent date changes at the earliest possible time. Relevant event dates should be clearly indicated in the caption of all counsel's reports. The results of hearings, arbitrations or other substantive court appearances must be communicated to the claim professional within **one business day** of such event. During trial, counsel must communicate with the claim professional at least once during the business day (via e-mail or phone) and provide a summary of daily events once the trial day ends via e-mail.



All settlement offers and demands, whether written or oral, must be communicated promptly to the claim professional regardless of the merit of such offers and demands.

#### **E. Expert Reports**

Counsel should not summarize expert reports. Reports should be forwarded to the claim professional with a one page cover letter advising that the report is attached. The letter should include a short and concise statement of the report's impact on the case. Unless specifically requested by the claim professional, the Company will not pay for a summary of the report itself.

#### **F. Collection of Medicare Medicaid and SCHIP Extension Act of 2007 (MMSEA) Required Data**

Counsel should assist the claim professional with collection of data necessary to assess claimant's Medicare eligibility including without limitation providing all discovery responses that provide information needed to comply with the MMSEA. If Medicare eligibility is confirmed, counsel should further assist the claims professional with collection of all data necessary to comply with MMSEA reporting requirements.

### **V. CASE MANAGEMENT**

#### **A. Case Staffing**

At the commencement of the assignment the assigned attorney must discuss with the claim professional the need for involving additional law firm staff in the case and the roles of proposed staff members. It is anticipated that counsel will staff the case to maximize efficiency, eliminate redundancy and reduce excessive costs; for example, the Company will not pay for partner time when an associate or paralegal can properly handle a particular matter or task.

When staffing changes are required for any reason, counsel must promptly discuss with the claim professional the need for such changes. The Company will not pay for the cost for preparing new participants for their involvement. Multiple file reviews by the same lawyer also will not be reimbursed.

#### **B. Intra-Office Conferences**

The assigned attorney is expected to provide guidance to other law firm staff assigned to the case. Unless otherwise agreed to in advance and in writing, the Company will pay for up to **two hours** of intra- office conference time for each billing cycle to allow the assigned attorney to discuss the case strategy with other law firm staff that has been specifically approved by the claim professional to work on the matter. Only the assigned attorney's actual time for conducting the conference will be paid. The Company will not pay for the time of other attendees or for any other forms of intra-office conferences or communications.

#### **C. Multiple Attorney Attendance**

The assigned attorney is responsible for the case and should attend substantive court appearances and depositions. Unless otherwise agreed in advance and in writing, the Company will pay for only one attorney attending depositions, meetings, court appearances, trials, arbitrations, mediations or other litigation-related events.



#### **D. Paralegal Services**

The Company recognizes the value of paralegal services when used appropriately. However, the Company will not pay for either paralegal or attorney services that are clerical in nature such as filing, organizing, indexing, Bates or date stamping or that otherwise add no significant value to the case.

#### **E. Research**

The Company retains counsel who are specialists in their fields. Accordingly, the Company expects counsel to be well-versed in the current law and procedure relative to their specialty and will not pay for research in connection with substantive or procedural issues that are typical or routine to the specialty.

The Company will pay for research relating to issues that are novel or unique to the case or to update prior work that will benefit the case. Such research must be discussed during the planning conversation and identified in the ATLP and budget unless the total research for the ATLP timeframe will not exceed five hours. The claim professional has discretion to reject research costs that exceed five hours per ATLP timeframe or the agreed to budget amount or that are otherwise unreasonable or unnecessary.

The Company expects counsel to use the most efficient research methods and tools, including central research depositories, and to manage research efforts to avoid redundancy, inefficiency and excessive costs.

Counsel must provide the results of any research relating to an extensive project or novel issue to the claim professional.

#### **F. Duplication of Effort**

Counsel should not duplicate research, drafting or other written work product that has been previously performed but should take maximum advantage of model documents and appropriate documents from prior similar matters.

#### **G. Management of E-Discovery**

The Company's approach is to manage all facets of e-discovery in a logical, effective and efficient manner. The foundation of the e-discovery process is the integral involvement of counsel who is knowledgeable about the case (including key personnel and issues) and is authorized to make substantive and strategic decisions regarding document review and production. The goal of the following framework is to allow counsel to develop a comprehensive, systematic, efficient and ultimately defensible process for gathering, reviewing and producing electronically stored information (ESI):

- An understanding of the IT systems and processes
- Early consideration of the e-discovery process including retention of an appropriate e-discovery vendor to assist in formulating the technical aspects of an e-discovery plan
- Early discussion of all implicated procedural rules (e.g., F.R.C.P.) with the claim professional and e-discovery vendor to ensure clarity on all preservation requirements, collection methods,



- deliverables and timeframes
- Cooperation with opposing counsel in setting the ground rules for the e-discovery lifecycle
- Determination of appropriate methods and technologies for capture of responsive ESI
- Documentation of agreements between the parties and steps taken to effectuate these agreements
- Use of contract attorneys for first pass review whenever appropriate

Counsel should consult with the claim professional prior to retaining any e-discovery vendors. For further guidance in managing e-discovery cases, counsel should refer to **Attachment F**, "E-Discovery Checklist."

#### **H. Expert Witnesses**

Expert witnesses, including medical witnesses, should not be engaged without prior consultation with the claim professional. Unless otherwise agreed, medical examinations will be arranged by the claim professional. (Also see **Billing Practices Section VI** below).

#### **I. Trial Activity**

The decision to take a case to trial should only be made after consultation with the claim professional and the insured as appropriate as early in the matter as possible.

#### **J. Jury Verdicts**

The decision to accept a verdict should only be made after consultation with the claim professional and the insured as appropriate.

#### **K. Appeals**

The decision to file an appeal, interlocutory or otherwise, should only be made after consultation with the claim professional. Counsel should promptly advise the claim professional if an appeal is filed by another party.

#### **L. Vendor Management Program**

The Company maintains approved panels of litigation support vendors, including panels for claims investigation and surveillance, contract attorneys, court reporters, document management, e-discovery, environmental consulting and remediation, engineering, jury consulting, record retrieval, accounting, foreign language translation and construction consulting. When selecting a vendor in these categories, counsel and the claim professional should discuss whether a Company approved vendor is available for the assignment.

#### **M. Alternative Dispute Resolution**

Counsel and the claim professional should discuss settlement and ADR strategies as early as practicable and on a regular basis to ensure that opportunities to resolve the case by settlement are pursued whenever appropriate. Counsel should discuss any proposed mediator or arbitrator with the claim professional to determine if the recommended



mediator or arbitrator is appropriate for achieving the desired outcome. The discussion should also include recommended attendees, settlement options and conditions and local rules regarding participation in settlement conferences and mediations. If it is decided that no Company representative need attend, then counsel must arrange to have telephone contact with the claim professional during the event.

#### **N. Structured Settlement Program**

When applicable the Company requires the early identification of structured settlement opportunities and encourages the early involvement of a Company approved structured settlement consultant. Retention of a Company approved structured settlement consultant should be undertaken in consultation with the claim professional and the role of the consultant should be clarified prior to a resolution event.

### **VI. BILLING PRACTICES**

#### **A. Billing Rates**

The Company must agree to all billing rates prior to retention. Counsel may not under any circumstance increase billing rates on any case in progress. All rate increases or other variations to a rate agreement must be approved in writing by the AIG Legal Operations Center and will be applicable only to assignments made after the date of the approval. Funds paid in violation of this provision are subject to reimbursement.

Approved Company rates apply from the commencement of counsel's assignment, whether the matter is assigned by a Company claim professional, a TPA or an insured under a self-insured retention.

#### **B. Flat Charges and Minimum Charges**

Counsel must not apply minimum, flat, routine or standard charges as part of its rate structure unless such charges specifically have been approved in writing by the AIG Legal Operations Center.

#### **C. Disbursements**

Counsel must pay small expense items and may submit an invoice when such expenses exceed \$500 in the aggregate. Expense invoices exceeding \$500 may be submitted for payment directly to the claim professional. Copies of receipts supporting individual disbursements in excess of \$50 must be submitted with counsel's invoice.

#### **D. Travel Time and Expenses/ Travel Reimbursement Policy**

Law firms are retained in part based on the geographical area in which they are located, and are expected to serve the areas and venues that are local to them as part of their normal provision of legal services.

- For **Local Travel**, defined as travel 50 miles or less from the office to which the matter is assigned, the Company will not pay for attorney or paralegal travel time; meals; or any local travel expense including without limitation tolls, mileage, parking, car rental or car service.



- For **Long Distance Travel**, defined as travel in excess of 50 miles from the office to which the matter is assigned, the Company will pay for attorney travel time up to a maximum of eight hours per day. Billing for travel time must be separately stated on invoices. Double billing, i.e., billing for a task and travel time spent while engaging in that task, is strictly prohibited.
- **Reimbursable Long Distance Travel Expenses**
- Counsel will be reimbursed for reasonable expenses (e.g., coach class airfare, moderately priced hotels and meals) incurred during **Long Distance Travel** that has been undertaken after consultation with the claim professional. All travel expenses submitted to the Company for reimbursement must apply all cost savings received by counsel through rebates or other methods. Travel expenses must be specifically itemized on counsel's invoice with copies of all receipts attached. Undocumented travel expenses will not be reimbursed.
- **Non-Reimbursable Travel Expenses**

The Company will **not** reimburse for:

- Any automobile mileage
- Travel agent fees or travel insurance
- Expenses incurred for personal convenience or comfort not reasonably related to the business purpose of the travel
- Any lavish or unnecessary expense

#### **E. Meals and Entertainment**

All requests for reimbursement of meals during **Long Distance Travel** must be itemized and include the names of the persons in attendance, amount incurred and business purpose. Copies of receipts supporting disbursements in excess of \$50 must be submitted with counsel's invoice.

The Company will not pay for expenses including without limitation expenses incurred during **Local Travel** or **Long Distance Travel** to entertain clients.

#### **F. Overhead and Non-Billable Items**

The Company considers the following costs to be overhead included in the law firm's hourly rate. Time devoted to these tasks is non-billable and non-reimbursable regardless of the level of the timekeeper performing the task:

- Opening or closing files
- Processing conflict searches and waivers
- Organizing material for storage
- Preparing, reviewing, approving or collecting billing statements or invoices
- Responding to inquiries concerning services, billing statements, case files and audit letters
- Training junior attorneys or "learning time" associated with such training
- Scheduling and arranging meetings, depositions, examinations or other events and maintaining office or attorney calendars
- Taking telephone messages and placing calls for counsel
- Communicating with copy services, record providers and court reporters



- Arranging for and/or making pick-ups and deliveries of documents and records
- Filing or organizing correspondence, pleadings or other documents in internal firm files or data bases
- Word processing, typing, transcribing, document scanning, data entry or other administrative, clerical or secretarial services
- Arranging travel
- Photocopying, collating, velo binding, faxing or scanning
- Receiving and distributing mail and/or correspondence
- Bates stamping or date stamping documents
- Managing clerical work
- Performing other services that are generally attendant to having the Company or its insureds as a client (e.g., review of professional journals, administrative conferences, marketing and research on general or client industry trends)
- Obtaining books or research materials
- Moving boxes or files
- Technology training
- Repetitive file reviews by the same timekeeper
- Tasks by librarians, summer or winter associates or law school graduates who have not passed the bar
- Any other tasks traditionally associated with overhead

#### **G. Overhead: Non-Billable Expenses and Expense Limits**

The Company considers the following expense items to be overhead included in the law firm's hourly rate and therefore non-billable and non-reimbursable:

- Charges for computerized legal research services, including without limitation, Westlaw, LexisNexis or PACER
- Charges for opening, closing, and/or storing files
- Rent, whether for office space, conference rooms, office equipment, computers, hardware or software
- Utilities, including without limitation HVAC and electricity
- Local and long distance telephone charges, including cellular and internet charges, or charges of any kind for video or teleconferences. Where video conferencing is required, counsel should utilize the Company's services
- Facsimile charges of any kind or any amount
- Postage of any kind or amount
- Books, periodicals, research materials and/or seminars
- Meals or refreshments during meetings, depositions or similar events
- Support staff salaries and overtime
- Overtime related expenses such as transportation to and from home, lunch, dinner or working meals
- Office supplies or equipment
- Methods of exchanging reports and documents other than e-mail. Absent emergency situations, the need for express charges or messenger services must be approved in advance by the claim professional and confirmed in writing by counsel and absent approval will not be reimbursed
- Technology costs, including hardware, software, licenses or services related to acquisition, maintenance or upgrade of the firm's technology infrastructure
- Approved litigation support or any litigation-related services in excess of the amount actually expended by the firm for such services



- Internal photocopy charges in excess of eight cents per page and external photocopy charges when mandated by legitimate business circumstances in excess of the amount actually expended
- Any other expense items traditionally associated with overhead

#### **H. Experts and Consultants**

When retaining experts and consultants, counsel should consult with the claim professional and the Company's preferred vendor program.

Bills submitted by experts and consultants should conform to all requirements of this **Billing Practices Section** except for sub-sections **J** and **L** below. Counsel should provide a copy of these requirements to all experts and consultants upon retention. All expert service should be conducted pursuant to both a written scope of work and budget submitted to the claim professional before the expert is authorized to commence work. The Company discourages the payment of retainers to experts.

#### **I. Contract Timekeepers**

Timekeepers who are not employees of the law firm must be identified as such and must be charged at the actual cost to the law firm.

Counsel should discuss the need for Contract Attorney/Paralegal services with the claim professional before a vendor is retained to determine if a Company approved vendor is available for the required service. Copies of relevant contracts relating to contract timekeepers must be made available upon request.

#### **J. Submission of Invoices and Use of UTBMS Codes**

Invoices must provide task codes according to the Uniform Task Based Management System (UTBMS). Counsel is expected to use the correct UTBMS phase, task and activity codes for all legal services. Inappropriate or inaccurate use of the UTBMS codes may result in rejection of a legal invoice.

Counsel must bill actual time in one-tenth hour increments. Block billing (i.e., aggregating multiple tasks under a single time charge) and chipping (i.e., breaking down a single task into artificial component parts) are impermissible.

Fees and expenses must be itemized by date, activity performed, timekeeper, time per activity and amount charged for each activity. Multiple tasks, even if devoted to the same work product, should not be bundled together for billing purposes. Overly generalized and vague billing entries will not be paid.

#### **K. Foreign Currency**

The Company will issue foreign currency payments at the exchange rate prevailing at the time of payment.

#### **L. Master Billing**

When legal services are performed in connection with more than one matter, counsel, when possible, should provide a master invoice that reflects the actual time incurred for legal services relating to each individual matter. If not possible, counsel should provide a suggested allocation of the total invoice amount to each individual matter.





### **M. Timing of Submission**

Invoices should be submitted every **120 days**. Shorter billing intervals must be approved by the claim professional on a case-specific basis with the approval documented by counsel to the claim professional. Final invoices must be promptly submitted at the conclusion of services. Settled cases will be deemed concluded upon the exchange of all required settlement papers. Cases resolved by means other than settlement will be considered concluded upon the entry of a final judgment.

Individual invoices (other than a final invoice) in any amount under \$500 should be avoided. If the amount due is under \$500 counsel should skip that invoice cycle and include that amount in the next scheduled invoice cycle. If the amount due at the next scheduled invoice cycle remains under \$500, counsel should nevertheless submit the invoice.

