

# Merchant Statement of Benefits

Item 1.      NAMED INSURED:      North American Data Security RPG  
3310 W. Big Beaver Road, Suite #104  
Troy, MI. 48084

Item 2.      POLICY NUMBER:      NAD 110002-01-2018

Item 3.      COVERAGE PERIOD:

From: 7-1-18                  To: 7-1-19

(At 12:01 A.M. standard time at the address stated in Item 1 above.)

Item 4.      MERCHANT NUMBER:      12345

Item 5.      PREMIUM:      \$      Refer to Administrator

Item 6.      CERTIFICATE ISSUE DATE:      7/1/2018

THE COVERAGE PERIOD LISTED ABOVE IS THE EFFECTIVE DATE FOR THE NAMED INSURED'S POLICY NOT THE DATE THAT THE MERCHANT LOCATION LISTED IN SECTION 4 ACTUALLY BECAME INSURED UNDER THE NAMED INSURED'S POLICY. FOR EACH MERCHANT LOCATION, COVERAGE BEGINS ON THE FIRST DATE THAT PREMIUM HAS BEEN PAID FOR THAT MERCHANT LOCATION.

A CLAIM OR POTENTIAL CLAIM MUST BE REPORTED TO THE AXIS INSURANCE COMPANY AS SOON AS PRACTICABLE BUT IN NO EVENT WITHIN **60 DAYS** OF FIRST KNOWLEDGE.



**DECLARATIONS**

**SOLELY AS RESPECTS CLAIMS-MADE LIABILITY COVERAGES UNDER THIS POLICY: THIS INSURANCE POLICY PROVIDES COVERAGE ON A CLAIMS-MADE BASIS AND APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD. CLAIMS MUST BE REPORTED TO THE INSURER AS SET FORTH IN THE SECTION ENTITLED REPORTING OF CLAIMS AND EVENTS. CLAIM EXPENSES ARE INCLUDED IN THE POLICY LIMIT OF INSURANCE, AND PAYMENT THEREOF WILL ERODE, AND MAY EXHAUST, THE POLICY LIMIT OF INSURANCE.**

<b>NAMED INSURED</b>	North American Data Security RPG 3310 W Big Beaver Road Troy, MI 48084	<b>BROKER OF RECORD</b>	AmWINS Brokerage of MI 2851 Charlevoix Drive, SE, Suite 220 Grand Rapids, MI 49546
<b>INSURER</b>	AXIS Insurance Company 111 S. Wacker Drive, Suite 3500 Chicago, IL 60606 (866) 259-5435 <b>A Stock Insurer</b>		
<b>POLICY NUMBER</b>	NAD 110002/01/2018	<b>RENEWAL OF</b>	N/A
<b>POLICY FORM</b>	Merchant Data Cyber Liability Insurance Policy – MDCL-101 (07-18)		
<b>POLICY PERIOD</b>	Effective Date: 7/1/2018 Expiration Date: 7/1/2019 <i>Both dates at 12:01 a.m. at the <b>Named Insured's</b> address stated herein.</i>	<b>RETROACTIVE DATE</b>	Full Prior Acts

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<b>PREMIUM per MID per month</b>	Refer to Administrator
<b>LIMITS OF INSURANCE</b>	
Policy Limit per MID	\$100,000
Policy Limit per Merchant	\$500,000
<b>RETENTIONS</b>	
MID Retention	\$0
Merchant Retention	\$0



**SCHEDULE OF SERVICE PROVIDER FOR LEGAL SERVICES**

<b>Service Provider</b>	<b>Contact Details</b>
<b>Mullen Coughlin LLC</b>	RGS Breach Hotline  Number: (844) 591-5997  Notifications E-Mail: <a href="mailto:rgs.breachhotline@mullen.law">rgs.breachhotline@mullen.law</a>  This is available 7 days a week, including holiday, to meet your clients' emergency needs.

**FORMS**

Policyholder Notice - Economic And Trade Sanctions	AXIS 906 0316
Michigan Disclaimer Notice	AXIS MI901 0815
Policyholder Disclosure - Notice Of Terrorism Insurance Coverage	TRIA DISCLOSURE 0115
Michigan Amendatory Endorsement	AXIS 1010710 0117

**NOTICES TO INSURER**

<i>Send Notice of Claims To:</i>	<i>Send All Other Notices And Inquiries To:</i>
AXIS Insurance Claims Department P.O. Box 4470 Alpharetta, GA 30023-4470  Email: <a href="mailto:USFNOL@axiscapital.com">USFNOL@axiscapital.com</a> Phone (Toll-Free): (866) 259-5435 Phone: (678) 746- 9000 Fax: (678) 746-9315	AXIS Insurance 11680 Great Oaks Way Suite 500 Alpharetta, GA 30022  Email: <a href="mailto:notices@axiscapital.com">notices@axiscapital.com</a> Phone (Toll-Free): (866) 259-5435 Phone: (678) 746- 9000 Fax: (678) 746-9315



## Merchant Data Cyber Liability Insurance Policy

Except for section and paragraph headings, all words in bold have a special meaning as set forth in the section entitled **DEFINITIONS**. Section and paragraph headings are provided for informational purposes only and do not have special meaning.

**SOLELY AS RESPECTS CLAIMS-MADE LIABILITY COVERAGES UNDER THIS POLICY: THIS INSURANCE POLICY PROVIDES COVERAGE ON A CLAIMS-MADE BASIS AND APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD. CLAIMS MUST BE REPORTED TO THE INSURER AS SET FORTH IN THE SECTION ENTITLED REPORTING OF CLAIMS AND EVENTS. CLAIM EXPENSES ARE INCLUDED IN THE LIMITS OF INSURANCE, AND PAYMENT THEREOF WILL ERODE, AND MAY EXHAUST, THE POLICY LIMIT OF INSURANCE.**

In consideration of the payment of the premium and in reliance on the statements in the **Application** and subject to all other terms and conditions of this policy, the Insurer designated on the Declarations and the **Named Insured**, on behalf of all **Insureds**, agree to the following:

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### CLAIMS-MADE LIABILITY COVERAGES

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The following Coverages apply if the Declarations displays a Limit of Insurance for such Coverage:

#### A. Payment Card Industry Data Security Standards (PCI-DSS) Coverage

The Insurer will pay those **PCI-DSS Fines**, within the applicable Limit of Insurance, that the **Insured** becomes legally obligated to pay because of a **PCI-DSS Fines Claim**, provided that:

1. such **PCI-DSS Fines Claim** is first made against the **Insured** during the **Policy Period** or any applicable **Extended Reporting Period** and is reported to the Insurer in accordance with section entitled **REPORTING OF CLAIMS AND EVENTS**;
2. the **Enterprise Security Event** giving rise to the **PCI-DSS Fines Claim** first occurred on or after the **Retroactive Date** and prior to the end of the **Policy Period** and is reported to the Insurer in accordance with section entitled **REPORTING OF CLAIMS AND EVENTS**; and
3. as of the **First Inception Date**, no **Control Group Insured**:
  - a. had given notice to any insurer of any:
    - i. **Related PCI-DSS Fines Claim**;
    - ii. act, error, omission, fact or circumstance, including any **Related Enterprise Security Event**, reasonably likely to give rise to an **PCI-DSS Fines Claim**; or
  - b. knew, or had a basis to believe, that any:
    - i. **Related PCI-DSS Fines Claim** had been made; or
    - ii. act, error, omission, fact or circumstance, including any **Related Enterprise Security Event**, was reasonably likely to give rise to an **PCI-DSS Fines Claim**.

The Insurer will also pay all **Claim Expenses** in excess of any applicable retention in connection with such **Claim**. **Claim Expenses** are included within and erode the applicable Limits of Insurance.



### B. Privacy Regulation Liability Coverage

The Insurer will pay that **Regulatory Loss**, in excess of the applicable retention and within the applicable Limit of Insurance, that an **Insured** becomes legally obligated to pay because of a **Privacy Regulation Claim** alleging such **Insured** or others for whom such **Insured** is legally liable violated a **Privacy Regulation**, provided that:

1. such **Privacy Regulation Claim** is first made against the **Insured** during the **Policy Period** or any applicable **Extended Reporting Period** and is reported to the Insurer in accordance with section entitled **REPORTING OF CLAIMS AND EVENTS**;
2. the **Enterprise Security Event** giving rise to the **Privacy Regulation Claim** first occurred on or after the **Retroactive Date** and prior to the end of the **Policy Period** and is reported to the Insurer in accordance with section entitled **REPORTING OF CLAIMS AND EVENTS**; and
3. as of the **First Inception Date**, no **Control Group Insured**:
  - a. had given notice to any insurer of any **Related Privacy Regulation Claim** or of any **Related Violation** reasonably likely to give rise to a **Privacy Regulation Claim**;
  - b. knew, or had a basis to believe, that any **Related Privacy Regulation Claim** had been made or that any **Related Violation** was reasonably likely to give rise to a **Privacy Regulation Claim**.

The Insurer will also pay all covered **Claim Expenses** in excess of any applicable retention in connection with any such **Claim**. **Claim Expenses** are included within and erode the applicable Limits of Insurance.

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## FIRST PARTY COVERAGES

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### A. Crisis Management and Fraud Prevention Expense Coverages

The Insurer will pay the **Insured Entity** for:

1. **Crisis Management Expense**;
2. **Fraud Response Expense**;
3. **Public Relations Expense**; and
4. **Forensic and Legal Expense**,

incurred to respond to an **Enterprise Security Event** that occurs or that the **Insured Entity** reasonably believes has occurred, in excess of the applicable retention and within the applicable Limits of Insurance.

It is a condition precedent to coverage under the First Party Coverages that:

1. the **Insured** notifies the Insurer of such **Enterprise Security Event** that occurred, or that the **Insured** reasonably believes has occurred, as applicable, in accordance with the section entitled **REPORTING OF CLAIMS AND EVENTS**;
2. the **Enterprise Security Event** first occurred during the **Policy Period**; and
3. as of the **First Inception Date**, no **Control Group Insured**:
  - a. had given notice to any insurer of any:



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- i. **Related Enterprise Security Event;**
- ii. act, error, omission, fact or circumstance reasonably likely to give rise to such **Enterprise Security Event;**
- b. knew, or had a basis to believe, that any:
  - i. **Related Enterprise Security Event** had occurred;
  - ii. act, error or omission, fact or circumstance reasonably likely to give rise to an **Enterprise Security Event** had occurred.

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### SUPPLEMENTAL COVERAGE AND BENEFITS

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#### A. Supplemental Coverage – Mitigation Expense

Subject to the Policy Limit of Insurance, the Insurer will indemnify the **Named Insured** for **Mitigation Expense** incurred in excess of the **Mitigation Expense** Retention and within the **Mitigation Expense** Limit set forth in the above Schedule of Coverages incurred by the **Named Insured** in response to a **Enterprise Security Event** that first occurs during the **Policy Period**; provided, however, that the **Named Insured**:

1. gives the Insurer prompt notice of the **Enterprise Security Event** and obtains the Insurer's approval before incurring any **Mitigation Expense**, or establishes to the Insurer's satisfaction within thirty (30) days of first learning of the **Circumstance** that the **Mitigation Expense** was reasonably incurred;
2. satisfies the Insurer, in its sole discretion, that, unless **Mitigation Expense** is incurred, such **Enterprise Security Event** is likely to result in a **Claim**, or in **Claim Expenses** or **PCI-DSS Fines** equal to or in excess of the **Mitigation Expense** to be indemnified;
3. satisfies the Insurer, in its sole discretion, that the **Mitigation Expense** to be incurred is necessary to avoid a **Claim**; and
4. satisfies the Insurer, in its sole discretion, that the **Insured** is legally unable to recover such expenses and costs from any client, subcontractor or third party involved in the **Enterprise Security Event**.

#### B. Breach Preparedness Information Services

The Insurer will provide **Breach Preparedness Information Services** to the **Insured Entities** during the **Policy Period**, even if an **Enterprise Security Event** has not yet occurred. This supplementary service will be provided to the **Insured Entities** without premium or fee.

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### LIMITS OF INSURANCE, RETENTION AND REIMBURSEMENT

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#### A. Multiple Insureds, Claims, Claimants

The Limits of Insurance will not exceed the amounts stated respectively on the Declarations no matter how many **Insureds** are covered, **Claims** are made against the **Insureds**, or violations of **Privacy Regulations** or **Enterprise Security Events** occur.

#### B. Policy Limit of Insurance



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The Policy Limit of Insurance stated on the Declarations is the most the Insurer will pay for all amounts covered under this policy.

- C. If the Insurer has paid any amounts in excess of any applicable Limit of Insurance, any amounts paid in excess of the Insurer's obligation to pay pursuant to **Defense and Settlement of Claims**, paragraph B., or amounts paid in connection with **Claims** or **Enterprise Security Events** for which this policy does not afford coverage, or if the Insurer has paid part or all of the retention, the Insurer will have the right to seek recovery from the **Named Insured** for any such amounts.

