

## Filing at a Glance

Companies: St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company

Product Name: Public Entity Cyber+ Liability	SERFF Tr Num: TRVD-125216949	State: Arkansas
TOI: 17.0 Other Liability - Claims	SERFF Status: Closed	State Tr Num: AR-PC-07-025275
Made/Occurrence		
Sub-TOI: 17.0024 Internet Liability	Co Tr Num: 2007-05-0054	State Status:
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Edith Roberts
	Authors: Carrie Acuna, Carol Letendre, Nancy Sigstad	Disposition Date: 07-27-2007
	Date Submitted: 06-28-2007	Disposition Status: Approved
Effective Date Requested (New): 08-01-2007		Effective Date (New):
Effective Date Requested (Renewal): 08-01-2007		Effective Date (Renewal):

## General Information

Project Name: Public Entity Cyber+ Liability	Status of Filing in Domicile: Authorized
Project Number: 2007-05-0054	Domicile Status Comments: None
Reference Organization: N/A	Reference Number: N/A
Reference Title: N/A	Advisory Org. Circular: N/A
Filing Status Changed: 07-27-2007	
State Status Changed: 06-29-2007	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	
Public Entity Cyber+ Liability	
New Filing	
Our Company Filing Number: 2007-05-0054	

## Company and Contact

### Filing Contact Information

Carol Letendre, Senior Regulatory Analyst	CLETENDR@travelers.com
385 Washington Street	(651) 310-7110 [Phone]
St. Paul, MN 55102	(651) 310-4361[FAX]

### Filing Company Information

St. Paul Fire and Marine Insurance Company	CoCode: 24767	State of Domicile: Minnesota
385 Washington Street	Group Code: 3548	Company Type:
St. Paul, MN 55102	Group Name:	State ID Number:

(651) 310-7782 ext. [Phone]

FEIN Number: 41-0406690

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St. Paul Guardian Insurance Company

CoCode: 24775

State of Domicile: Minnesota

385 Washington Street

Group Code: 3548

Company Type:

St. Paul, MN 55102

Group Name:

State ID Number:

(651) 310-7782 ext. [Phone]

FEIN Number: 41-0963301

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St. Paul Mercury Insurance Company

CoCode: 24791

State of Domicile: Minnesota

385 Washington Street

Group Code: 3548

Company Type:

St. Paul, MN 55102

Group Name:

State ID Number:

(651) 310-7782 ext. [Phone]

FEIN Number: 41-0881659

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## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation: \$50.00 form filing  
Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
05770899	\$50.00	06-27-2007

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Edith Roberts	07-27-2007	07-27-2007

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Pending	Edith Roberts	07-06-2007	07-06-2007

Industry  
Response

#### Response Letters

Responded By	Created On	Date Submitted
Carol Letendre	07-27-2007	07-27-2007

## Disposition

Disposition Date: 07-27-2007

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment: AID Order 2007-033 has been signed exempting Technology from defense outside the limits, on all risks with the limit of liability of \$ 1 million or greater and the signing of a consent order by the insured. This filing is being approved on these contingencies according to the order.

Thank you for your patience.

Edith

Rate data does NOT apply to filing.

<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Uniform Transmittal Document-Property & Casualty	Approved	Yes
<b>Supporting Document</b>	2007-05-0054 AR Filing Letter	Approved	Yes
<b>Supporting Document</b>	2007-05-0054 Filing Memo	Approved	Yes
<b>Supporting Document</b>	2007-05-0054 Index of Forms	Approved	Yes
<b>Supporting Document</b>	Arkansas Required Endorsement	Approved	Yes
<b>Form</b>	Public Entity Cyber+ Liability Protection - Claims-Made Coverage Summary	Approved	Yes
<b>Form</b>	Public Entity Cyber+ Liability Protection - Claims-Made	Approved	Yes
<b>Form</b>	Terrorism Risk Insurance Act of 2002 Certified Acts of Terrorism Exclusion Endorsement - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Crisis Management Service Expenses Coverage Endorsement - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Security Breach Notification Expenses Coverage Endorsement - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Extended Reporting Period Endorsement - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Additional Protected Persons Endorsement - Described Persons or Organizations - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Internet Service Providers Exclusion Endorsement - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Claims or Suits By Described Persons or Organizations Exclusion Endorsement - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Wrongful Acts Committed By Described Persons or Organizations Exclusion Endorsement - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Described Activities, Locations, or Operations Exclusion Endorsement - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Retroactive Date Redefined Endorsement - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Advertising, Broadcasting, or Publishing Business Exclusion Endorsement - Public Entity Cyber+ Liability	Approved	Yes

<b>Form</b>	Public Entity Cyber+ Liability Protection - Approved Claims-Made Self-Insured Retentions Endorsement - Retentions Apply to Damages and Defense Expenses		Yes
<b>Form</b>	Indian Tribes As Protected Persons Endorsement - Public Entity Cyber+ Liability	Approved	Yes
<b>Form</b>	Defense Expenses Within Limits of Coverage Notice	Approved	Yes

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 07-06-2007

Submitted Date 07-06-2007

Dear Carol Letendre,

This will acknowledge receipt of the captioned filing.