### **N. Alternative Fee Arrangements**

Cases subject to an alternative fee arrangement must be invoiced in accordance with the agreement. Counsel is responsible for coordinating with the claim professional and the Company Legal Operations Center to ensure that all fee arrangements are accurately reflected on the invoice and processed appropriately.



# ATTACHMENT A

## The Agreed-to Litigation Plan

The following provides a template for documenting the Agreed-to Litigation Plan (ATLP) which should be placed on law firm stationary and marked as "**Privileged and Confidential.**"

For guidance on preparing the ATLP see **Attachment B.**

Claims Professional:	Date:
Lawyer:	Version:
Insured:	Date of Prior ATLP:
Plaintiff:	Venue:
Other Parties Represented:	Legal Expenses Paid to Date:
Claims Number:	Probable Ultimate Total Legal Cost:
Date of Loss:	Projected Trial Date:

- I. Executive Summary
- II. Detailed Case Summary
  - A. Summary of Facts
  - B. Procedural Posture of Case:
  - C. Venue, Jurisdictional Considerations, Judge, Probably Jury
  - D. Name and evaluation of plaintiff's and other counsel
  - E. Critical Issues and Experts
    - 1. Critical Liability Issues
    - 2. Expected Liability Experts
    - 3. Critical Damages Issues
    - 4. Expected Damages Experts
    - 5. Other Critical Issues
  - F. Evaluation (only if specifically requested by the claims professional)
  - G. Summary of discovery responses relevant to the Medicare Medicaid and SCHIP Extension Act of 2007 (MMSEA).
- III. Resolution Strategy (only if specifically requested by the claims professional)
- IV. Case Management
- V. Anticipated Legal Services, Claims Activity and Budget



Summary of Claims Activity

Summary of Claims Activity

The budget totals that support this ATLP should be included below. These totals should be identical to the budget totals that appear in the Company's e-billing system.

Budgets/Legal Expense

<b>Case Stage</b>	<b>Total for each stage</b>
<b>Evaluation</b>	
<b>Discovery</b>	
<b>Trial</b>	
<b>Appeal</b>	
<b>Dispositive Motions</b>	
<b>Alternative Dispute Resolution</b>	
<b>Totals</b>	



## ATTACHMENT B

### Guidance on Preparing an Agreed-to Litigation Plan

The ATLP should be placed on law firm stationary and marked as "**Privileged and Confidential**"

Claims Professional:	Date:
Lawyer:	Version:
Insured:	Date of Prior ATLP:
Plaintiff:	Venue:
Other Parties Represented:	Legal Expenses Paid to Date:
Claims Number:	Probable Ultimate Total Legal Cost:
Date of Loss:	Projected Trial Date:

*The ATLP should indicate the date of the planning conversation between the claim professional and counsel.*

*The caption of the ATLP must indicate the legal costs anticipated during the case stages addressed in the Guidelines, as well as costs incurred to date and the projected total legal costs from the start of the case through resolution. See the Guidelines, above, for a more detailed discussion, as well as the instructions in Section V below.*

*Each section of the ATLP should be expanded to accommodate the necessary text and data; the form should not limit the substance of a quality ATLP.*

*Each successive ATLP should contain current information, i.e., outdated information from prior ATLPs should be eliminated. Lengthy summaries of basic legal principles and full deposition summaries should be avoided. Discussions of testimony and damages should be concise.*

#### **I. Executive Summary**

*Summarize the case in one paragraph. Devote one sentence each to the incident/accident, the insured's alleged role in the incident/accident (i.e., facts/allegations giving rise to the insured's alleged liability), damages (type and amount alleged or established) and the insured's probable liability.*

#### **II. Detailed Case Summary**

##### **A. Summary of Facts**

*Briefly describe the accident or incident that is the subject of the litigation, including the sources of information used to prepare the summary. Also explain the insured's and other parties' alleged role in the loss and how it is linked to the injuries/damages alleged. Identify key fact witnesses and summarize their anticipated testimony. Update this section as the case develops to describe actual testimony by key fact witnesses.*

##### **B. Procedural Posture of Case**

*Provide a concise description of the status of the litigation.*

##### **C. Venue, Jurisdictional Considerations, Judge, Probable Jury**

*Provide the docket number and describe the venue, including without limitation the likely*



*accuracy of the assigned trial date, the trial judge's biography, an assessment of the probable jury and recent verdicts of similar matters in the venue.*

#### **D. Name and Evaluation of Plaintiff's and Other Parties' Counsel**

*Provide relevant information regarding the plaintiff's and all other parties' trial counsel, including without limitation reputation, trial/appellate record, past settlement and trial strategy and personal experiences if any.*

#### **E. Critical Issues and Experts**

*Identify critical liability, damage and other issues that may influence the resolution of the case. Critical issues are those that should be addressed to further the case strategy or achieve a meaningful evaluation. Include a brief analysis of each critical issue, including any that has recently emerged. Indicate the critical issues that have been resolved and if not resolved the preferred method, estimated date and method of resolution.*

##### **1. Critical Liability Issues**

*Provide a concise discussion of the specific theories that are pled against the insured, any co-defendants and other parties, the critical issues that must be resolved under each theory and a discussion of the specific defenses available in connection with each theory. Address the potential liabilities and contributions of other parties, including plaintiff, and specifically address joint and several liability.*

##### **2. Expected Liability Experts**

*Provide a brief overview of the types of liability experts that have been or are anticipated to be retained by each party and any actual testimony by such experts in this case.*

##### **3. Critical Damage Issues**

*Discuss the damages sought by and potentially awardable to each party, including non-economic, multiple and punitive damages. Also discuss any laws/issues that limit or may impact damages including without limitation plaintiff's life expectancy, medical expenses (past, present and future), plaintiff's pre-and post-accident income, existing liens, whether venue permits reduction to present value and assumptions in support of future losses. In death cases, identify the wrongful death statute, the parties entitled to recover and potentially recoverable damages.*

##### **4. Expected Damage Experts**

*Provide a brief overview of the types of damage experts that have been or are anticipated to be retained by each party and any actual testimony by such experts in this case.*

##### **5. Other Critical Issues**

*Discuss any critical issues not previously addressed, including without limitation insurance coverage issues relating to other defendants, public policy considerations and the need for any non-standard jury instructions.*



## **F. Evaluation (only if specifically requested by the claim professional)**

*Determine if the claim professional requires a case evaluation. When so requested, counsel must further ascertain and comply with the requested parameters of the evaluation. The Company expects that counsel will provide an analysis based upon currently known information as well as counsel's experience. **Responses of "too early to evaluate" should be avoided.** The basis for the evaluation should be clearly described. Unless otherwise directed by the claim professional, all cases should **briefly** describe each of the following areas:*

- *Strengths and weaknesses of each party's case*
- *Joint and several liability plus known insurance coverage for other parties*
- *Jurisdictional and public policy considerations*
- *Contributory/comparative negligence considerations*
- *Probable damages (compensatory) if the case is lost*
- *Punitive damage exposure (if applicable)*
- *Attorney's fees recoverable (if applicable)*
- *Probable apportionment of fault among defendants (assign percentages)*
- *Net exposure to insured after all apportionment and based on probable damages*
- *Realistic settlement value and basis for evaluation*
- *Whether a structured settlement should be considered*
- *Whether the case should be tried*

## **G. Summary of Medicare Medicaid and SCHIP Extension Act of 2007 (MMSEA) Discovery Responses if applicable**

*Summarize all relevant discovery responses that may assist the Company in complying with the MMSEA.*

## **H. Summary of Electronic Discovery and/or Document Review Requirements**

*Summarize the anticipated volume and plan for review and production of electronic data and documents. When needed for collection, culling, processing, hosting and document production services, counsel should engage a Company approved e-discovery service provider. If the first level review will include more than 10,000 documents, counsel should engage a Company preferred contract attorney provider. For first level review of more than 100,000 documents, counsel should consider the Company's preferred off-shore document review providers.*

## **III. Resolution Strategy (Only if specifically requested by the claim professional)**

*When requested by the claim professional, describe the operative strategy of the case as agreed to by the claim professional and counsel. Such discussion should identify the preferred method of resolution, including the description and timing of the key litigation tasks that will direct the case toward that resolution sufficiently detailed to enable understanding of how the proposed legal services will support that resolution.*

## **IV. Case Management**

*Set forth the firm staffing for the matter including respective roles, as well as the roles of the claim professional and any others expected to participate in the case.*



## V. Anticipated Legal Services, Claims Activity and Budget

*Refer to Sections III (A) (5) and III(C) of the Guidelines for a more detailed discussion of the Budget.*

*The **Budget** is a financial translation of the legal costs anticipated during the litigation. Review of legal costs is an ongoing process between counsel and the claim professional. However, budgeting must be done for the full life of the case. The budget must address the legal costs and expenses for all legal services that are anticipated to occur during each of the following six specific case stages:*

- 1. Evaluation*
- 2. Discovery*
- 3. Trial*
- 4. Appeal*

*These stages may occur at any time during the litigation:*

- 5. Dispositive Motion*
- 6. Alternative Dispute Resolution*

*Each ATLP should include anticipated actions to respond to discovery, motions and other litigation-related activity initiated by the plaintiff, co-defendants and other parties and the court. The Company understands that this involves anticipating the actions of others and may require substantial amendment in certain cases. Counsel should advise the claim professional of any tasks that deviate substantially from the ATLP prior to performing those tasks.*

*The costs summarized in the ATLP should conform to a budget for the matter. The budget should be created in the Company's e-billing system.*

### **Summary of Claims Activity**

*Summarize anticipated claims activities.*

### **Summary of Legal Services**

*Summarize anticipated legal services.*

*The totals from the budget should be included below. The totals for legal costs in the below budget should be identical to the budget totals that appear in the Company's e-billing system.*

*If counsel's opinion on any budgeted item changes as the case proceeds, counsel should discuss such change with the claim professional and upon the claim professional's request include such changes in a supplemental ATLP and budget.*



**Budgets/Legal Expense**

<b>Case Stage</b>	<b>Total for each stage</b>
<b>Evaluation</b>	
<b>Discovery</b>	
<b>Trial</b>	
<b>Appeal</b>	
<b>Dispositive Motions</b>	
<b>Alternative Dispute Resolution</b>	
<b>Totals</b>	





## Attachment C - UTBMS Codes by Litigation Stage

Litigation Stages		UTBMS Codes
Evaluation	The initial case evaluation process, prior to discovery, of review and assessment of liability, damages and risk transfer opportunities. This includes: the review of first notice; review and drafting of pleadings; assessment of risk transfer opportunities; fact investigation; liability and damage analysis and assessment; identification of structured settlement options; identification of experts/consultants; and development of a case resolution/strategy.	L110-Fact Investigation/Development L120-Analysis/Strategy L130-Experts/Consultants L140-Document/File Management L150-Budgeting L210-Pleadings L220-Prelim Injunctions/Provisional Remedies E120-Private Investigators
Dispositive Motion	Permits the court to dispose of a case or individual legal issue pre-trial by operation of law.	L240-Dispositive Motions L260-class Action Certification and Notice
Discovery	The stage of litigation where factual and expert information is obtained and exchanged. This may include document exchange/interrogatories and/or electronic discovery, site inspections, fact and expert witness testimony and discovery - related motions.	L230-Court mandate Conferences L250-Other Written Motions/Submissions L310-written Discovery/Interrogatories L320-Document Production Depositions L330-Depositions L340-Expert Discovery L350-Discovery Motions L360-Discovery On-Site Inspections E115-Deposition Transcripts E119-Experts
ADR	Alternative Dispute Resolution (ADR)-includes situations where the parties agree to submit the case to a third party neutral for resolution and/or where ADR is mandated by a court. Direct negotiation of resolution and ADR should be considered to secure the desired outcome as early as possible in the life of a claim.	L160-Settlement/Non Binding ADR E121-Arbitrators/Mediators
Trial	This stage includes the trial itself and pre-trial preparation and post-trial motion practice.	L410-Fact Witnesses L420-Expert Witnesses L430-Written Motions/Submissions L440-Trial preparation and Support L450-Trial and Hearing Attendance L460-Post-Trial Motions/Submissions L470-Enforcement E116-Trial Transcripts E117-Trial Exhibits E118-Litigation support Vendors
Appeal	The process where rulings/verdicts in a lower court proceeding are reviewed by higher court.	L510-Appellate Proceedings/Motions Practice L520-Appellate Briefs L530-Oral Argument



## ATTACHMENT D

### COMBINED PRE-TRIAL REPORT & ATLP

*The Combined Pre-trial Report and ATLP (Pre-trial Report) should be placed on law firm stationary and marked "Privileged and Confidential." It is due at the commencement of the trial stage, which is considered the earliest of the following times:*

- *By ten business days after the close of discovery*
- *By ten 10 business days after notification that the case is set for trial*
- *By 120 days prior to the scheduled trial date*

*The Pre-trial Report should be prepared by or along with the trial attorney listed in the Pre-trial Report. Once the Pre-trial Report is prepared, a separate ATLP need not be submitted.*

Claims Professional:	Date:
Lawyer:	Version:
Insured	Date of Prior ATLP:
Plaintiff:	Venue:
Other Parties Represented:	Legal Expenses Paid to Date:
Claims Number:	Probble Unlimate Total Legal Cost:
Date of Loss:	Projected Trial Date:

#### **Executive Summary**

*Concisely summarize the dispute in one paragraph. Devote one sentence each to the incident/accident, the insured's, co-defendants' and other parties' alleged role in the incident/accident (i.e., facts/allegations giving rise to the alleged liability), damages (type and amount alleged or established) and the insured's probable liability.*

#### **Trial Specifics**

**Venue, jurisdictional considerations, judge and probable jury:** *Provide the docket number and describe the venue, including without limitation the likely accuracy of the assigned trial date, the trial judge's biography, an assessment of the probable jury and recent verdicts of similar matters in the venue.*

**Name and evaluation of plaintiff's and other parties' counsel:** *Provide relevant information regarding plaintiff's and all other parties' trial counsel including without limitation reputation, trial/appellate record, past settlement and trial strategy and personal experiences if any.*

**Identify the attorney recommended to try the case for the insured and explain the basis for the recommendation including without limitation the number of trials in at least the last three years and the results in those trials.**

**Will a representative of the insured attend the trial?** *Provide the representative's name and title and explain actual/potential problems related to having an insured representative attend.*

#### **Facts**

**General overview of the facts:** *Briefly describe the accident or incident that is the subject of the litigation, including the sources of information used to prepare the summary. Also explain the insured's alleged role in the loss and how it is linked to the injuries/damages alleged. Additionally, identify and explain the alleged involvement of any co-defendants or other parties.*



**Summary of expected facts in support of plaintiff's liability case:** *Identify the points expected to be made by plaintiff in the opening statement and the expected witnesses to be called by plaintiff, with an indication of the effectiveness and pertinent testimony of each.*

**Summary of expected facts in support of insured's defense to and rebuttal of plaintiff's liability case:** *Identify the points expected to be made by the insured in the opening statement and the expected witnesses to be called by the insured, with an indication of the effectiveness and pertinent testimony of each.*