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### DEFENSE AND SETTLEMENT OF CLAIMS

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- A. The Insurer will have the right, but not the obligation, to defend a covered **Claim**, even if the allegations are groundless, false or fraudulent.
- B. The Insurer will have the right to appoint counsel on the **Insured's** behalf and to investigate and settle a covered **Claim** as is deemed necessary by the Insurer. However, the Insurer will not settle a **Claim** without the **Insured's** consent, such consent not to be unreasonably withheld. If the Insurer recommends a settlement of a **Claim** which is acceptable to the claimant, and the **Insured** refuses to consent to such settlement, then the Insurer's obligation to pay **PCI-DSS Fines, Regulatory Loss** and **Claim Expenses** on account of such **Claim**, will not exceed the sum of the amount for which the Insurer could have settled such **Claim** plus **Claim Expenses** incurred prior to the date of such settlement offer, plus fifty percent (50%) of **PCI-DSS Fines, Regulatory Loss** and **Claim Expenses** combined that are incurred after the date of the **Insured's** refusal to consent to such settlement. However, in no event will the Insurer's liability exceed the applicable Limits of Insurance.
- C. The **Insureds** will not settle any **Claim**, pay any **PCI-DSS Fines** or **Regulatory Loss**, incur any **Claim Expenses**, admit or assume any liability, stipulate to any judgment, or otherwise assume any obligation with respect to a **Claim** without the Insurer's prior written consent. Notwithstanding the foregoing, if all applicable **Insureds** are able to fully and finally dispose with prejudice such **Claim** for an amount within the applicable retention, including **Claim Expenses**, then the Insurer's consent will not be required for such disposition.
- D. The Insurer's right and duty to defend or pay **Insureds** ends when the applicable Limit of Insurance has been exhausted.

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### EXCLUSIONS

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A. **Exclusions Applicable to Claims-Made Liability Coverages**

This policy does not provide coverage for **Claims**:

- **Bodily Injury or Property Damage**

based upon or arising out of:

1. **Bodily Injury** except that this exclusion does not apply to mental injury or mental anguish if directly resulting from an **Enterprise Security Event** involving **Protected Personal Information** that gives rise to an **Enterprise Security Event Claim**.
2. **Property Damage**.

- **Contractual Liability**



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for, based upon or arising out of any breach of contract, representation, warranty or guarantee, except, however, this exclusion does not apply to **Claims**:

1. based upon the **Insured's** liability that would have attached in the absence of such contract or agreement, or
2. for an **Insured's** breach of an obligation, to maintain the security or confidentiality of **Protected Data**.

- **Fraudulent or Intentional Misconduct**

based upon or arising out of any act, error or omission that is dishonest, fraudulent, criminal, malicious or intentionally committed by an **Insured** while knowing it was wrongful or unauthorized. However, the Insurer will provide a defense and pay **Claim Expense** unless or until such conduct is evidenced by any judgment, final adjudication, alternate dispute resolution proceeding, or by admission by the **Insured**.

This exclusion only applies to any **Insured** who is found to have committed such conduct by any trial verdict, court ruling, or regulatory ruling.

For the purpose of applying this exclusion:

1. the acts, errors or omissions of any current or former partner, officer, or director of any **Insured Entity** will be imputed to the **Insured Entity**;
2. the acts, errors or omissions of any **Individual Insured** will not be imputed to any other **Individual Insured**.

- **Insured versus Insured**

made by, on behalf of or for the benefit of any **Insured Entity**.

- **Intellectual Property**

based upon or arising out of any actual or alleged infringement, contributory infringement, misappropriation or theft of any intellectual property rights by the **Insured**, including, but not limited to patent, copyright or trademark, service mark, trade dress, trade secret, or trade slogan.

- **Owned Entity**

made by, on behalf of or for the benefit of any entity that is a parent of the **Named Insured**, joint venturer or co-venturer of any **Insured Entity**, or other entity in which any **Insured** is a partner, and including any entity directly or indirectly controlled, operated or managed by such an entity.





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- **Pollution**

based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving:

1. any nuclear reaction, radiation, or contamination;
2. the actual, alleged or threatened discharge, release, escape, seepage, migration, dispersal, or disposal of **Pollutants** anywhere or anytime or the creation of any injurious condition involving **Pollutants**; or
3. any direction, request, demand or order that the Insureds test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize **Pollutants**;

whether or not the events described in a, b, or c above were sudden, accidental, gradual, intended, expected or preventable, and whether or not any Insured caused or contributed to such event.

### B. Exclusions Applicable to All Coverages

This policy does not cover any amounts due to, in connection with or arising out of, or **Claims** based upon or arising out of:

- **Securities Law Violations**

violation of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, any state blue sky or securities law, any similar state or federal law, or any amendment to the above laws or any violation of any order, ruling or regulation issued pursuant to the above laws; except that this exclusion does not apply to a **Privacy Regulation Claim**.

- **Unlawful or Unauthorized Use of Information**

Any unlawful or unauthorized collection, acquisition or use of personal information by the **Insured**, including the use of such information to send unsolicited communications, faxes or emails, or any failure to comply with legal requirements or obligations relating to a person's consent to the acquisition, collection, or use of personal information; except, however, this exclusion does not apply with respect to a **Privacy Regulation Claim**.

- **Violation of Statute**

any actual or alleged violation of any federal, state, or local statute, ordinance, or regulation, including but not limited to the Telephone Consumer Protection Act, the Can-Spam Act of 2003 and the Fair Credit Reporting Act and any amendment of or addition to such laws; except, however, this exclusion shall not apply to an otherwise covered **Privacy Regulation Claim** or to an otherwise covered **Enterprise Security Claim** that alleges an **Insured's** violation of a **Privacy Regulation** for failure to timely disclose an incident described in paragraph 1. and 2. of the definition of **Enterprise Security Event**.

- **War**

war, invasion, hostilities or warlike operations (whether war is declared or not), strike, lock-out, riot, civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power, or the confiscation, nationalization or destruction of, or damage to, property under the order of government or other public authority.



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## REPORTING OF CLAIMS AND EVENTS

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### A. When a Claim is Made or Event Occurs

1. A **Claim** will be deemed to be first made on the earlier of:
  - a. the date of any **Control Group Insured's** receipt of notice of such demand, request or investigation if such **Claim** is a written demand, request for information, or investigation, or
  - b. the date of service upon or other receipt by a **Control Group Insured** of a complaint in any such proceeding, if such **Claim** is a civil proceeding, arbitration or any alternative dispute resolution proceeding.

If **Related Claims** are subsequently made against the **Insured** and are reported to the Insurer, all such **Related Claims**, whenever made, will be considered a single **Claim** and such **Claim** will be deemed to have been made on the date the first of those **Claims** was made against any **Insured**.

2. An **Enterprise Security Event** will be deemed to occur when the **Enterprise Security Event** becomes known to a **Control Group Insured**.

If **Related Enterprise Security Events** subsequently occur, and are reported to the Insurer, all such **Related Enterprise Security Events** will be considered a single **Enterprise Security Event** and will be deemed to have occurred on the date the first of those **Enterprise Security Events** occurred.

### B. Reporting of Claims and Events

It is a condition precedent to coverage under this policy that:

1. as soon as any **Control Group Insured** becomes aware of any **Claim**, the **Insured** must notify the Insurer in writing as soon as practicable, but in no event later than 60 days after the end of the **Policy Period**;
2. as soon as any **Control Group Insured** becomes aware of any **Enterprise Security Event**, the **Insured** must immediately notify the Insurer in writing, but in no event later than 60 days after the **Enterprise Security Event** occurs; and

The **Insured** is relieved of its obligation to notify the insurer as set forth in paragraphs 1 and 2 above, if and only for so long as a "legal prohibition" prevents such notification. As used in this paragraph, "legal prohibition" means the written, dated and signed opinion of a qualified attorney who is not an **Insured** under this policy, that there exists a statute, law, regulation or court order that would prohibit such notification. Such opinion must specify the circumstances under which notification would be permissible. Immediately upon cessation of such "legal prohibition" the **Insured** must provide the required notice.

### C. Reporting of Circumstances

1. Solely as respects **Claims-Made Liability Coverages**:

If, during the **Policy Period** or within 30 days after the expiration of the **Policy Period**, an **Insured** gives the Insurer written notice of an act, error, omission, fact or circumstance, including an **Enterprise Security Event** or purported violation of a **Privacy Regulation** that occurred during the **Policy Period** and is reasonably likely to give rise to a **Claim** with full details of:



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- a. such an act, error, omission, fact or circumstance including any available information on persons or entities involved such act, error, omission, fact or circumstance;
- b. the nature and extent of the potential damages and the names of the potential claimants;
- c. the manner in which the **Insured** first became aware of such an act, error, omission, fact or circumstance,

then any such **Claim** subsequently arising out of such act, error, omission, fact or circumstance will be deemed to have been made during the policy period in which notice was given. In order for coverage to apply to any such **Claim**, the **Insured** must provide notice to the Insurer of such **Claim** as soon as practicable, but no later than 30 days after such **Claim** is first made against the **Insured**. No coverage will be provided for any **PCI-DSS Fines**, **Regulatory Loss**, or **Claim Expenses** incurred prior to the time such **Claim** is made unless otherwise authorized in writing by the Insurer.

### 2. Solely as respects **Crisis Management and Fraud Prevention Expense Coverages**:

If, during the **Policy Period**, an **Insured** reports any act, error, omission, fact or circumstance under the preceding paragraph that gives rise to an **Enterprise Security Event**, then the **Enterprise Security Event** subsequently arising out of such fact, circumstance, act, error or omission will be deemed to have occurred during the **Policy Period**. In order for coverage to apply to any expenses arising out of such **Enterprise Security Event**, the **Insured** must provide notice to the Insurer of such **Enterprise Security Event** as soon as practicable, but no later than thirty (30) days after such **Enterprise Security Event** first occurs. No coverage will be provided for any **Crisis Management Expense**, **Fraud Response Expense**, **Public Relations Expense**, or **Forensic and Legal Expense** incurred prior to the time the **Enterprise Security Event** occurs, unless otherwise authorized in writing by the Insurer.

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## EXTENDED REPORTING PERIODS

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No **Extended Reporting Period** will be construed to be a new policy and any **Claim** submitted during an **Extended Reporting Period** will be subject to the policy's terms and conditions, except as specifically set forth below. All **Claims** made during an **Extended Reporting Period** must be reported in accordance with section entitled **REPORTING OF CLAIMS AND EVENTS**.

### A. Automatic **Extended Reporting Period**

If the **Named Insured** or the Insurer does not renew this policy, or the Insurer cancels this policy for reasons other than for non-payment of premium, the Insurer will grant an automatic, non-cancelable sixty (60)day **Extended Reporting Period**. This automatic **Extended Reporting Period** terminates sixty (60) days after the end of the **Policy Period**. The Limits of Insurance applicable to **Claims** made during the automatic **Extended Reporting Period** is part of and not in addition to the Limits of Insurance set forth on the Declarations.

No automatic **Extended Reporting Period** is available if the **Named Insured** elects an **Optional Extended Reporting Period**, or if the **Named Insured** obtains another insurance policy that applies to such **Claim** within sixty (60)days immediately following the end of the **Policy Period**.

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## DEFINITIONS

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## Merchant Data Cyber Liability Insurance Policy

Whether expressed in the singular or plural, whenever appearing in bold in this policy, the following terms have the meanings set forth below.

**Additional Insured** means a person or entity to which an **Insured Entity** is obligated by virtue of a written contract or agreement to add such person or entity to this policy as an additional insured. Such person or entity, however, is insured only for the vicarious liability of such person or entity because of a **Claim** based upon or arising from the acts or omissions of the **Insured Entity** and only to the extent of the Limits of Insurance required by such contract or agreement, subject to the availability of applicable Limits of Insurance. This paragraph does not apply unless the written contract or agreement has been executed prior to the **Enterprise Security Event** or violation of a **Privacy Regulation** upon which the **Claim** is based. No such person or entity is insured under this policy for its liability arising out of its own acts, errors, or omissions.

**Bodily Injury** means physical injury to the body, or sickness or disease sustained by a person, including death resulting therefrom. **Bodily Injury** includes mental injury or mental anguish, including emotional distress, shock or fright, whether or not resulting from injury to the body, sickness, disease or death of any person.

**Breach Preparedness Information Service** means data breach risk mitigation information displayed on the AXIS PRO<sup>®</sup> e-Risk Hub website.