**Summary of co-defendants' and other parties' defenses to and rebuttal of plaintiff's liability case:** *Identify the points expected to be made by any co-defendants or other parties in their opening statement and the expected witnesses to be called by them, with an indication of the effectiveness and pertinent testimony of each.*

**Summary of plaintiff's expected facts in response to insured's and other parties' liability defenses and rebuttals.**

**Summary of resolved and unresolved critical liability issues:** *Discuss critical liability issues that have been resolved and whether that resolution was favorable or unfavorable to the insured. Discuss any critical issues that have not been resolved and how they are expected to be resolved at trial.*

**Identify all liability experts and comment on their effectiveness:** *Identify plaintiff's, insured's, co-defendants' and other parties' experts, together with critical opinions and expected rebuttal to each.*

**Identify all risk transfer issues** (e.g., indemnity, additional insurance, contribution): *Indicate who is asserting the risk transfer argument and probabilities of success, together with critical opinions and expected rebuttal to each.*

**Summary of discovery responses relevant to the Medicare Medicaid and SCHIP Extension Act of 2007 (MMSEA):** *Summarize all discovery responses that may assist the Company in complying with the MMSEA.*

### **Injuries/Damages**

**Damages sought:** *Identify all damages and amounts sought including without limitation economic damages, non-economic damages, punitive or multiple damages, statutory damages, equitable or injunctive relief and attorney fees/costs.*

**Summary of plaintiff's expected proof of damages:** *Provide a summary of plaintiff's expected damage witnesses, with an indication of the effectiveness and pertinent testimony of each.*

**Summary of insured's rebuttal of damages:** *Provide a summary of the insured's rebuttal to plaintiff's damage claims along with expected witnesses, with an indication of the effectiveness and pertinent testimony of each.*

**Summary of co-defendants' and other parties' cases on damages:** *Provide a summary of the co-defendants' and other parties' rebuttal to plaintiff's damage claims along with expected witnesses, with an indication of the effectiveness and pertinent testimony of each.*



**Summary of resolved and unresolved critical damage issues:** *Discuss critical damage issues that have been resolved and whether that resolution was favorable or unfavorable to the insured. Discuss any critical damage issues that have not been resolved and how they are expected to be resolved at trial.*

**Identify all damage experts and comment on their effectiveness:** *Identify plaintiff's, insured's, co-defendants' and other parties' damage experts, together with critical opinions and expected rebuttal to each.*

**Summary of relevant laws or other issues not previously addressed that may impact the amount of damages recoverable by plaintiff or against the insured:** *Examples include joint and several liability, pre-judgment interest considerations, statutory damages, recoverability of attorney fees/costs.*

### **Trial Readiness**

**Is the investigation/discovery of the case complete? If not, what remains to be completed?** *Describe any remaining investigation and discovery including without limitation videotaped depositions for trial, and assess the probability of remaining discovery being permitted by the court.*

**Are all witnesses on notice and available, and will they testify live or via videotape or other medium?**

**Are all motions *in limine* completed?**

**Are all jury instructions completed?**

**Have you discussed with the claim professional involving appellate counsel at trial?**

**Has this case been discussed/round-tabled within your office?** *If so, indicate with whom, date(s), and substance of discussion*

**Has the case been discussed/round-tabled with the claims handling office?** *If so, indicate with whom, date(s) and substance of discussion*

**Evaluation** (only if specifically requested by the claims professional) *Determine if the claim professional requires a case evaluation. When so requested, counsel must further ascertain and comply with the requested parameters of the evaluation. The Company expects that counsel will provide an analysis based upon currently known information as well as counsel's experience. Responses of "too early to evaluate" should be avoided. The basis for the evaluation should be clearly described. Unless otherwise directed by the claim professional, all cases should include a brief discussion of each of the following areas:*

- *Strengths and weaknesses of each party's case*
- *Joint and several liability plus known insurance coverage for other parties*
- *Jurisdictional and public policy considerations*
- *Contributory/comparative negligence considerations*
- *Probable damages (compensatory) if the case is lost*
- *Punitive damage exposure (if applicable)*



- *Attorney's fees recoverable (if applicable)*
- *Probable apportionment of fault among defendants (assign percentages)*
- *Net exposure to insured after all apportionment and based on probable damages*
- *Realistic settlement value, basis for evaluation and rationale for any change in value last provided*
- *Whether a structured settlement should be considered*
- *Whether the case should be tried*

**Resolution** (only if specifically requested by the claims professional)

**What negotiations (whether formal or informal) have occurred or are expected to occur, if any?** *Indicate any demands and offers that have been made and any expected future negotiations.*

**What resolution options should be explored before proceeding to trial?** *If ADR is recommended, indicate when it should be initiated, the objective of the ADR, suggested neutrals and basis for recommendation.*

**Should this case be settled or tried, and why?** *Indicate rationale for any change from opinions previously provided.*

**What is the percent chance of a defense verdict or directed verdict and what is the basis for the figure set forth?** *Indicate rationale for any change from opinions previously provided.*

**What is the percent chance of a plaintiff's verdict in an amount less than the last agreed-to-evaluation and what is the basis for the figure set forth?** *Indicate rationale for any change from opinions previously provided.*

**What is the probable verdict range if the case is tried and a verdict is returned for the plaintiff?** *Indicate the basis for the figure set forth and the rationale for any change from opinions previously provided.*

**What is the expected length of trial?** *Indicate the anticipated length of trial and whether the case will be tried during full or partial days or weeks.*

**Are there any collection problems with regard to any co-defendants or other parties?** (e.g., limited or no insurance coverage, partial disclaimers or reservation of rights positions, bankruptcy)

**In your opinion, will this case be resolved by this trial? If not, explain the most likely scenario for resolution.**

**Anticipated Legal Services, Claims Activity and Budget**

*Outline the legal services during the Trial stage of the case, including anticipated actions to respond to motions or other litigation-related activities by the plaintiff, co-defendants, other parties and the court. The Company understands that this involves anticipating the actions of others and may require substantial amendment in certain cases. Counsel should advise the claim professional of any tasks that deviate substantially from this Pre-trial Report prior to performing those tasks.*



### Summary of Anticipated Claims Activity

*Summarize the claims activities that are necessary during this Pre-Trial Report*

### Summary of Anticipated Legal Services

**Itemize the probable cost of defense up to and through trial:** *Summarize the legal services that are anticipated during the Pre-Trial Report. Indicate who will provide these services and the total hours anticipated for each timekeeper. Describe how the legal services will advance the case strategy. Indicate the cost of defense, providing specificity on expected expenses.*

*The budget totals that support this Pre-trial Report should be included below. These totals should be identical to the budget totals that appear in the Company's e-billing system. Because the budget is based on case stages, the only stages that should remain at this juncture are Trial and Appeal; however, in the event that other stages are ongoing, they should be budgeted under those stages.*

#### Budgets/Legal Expense

Case Stage	Total for each case stage
Discovery	
Trial	
Appeal	
Dispositive Motions	
Alternative dispute Resolution	
<b>Totals</b>	



## ATTACHMENT E

### ICLAIMS STANDARD DOCUMENT TYPE LABELING

The Document Label should appear in **BOLD** and **UPPERCASE** letters, and applied to each document which most accurately describes the nature of the document

<b>Correspondence (Documents or Correspondence)</b>	
<b>Document Description</b>	<b>Document Label</b>
Coverage letter to Insured	<b>CORRESP - CVRG LETTER TO INSURED</b>
Letter to Insured or Broker	<b>CORRESP - INSURED / BROKER LTR</b>
Lien Notice	<b>CORRESP - NOTICE OF LIEN</b>
Reinsurance Correspondence	<b>CORRESP - REINSURANCE</b>

<b>Damage (Documents or Correspondence)</b>	
<b>Document Description</b>	<b>Document Label</b>
Appraisals	<b>DMG - APPRAISAL</b>
Assignment of Appraisal	<b>DMG - APPRAISAL /EST ASSIGNMENT</b>
Diminished Value	<b>DMG - DIMINISHED VALUE</b>
Estimates	<b>DMG - ESTIMATES</b>
Income Loss	<b>DMG - INCOME LOSS</b>
Other Property Damage	<b>DMG - OTHER PROPERTY</b>
Proof of Loss	<b>DMG - PROOF OF LOSS</b>
Salvage	<b>DMG - SALVAGE</b>

<b>Investigation (Documents or Correspondence)</b>	
<b>Document Description</b>	<b>Document Label</b>
Accounting Report	<b>INVEST - ACCOUNTING REPORT</b>
Birth, Death, Marriage or Divorce Certificate	<b>INVEST - BRTH / DTH / MRGE / DVRCE CRT</b>
Construction Job Site File	<b>INVEST - CONST. JOB SITE FILE</b>
Contracts	<b>INVEST - CONTRACTS</b>
Credit, Fraud, DMV	<b>INVEST - CREDIT / FID / DMV RPT</b>
Engineering	<b>INVEST - ENGINEERING REPORTS</b>
Expert	<b>INVEST - EXPERT REPORT</b>
Home Owners Association Matrix	<b>INVEST - HOA MATRIX</b>
Incident Report	<b>INVEST - INCIDENT REPORTS</b>
Investigation Assignment	<b>INVEST - INVESTIGATION ASSIGNMT</b>
Investigation Service Division/Outside Investigation Agency	<b>INVEST - ISD / OIA REPORT</b>
Investigation Status	<b>INVEST - STATUS</b>
Loss Control, Safety, Site Investigation Reports	<b>INVEST - LOSS CONTRL/SAFETY/SITE</b>
Occupational Safety and Health Act	<b>INVEST - OSHA REPORTS</b>
Other Carrier Policy	<b>INVEST - OTHER CARRIERS POLICIES</b>
Other Carriers Coverage Letter	<b>INVEST - OTHER CARRIER CVRG LTR</b>
Ownership Documents	<b>INVEST - OWNERSHIP DOC</b>
Personnel File	<b>INVEST - PERSONNEL FILE</b>
Police or Fire	<b>INVEST - POLICE FIRE REPORT</b>
Recorded Statement Transcribed	<b>INVEST - RECORDED STNMNT TRANSCR</b>
Release	<b>INVEST - RELEASE</b>
Site Investigation	<b>INVEST - SITE INVESTIGATION</b>
Subrogation	<b>INVEST - SUBROGATION</b>



Investigation (Documents or Correspondence)	
Document Description	Document Label
Surveillance	INVEST - SURVEILLANCE
Total Loss Documents	INVEST - TOTAL LOSS DOCUMENT
Total Loss Evaluation	INVEST - TOTAL LOSS EVALUATION
Wage Authorization	INVEST - WAGE AUTHORIZATION
Wage Information	INVEST - WAGE INFORMATION
Wage Loss Request	INVEST - WAGE LOSS REQUEST
Wage Statement	INVEST - WAGE STATEMENTS
Written Statement	INVEST - WRITTEN STATEMENTS
Total Loss Documents	INVEST - TOTAL LOSS DOCUMENT
Total Loss Evaluation	INVEST - TOTAL LOSS EVALUATION
Wage Authorization	INVEST - WAGE AUTHORIZATION
Wage Information	INVEST - WAGE INFORMATION
Wage Loss Request	INVEST - WAGE LOSS REQUEST
Wage Statement	INVEST - WAGE STATEMENTS
Written Statement	INVEST - WRITTEN STATEMENTS

Legal (Documents or Correspondence)	
Document Description	Document Label
Affidavit	LEGAL - AFFIDAVITS
Agreed to Litigation Plan and or Budget	LEGAL - ATLP / BUDGET
AIU Holdings Claims Counsel Correspondence	LEGAL - CLAIMS COUNSEL
Alternative Dispute Resolution/Arbitration	LEGAL - ADR / ARBITRATION
Answer to Complaint	LEGAL - ANSWERS TO COMPLAINT
Appeal	LEGAL - APPEALS
Appeals	LEGAL - APPEALS
Application of Adjudication or Litigation	LEGAL - APP OF ADJ / LIT
Award, Judgment, Stipulation	LEGAL - AWARD / JUDGMENT / STIP
Bankruptcy Paper	LEGAL - BANKRUPTCY PAPERS
Briefs	LEGAL - BRIEFS
Claimant Attorney correspondence	LEGAL - CLAIMANT ATTY CORRESP
Co-Defense Attorney's Correspondence	LEGAL - CO DEFENSE ATTY CORRESP
Compromise and Release	LEGAL - COMPROMISE AND RELEASE
Coverage Counsel	LEGAL - COVERAGE COUNSEL
Decisions, Orders and Opinions from the court	LEGAL - DECISION/OPIN/ORDER
Default documents	LEGAL - DEFAULT
Defense Attorney Correspondence	LEGAL - DEFENSE ATTY CORRESP
Defense Counsel Assignment Letter	LEGAL - D/C ASSIGNMENT LETTER
Defense Updates and Status	LEGAL - DEFENSE UPDATES / STATUS
Demand Letter Package	LEGAL - DEMAND LETTER / PACKAGE
Deposition Notice	LEGAL - DEPOSITION NOTICES
Deposition Summary	LEGAL - DEPOSITION SUMMARIES
Deposition Transcript	LEGAL - DEPOSITION TRANSCRIPTS
Dismissal	LEGAL - DISMISSALS
Hearing and/or Trial Notice	LEGAL - HEARING / TRIAL NOTICE
Indemnification agreement	LEGAL - INDEMNIFICATION
Interrogatories and Response	LEGAL - INTERROGS AND RESPONSES





<b>Legal (Documents or Correspondence)</b>	
<b>Document Description</b>	<b>Document Label</b>
Mediation documents	<b>LEGAL - MEDIATION</b>
Motion documents	<b>LEGAL - MOTIONS</b>
Offer of Judgment	<b>LEGAL - OFFER OF JUDGMENT</b>
Order by the court for discovery, expert disclosures, motions, trial dates, etc	<b>LEGAL - SCHEDULING ORDER</b>
Other Court documents not already listed	<b>LEGAL - OTHER COURT DOCUMENTS</b>
Pre-trial report documents	<b>LEGAL - PRE TRIAL REPORTS</b>
Production and/or Responses Request	<b>LEGAL - PRODUCTION / RESPONSES REQ</b>
Proposal for Settlement	<b>LEGAL - PROPOSAL FOR SETTLEMENT</b>
Proposal for Settlement	<b>LEGAL - PROPOSAL FOR SETTLEMENT</b>
Settlement Agreement	<b>LEGAL - SETTLEMENT AGREEMENT</b>
Structured Settlement	<b>LEGAL - STRUCTURED SETTLEMENT</b>
Subpoena	<b>LEGAL - SUBPOENA</b>
Summons Writ and/or Complaint	<b>LEGAL - SUMMONS WRIT / Cmplnt</b>

<b>Lien and Medical Reports (Documents or Correspondence)</b>	
<b>Document Description</b>	<b>Document Label</b>
All other Liens	<b>LIENS - ALL OTHERS</b>
Child Support Lien	<b>LIEN - CHILD SUPPORT</b>
Independent Medical Evaluation, Agreed Medical Evaluation, Qualified Medical Evaluation	<b>MED RPTS - IME / AME / QME</b>
Maximum Medical Improvement or Permanent & Stationary report (Workers' comp only)	<b>MED RPTS - MMI / PERM STAT</b>
Medical Authorization	<b>MED RPTS - MED AUTHORIZATION</b>
Medical Bills pertaining to medical treatment	<b>MED RPTS - MEDICAL BILL RECORD</b>
Medical Record Request	<b>MED RPTS - MED RECORD REQUEST</b>
Medical Records	<b>MED RPTS - MEDICAL RECORDS</b>
Medical Release	<b>MED RPTS - MEDICAL RELEASE</b>
Medicare Set-aside	<b>MED RPTS - MEDICARE SETASIDE</b>
Modified Duty or Alternate Work Offer	<b>MED RPTS - MOD/LT DTY JOB OFFER</b>
Nurse or Medical Case Management	<b>NURSE CASE MGT</b>
Prior Medical Records	<b>MED RPTS - PRIOR MEDICAL</b>

<b>Photos (Documents or Correspondence)</b>	
<b>Document Description</b>	<b>Document Label</b>
Investigation Photos	<b>PHOTOS - INVESTIGATION</b>
Medical Photos	<b>PHOTOS - MEDICAL</b>
Property Damage Photos	<b>PHOTOS - PROPERTY DAMAGE</b>

<b>Financial (Bills)</b>	
<b>Document Description</b>	<b>Document Label</b>
Legal Bills	<b>MISC BILL - LEGAL BILLS</b>
Bills from Other Vendors	<b>MISC BILL - VENDOR BILL</b>



## ATTACHMENT F

### E-DISCOVERY CHECKLIST

1. Is the case in federal or state court or arbitration? If in court, have applicable court rules and any standing court rules governing discovery and/or e-discovery been considered? If in arbitration, have the parties discussed whether there is a need for e-discovery?
2. Have records custodians been identified? If so, how many?
3. Are any record custodians former employees? If so, has the scope of preservation obligation for each former employee been established?
4. Has a written litigation hold been drafted? Has it been issued?
5. Have custodian interviews been conducted to identify all potential locations of electronically stored information (“ESI”), e.g., home drive (H Drive for Company matters), My Documents, C Drive, e-mail archives (.PST), specific Outlook folders, personal/home computer, blackberry, etc.?
6. Have IT personnel been interviewed to gain an understanding of the relevant information systems? Have they been asked to assist in the collection of custodian data and the identification of a potential F.R.C.P. 30(b)(6) witness?
7. Does the case have five or more custodians with 3GBs or more of data per custodian or does the case have 100 GBs or more of raw data such that the Company’s e-discovery preferred vendor list should be consulted?
8. Was a “meet and confer” conference pursuant to F.R.C.P. 26(f) or analogous state court rule held? If so, provide a copy of the resulting discovery plan to the claim professional.
9. Before hiring an approved e-discovery vendor, conduct a “mini RFP” (Request for Proposal) to obtain the best pricing for the engagement. Volume assumptions (number of custodians, volume of GBs, location of data) should be provided to the vendor so that a budget with line item pricing can be prepared.
10. Are the budgeted e-discovery costs proportional to the anticipated cost of the claim?
11. Before retaining a contract attorney vendor, execute a statement of work (“SOW”) that outlines the pricing, level of contract attorneys performing the work and estimated hours to perform the review. “TBD” should not appear on the SOW. A change order should be required for any material deviation from the SOW including cost overruns greater than five percent.
12. After the data is processed/filtered, consult the Company’s preferred contract attorney vendor panel to perform first pass review for any case where review costs are estimated to exceed \$1 00,000.



**ENDORSEMENT# 1**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**CRIMINAL REWARD COVERAGE EXTENSION**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®**

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

1. The terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement, and do not modify the terms, conditions, exclusions and other limitations contained in the policy unless specifically set forth herein. Unless otherwise set forth herein, the terms, conditions, exclusions and other limitations contained in the policy apply to the coverage provided by this endorsement.
2. **CRIMINAL REWARD INSURING AGREEMENT**  
The **Insurer** may pay on an **Insured's** behalf, at the **Insurer's** sole and absolute discretion, up to fifty thousand dollars (\$50,000), in the aggregate, as a **Criminal Reward Fund**. No Retention shall apply to this coverage.
3. Solely with respect to the coverage afforded under this endorsement, "**Criminal Reward Fund**" means any amount offered by the **Insurer** for information that leads to the arrest and conviction of any individual(s) committing or trying to commit any illegal act related to the coverage afforded by any **Coverage Section** of this policy.
4. The **Insurer** shall not pay any **Criminal Reward Fund** for, and this policy shall not cover any amount based upon, any information provided by any **Insured**, an **Insured's** auditors, whether internal or external, any individual hired or retained to investigate the aforementioned illegal acts, or any other individuals with responsibilities for the supervision or management of the aforementioned individuals.
5. All exclusions applicable to **Loss** under the **SPL Coverage Section**, **Security and Privacy Coverage Section**, the **Network Interruption Coverage Section**, or the **Event Management Coverage Section** (to the extent any such **Coverage Sections** are purchased) shall apply to the **Criminal Reward Fund** and the coverage afforded under this endorsement.
6. Solely with respect to the coverage afforded under this endorsement, Clause 4. **LIMIT OF LIABILITY** of the **General Terms and Conditions** is amended to include the following paragraph at the end thereof:  

CR(a) The **Insurer's** maximum payment as a **Criminal Reward Fund** arising from any and all events occurring during the **Policy Period**, in the aggregate, regardless of the number of events, incidents or **Claims** or amount of **Loss** reported during the **Policy Period**, shall be \$50,000. The **Criminal Reward Fund** shall be in addition to, and is not part of, the **Limit of Liability**.

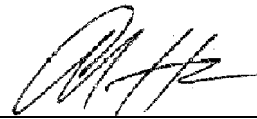
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**END 001**

**ENDORSEMENT# 1** (continued)

7. There shall be no **Retention** applicable to the coverage afforded by this endorsement.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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AUTHORIZED REPRESENTATIVE  
Or Countersignature (In states where applicable)

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**END 001**

**ENDORSEMENT# 2**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**PCI-DSS ASSESSMENT COVERAGE ENDORSEMENT  
(SUBLIMIT)**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
Security and Privacy Coverage Section**

In consideration of the premium charged, it is hereby understood and agreed that Clause 4. **LIMIT OF LIABILITY** of the **Security and Privacy Coverage Section** is amended by adding the following paragraph to the end thereof:

The maximum liability of the **Insurer** for all amounts payable in connection with **PCI-DSS Assessments** shall be **\$6,000,000**. The amount set forth in this paragraph shall be part of and not in addition to the **Limit of Liability** and the **Sublimit of Liability** for the **Security and Privacy Coverage Section**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 002**

**ENDORSEMENT# 3**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**RELIANCE UPON OTHER CARRIER'S APPLICATION**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
General Terms and Conditions  
All Coverage Sections**

In granting coverage under this policy, it is agreed that the **Insurer** has relied upon the statements and representations contained in the below referenced application(s) (including materials submitted therewith and, if such application is a renewal application, all such previous policy applications, including the attachments and materials thereto, for which this policy is a renewal or succeeds in time) as being accurate and complete. It is further understood and agreed that the **Named Entity** and the other **Insureds** warrant and represent to the **Insurer** that the statements and representations made in such application(s) were accurate on the date such representations and statements were so given, and in connection therewith, the **Insureds** hereby reaffirm, as accurate, each and every representation and statement made in such application(s) as of the date set forth opposite each such application referenced below as if all such representations and statements were made to the **Insurer** on such date. All such statements and representations shall be deemed material to the risk assumed by the **Insurer**, form the basis of this policy and shall be considered as incorporated into this policy.

TYPE OF POLICY APPLICATION	CARRIER	DATE SIGNED
<i>Cyber Assesment Survey</i>	<i>Board of Risk and Insurance Management</i>	<i>July 13, 2017</i>

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 003**

**ENDORSEMENT# 4**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**E-DISCOVERY CONSULTANT SERVICES COVERAGE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
General Terms and Conditions**

In consideration of the premium charged, it is hereby understood and agreed that a **Company** may elect coverage for **E-Discovery Consultant Services**. To provide such coverage, this policy is amended as follows:

**1. E-DISCOVERY CONSULTANT SERVICES COVERAGE**

The **Insurer** shall pay on a **Company's** behalf, the **E-Discovery Loss** of such **Company** arising from a **Suit** made against any **Insured** for a covered **Third Party Event**, for which **E-Discovery** is required or becomes necessary.

A **Company** may select a pre-approved **E-Consultant Firm** to perform **E-Discovery Consultant Services**, without further approval by the **Insurer**, at such time that it becomes necessary for such **Company** (or a natural person **Insured** employed by or affiliated with such **Company**) to respond to a discovery request.

Coverage for **E-Discovery Loss**, up to the **E-Discovery Sublimit of Liability**, shall not be subject to any Retention amount, provided that payment of any **E-Discovery Loss** pursuant to this endorsement shall not waive any rights of the **Insurer** under this policy or at law.

**2. Clause 4. LIMIT OF LIABILITY** of the **General Terms and Conditions** is amended by adding the following paragraphs to the end thereof:

The **Insurer's** maximum liability for all **E-Discovery Loss**, in the aggregate, arising from all **Suits** covered under this policy, shall be \$25,000 (the "**E-Discovery Sublimit of Liability**"). This **E-Discovery Sublimit of Liability** shall be part of and not in addition to the **Limit of Liability** and will in no way serve to increase the **Limit of Liability**.

**E-Discovery Consultant Services** shall conclude once such services are no longer required or necessary or when the **E-Discovery Sublimit of Liability** has been exhausted, whichever comes first.

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**END 004**

It is further understood and agreed that the coverage provided under this endorsement shall not waive the **Insurer's** obligation to pay **Defense Costs** (inclusive but not limited to **Defense Costs** for **E-Discovery Consultant Services**) subject to all other terms, conditions and exclusions of this policy, including any purchased **Coverage Sections**.

3. Solely with respect to the coverage afforded by this endorsement, the following definitions shall apply:

(a) "**E-Consultant Firm**" means any firm on the **Insurer's** list of approved firms. The list of approved **E-Consultant Firms** is accessible at <http://www.aig.com/us/panelcounseldirectory> by clicking on the link for "e-Consultant Panel Members."

(b) "**E-Discovery**" means the development, collection, storage, organization, cataloging, preservation and/or production of electronically stored information.

(c) "**E-Discovery Loss**" means the reasonable and necessary consulting fees for the **E-Discovery Consultant Services** provided solely to a **Company** by an **E-Consultant Firm**. Provided, however, **E-Discovery Loss** shall not include any costs of discovery other than **E-Discovery Loss**.

(d) "**E-Discovery Consultant Services**" means solely the following services performed by an **E-Consultant Firm**:

1. assisting the **Insured** with managing and minimizing the internal and external costs associated with **E-Discovery**;
2. assisting the **Insured** in developing an **E-Discovery** strategy which may include interviewing qualified and cost effective **E-Discovery** vendors; and
3. serving as project manager, advisor and/or consultant to the **Insured**, defense counsel and the **Insurer** in executing and monitoring the **E-Discovery** strategy.

**E-Discovery Consultant Services** also includes any other services provided by the **E-Consultant Firm** that the **Insured**, **Insurer** and **E-Consultant Firm** agree are reasonable and necessary given the circumstances of a **Suit**.

4. Clause 5. **RETENTION** of the **General Terms and Conditions** is amended to include the following provision at the end thereof:

No Retention shall apply to **E-Discovery Loss** covered under this endorsement.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 004**



**ENDORSEMENT# 5**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**NOTICE OF CLAIM PROVISION AMENDATORY ENDORSEMENT  
(SIXTY- DAY POST POLICY REPORTING PERIOD)**

**This endorsement amends the General Terms and Conditions.**

In consideration of the premium charged, it is hereby understood and agreed that in Clause 6. **NOTICE**, Paragraph (a), the second paragraph is deleted in its entirety and replaced with the following:

Notwithstanding the foregoing and regardless of whether any personnel described in (1) above has become aware, in all events each **Claim** under a **Claims- Made and Reported Coverage Section** must be reported no later than either:

- (1) sixty (60) days after the end of the **Policy Period**; or
- (2) the end of any applicable **Discovery Period**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 005**

**ENDORSEMENT# 6**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*  
Product Name: *SPECIALTY RISK PROTECTOR*

**CYBER EXTORTION COVERAGE ENHANCEMENT ENDORSEMENT  
(THREAT CONSULTANT, BITCOIN, RANSOMWARE)**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
Cyber Extortion Coverage Section**

In consideration of the premium charged, it is hereby understood and agreed that the **Cyber Extortion Coverage Section** is amended as follows:

1. The definition of "**Loss**" in paragraph 2(f) is amended to include the following at the end thereof:

"**Loss**" also includes: (i) the reasonable costs of retaining a qualified consultant to advise an **Insured** as to the proper response to a **Security Threat** or **Privacy Threat** and to assist an **Insured** in negotiating a resolution to a **Security Threat** or **Privacy Threat**; and (ii) any monies paid by an **Insured**, with the **Insurer's** prior written consent, to obtain Bitcoin or other cryptocurrency to be surrendered as payment to terminate a **Security Threat** or **Privacy Threat**.

2. The definition of "**Security Threat**" in paragraph 2(j) is deleted in its entirety and replaced with the following:

(j) "**Security Threat**" means any:

- (1) intentional attack against a **Computer System** (including, without limitation, through the use of ransomware), or
- (2) threat or connected series of threats to commit an intentional attack against a **Computer System**,

for the purpose of demanding money, securities or other tangible or intangible property of value from an **Insured**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 006**

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ENDORSEMENT# 7

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**CANCELLATION PROVISION AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
General Terms and Conditions**

In consideration of the premium charged, it is hereby understood and agreed that in Clause 8., "**CANCELLATION**" of the **General Terms and Conditions**, paragraph (b), "By the **Insurer**:" is deleted in its entirety and replaced with the following:

- (b) *By the Insurer*: This policy may be canceled by the **Insurer's** delivering to the **Named Entity** by registered, certified, other first class mail or other reasonable delivery method, at the address of the **Named Entity** set forth in Item 1 of the Declarations, written notice stating when, not less than *Ninety ( 90)* days thereafter (ten (10) days in the event of cancellation for non- payment of premium), the cancellation shall be effective. Proof of mailing or delivery of such notice as aforesaid shall be sufficient proof of notice and this policy shall be deemed canceled as to all **Insureds** at the date and hour specified in such notice.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 007**

**ENDORSEMENT# 8**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**CHOICE OF PANEL COUNSEL ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
General Terms and Conditions**

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

- A. With regard to any **Claim** for which an **Insured** seeks coverage, the initial choice of counsel ("**Chosen Counsel**") shall be made by such **Insured** from the **Insurer's** list of panel firms, which list is available upon request by an **Insured**, provided, however, that any and all **Defense Costs** of **Chosen Counsel** shall be paid and satisfied on an ongoing basis by the **Insureds** until all applicable Retention amounts have been satisfied.
- B. With regard to any **Claim** for which an **Insured** seeks coverage, such **Insured** agrees that as a condition precedent to coverage for **Defense Costs** incurred through **Chosen Counsel** in excess of the applicable Retention amount, such **Insured** and **Chosen Counsel** must comply with the **Insurer's** Litigation Management Guidelines (the "**Guidelines**"), which are available upon request by an **Insured**. The **Insureds** understands and agrees that the **Guidelines** contain reasonable and necessary reporting and billing procedures to be followed by **Chosen Counsel**, including, without limitation:
  - 1. development of a litigation plan and litigation budget;
  - 2. pre-approved rates for services;
  - 3. pre-approval by the **Insurer** before designated legal services are provided; and
  - 4. the require format for submitting **Defense Costs** to the **Insurer**.