**Claim** means a **PCI-DSS Fines Claim** or **Privacy Regulation Claim**, as applicable.

**Claim Expenses** means reasonable and necessary expenses incurred in the investigation, adjustment, negotiation, arbitration, mediation and defense of covered **Claims**, whether paid by the Insurer or by the **Insured** with the Insurer's consent. **Claim Expenses** includes:

1. attorney fees incurred by the Insurer or by the **Insured** with the Insurer's consent;
2. court costs taxed against an **Insured**. However, this does not include attorney's fees or attorney's expenses taxed against the **Insured**;
3. the cost of appeal bonds or bonds to release attachments, but only for bond amounts within the applicable Limit of Insurance. The Insurer does not have to furnish these bonds; and
4. expenses incurred by an **Individual Insured** at the Insurer's request, excluding:
  - a. loss of earnings; and
  - b. salaries, benefits, or other compensation paid to any **Insured**.

**Computer System** means computer hardware, software and all components thereof linked together through a network of devices accessible through the internet or the **Insured Entity's** intranet or connected with data storage or other peripheral devices that are operated by and either owned by or leased to an Insured Entity.

**Consumer Redress Fund** means those sums the **Insured** is legally obligated to deposit in a fund as an equitable remedy for the payment of consumer claims resulting from an adverse judgment, ruling, or settlement of a **Privacy Regulation Claim**.

**Control Group Insured** means an **Insured Entity's** chairperson of the board of directors, president, chief executive officer, chief operating officer, chief financial officer, chief technology officer, chief information officer, chief privacy officer, chief security officer, risk manager or in-house counsel, or their functional equivalents, and the non-administrative personnel of the offices thereof.



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**Crisis Management Expense** means the reasonable costs of those services described in the sub-paragraphs below incurred by or on behalf of an **Insured Entity**, in excess of the **Insured Entity's** normal operating costs and with the prior written approval of the Insurer:

1. preparation, distribution and/or transmission of notices of the **Enterprise Security Event** by reasonable means for the purpose of advising those persons whose **Protected Personal Information** may have been improperly accessed, lost or stolen regardless of whether such notice is mandated by law or regulations, provided that such costs are incurred by an **Insured Entity** to mitigate financial, reputational or other harm in connection with an **Enterprise Security Event** that occurs or that the **Insured Entity** reasonably believes has occurred;
2. call center services to answer questions from persons receiving notice in accordance with paragraph 1. above;
3. design and implementation of a website for advising of any purported access, loss of or theft of **Protected Personal Information**.

Provided, however, **Crisis Management Expense** does not mean and does not include **Fraud Response Expense**, **Public Relations Expense** or **Forensic and Legal Expense**.

**Enterprise Security Event** means any of the following:

1. accidental release unauthorized disclosure, loss, theft or misappropriation of **Protected Data** in the care, custody or control of an **Insured Entity** or **Service Contractor**;
2. alteration, corruption, destruction, deletion or damage to data stored on the **Computer System**;
3. transmitting or receiving **Malicious Code** via the **Computer System**;
4. unauthorized access to or unauthorized use of the **Computer System** that directly results in denial or disruption of access of authorized parties;
5. solely with respect to an **Enterprise Security Event Claim**, the **Insured's** failure to:
  - a. timely disclose an incident described in 1. and 2. above in violation of a **Privacy Regulation**;
  - b. comply with its own written and published privacy policy, but solely with respect to provisions:
    - i. prohibiting any **Insured** from disclosing, sharing, or selling **Protected Personal Information**;
    - ii. requiring the **Insured** to provide access to and correct inaccurate or incomplete **Protected Personal Information**; and
    - iii. requiring compliance with procedures to prevent the theft or loss of **Protected Personal Information**.

**Extended Reporting Period** means the designated period of time after the cancellation or non-renewal of the **Policy Period** for reporting **Claims** first made against the **Insured** during such designated period of time provided that the **Enterprise Security Event Claim** alleges an **Enterprise Security Event** that first occurred on or after the **Retroactive Date** and prior to the end of the **Policy Period**, or the **Privacy Regulation Claim** alleges a violation of a **Privacy Regulation** that first occurred on or after the **Retroactive Date** and prior to the end of the **Policy Period**.

**First Inception Date** is the inception date of the earliest insurance policy the Insurer issued to the **Named Insured** that provides coverage similar to that afforded under this policy when there has been uninterrupted coverage by the Insurer for the **Named Insured** from that earliest policy to this policy.



## Merchant Data Cyber Liability Insurance Policy

**Forensic and Legal Expense** means the reasonable cost of those services described in the subparagraphs below incurred by or on behalf of an **Insured Entity** in excess of the **Insured Entity's** normal operating costs and with the prior written approval of the Insurer:

1. a **System Investigation**;
2. services performed by a licensed legal professional retained by an **Insured Entity** for the purpose of:
  - a. determining and advising the **Insured** on the applicability of notice requirements under any **Privacy Regulation**,
  - b. determining and developing the form of notification to comply with applicable notice requirements under any **Privacy Regulation**.
3. the reasonable costs of **PCI Re-Certification Services** incurred by or on behalf of an **Insured Entity** in excess of the **Insured Entity's** normal operating costs and with the prior written approval of the Insurer.

Provided, however, **Forensic and Legal Expense** does not mean and does not include **Crisis Management Expense, Fraud Response Expense** or **Public Relations Expense**.

**Fraud Response Expense** means the reasonable cost of credit monitoring services and identity monitoring services or **Identity Theft Insurance** for a one year period to **Qualified Persons** incurred by or on behalf of an **Insured Entity** in excess of the **Insured Entity's** normal operating costs and with the prior written approval of the Insurer for the purpose of mitigating financial loss resulting from disclosure of **Protected Personal Information** due to an **Enterprise Security Event** that occurs or that the **Insured Entity** reasonably believes has occurred. Provided, however, **Fraud Response Expense** does not mean and does not include **Crisis Management Expense, Public Relations Expense** or **Forensic and Legal Expense**.

**Identity Theft Insurance** means an insurance policy that pays benefits, for reasonable and necessary costs to restore an individual's identity, including but not limited to travel costs, notary fees, and postage costs, lost wages, and legal fees and expenses associated with such efforts.

**Individual Insured** means, individually and collectively:

1. an **Insured Entity's** stockholders but solely for their liability as stockholders;
2. an **Insured Entity's** current or former partners, officers, directors and employees, including volunteers, but only with respect to their activities within the scope of their duties in their capacity as such;
3. a natural person performing services or duties within the scope of their written agreement with an **Insured Entity** and for whom the **Insured Entity** is legally liable, but only while acting within the scope of such person's duties performed on behalf of the **Insured Entity**, and only at the **Insured Entity's** election upon notifying the Insurer of a **Claim**; and
4. any **Additional Insured**.

**Insured** means, individually and collectively:

1. an **Insured Entity**; and
2. an **Individual Insured**.