The **Guidelines** also require that **Chosen Counsel** work closely and communicate regularly with the **Insurer's** assigned claims professional in coordinating defense efforts and that **Chosen Counsel** apprise the **Insurer** on a regular and timely basis as to significant case developments.

- C. In the event **Insured(s)** cannot select legal counsel from the list of **Chosen Counsel** due to: (1) no firm is available in the jurisdiction in which such **Claim** is brought; (2) an actual conflict of interest; or (3) other circumstances in which the use of unlisted counsel is both reasonable and necessary, the **Insurer** and the **Insured(s)** shall jointly agree upon counsel who will defend the **Insured(s)** in such matter. If the **Insurer** and the **Insured(s)** are unable to agree upon selection of defense counsel, the **Insurer** shall select defense counsel.
- D. Fees, costs, charges, billings and any other expense incurred through any law firm

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**END 008**

**ENDORSEMENT# 8** (continued)

or other service provider, other than **Chosen Counsel** or a firm chosen pursuant to paragraph C above, shall not be recoverable under this policy as **Defense Costs** or otherwise.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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

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**END 008**

**ENDORSEMENT# 9**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**CONDUCT EXCLUSION AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector**  
**Security and Privacy Coverage Section**  
**Event Management Coverage Section**  
**Network Interruption Coverage Section**  
**Cyber Extortion Coverage Section**

In consideration of the premium charged, it is hereby understood and agreed that, in Clause 3. **EXCLUSIONS** of the **Security and Privacy Coverage Section**, the **Event Management Coverage Section**, the **Network Interruption Coverage Section** and the **Cyber Extortion Coverage Section**, subparagraph 3(a)(1) is deleted in its entirety and replaced with the following:

- (1) past or present directors, officers, trustees, general or managing partners or principals (or the equivalent positions), of a **Company** while serving in such capacity and whether acting alone or in collusion with other persons; or

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 009**

**ENDORSEMENT# 10**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*

Product Name: *SPECIALTY RISK PROTECTOR*

**CONTINUITY DATE EXCLUSION AMENDATORY ENDORSEMENT  
(NON-ADMINISTRATIVE PERSONNEL IN OFFICES OF THE CONTROL GROUP)**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
All Third Party Coverage Sections  
(Claims-Made and Reported Coverage Sections Only)**

In consideration of the premium charged, it is hereby understood and agreed that paragraph 3(n) of each **Third Party Coverage Section** (except the **Security and Privacy Coverage Section**) is deleted in its entirety and replaced with the following:

- (n) alleging, arising out of, based upon or attributable to any **Wrongful Act** occurring prior to the **Continuity Date**, or any **Related Act** thereto (regardless of when such **Related Act** occurs), if, as of the **Continuity Date**, any non-administrative personnel in the office of a member of the **Control Group** knew or could have reasonably foreseen that such **Wrongful Act** did or would result in a **Claim** against an **Insured**.

It is further understood and agreed that paragraph 3(n) of the **Security and Privacy Coverage Section** is deleted in its entirety and replaced with the following:

- (n) alleging, arising out of, based upon or attributable to any **Security Failure** or **Privacy Event** occurring prior to the **Continuity Date**, or any **Related Act** thereto (regardless of when such **Related Act** occurs), if, as of the **Continuity Date**, any non-administrative personnel in the office of a member of the **Control Group** knew or could have reasonably foreseen that such **Security Failure** or a **Privacy Event** did or would result in a **Claim** against an **Insured**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 010**

**ENDORSEMENT# 11**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*

**DISPUTE RESOLUTION PROCESS PROVISION AMENDATORY ENDORSEMENT  
(60 DAY COOLING OFF)**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
General Terms and Conditions**

In consideration of the premium charged, it is hereby understood and agreed that in the **General Terms and Conditions** of the policy, Clause 15. DISPUTE RESOLUTION PROCESS is deleted in its entirety and replaced with the following:

**15. DISPUTE RESOLUTION PROCESS**

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

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

- (a) either party shall have the right to commence a judicial proceeding; or
- (b) either party shall have the right, with all other parties consent, to commence an arbitration proceeding with the **AAA** that will be submitted to an arbitration panel of three (3) arbitrators as follows: (i) the implicated **Insureds** shall select one (1) arbitrator; (ii) the **Insurer** shall select one (1) arbitrator; and (iii) said arbitrators shall mutually agree upon the selection of the third arbitrator. The arbitration shall be conducted in accordance with the **AAA's** then-prevailing Commercial Arbitration Rules.

Notwithstanding the foregoing, no such judicial or arbitration proceeding shall be commenced until at least 60 days after the date the non-binding mediation shall be deemed concluded or terminated. Each party shall share equally the expenses of the non-binding mediation.

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**END 011**

Page 1 of 2



**ENDORSEMENT# 11** (continued)

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

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 011**

Page 2 of 2

**ENDORSEMENT# 12**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*

**RETENTION AMENDATORY ENDORSEMENT**

**(RECOGNIZE EROSION BY PREAPPROVED NON-SUIT DEFENSE COSTS)**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
General Terms and Conditions**

In consideration of the premium charged, it is hereby understood and agreed that Clause 5. **RETENTION** of the **General Terms and Conditions** is amended to include the following:

With respect to the coverage provided under all **Third Party Coverage Sections**, it is understood and agreed that any **Defense Costs** incurred by an **Insured** with the **Insurer's** written consent in the defense or investigation of a **Claim** that is not a **Suit** shall erode the Retention applicable to such **Claim**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 012**

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**ENDORSEMENT# 13**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*

**RETENTION AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector<sup>®</sup>  
General Terms and Conditions**

In consideration of the premium charged, it is hereby understood and agreed that in Clause 5. RETENTION of the General Terms and Conditions, paragraphs (a), (b) and (c) are deleted in their entirety and replaced with the following

If a **First Party Event** or a **Third Party Event** and any **Related Acts** trigger coverage under more than one **Coverage Section**, the highest applicable Retention amount shall apply to all **Loss** arising out of such **First Party Event** or **Third Party Event** and all **Related Acts**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 013**

**ENDORSEMENT# 14**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**SECURITY FAILURE DEFINITION AMENDATORY ENDORSEMENT  
(PHYSICAL THEFT OF HARDWARE)**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
Security and Privacy Coverage Section**

In consideration of the premium charged, it is hereby understood and agreed that in Clause 2. **DEFINITIONS** of the **Security and Privacy Coverage Section**, paragraph (p), the definition of "**Security Failure**" is amended to include the following:

"**Security Failure**" also means the physical theft of hardware controlled by a **Company** (or components thereof) on which electronic data is stored, by a person other than an **Insured**, from a premises occupied and controlled by a **Company**, occurring on or after the **Retroactive Date** and prior to the end of the **Policy Period**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 014**

**ENDORSEMENT# 15**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*

Product Name: *SPECIALTY RISK PROTECTOR*

**SECURITY FAILURE DEFINITION AMENDATORY ENDORSEMENT**

**This endorsement amends the Security and Privacy Coverage Section  
and the Event Management Coverage Section.**

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

1. In Clause 2. **DEFINITIONS** of the **Security and Privacy Coverage Section**, in paragraph (p), the definition of "**Security Failure**," the last sentence is deleted in its entirety and replaced with the following:

"**Security Failure**" includes any such failure or violation, resulting from the theft of a password or access code.

2. In Clause 2. **DEFINITIONS** of the **Event Management Interruption Coverage Section**, in paragraph (l), the definition of "**Security Failure**", the last sentence is deleted in its entirety and replaced with the following:

"**Security Failure**" includes any such failure or violation, resulting from the theft of a password or access code.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 015**

**ENDORSEMENT# 16**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**STATE AMENDATORY INCONSISTENT ENDORSEMENT**

In consideration of the premium charged, it is hereby understood and agreed that in the event that there is an inconsistency between a state amendatory attached to this policy and any term or condition of this policy, then it is understood and agreed that, where permitted by law, the **Insurer** shall apply those terms and conditions of either the amendatory or the policy which are more favorable to the **Insured**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 016**

ENDORSEMENT# 17

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**SUBSIDIARY THRESHOLD AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
General Terms and Conditions**

In consideration of the premium charged, it is hereby understood and agreed that in Clause 2. **DEFINITIONS** of the **General Terms and Conditions**, paragraph (u) ("**Subsidiary**"), subparagraphs (2) and (3) are deleted in their entirety and replaced with the following:

- (2) any for-profit entity of which the **Named Entity** acquires **Management Control** during the **Policy Period**, either directly or indirectly, whose gross revenues for the most recent fiscal year prior to the inception of this policy do not exceed *Fifteen* percent ( *15%*) of the aggregate gross revenues of the **Companies** for the most recent fiscal year prior to the inception date of this policy;
- (3) any for-profit entity of which the **Named Entity** acquires **Management Control** during the **Policy Period**, either directly or indirectly, whose gross revenues for the most recent fiscal year prior to the inception of this policy exceed *Fifteen* percent ( *15%*) of the aggregate gross revenues of the **Companies** for the most recent fiscal year prior to the inception date of this policy, but only once (a) the **Named Entity** shall have provided the **Insurer** with full particulars of such entity and agreed to any additional premium and amendments to this policy relating to such entity; and (b) the **Insurer** has ratified its acceptance of such entity as a **Subsidiary** by endorsement to this policy; and

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 017**

**ENDORSEMENT# 18**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*  
Product Name: *SPECIALTY RISK PROTECTOR*

**MODIFIED CYBERTERRORISM COVERAGE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector  
Cyber Extortion Coverage Section  
Security and Privacy Coverage Section  
Event Management Coverage Section  
Network Interruption Coverage Section**

In consideration of the premium charged, it is hereby understood and agreed that the definitions of "**Privacy Threat**" and "**Security Threat**" in the **Cyber Extortion Coverage Section** are each amended to also include any threat described therein in connection with **Cyberterrorism**.

It is further understood and agreed that, in the **Security and Privacy Coverage Section**, the **Event Management Coverage Section** and the **Network Interruption Coverage Section**, the definition of "**Security Failure**" is amended to also include the following at the end thereof:

**"Security Failure"** includes any such failure or violation resulting from **Cyberterrorism**.

For purposes of this endorsement, "**Cyberterrorism**" means the premeditated use of disruptive activities against any computer system or network by an individual or group of individuals, or the explicit threat by an individual or group of individuals to use such activities, with the intention to cause harm, further social, ideological, religious, political or similar objectives, or to intimidate any person(s) in furtherance of such objectives. "**Cyberterrorism**" does not include any such activities which are part of or in support of any military action or war.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 018**



**ENDORSEMENT# 19**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*

**EVENT MANAGEMENT SCHEDULED VENDOR ENDORSEMENT**  
**This endorsement amends the Event Management Coverage Section.**

In consideration of the premium charged, it is hereby understood and agreed that the vendor(s) listed below in the Schedule of Approved Event Management Vendors are approved by the **Insurer** to provide the services specified for such vendor(s).

**SCHEDULE OF APPROVED EVENT MANAGEMENT VENDORS**

SERVICES	VENDOR(S)
Investigation Services as described in subparagraph (1) of the definition of <b>Loss</b>	<i>Lake Missoula Group Security 145 W Front St, Missoula, MT 59802</i>
Public Relation/Crisis Management Services as described in subparagraph (2) of the definition of <b>Loss</b>	<i>Lake Missoula Group Security 145 W Front St, Missoula, MT 59802</i>
Legal Services as described in subparagraph (2) of the definition of <b>Loss</b>	<i>Lake Missoula Group Security 145 W Front St, Missoula, MT 59802</i>
Notification Services as described in subparagraph (3) of the definition of <b>Loss</b>	<i>Lake Missoula Group Security 145 W Front St, Missoula, MT 59802</i>
Post-Breach Victim Services as described in subparagraph (4) of the definition of <b>Loss</b>	<i>Lake Missoula Group Security 145 W Front St, Missoula, MT 59802</i>
Electronic Data Services as described in subparagraphs (6) and (7) of the definition of <b>Loss</b>	<i>Lake Missoula Group Security 145 W Front St, Missoula, MT 59802</i>

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

Or Countersignature (In states where applicable)

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**END 019**

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ENDORSEMENT# 20

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*  
Product Name: *SPECIALTY RISK PROTECTOR*

**CONFIDENTIAL INFORMATION, PRIVACY EVENT AND REGULATORY ACTION  
DEFINITIONS AMENDED  
(GDPR)**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
Security and Privacy Coverage Section  
Event Management Coverage Section  
Cyber Extortion Coverage Section**

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

1. In Clause 2. **DEFINITIONS**, the definition of "**Confidential Information**" in each of the **Security and Privacy Coverage Section**, the **Event Management Coverage Section** and the **Cyber Extortion Coverage Section** is amended to include the following additional subparagraph at the end thereof:
  - (6) information concerning an individual that would be considered "personal data" or "sensitive personal data" within the meaning of the General Data Protection Regulation (Regulation (EU) 2016/679) (GDPR) and any amendments thereto.
2. In Clause 2. **DEFINITIONS** of the **Security and Privacy Coverage Section**, the definition of "**Privacy Event**" is amended to include the following additional subparagraph at the end thereof:
  - (5) the wrongful or unauthorized collection, processing, disclosure, sharing, retention, sale, profiling, misuse, failure to provide access to, or failure to correct **Confidential Information**, or failure to provide notice of any of the above, in violation of the General Data Protection Regulation (Regulation (EU) 2016/679)(GDPR) and any amendments thereto;
3. In Clause 2. **DEFINITIONS** of the **Security and Privacy Coverage Section**, the definition of "**Regulatory Action**" is deleted in its entirety and replaced with the following:

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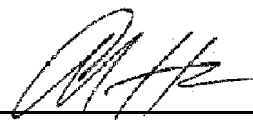
END 020

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129376 (06/18)

- (n) **"Regulatory Action"** means a request for information, civil investigative demand or civil or administrative proceeding brought by or on behalf of a governmental agency or authorized data protection authority.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

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END 020

**ENDORSEMENT# 21**

This endorsement, effective at 12:01AM July 01, 2019  
Policy number: 01-454-57-12  
Issued to: State of West Virginia

forms a part of

By: *AIG Specialty Insurance Company*

**MODIFIED NETWORK INTERRUPTION COVERAGE ENHANCEMENT ENDORSEMENT**

**(SYSTEM FAILURE, OSP LIMITS, VOLUNTARY SHUTDOWN, PROOF OF LOSS COSTS)  
(PER SCHOOL ENTITY SUBLIMITS SUBJECT TO AGGREGATE LIMIT)**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
Network Interruption Coverage Section**

**ENDORSEMENT SCHEDULE**

<b>System Failure Sublimit</b>	<b>\$ 6,000,000</b>
<b>IT Service Provider Security Failure Sublimit</b>	<b>\$ 6,000,000</b>
<b>Non-IT Service Provider Security Failure Sublimit</b>	<b>\$ 1,000,000</b>
<b>Outsource Provider Security Failure Sublimit</b>	<b>\$ 1,000,000</b>
<b>IT Service Provider System Failure Sublimit</b>	<b>\$ 6,000,000</b>
<b>Non-IT Service Provider System Failure Sublimit</b>	<b>\$ 1,000,000</b>
<b>Outsource Provider System Failure Sublimit</b>	<b>\$ 1,000,000</b>
<b>Proof of Loss Preparation Costs Sublimit</b>	<b>\$100,000</b>
<b>Extended Period of Indemnity</b>	<b>180 days</b>
<b>Security Failure Waiting Hours Period</b>	<b>12 hours</b>
<b>System Failure Waiting Hours Period</b>	<b>12 hours</b>

In consideration of the premium charged, it is hereby understood and agreed that the **Network Interruption Coverage Section** of the policy is amended as follows:

1. Clause 1. **INSURING AGREEMENTS** is deleted in its entirety and replaced with the following:

**1. INSURING AGREEMENTS**

With respect to the **NETWORK INTERRUPTION INSURING AGREEMENT** of this Clause 1., solely with respect to a **Security Failure** or **System Failure** first occurring during the **Policy Period** and reported to the **Insurer** pursuant to the terms of this policy, this **Network Interruption Coverage Section** affords the following coverage:

**NETWORK INTERRUPTION INSURING AGREEMENT**

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**END 021**

This endorsement, effective at 12:01AM July 01, 2019  
Policy number: 01-454-57-12  
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The Insurer shall pay all Loss sustained by an Insured, in excess of the Remaining Retention, after the Waiting Hours Period and solely as a result of a Security Failure or a System Failure.

2. The following definitions in Clause 2. DEFINITIONS are deleted in their entirety and replaced with the following:

(c) "First Party Event" means any Security Failure or System Failure.

(e) "Loss" means the actual Business Income Loss, Expenses to Reduce Loss, Extra Expenses and Proof of Loss Preparation Costs sustained or incurred by an Insured.

(f) "Material Interruption" means:

- (1) the partial or total interruption, suspension or impairment of an Insured's business directly caused by a Security Failure or System Failure; or
- (2) the necessary, partial or total, interruption or suspension of an Insured's business directly caused by a Voluntary Shutdown.

(g) "Outsource Provider" means:

- (1) an IT Service Provider,
- (2) a Non-IT Service Provider, or
- (3) any other entity that is not an Insured and that an Insured depends on to conduct its business including, without limitation, any entity providing services as:
  - (i) a public utility (including, without limitation, a provider of electricity, gas, water or telecommunication services);
  - (ii) an internet service provider (including any provider of internet connectivity), or
  - (iii) a securities exchange or market.

(l) "Waiting Hours Period" means:

- (1) for any Material Interruption resulting from a Security Failure (including a Voluntary Shutdown), the Security Failure Waiting Hours Period set forth in the Endorsement Schedule above; and
- (2) for any Material Interruption resulting from a System Failure, the System Failure Waiting Hours Period set forth in the Endorsement Schedule above.

3. Clause 2. DEFINITIONS is amended to include the following paragraphs at the end thereof:

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**END 021**

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**“Business Income Loss”** means the sum of the following incurred during the **Period of Indemnity** and the **Extended Period of Indemnity** (if any):

- (1) net profits that would have been earned but for the **Material Interruption** (after charges and expenses, but not including any capital receipts, outlays properly chargeable to capital, and deductions for taxes and profits); and
- (2) charges and expenses which necessarily continue (including ordinary payroll).

If there would have been no net profit, **Business Income Loss** means the charges and expenses which necessarily continue less any loss from business operations that would have been sustained had there been no **Material Interruption**.

**“Expenses to Reduce Loss”** means expenses incurred by the **Insured** during the **Period of Indemnity**, over and above normal operating expenses, for the purpose of reducing **Business Income Loss** or shortening the **Period of Indemnity**.

**“Extended Period of Indemnity”** means the time period beginning at the end of the **Period of Indemnity** and concluding after the number of days set forth in the Endorsement Schedule above.

**“Extra Expenses”** means expenses incurred by the **Insured** during the **Period of Indemnity** or the **Extended Period of Indemnity** (if any), other than **Expenses to Reduce Loss**, that would not have been incurred but for a **Material Interruption**.

**“IT Service Provider”** means an entity, other than an **Insured**, that:

- (1) provides “cloud computing” or other hosted computer resources to an **Insured**; or
- (2) provides information technology services required by an **Insured** to operate a **Computer System** under its ownership, operation or control;

in each case pursuant to a written contract with an **Insured**.

**“Non-IT Service Provider”** means an entity, other than an **Insured**, that provides goods or services to an **Insured** pursuant to a written contract; provided, however, under no circumstances shall an entity be considered a **Non-IT Provider** with respect to services provided as an **IT Provider**.

**“Period of Indemnity”** means the period of time beginning at the inception of the **Material Interruption** and ending:

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- (1) with respect to a **Security Failure, System Failure** or **Voluntary Shutdown** of a **Computer System** under the ownership, operation or control of, or leased by, a **Company**, at the time the **Insured** restores access to the **Computer System** to the same or similar conditions that existed prior to the time of the **Material Interruption** (or could have restored access to the **Computer System** if the **Insured** exercised due diligence and dispatch); or
- (2) with respect to a **Security Failure** or **System Failure** of a **Computer System** under the ownership, operation or control of an **Outsource Provider**, the earlier of:
  - (i) the time the **Insured** restores its business to the same or similar conditions that existed prior to the time of the **Material Interruption** (or could have restored its business if the **Insured** exercised due diligence and dispatch); or
  - (ii) the time such **Outsource Provider** restores access to the **Computer System** to the same or similar conditions that existed prior to the time of the **Material Interruption**.

The **Period of Indemnity** shall not be cut short by the end of the **Policy Period**.

“**Proof of Loss Preparation Costs**” means fees and expenses incurred by an **Insured** for the services of a third-party forensic accounting firm to establish and prove the amount of **Loss**, including those costs in connection with preparing a proof of loss. “**Proof of Loss Preparation Costs**” does not include any fees or expenses for consultation on coverage or negotiation of claims.

“**System Failure**” means any unintentional and unplanned outage of a **Computer System** that is not part of or caused by a **Security Failure**.

“**Voluntary Shutdown**” means the voluntary and intentional shutdown or impairment of a **Computer System** under the ownership, operation or control of a **Company**, by or at the direction of the Chief Information Security Officer of the **Company** (or the equivalent position regardless of title), after the discovery of a **Security Failure**, with the reasonable belief that such shutdown would limit the **Loss** that would otherwise be incurred as the result of such **Security Failure**.

4. In Clause 3. **EXCLUSIONS**, paragraph (g) is deleted in its entirety and replaced with the following:

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**END 021**

**ENDORSEMENT# 21** (Continued)

This endorsement, effective at 12:01AM July 01, 2019 forms a part of  
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By: *AIG Specialty Insurance Company*

(g) arising out of, based upon or attributable to any **System Failure, Security Failure or Related Act** thereto which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Network Interruption Coverage Section** is a renewal or replacement or which it may succeed in time.

5. In Clause 3. **EXCLUSIONS**, sub-paragraphs (i)(3) and (i)(5) are deleted in their entirety.

6. Clause 3. **EXCLUSIONS** is amended to include the following at the end thereof:

The **Insurer** shall not be liable to make any payment for **Loss**:

NI(a) arising out of, based upon or attributable to a **System Failure** caused by or resulting from electrical or mechanical failure of infrastructure; provided, however, for purposes of this exclusion a **Computer System** shall not be considered infrastructure.

NI(b) for any: (1) contractual penalties or consequential damages; (2) updating, upgrading, enhancing or replacing any **Computer System** to a level beyond that which existed prior to sustaining **Loss**; or (3) removal of software program errors or vulnerabilities.

7. Clause 4. **LIMIT OF LIABILITY** is deleted in its entirety and replaced with the following:

**4. LIMIT OF LIABILITY**

The following provisions shall apply in addition to the provisions of Clause 4. **LIMIT OF LIABILITY** of the **General Terms and Conditions**:

Notwithstanding anything in the policy to the contrary:

(a) the maximum liability of the **Insurer** for all **Loss** for each **School Entity** (as the term is defined in endorsement #133033, the "**SCHEDULE OF MEMBERS ENDORSEMENT**") arising from all **System Failures** is the **System Failure Sublimit** set forth in the Endorsement Schedule above;

(b) the maximum liability of the **Insurer** for all **Loss** for each **School Entity** arising from a **Security Failure** of the **Computer System** of an **IT Service Provider** is the **IT Service Provider Security Failure Sublimit** set forth in the Endorsement

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- Schedule above;
- (c) the maximum liability of the Insurer for all Loss for each School Entity arising from a Security Failure of the Computer System of a Non-IT Service Provider is the Non-IT Service Provider Security Failure Sublimit set forth in the Endorsement Schedule above;
  - (d) the maximum liability of the Insurer for all Loss for each School Entity arising from a Security Failure of the Computer System of an Outsource Provider other than an IT Service Provider or a Non-IT Service Provider is the Outsource Provider Security Failure Sublimit set forth in the Endorsement Schedule above;
  - (e) the maximum liability of the Insurer for all Loss for each School Entity arising from a System Failure of the Computer System of an IT Service Provider is the IT Service Provider System Failure Sublimit set forth in the Endorsement Schedule above
  - (f) the maximum liability of the Insurer for all Loss for each School Entity arising from a System Failure of the Computer System of a Non-IT Service Provider is the Non-IT Service Provider System Failure Sublimit set forth in the Endorsement Schedule above;
  
  - (g) the maximum liability of the Insurer for all Loss for each School Entity arising from a System Failure of the Computer System of an Outsource Provider other than an IT Service Provider or a Non-IT Service Provider is the Outsource Provider System Failure Sublimit set forth in the Endorsement Schedule above; and
  - (h) the maximum liability of the Insurer for all Proof of Loss Preparation Costs for each School Entity is the Proof of Loss Preparation Costs Sublimit set forth in the Endorsement Schedule above.

Each of the sublimits set forth herein is part of and not in addition to the Limit of Liability, the Per School Entity Limit of Liability (as the term is defined in endorsement #133033, the "SCHEDULE OF MEMBERS ENDORSEMENT") and the Per School Entity Sublimit of Liability (as the term is defined in endorsement #133033, the "SCHEDULE OF MEMBERS ENDORSEMENT") for this Network Interruption Coverage Section.

8. Clause 6. NOTICE is amended by deleting the final sentence in its entirety and replacing it with the following:

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Policy number: 01-454-57-12  
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Other than the express coverage provided herein for **Proof of Loss Preparation Costs**, all costs and expenses of establishing or proving **Loss** under this **Coverage Section** shall be the obligation of the **Insured** and not covered under this policy.

9. Clause 7. **NET PROFIT CALCULATIONS** is deleted in its entirety and replaced with the following:

**7. NETWORK INTERRUPTION CONDITIONS**

- (a) For purposes of this **Coverage Section**, no entity shall be considered an **IT Service Provider** or a **Non-IT Service Provider** with respect to services it provides as a:
- (i) a public utility (including, without limitation, a provider of electricity, gas, water or telecommunication services);
  - (ii) an internet service provider (including any provider of internet connectivity), or
  - (iii) a securities exchange or market.
- (b) Any amount recovered under any other **Coverage Section** of this policy will not be considered as part of **Loss** under this **Coverage Section**.
- (c) When calculating **Business Income Loss**, due consideration shall be given to:
- (1) the experience of the business before the date of the **Material Interruption** and the probable experience thereafter during the **Period of Indemnity** had no **Material Interruption** occurred;
  - (2) the continuation of only those necessary charges and expenses that would have existed had no **Material Interruption** occurred; and
  - (3) **Business Income Loss** which is made up during the **Extended Period of Indemnity** (if any) or within a reasonable period of time (no less than one year) after the expiration of the **Period of Indemnity** and the **Extended Period of Indemnity** (if any).
- (d) Each **Insured** agrees, as soon as practicable, to use overtime, extra time and any other resource owned or controlled by such **Insured**, or obtainable by such **Insured** from other sources (including any other **Insured**), in order to continue its business and reduce **Loss**.
- (e) Each **Insured** must act with due diligence and dispatch to repair or restore the **Computer System** to the same or equivalent operating conditions that existed prior to the damage in order to continue its business and to reduce **Loss**.

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**END 021**

**ENDORSEMENT# 21** (Continued)

This endorsement, effective at 12:01AM July 01, 2019 forms a part of  
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- (f) No **Loss** or part of **Loss** shall be paid hereunder to the extent an **Insured** has collected such **Loss** or part of **Loss** from an **Outsource Provider** or any other third party.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 021**

**ENDORSEMENT# 22**

This endorsement, effective at 12:01AM July 01, 2019  
Policy number: 01-454-57-12  
Issued to: State of West Virginia

forms a part of

By: *AIG Specialty Insurance Company*

**DEDUCTIBLE AMENDATORY ENDORSEMENT**

**This endorsement amends the Declarations, the General Terms and Conditions, the Media Content Coverage Section, Security and Privacy Coverage Section, the Event Management Coverage Section, the Cyber Extortion Coverage Section, the Network Interruption Coverage Section and the Reputation Guard Coverage Section.**

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

**DECLARATIONS**

1. In Item 6 of the Declarations, the column titled “RETENTION” is deleted in its entirety and replaced with the following:

<b>6</b>	<b>COVERAGE SECTION</b>		<b>DEDUCTIBLE</b>
	<b>MC</b>	<b>Media Content Insurance</b>	\$ 50,000
	<b>S&amp;P</b>	<b>Security and Privacy Liability Insurance</b>	\$ 50,000
		<b>Regulatory Action Sublimit of Liability</b>	
	<b>NI</b>	<b>Network Interruption Insurance</b>	\$ 50,000
		<b>Waiting Hours Period</b>	
	<b>EM</b>	<b>Event Management Insurance</b>	\$ 50,000
		<b>Coinsurance</b>	
	<b>CE</b>	<b>Cyber Extortion Insurance</b>	\$ 50,000
	<b>RG</b>	<b>ReputationGuard®</b>	\$ 0
<b>Coinsurance</b>		0%	

**GENERAL TERMS AND CONDITIONS**

2. In the **General Terms and Conditions**, Clause 5. **RETENTION** is deleted in its entirety and replaced with the following:

**5. DEDUCTIBLE**

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**END 022**

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The Deductible amount applicable to each **Coverage Section**, as set forth in Item 6 of the Declarations, shall be paid by the **Insureds**. The Deductible shall be applied to the payment of **Loss**, and shall be part of, not in addition to, the **Limit of Liability** and any applicable **Sublimit of Liability**.

The **Insurer** may advance payment of part or all of the Deductible amount and, upon notification of such payment made, the **Insureds** must, within forty-five (45) days of the receipt of such notification, promptly reimburse the **Insurer** for the Deductible amounts advanced by the **Insurer**.

If a **First Party Event** or a **Third Party Event** and any **Related Acts** trigger coverage under more than one **Coverage Section**, the highest applicable Deductible amount shall apply to all **Loss** arising out of such **First Party Event** or **Third Party Event** and all **Related Acts**.