## Merchant Data Cyber Liability Insurance Policy

**Insured Entity** means the **Named Insured**, any **Subsidiary**, each entity that enters into a program participation agreement with the **Named Insured**, and all active enrollees associated with the program participation agreements.

**Malicious Code** means any computer virus, Trojan horse, worm, or other code, script, or software program that is intentionally designed and released or inserted to access, damage, disable, or harm any part of a computer network or **Protected Data** on such network.

**Management Control** means that the **Named Insured**, either directly or indirectly:

1. owns more than 50% of the issued and outstanding voting equity securities; or
2. controls voting rights representing the present right to vote for election or to appoint more than 50% of the directors or trustees.

**Merchant** means a sole proprietorship, partnership, corporation (including affiliates and subsidiaries), limited liability company, holding company or other legal entity (regardless of the number of **MID's** held) properly authorized by an independent sales organization, merchant service provider, acquiring bank, or other PCI compliant system vendor approved by an acquiring bank to provide bank card processing services, to enter and secure approval for bank card transactions.

However merchant does not mean any level 1 PCI merchant or any **merchant** that is not reported by the **Named Insured** on the premium reporting schedule.

**MID** means a Merchant Identification Number, which is a unique number assigned to a location where a **merchant** accepts bank cards for payment.

**Mitigation Expense** means the **Named Insured's** reasonable and necessary costs to correct a **Circumstance** for the purpose of limiting or reducing exposure to **PCI-DSS Fines**, **Claim Expenses**, **Crisis Management Expenses**, **Fraud Response Expenses**, **Public Relation Expenses** or **Forensic and Legal Expenses**. **Mitigation Expense** shall not include lost profits; lost business, fees due any **Insured**, any payment recoverable by any **Insured** from any client or any other party; or any salaries, wages, benefits, expenses, overtime or overhead.

**Named Insured** means the entity listed as such on the Declarations of this policy.

**Payment Card Industry Agreement** means rules adopted by a credit/debit card company, or credit/debit card processor delineating data security standards, data incident management protocols or data incident indemnity obligations.

**PCI-DSS Fines** means amounts owed by the **Insured Entity** under the terms of a **Payment Card Industry Agreement**, but only if such amounts are imposed as indemnity obligations on the **Named Insured** due to its actual or alleged non-compliance with the data security standards set forth in such **Payment Card Industry Agreement**, and only if such **PCI-DSS Fines** arise out of a covered **Enterprise Security Event**. **PCI-DSS Fines** do not include any charge backs, interchange fees, discount fees or service fees.

**PCI-DSS Fines Claim** means a written demand for monetary or non-monetary relief, or a civil proceeding, arbitration or any alternative dispute resolution proceeding, including any appeal therefrom, brought by a credit/debit card company alleging an **Enterprise Security Event** seeking **PCI-DSS Fines**. **PCI-DSS Fines Claim** does not include a **Privacy Regulation Claim**.

**PCI Re-Certification Services** means the services of a third party computer security expert to re-certify the **Insured Entity's** compliance with the PCI Security Standards Council's payment card industry data security standards after an



## Merchant Data Cyber Liability Insurance Policy

**Enterprise Security Event**, provided that:

1. such recertification is required under the terms of the **Insured Entity's** Merchant Services Agreement with a credit or debit card issuing company; and
2. such **Enterprise Security Event** comprises one of the events described in sub-paragraphs 1., 2. or 3. of the definition thereof and directly results in the release, disclosure, theft, loss, alteration, corruption, destruction, deletion or damage to **Protected Personal Information**.

However, **PCI Re-Certification Services** does not mean any services or activities performed to update, upgrade, enhance, or replace the **Insured Entity's** computer system, nor to identify or remove software program errors, computer viruses or vulnerabilities.

**Policy Period** means the period of time stated on the Declarations or any shorter period resulting from cancellation of this policy.

**Pollutant** means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to:

1. smoke, vapor, soot, fumes, acids, alkalis, chemicals, lead, silica, mold or asbestos;
2. hazardous, toxic or radioactive matter or nuclear radiation;
3. waste, which includes material to be recycled, reconditioned or reclaimed; or
4. any other **Pollutant** as defined by applicable federal, state or local statutes, regulations, rulings, ordinances, or amendments thereto.

**Privacy Regulation** means any of the following statutes and regulations associated with the care, custody, control or use of personally identifiable financial, medical or other sensitive personal information:

1. General Data Protection Regulation (Regulation (EU) 2016/679), and any amendments thereto (GDPR);
2. Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191);
3. Health Information Technology for Economic and Clinical Health Act of 2009, and its related regulations;
4. Gramm-Leach-Bliley Act of 1999;
5. California Database Breach Act (SB1386);
6. Minnesota Plastic Card Security Act; or
7. other state, federal and foreign identity theft and privacy protection statutes, rules and regulations similar to 1-5 above that require commercial entities that collect, process, or store personal information (as defined in such statutes, rules and regulations, as applicable) to post privacy policies, adopt specific privacy controls, or to notify natural persons and/or organizations in the event that such personal information has been comprised or potentially compromised.

**Privacy Regulation Claim** means a civil proceeding, civil investigation or request for information brought against any **Insured** for an actual or alleged violation of any **Privacy Regulation** resulting from a covered **Enterprise Security Event** and by or on behalf of any federal, state, or local or foreign governmental agency including, but not limited to the Federal Trade Commission or Federal Communications Commission. **Privacy Regulation Claim** does not include an **Enterprise Security Event Claim**.





## Merchant Data Cyber Liability Insurance Policy

**Property Damage** means physical injury to tangible property and any resulting loss or corruption of data or information, including all resulting loss of use of that property, data or information. **Property Damage** does not mean the loss, corruption or destruction of data or information when the tangible property on which the data or information resides or resided is not physically injured.

**Protected Data** means **Protected Personal Information**.

**Protected Personal Information** means, with respect to natural persons, any private, non-public information of any kind in an **Insured Entity's** care, custody, or control, regardless of the nature or form of such information, including but not limited to the following, but only if such information allows an individual to be uniquely identified:

1. social security number;
2. medical service or healthcare data;
3. driver's license or state identification number;
4. equivalents of any of the information listed in 1. – 3. above;
5. account, credit card, or debit card number, alone or in combination with any information that permits access to an individual's financial information, including, but not limit to, security or access code or password; and
6. other-non-public information to the extent prescribed under **Privacy Regulations**.