3. In Clause 7. **INSURED'S OBLIGATIONS** of the **General Terms and Conditions**, subparagraph (d)(1) is deleted in its entirety and replaced with the following:

- (1) assume any financial obligation or incur any cost unless specifically allowed to settle any **Claim** on behalf of all **Insureds** within the applicable Deductible pursuant to a **Coverage Section**.

4. In Clause 9. **DISCOVERY** of the **General Terms and Conditions**, the last sentence in paragraph (a) is deleted in its entirety and replaced with the following:

The **Automatic Discovery Period** shall not apply where an **Optional Discovery Period** has been purchased or to **Claims** that are covered under any subsequent insurance an **Insured** purchases or that is purchased for an **Insured's** benefit, or that would be covered by any subsequent insurance but for the exhaustion of the amount of insurance applicable to such **Claims** or any applicable Deductible amount.

#### MEDIA CONTENT COVERAGE SECTION

5. In Clause 1. **INSURING AGREEMENTS** of the **Media Content Coverage Section**, the Section titled "**MEDIA CONTENT INSURING AGREEMENT**" is deleted in its entirety and replaced with the following:

#### **MEDIA CONTENT INSURING AGREEMENT**

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**END 022**

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The **Insurer** shall pay on an **Insured's** behalf all **Loss** in excess of the applicable Deductible that such **Insured** is legally obligated to pay resulting from a **Claim** alleging a **Wrongful Act**.

6. In Clause 1. **INSURING AGREEMENTS** of the **Media Content Coverage Section**, paragraph (c) of the Section titled "**DEFENSE**" is amended by deleting the last sentence in its entirety and replacing it with the following:

This Clause shall not apply to any settlement where the total incurred **Loss** does not exceed the applicable Deductible amount.

7. In Clause 1. **INSURING AGREEMENTS** of the **Media Content Coverage Section**, paragraph (b) of the Section titled "**SETTLEMENT**" is deleted in its entirety and replaced with the following:

(b) An **Insured** may settle any **Claim** on behalf of all **Insureds** to which this insurance applies and which are subject to one Deductible amount where the total incurred **Loss** does not exceed the Deductible amount.

**SECURITY AND PRIVACY COVERAGE SECTION**

8. In Clause 1. **INSURING AGREEMENTS** of the **Security and Privacy Coverage Section**, the Section titled "**SECURITY AND PRIVACY INSURING AGREEMENT**" is deleted in its entirety and replaced with the following:

**SECURITY AND PRIVACY INSURING AGREEMENT**

The **Insurer** shall pay on an **Insured's** behalf all **Loss** in excess of the applicable Deductible that such **Insured** is legally obligated to pay resulting from a **Claim** alleging a **Security Failure** or a **Privacy Event**.

9. In Clause 1. **INSURING AGREEMENTS** of the **Security and Privacy Coverage Section**, paragraph (c) of the Section titled "**DEFENSE**" is amended by deleting the last sentence in its entirety and replacing it with the following:

This Clause shall not apply to any settlement where the total incurred **Loss** does not exceed the applicable Deductible amount.

10. In Clause 1. **INSURING AGREEMENTS** of the **Security and Privacy Coverage Section**, paragraph (b) of the Section titled "**SETTLEMENT**" is deleted in its entirety and replaced with the following:

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- (b) An **Insured** may settle any **Claim** on behalf of all **Insureds** to which this insurance applies and which are subject to one Deductible amount where the total incurred **Loss** does not exceed the Deductible amount.

NETWORK INTERRUPTION COVERAGE SECTION

11. In Clause 1. **INSURING AGREEMENTS** of the **Network Interruption Coverage Section**, the Section titled “**NETWORK INTERRUPTION INSURING AGREEMENT**” is deleted in its entirety and replaced with the following:

**NETWORK INTERRUPTION INSURING AGREEMENT**

The **Insurer** shall pay all **Loss** in excess of the applicable Deductible that an **Insured** incurs after the **Waiting Hours Period** and solely as a result of a **Security Failure**.

EVENT MANAGEMENT COVERAGE SECTION

12. In Clause 1. **INSURING AGREEMENTS** of the **Event Management Coverage Section**, the Section titled “**EVENT MANAGEMENT INSURING AGREEMENT**” is deleted in its entirety and replaced with the following:

**EVENT MANAGEMENT INSURING AGREEMENT**

The **Insurer** shall pay all **Loss**, in excess of the applicable Deductible, that an **Insured** incurs solely as a result of an alleged **Security Failure** or a **Privacy Event** that has actually occurred or is reasonably believed by such **Insured** and the **Insurer** to have occurred.

CYBER EXTORTION COVERAGE SECTION

13. In Clause 1. **INSURING AGREEMENTS** of the **Cyber Extortion Coverage Section**, the Section titled “**CYBER EXTORTION INSURING AGREEMENT**” is deleted in its entirety and replaced with the following:

**CYBER EXTORTION INSURING AGREEMENT**

The **Insurer** shall pay all **Loss** in excess of the applicable Deductible that an **Insured** incurs solely as a result of a **Security Threat** or **Privacy Threat**.

REPUTATION GUARD COVERAGE SECTION

14. In Clause 1. **INSURING AGREEMENTS** of the **Reputation Guard Coverage Section**, the Sections titled “**REPUTATION THREAT INSURING AGREEMENT**” and “**REPUTATION**

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**END 022**

**ENDORSEMENT# 22** (Continued)

This endorsement, effective at 12:01AM July 01, 2019  
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**ATTACK INSURING AGREEMENT**” are deleted in their entirety and replaced with the following:

**REPUTATION THREAT INSURING AGREEMENT**

The Insurer shall pay the **Proactive Costs** in excess of the applicable Deductible that an Insured incurs in seeking to avoid or minimize the potential impact of a specific **Reputation Threat**.

**REPUTATION ATTACK INSURING AGREEMENT**

The Insurer shall pay the **Response Costs** in excess of the applicable Deductible that an Insured incurs in seeking to minimize the potential impact of a specific **Reputation Attack**.

15. It is further understood and agreed that, in addition to the provisions set forth in paragraphs 1-14 above, in the Declarations, **General Terms and Conditions**, all **Coverage Sections** and endorsements to this policy, any use of the term “Retention” shall be deleted and replaced with the term “Deductible”.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 022**



ENDORSEMENT# 23

This endorsement, effective at 12:01AM July 01, 2019  
Policy number: 01-454-57-12  
Issued to: *State of West Virginia*

forms a part of

By: *AIG Specialty Insurance Company*

**NOTICE OF CLAIM PROVISION AMENDED ENDORSEMENT**

**(QUARTERLY BORDEREAU REPORTING - CLAIMS AND EVENTS UNDER \$250,000;  
NON-CLASS ACTION CLAIMS; LARGE PRIVACY EVENTS)**

**This endorsement amends the General Terms and Conditions.**

In consideration of the premium charged, it is hereby understood and agreed that, in Clause 6. "notice," of the **General Terms and Conditions**, paragraph (a) is deleted in its entirety and replaced with the following:

- (a) The **Insureds** shall, as a condition precedent to the obligations of the **Insurer** under this policy, give written notice to the **Insurer** of any (i) **Claims** (other than **Class Action Claims** and **Large Privacy Events**) made against an **Insured**, or any **First Party Event** (other than **Large Privacy Events**), for which the total **Loss** incurred with such **Claim** or **First Party Event** (and any related **Claims** or **First Party Events** thereto) exceeds or is reasonably estimated to exceed \$250,000, (ii) **Class Action Claims**, or (iii) **Large Privacy Events** as soon as practicable after (1) any personnel in the office of any member of the **Control Group** first becomes aware of such **Claim**; or (2) any such **First Party Event** commences or, solely with respect to a **Discovery Coverage Section**, is discovered.

With respects to all **Claims** (other than **Class Action Claims** and **Large Privacy Events**) and **First Party Events** (other than **Large Privacy Events**) for which total **Loss** does not exceed, and is not reasonably estimated to exceed, \$250,000, the **Named Entity** shall provide notice to the **Insurer** in the form of a quarterly bordereau. The **Named Entity** shall provide the **Insurer** with such bordereau within twenty (20) business days after the end of each three-month period, beginning at the policy inception date, and such bordereau shall contain the date on which notice of each **Claim** was first received, a description of the allegations, the identity of the claimants and **Insureds** involved, the forum in which the **Claim** was brought, the **Defense Costs** actually incurred to date, the total **Loss** estimated to be incurred and the status of any litigation. With respect to **First Party Events**, such bordereau shall include the date on which each **First Party Event** occurred or was discovered, a full description of the circumstances, causes and effects of the **First Party Event**, the covered **Loss** incurred to date and an estimate of covered **Loss** to be incurred.

Notwithstanding the foregoing, in all events each **Claim** and each **First Party Event** must be reported no later than either:

- (1) forty-five (45) days after the end of the **Policy Period**; or

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**END 023**

**ENDORSEMENT# 23** (Continued)

This endorsement, effective at 12:01AM July 01, 2019 forms a part of  
Policy number: 01-454-57-12  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*

(2) the end of any applicable **Discovery Period**.

For purposes of this endorsement, "**Class Action Claim**" means any **Claim**:

- (1) brought on behalf of a class or putative class of plaintiffs (whether or not certified as such);
- (2) otherwise brought on a representative basis; or
- (3) alleging or arising from the same **Third Party Event** or a series of continuous, repeated or related **Third Party Events** as any **Claim** described in either subparagraphs (1) or (2) above.

For purposes of this endorsement, and solely with respect to the coverage afforded under the **Security and Privacy Coverage Section** and the **Event Management Coverage Section**, "**Large Privacy Event**" means any **Privacy Event** involving the failure to protect the **Confidential Information** of one hundred (100) or more individuals.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 023**

ENDORSEMENT# 24

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*  
Product Name: *SPECIALTY RISK PROTECTOR*

**PROPERTY DAMAGE, SECURITY FAILURE AND LOSS DEFINITION  
AMENDED ENDORSEMENT  
(BRICKING)**

**This endorsement amends the Network Interruption, Security and Privacy, and Event Management Coverage Sections.**

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

1. In Clause 2. DEFINITIONS of the **Network Interruption, Security and Privacy, and Event Management Coverage Sections** the definition of "**Property Damage**" is deleted in its entirety and replaced with the following:

"**Property Damage**" means damage to, loss of use of or destruction of any tangible property; provided, however, "**Property Damage**" does not include the loss of use of electronic equipment caused by the reprogramming of the software (including the firmware) of such electronic equipment rendering it useless for its intended purpose. For purposes of this definition, "tangible property" shall not include electronic data.

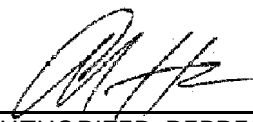
2. In Clause 2. DEFINITIONS of the **Network Interruption, Security and Privacy, and Event Management Coverage Sections** the definition of "**Security Failure**" is amended to include the following sentence to the end thereof:

"**Security Failure**" also means the loss of use of all or part of a **Computer System** caused by the unauthorized reprogramming of software (including firmware) which renders such **Computer System**, or any component thereof, nonfunctional or useless for its intended purpose.

3. In Clause 2. **DEFINITIONS** of the **Event Management Coverage Section**, the definition of "**Loss**" is amended to include the following:

The coverage provided in this endorsement for the restoration, recreation or recollection of **Electronic Data** may include the cost to replace any part of a **Computer System** on which such **Electronic Data** was stored that is no longer functional, but only when replacing such part is reasonable and necessary to restore, recreate or recollect **Electronic Data**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 024

**ENDORSEMENT# 25**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*  
Product Name: *SPECIALTY RISK PROTECTOR*

**REPUTATION-BASED INCOME LOSS COVERAGE ENDORSEMENT**

**This endorsement amends the Event Management Coverage Section.**

**ENDORSEMENT SCHEDULE**

<b>Reputation Income Loss Sublimit</b>	<b>\$3,000,000</b>
<b>Waiting Period</b>	<b>14 Days</b>

In consideration of the premium charged, it is hereby understood and agreed that the **Event Management Coverage Section** of the policy is amended as follows:

1. The following clause is added to the end of the **Event Management Coverage Section** and is solely with respect to **Adverse Publicity** concerning a **Security Failure** or **Privacy Event** first discovered during the **Policy Period**:

**REPUTATION INCOME LOSS INSURING AGREEMENT**

The **Insurer** shall pay all **Loss** in excess of the applicable Retention that an **Insured** incurs after the **Waiting Period** solely as a result of **Adverse Publicity** concerning an actual or alleged **Security Failure** or **Privacy Event**.

2. Solely with respect to the coverage afforded under this endorsement, the following definitions are added to Clause 2. **DEFINITIONS**:

RI(a) "**Adverse Publicity**" means the dissemination via any medium (including but not limited to dissemination via print, video, audio, electronic, or digital or digitized form) of previously non-public information specifically concerning an actual or alleged **Security Failure** or **Privacy Event** affecting an **Insured's** customers, clients or patients. In determining the applicable **Waiting Period** and **Period of Indemnity**, all **Adverse Publicity** relating to the same **Security Failure** or **Privacy Event** or any **Related Acts** thereto shall be deemed to occur at the time of the first such **Adverse Publicity**.

RI(b) "**Period of Indemnity**" means the six (6) month period of time beginning at the conclusion of the **Waiting Period**.

RI(c) "**Waiting Period**" means the amount of time set forth in the ENDORSEMENT SCHEDULE that must elapse after the **Adverse Publicity**.

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**END 025**

3. Solely with respect to the coverage afforded in this endorsement, the definition of "**Loss**" in paragraph 2(h) is deleted in its entirety and replaced with the following:

(h) "**Loss**" means the Net Income (Net Profit before income taxes) that would have been earned by the **Insured** during the **Period of Indemnity** but for the **Adverse Publicity**.

4. Solely with respect to the coverage afforded in this endorsement, the definition of "**First Party Event**" in paragraph 2(e) is amended to include any **Adverse Publicity**.

5. In addition to the exclusions set forth in Clause 3. **EXCLUSIONS**, the following also apply to the coverage afforded by this endorsement:

The **Insurer** shall not be liable to make any payment for **Loss**:

- (a) for the fees or expenses for the services of a public relations firm, crisis management firm or law firm to advise an **Insured** on minimizing the harm to an **Insured's** brand or reputation or restoring public confidence in an **Insured**.
- (b) for public relations expenses, advertising expenses, or expenses to notify those persons or entities that may have been affected by the **Security Failure** or **Privacy Event**.
- (c) arising out of, based upon or attributable to **Adverse Publicity** that refers or relates to the security or privacy of other entities in the same or similar business or industry as an **Insured**, including an **Insured's** competitors, unless there are specific assertions as to a **Security Failure** or **Privacy Event** affecting the **Insured**.
- (d) for any liability to third parties regardless of reason, including, without limitation, any legal costs and expenses, liquidated damages, contractual penalties, civil or criminal fines or penalties, or consequential damages.
- (e) for any **Loss** resulting from an actual interruption or suspension of an **Insured's** business directly caused by a **Security Failure**.