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

**Public Relations Expense** means the reasonable costs of those services described in the subparagraphs below, incurred by or on behalf of an **Insured Entity** in excess of the **Insured Entity's** normal operating costs and with the prior written approval of the Insurer, in response to an **Enterprise Security Event** that occurs or that the **Insured Entity** reasonably believes has occurred:

1. hiring a public relations firm, law firm or crisis management firm for advertising or other communications services, including training a spokesperson, providing talking points for media interaction, developing frequently asked questions responses, drafting or editing press releases, preparing of internal memos and website content;
2. placing advertisements, preparing website content, and other communications as recommended by such public relations firm, law firm or a crisis management firm to explain the nature of the event and any corrective actions taken;

Provided, however, **Public Relations Expense** does not mean and does not include **Crisis Management Expense**, **Fraud Response Expense** or **Forensic and Legal Expense**.

**Qualified Persons** means those natural living persons described in 1. or 2. below who are entitled to notification pursuant to paragraph 1. of the definition of **Crisis Management Expense**, if such person elects to receive credit monitoring services or identity monitoring services or **Identity Theft Insurance** within 180 days of receipt of such notification by the **Insured**:

1. as respects credit monitoring services and **Identity Theft Insurance**, a person whose social security number, driver's license number, government issued identification number, or financial account, credit card, or debit card number has been improperly accessed, lost or stolen in addition to such person's name; and



## Merchant Data Cyber Liability Insurance Policy

2. as respects identity monitoring services and **Identity Theft Insurance**, a person whose medical service or healthcare information has been improperly accessed, lost or stolen in addition to such person's name.

**Regulatory Loss** means fines and penalties which the **Insured** becomes legally obligated to pay as a result of a **Privacy Regulation Claim** when permitted by applicable law. **Regulatory Loss** also includes sums paid to a **Consumer Redress Fund**.

**Related Claims** mean any **Related PCI-DSS Fines Claim** or a **Related Privacy Regulation Claim**.

**Related Enterprise Security Event** means all **Enterprise Security Events** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally or logically connected facts, circumstances, situations, events, transactions or causes.

**Related PCI-DSS Fines Claim** means all **PCI-DSS Fines Claim** arising out of a single **Enterprise Security Event** or **Related Enterprise Security Events**.

**Related Privacy Regulation Claims** means all **Privacy Regulation Claims** arising out of a single violation of a **Privacy Regulation** or arising out of **Related Violations**.

**Related Violation** means all violations of a **Privacy Regulation** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally or logically connected facts, circumstances, situations, events, transactions or causes.

**Retroactive Date** means the date stated as such on the Declarations. If no date is stated, the **Retroactive Date** will be the **First Inception Date** of this policy.

**Service Contractor** means any organization to which the **Insured Entity** has given care, custody or control of, or access to, **Protected Personal Information** pursuant to a written contract or agreement with the **Insured Entity**, but only while acting within the scope of its duties performed on behalf of the **Insured Entity**.

**Subsidiary** means any entity in which, and so long as, the **Named Insured** has **Management Control**:

1. as of the effective date of this policy, or
2. after the effective date of this policy by reason of being created or acquired by an **Insured Entity**, after such date, if and to the extent coverage with respect to such entity is afforded pursuant to the paragraph entitled **New and Former Entities** in the **GENERAL CONDITIONS**.

**System Investigation** means an investigation of the **Computer System** to determine the cause of an **Enterprise Security Event** that occurs or that the **Insured Entity** reasonably believes has occurred, and to identify and enroll or catalog the persons' names, addresses and **Protected Personal Information** that may have been improperly, accessed, lost or stolen for the purposes of providing notification that may be required.

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### GENERAL CONDITIONS

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- **Action Against the Insurer**

No action will lie against the Insurer unless, as a condition precedent thereto, there has been full compliance with all of the terms of this policy by all **Insureds**, nor until the amount of the **Insureds'** obligation to pay will have been fully determined either by judgment or award against the **Insured** after trial or arbitration or by written agreement among the **Insureds**, the claimant and the Insurer.



## Merchant Data Cyber Liability Insurance Policy

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

- **Assignment**

Assignment of any right or interest under this policy will not bind the Insurer unless and until its written consent is endorsed hereon.

- **Assistance and Cooperation**

All **Insureds** will cooperate with the Insurer in the handling of the **Claim** or **Enterprise Security Event** and upon the Insurer's request will:

1. furnish the Insurer with copies of demands, reports, investigations, pleadings and all related papers and such other information, assistance and cooperation as the Insurer may reasonably request;
2. attend hearings, depositions, conferences, and trials, assist in effecting settlements, assist in securing and giving evidence, obtain the attendance of witnesses; and assist in any other aspect of the investigation and defense.

An **Insured** will do nothing that in any way increases the Insurer's exposure under this policy or in any way prejudices the Insurer's potential or actual rights of recovery. No **Insured** will, except at the **Insured's** own cost, voluntarily make a payment, admit liability, assume any obligation or incur any expense without the Insurer's prior written consent unless otherwise specifically permitted. However, the **Insured's** compliance with any **Privacy Regulation** will not be considered an admission of liability.

Failure to cooperate with the Insurer in the defense of a **Claim** or in the investigation of a **Claim** or **Enterprise Security Event** is a breach of this policy and will result in loss of coverage.

- **Authorization**

The **Named Insured** is responsible for assurance of payment of all premiums and retentions. The **Named Insured** will have exclusive authority to act on behalf of all other **Insureds** with respect to providing and receiving notices of cancellation or nonrenewal, receiving any return premium, and purchasing any Optional Extended Reporting Period. In the event of a disagreement between any **Insureds**, the **Named Insured** will have exclusive authority to act on behalf of all other **Insureds** with respect to negotiation of settlements and the decision to appeal or not to appeal any judgment.

- **Bankruptcy**

The bankruptcy or insolvency of any **Insured** will not relieve the Insurer of the Insurer's obligation under this insurance.

- **Cancellation and Nonrenewal**

1. **Cancellation**

- a. The **Named Insured** may cancel this policy by mailing or delivering written notice of cancellation to the Insurer at the address stated on the Declarations. Such notice of cancellation will state the effective date of cancellation or, if no effective date is stated, the effective date of cancellation will be thirty (30) days after the Insurer's receipt of notice. The **Policy Period** will end on that date.



## Merchant Data Cyber Liability Insurance Policy

- b. The Insurer may cancel this policy by mailing or delivering to the **Named Insured** written notice of cancellation at least:
  - i. ten (10) days before the effective date of cancellation if the Insurer cancels for nonpayment of premium;  
or
  - ii. thirty (30) days before the effective date of cancellation if the Insurer cancels for any other reason.

The Insurer will mail or deliver the notice to the **Named Insured** at the address stated on the Declarations. If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

- c. If this policy is canceled, the Insurer will send the **Named Insured** any premium refund due. If the Insurer cancels, the refund will be the pro rata unearned amount of the annual premium. If the **Named Insured** cancels, the refund, if any, will be the pro rata unearned amount of the annual premium calculated at the customary short rate. Return of premium to the **Named Insured** is not a condition precedent to cancellation.

### 2. **Nonrenewal**

The Insurer may elect not to renew this policy by mailing or delivering written notice of nonrenewal to the **Named Insured** at its address stated in on the Declarations.

If notice of nonrenewal is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

- **Changes to the Policy**

Notice or knowledge possessed by any person will not effect a waiver or a change in any part of this policy or estop the Insurer from asserting any rights under the terms of this policy, nor will the terms of this policy be waived or changed except by written endorsement issued to form a part of this policy.

- **Legal Representatives, Spouses and Domestic Partners**

The legal representatives, estate, heirs, spouse and any domestic partner of any **Individual Insured** will be considered to be an **Insured** under this policy, but only for a **Claim** against such person arising solely out of their status as such and, with respect to a spouse or domestic partner, only where such **Claim** seeks amounts from marital community, jointly held property or property transferred from such insured to such spouse or domestic partner. No coverage is provided for any act, error or omission committed by any legal representative, estate, heir, spouse or domestic partner.

- **Notices**

Except as otherwise provided in this policy, all notices under any provision of this policy must be in writing and delivered as follows:

Notices to the **Insureds** will be delivered by prepaid express courier or certified mail to the **Named Insured** at its address as stated on the Declarations. Such notices are deemed to be received and effective upon actual receipt by the addressee or one day following the date such notices are sent, whichever is earlier.

Notices to the Insurer will be delivered by prepaid express courier or certified mail, facsimile, or electronic mail to the appropriate party at the street address, fax number, or email address, as applicable, set forth on the Declarations.

- **Other Insurance**



## Merchant Data Cyber Liability Insurance Policy

If there is any other valid and collectible insurance available to the **Insured** that applies to any Coverage under this policy, this insurance is excess over such other insurance, except when the other insurance is specifically designed to apply in excess of this insurance, and no other insurance applies to the **Claim** or **Enterprise Security Event**

- **Premium**

The **Named Insured** will pay to the Insurer the amount of premium stated on the Declarations. The premium may be adjusted at any time during the **Policy Period** or any extensions of the **Policy Period** based upon changes in the provisions of this policy, as may be agreed upon by the **Named Insured** and the Insurer.

- **Subrogation and Recovery**

In the event of any payment under this policy, the Insurer will be subrogated to all the **Insured's** rights of recovery therefore against any person or organization, and the **Insured** will execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** will do nothing to prejudice such rights. The Insurer will have no rights of subrogation against any **Insured** hereunder.

- **Territory, Valuation and Currency**

Coverage under this policy applies to **Claims** made, or **Enterprise Security Events** and violations of **Privacy Regulations** taking place in any jurisdiction in the world, where legally permissible. If any amounts covered by this policy are paid in a currency other than the official currency of the country where this policy was issued ("Official Policy Currency"), then the payment will be considered to have been made in the Official Policy Currency at the conversion rate published in the *Wall Street Journal* at the time of the payment.

*SIGNATURE PAGE FOLLOWS.*



## **POLICYHOLDER NOTICE**

### **ECONOMIC AND TRADE SANCTIONS**

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by the Office of Foreign Assets Control (OFAC).

**THE OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") OF THE US DEPARTMENT OF THE TREASURY ADMINISTERS AND ENFORCES ECONOMIC AND TRADE SANCTIONS BASED ON US FOREIGN POLICY AND NATIONAL SECURITY GOALS AGAINST TARGETED FOREIGN COUNTRIES AND REGIMES, TERRORISTS, INTERNATIONAL NARCOTICS TRAFFICKERS, THOSE ENGAGED IN ACTIVITIES RELATED TO THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION, AND OTHER THREATS TO THE NATIONAL SECURITY, FOREIGN POLICY OR ECONOMY OF THE UNITED STATES.**

**WHENEVER COVERAGE PROVIDED BY THIS POLICY WOULD BE IN VIOLATION OF ANY U.S. ECONOMIC OR TRADE SANCTIONS, SUCH COVERAGE SHALL BE NULL AND VOID.**

**FOR MORE INFORMATION, PLEASE REFER TO:**

**[HTTPS://WWW.TREASURY.GOV/RESOURCE-CENTER/SANCTIONS/PAGES/DEFAULT.ASPX](https://www.treasury.gov/resource-center/sanctions/pages/default.aspx)**



**MICHIGAN DISCLAIMER NOTICE**

**THIS POLICY IS EXEMPT FROM THE FILING REQUIREMENTS OF MCL 500.2236.**



## **POLICYHOLDER DISCLOSURE**

### **NOTICE OF TERRORISM INSURANCE COVERAGE**

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

Please note that your policy includes the terrorism coverage required to be offered by the Act, and that no separate additional premium charge has been made for such terrorism coverage. The policy premium does not include any charges for the portion of losses covered by the United States government under the Act.

### **NOTICE TO BROKER**

#### **MANDATORY POLICYHOLDER DISCLOSURE**

#### **RE: TERRORISM INSURANCE COVERAGE**

We are required by the Terrorism Risk Insurance Act, as amended (the "Act"), to provide policyholders with clear and conspicuous disclosures. This notice must be provided at the time of offer and renewal of the policy.

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Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the Policy.		

**MICHIGAN AMENDATORY ENDORSEMENT**

It is agreed that:

I. The General Condition **Action Against the Insurer** is deleted in its entirety and replaced with the following:

In the event execution of a judgment against the **Insured** is returned unsatisfied in an action brought by the injured person or claimant or such person's estate because of insolvency or bankruptcy of the **Insured**, then an action may be maintained in the nature of a writ of garnishment by the injured person or claimant against the Insurer under the terms of the Policy to the extent of the Policy's coverage for the amount of the judgment obtained against the **Insured** not to exceed the Policy's Limit of Liability as provided in the Declarations.

II. The following is added to the policy:

The failure to provide notice of a **Claim** within the time prescribed shall not invalidate a **Claim** if the **Insured** shows that it was not reasonably possible to provide such notice, and such notice was provided as soon as practicable after it became possible for the **Insured** to provide such notice. Notice of **Claim** may be provided to any authorized agent of the Insurer located within the state of Michigan.

All other provisions of the policy remain unchanged.