## 6. NOTICE

- a. Solely with respect to the coverage afforded under this endorsement, subparagraph (a) of Clause 4. **NOTICE** is deleted in its entirety and replaced with the following:

(a) complete and sign a written, detailed and affirmed proof of loss no earlier than ninety (90) days after, and no later than one hundred fifty (150) days after, the end of the **Period of Indemnity** (unless such requirement has been modified by the **Insurer** in writing) which shall include, along with any other pertinent information:

- (1) a full description of such **Loss** and the circumstances surrounding such **Loss**, which shall include, among any other necessary information, the time, place and cause of the **Loss**;
- (2) a detailed calculation of any **Loss**; and
- (3) all underlying documents and materials that reasonably relate to or form a part of the basis of the proof of such **Loss**.

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**END 025**

b. Subparagraph (c) of Clause 4. **NOTICE** is deleted in its entirety and replaced with the following:

(c) immediately record the specifics of any **Loss, Security Failure, Privacy Event or Adverse Publicity** and the date such **Insured** first became aware of such **Loss, Security Failure, Privacy Event or Adverse Publicity**.

## 7. **SUBLIMIT OF LIABILITY**

The maximum liability of the **Insurer** for all **Loss** for which coverage is provided by this endorsement shall be the **Reputation Income Loss Sublimit** set forth in the ENDORSEMENT SCHEDULE. The **Reputation Income Loss Sublimit** is part of, and not in addition to, the **Limit of Liability** and the **Sublimit of Liability** for the **Event Management Coverage Section**.

## 8. **CONDITIONS**

Solely with respect to the coverage afforded by this endorsement, due consideration shall be given to the following conditions when calculating **Loss**:

- (a) the experience of the **Insured's** business before the **Adverse Publicity** and probable experience thereafter during the **Period of Indemnity** had no **Adverse Publicity** occurred and to the continuation of only those normal charges and expenses that would have existed had no **Adverse Publicity** occurred.
- (b) any **Loss** made up during, or within a reasonable time after the end of, the **Period of Indemnity**.

9. Solely with respect to the coverage afforded by this endorsement, Clause 15. **DISPUTE RESOLUTION PROCESS** of the **General Terms and Conditions** is deleted in its entirety and replaced with the following **APPRAISAL** clause:

### **APPRAISAL**

Notwithstanding any other provision of this policy to the contrary, if the **Named Entity** and the **Insurer** disagree on the amount of **Loss**, either may make a written demand for an appraisal of such **Loss**. If such demand is made, each party will select a competent and impartial appraiser. The appraisers will then jointly select an umpire. If the appraisers cannot agree on an umpire, they may request that selection be made by a judge of a court having jurisdiction. Each appraiser will separately state the amount of **Loss**. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two of these three will be binding.

Such **Insured** and the **Insurer** will:

- (a) pay their respective chosen appraiser; and
- (b) bear the expenses of the umpire equally.

Any appraisal of **Loss** shall be calculated in accordance with all terms, conditions and exclusions of this policy.

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**END 025**

**ENDORSEMENT# 25** (continued)

If there is an appraisal, it is without prejudice to the **Insurer's** rights under the terms and conditions of this policy and the **Insurer's** right to deny the claim in whole or in part.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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***END 025***

Page 4 of 4

**ENDORSEMENT# 26**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*  
Product Name: *SPECIALTY RISK PROTECTOR*

**PCI COVERAGE AMENDATORY ENDORSEMENT**

**This endorsement amends the Security and Privacy Coverage Section.**

In consideration of the premium charged, it is hereby understood and agreed that the **Security and Privacy Coverage Section** of the policy is amended as follows:

1. The definition of "**PCI-DSS Assessment**" in paragraph 2(j) is deleted in its entirety and replaced with the following:
  - (j) "**PCI-DSS Assessment**" means any written demand received by a **Company** from a Payment Card Association (e.g., MasterCard, Visa, American Express) or bank or servicer processing payment card transactions (an "Acquiring Bank" or "Payment Processor") for a monetary assessment (including, without limitation, fraud recovery, operational reimbursement and contractual fines and penalties), where:
    - (1) a **Company** has contractually agreed to indemnify such Acquiring Bank, Payment Processor or Payment Card Association for any monetary assessment made in connection with a **Company's** obligations under **PCI Data Security Standards** including, without limitation, such contractual obligations contained in a Merchant Services Agreement or similar agreement; and
    - (2) such monetary assessment arises out of a **Security Failure** or **Privacy Event**.
2. In Clause 3. EXCLUSIONS, subparagraph 3(k)(3) is deleted in its entirety and replaced with the following:
  - (3) the obligation to comply with **PCI Data Security Standards** or to indemnify an Acquiring Bank or Payment Processor for amounts owed in connection with a **PCI-DSS Assessment**; or

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 026**

Page 1 of 1



**ENDORSEMENT# 27**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*

Product Name: *SPECIALTY RISK PROTECTOR*

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

This endorsement modifies insurance provided by this Policy:

**DISCLOSURE**

You should know that where coverage is provided by this Policy for losses resulting from "Certified Acts of Terrorism" (as defined by Section 102 (1) of United States Terrorism Risk Insurance Act), such losses may be partially reimbursed by the United States Government under a formula established by federal law. However, your Policy may contain other exclusions which might affect your coverage such as, an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning January 1, 2018; 81% beginning January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

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

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 027**

**ENDORSEMENT# 28**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

by *AIG Specialty Insurance Company*

**WEST VIRGINIA**  
**CANCELLATION/NONRENEWAL AMENDATORY ENDORSEMENT**

Wherever used in this endorsement: 1) "we", "us", "our", and "Insurer" mean the insurance company which issued this policy; and 2) "you", "your", "named Insured", "First Named Insured", and "Insured" mean the Named Corporation, Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

In consideration of the premium charged, it is hereby understood and agreed that the cancellation/nonrenewal provisions of this policy are replaced by the following:

**CANCELLATION**

The Insurer may cancel this policy only for one or more of the following reasons:

1. Failure of the Insured to pay the premium for this policy or any installment thereof within a reasonable time of the due date;
2. The policy was obtained through material misrepresentation;
3. The Insured or Other Insured(s) violate any of the material terms and conditions of the policy;
4. The unavailability of reinsurance, upon sufficient proof thereof being supplied to the commissioner.

**Notice**

The Insurer may cancel a policy if the Insurer or his duly authorized agent mails to the first named Insured written notice of cancellation. The notice shall be sent certified mail, return receipt requested, not more than thirty (30) days after the reason for cancellation arose or occurred, or the Insurer learned that it arose or occurred, and not less than thirty (30) days prior to the effective date of cancellation. The notice shall specify the reason for cancellation and the circumstances giving rise to the reason stated and inform the Insured of the right to a hearing within thirty (30) days.

**Nonrenewal**

The Insurer may refuse to renew a policy if written notice of nonrenewal is sent to the first named Insured by certified mail, return receipt requested, not less than ninety (90) days prior to the expiration date of the policy.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

  
\_\_\_\_\_  
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**END 028**

**ENDORSEMENT# 29**

This endorsement, effective at *12:01 am July 1, 2019* forms a part of  
Policy number *01-454-57-12*  
Issued to: *State of West Virginia*

By: *AIG Specialty Insurance Company*

Product Name: *SPECIALTY RISK PROTECTOR*

**ECONOMIC SANCTIONS ENDORSEMENT**

*This endorsement modifies insurance provided under the following:*

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

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 029**

ENDORSEMENT# 30

This endorsement, effective at 12:01AM July 01, 2019  
Policy number: 01-454-57-12  
Issued to: State of West Virginia

forms a part of

By: *AIG Specialty Insurance Company*

**NATIONALIZATION EXCLUSION AMENDED ENDORSEMENT**

**(DELETE "DESTRUCTION")**

This endorsement modifies insurance provided under the following:

**Specialty Risk Protector®  
Security and Privacy Coverage Section  
Event Management Coverage Section  
Network Interruption Coverage Section**

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

1. Clause 3. **EXCLUSIONS** of the **Security and Privacy Coverage Section** is amended by deleting subparagraph 3(o) thereof in its entirety and replacing it with the following:
  - (o) alleging, arising out of, based upon or attributable to any seizure, confiscation, or nationalization, of a **Computer System** by order of any governmental or public authority.
2. Clause 3. **EXCLUSIONS** of the **Event Management Coverage Section** is amended by deleting subparagraph 3(f) thereof in its entirety and replacing it with the following:
  - (f) arising out of, based upon or attributable to any seizure, confiscation, or nationalization, of a **Computer System** or **Electronic Data** by order of any governmental or public authority.
3. Clause 3. **EXCLUSIONS** of the **Network Interruption Coverage Section** is amended by deleting subparagraph 3(f) thereof in its entirety and replacing it with the following:
  - (f) arising out of, based upon or attributable to any seizure, confiscation, or nationalization, of a **Computer System** by order of any governmental or public authority.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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**END 030**

**ENDORSEMENT# 31**

This endorsement, effective *12:01 am July 1, 2019*  
policy number *01-454-57-12*  
issued to *State of West Virginia*

forms a part of

by *AIG Specialty Insurance Company*

**FORMS INDEX ENDORSEMENT**

The contents of the Policy is comprised of the following forms:

FORM NUMBER	EDITION DATE	FORM TITLE
101011	12/13	SRP - DECLARATIONS - NONADMITTED (AIGSIC)
96555	01/15	TRIA DEC DISCLOSURE FORM
101014	12/13	SRP GENERAL TERMS AND CONDITIONS - NONADMITTED (12/13)
115982	12/13	SRP REPUTATIONGUARD COVERAGE SECTION
101017	12/13	CYBER EXTORTION COVERAGE SECTION (12/13)
101018	12/13	EVENT MANAGEMENT COVERAGE SECTION (12/13)
101024	12/13	SECURITY AND PRIVACY COVERAGE SECTION (12/13)
101021	12/13	NETWORK INTERRUPTION COVERAGE SECTION (12/13)
101019	12/13	MEDIA CONTENT COVERAGE SECTION (CLAIMS MADE) (12/13) 2015 General LMG for Div 05
105567	05/10	CRIMINAL REWARD COVERAGE EXTENSION
115987	12/13	PCI-DSS ASSESSMENT COVERAGE ENDORSEMENT (SUBLIMIT)
105167	04/10	RELIANCE UPON OTHER CARRIERS APPLICATION
107376	11/10	E-DISCOVERY CONSULTANT SERVICES COVERAGE ENDORSEMENT
103456	11/09	NOTICE OF CLAIM PROVISION AMENDATORY ENDORSEMENT (SIXTY DAY POST POLICY REPORTING PERIOD)
123622	03/17	CYBER EXTORTION COVERAGE ENHANCEMENT ENDORSEMENT (THREAT CONSULTANT BITCOIN RANSOMWARE)
101669	06/09	CANCELLATION PROVISION AMENDATORY ENDORSEMENT
103452	11/09	CHOICE OF PANEL COUNSEL ENDORSEMENT
111375	07/12	CONDUCT EXCLUSION AMENDATORY ENDORSEMENT
115991	12/13	CONTINUITY DATE EXCLUSION AMENDATORY ENDORSEMENT NONADMINISTRATIVE PERSONNEL IN OFFICES OF THE CONTROL GROUP
118108	08/14	DISPUTE RESOLUTION PROCESS PROVISION AMENDATORY ENDORSEMENT (60 DAY COOLING OFF)

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**END 031**

**ENDORSEMENT# 31**

This endorsement, effective *12:01 am* *July 1, 2019*  
policy number *01-454-57-12*  
issued to *State of West Virginia*

forms a part of

by *AIG Specialty Insurance Company*

**FORMS INDEX ENDORSEMENT**

The contents of the Policy is comprised of the following forms:

FORM NUMBER	EDITION DATE	FORM TITLE
118107	08/14	RETENTION AMENDATORY ENDORSEMENT (RECOGNIZE EROSION BY PREAPPROVED NON-SUIT DEFENSE COSTS)
105565	05/10	RETENTION AMENDATORY ENDORSEMENT
115989	12/13	SECURITY FAILURE DEFINITION AMENDATORY ENDORSEMENT (PHYSICAL THEFT OF HARDWARE)
122081	06/16	SECURITY FAILURE DEFINITION AMENDATORY ENDORSEMENT
105165	04/10	STATE AMENDATORY INCONSISTENT ENDORSEMENT
101641	12/13	SUBSIDIARY THRESHOLD AMENDATORY ENDORSEMENT
127947	01/18	MODIFIED CYBERTERRORISM COVERAGE ENDORSEMENT
118110	08/14	EVENT MANAGEMENT SCHEDULED VENDOR ENDORSEMENT
129376	06/18	CONFIDENTIAL INFORMATION, PRIVACY EVENT AND REGULATORY ACTION DEFINITIONS AMENDED (GPDR)
133033	06/19	MODIFIED NETWORK INTERRUPTION COVERAGE ENHANCEMENT ENDORSEMENT
133017	06/19	DEDUCTIBLE AMENDATORY ENDORSEMENT
MNSCPT		NOTICE OF CLAIM PROVISION AMENDED ENDORSEMENT
130437	09/18	PROPERTY DAMAGE, SECURITY FAILURE AND LOSS DEFINITION AMENDED ENDORSEMENT BRICKING
125872	07/17	REPUTATION BASED INCOME LOSS COVERAGE ENDORSEMENT
123223	10/16	PCI COVERAGE AMENDATORY ENDORSEMENT
125595	03/17	FEDERAL SHARE OF COMPENSATION UNDER TRIA AND CAP ON LOSSES ENDORSEMENT
52176	08/02	WEST VIRGINIA CANCELLATION/NONRENEWAL ENDORSEMENT
119679	09/15	ECONOMIC SANCTIONS ENDORSEMENT
129388	06/18	NATIONALIZATION EXCLUSION AMENDED ENDORSEMENT
78859	10/01	FORMS INDEX ENDORSEMENT



**END 031**

**ENDORSEMENT# 31**

This endorsement, effective *12:01 am July 1, 2019* forms a part of  
policy number *01-454-57-12*  
issued to *State of West Virginia*

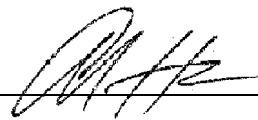
by *AIG Specialty Insurance Company*

**FORMS INDEX ENDORSEMENT**

The contents of the Policy is comprised of the following forms:

FORM NUMBER	EDITION DATE	FORM TITLE
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ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

  
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Or Countersignature (In states where applicable)

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**END 031**







**CLAIM REPORTING FORM  
FIDELITY SUPPLEMENTAL**

**(Only complete this supplemental if the Claim is being reported under Fidelity Coverage)**

Issuing Company: *AIG Specialty Insurance Company*

Reported under Policy/Bond Number: 01-454-57-12



Date of Discovery: \_\_\_\_\_ Estimated Amount of loss: \_\_\_\_\_

Cause of Loss:	Employee Dishonesty	_____	Computer Fraud	_____
	Funds Transfer	_____	Robbery/Burglary	_____
	ID Theft	_____	Forgery	_____
	Client Property	_____	In Transit	_____
	ERISA	_____	Credit Card Forgery	_____
	Other	_____	if Other, describe:	_____



Send Notice Of Claims To:	AIG	Phone: (888) 602- 5246
	Financial Lines Claims	Fax: (866) 227- 1750
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