Firstly, this coverage is written on a defense within limits basis. An order is pending to exempt Technology E & O coverage from the defense outside the limits requirement of AR Code Anno. 23-79-307 (5) (a). It is awaiting the commissioner's signature for an effective date. Please advise if you wish to hold this filing in pending, so that I may approve rather than having your amend this issue?

With reference to Form L073 Ed.5-07, page 6, it states that the Optional Extended Reporting Period will not take effect until payment of the earned premium and/or deductible is paid. AR Code Anno. 23-79-306 (1-6) applies to cancellation/terminations for any reason, including non-payment. Please remove this provision.

Also, on page 13, there is a pollution exclusion and the definition of pollution includes, smoke, vapors, soot and fumes. Please provide amendment that smoke, vapor, soot or fumes from a hostile fire and not excluded.

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

## Response Letter

Response Letter Status Submitted to State

Response Letter Date 07-27-2007

Submitted Date 07-27-2007

Dear Edith Roberts,

Comments:

### Response 1

Comments: Dear Edith:

This letter is in response to your objection letter dated July 6, 2007.

1. Please be advised that we can hold the filing until the commissioner approves the exemption.
2. Please refer to our Arkansas Required Endorsement, form 40516 Rev. 11/06, already on file with the department. It is attached to all policies issues in Arkansas and amends this provision on page 5 under the Claim-Made Liability Protection Extended Reporting Period section.

3. Please refer to our Arkansas Requirement Endorsement 40516 already on file with the department, which amends the pollution exclusion on page 6 under the Professional Liability Protection Pollution Exclusion Hostile Fire Smoke Exception.

Carol Letendre

Supporting Document Schedule Item Changes

Satisfied -Name: Arkansas Required Endorsement

Comment: See currently approved Arkansas Required Endorsement 40516

No Form Schedule items changed.

No Rate/Rule Schedule Item Changes

Sincerely,

Carol Letendre, Carrie Acuna, Nancy Sigstad

**Form Schedule**

<b>Review Status</b>	<b>Form Name</b>	<b>Form #</b>	<b>Edition Date</b>	<b>Form Type Action</b>	<b>Action Specific Data</b>	<b>Readability</b>	<b>Attachment</b>
Approved	Public Entity Cyber+ Liability Protection - Claims-Made Coverage Summary	L0736	Ed. 5- 2007	Declaration New s/Schedule		0.00	L0736V_050 7.PDF
Approved	Public Entity Cyber+ Liability Protection - Claims-Made	L0737	Ed. 5- 2007	Policy/CoveNew rage Form		0.00	L0737F_050 7.PDF
Approved	Terrorism Risk Insurance Act of 2002 Certified Acts of Terrorism Exclusion Endorsement - Public Entity Cyber+ Liability	L0738	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi tions		0.00	L0738F_050 7.PDF
Approved	Crisis Management Service Expenses Coverage Endorsement - Public Entity Cyber+ Liability	L0739	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi tions		0.00	L0739F_050 7.PDF
Approved	Security Breach Notification Expenses Coverage Endorsement - Public Entity Cyber+ Liability	L0740	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi tions		0.00	L0740F_050 7.PDF
Approved	Extended Reporting Period Endorsement - Public Entity Cyber+ Liability	L0741	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi tions		0.00	L0741F_050 7.PDF
Approved	Additional Protected Persons	L0744	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi		0.00	L0744F_050 7.PDF

	Endorsement - Described Persons or Organizations - Public Entity Cyber+ Liability			ons		
Approved	Internet Service Providers Exclusion Endorsement - Public Entity Cyber+ Liability	L0745	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi ons	0.00	L0745F_050 7.PDF
Approved	Claims or Suits By Described Persons or Organizations Exclusion Endorsement - Public Entity Cyber+ Liability	L0746	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi ons	0.00	L0746V_050 7.PDF
Approved	Wrongful Acts Committed By Described Persons or Organizations Exclusion Endorsement - Public Entity Cyber+ Liability	L0747	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi ons	0.00	L0747V_050 7.PDF
Approved	Described Activities, Locations, or Operations Exclusion Endorsement - Public Entity Cyber+ Liability	L0748	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi ons	0.00	L0748V_050 7.PDF
Approved	Retroactive Date Redefined Endorsement - PublicEntity Cyber+ Liability	L0749	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi ons	0.00	L0749V_050 7.PDF
Approved	Advertising, Broadcasting, or Publishing	L0750	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi	0.00	L0750F_050 7.PDF

	Business Exclusion Endorsement - Public Entity Cyber+ Liability			ons		
Approved	Public Entity Cyber+ Liability Protection - Claims-Made Self-Insured Retentions Endorsement - Retentions Apply to Damages and Defense Expenses	L0752	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi ons	0.00	L0752V_050 7.PDF
Approved	Indian Tribes As Protected Persons Endorsement - Public Entity Cyber+ Liability	L0753	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi ons	0.00	L0753F_050 7.PDF
Approved	Defense Expenses Within Limits of Coverage Notice	L0754	Ed. 5- 2007	Endorseme New nt/Amendm ent/Condi ons	0.00	L0754V_050 7.PDF



**PUBLIC ENTITY CYBER+ LIABILITY PROTECTION –  
CLAIMS-MADE COVERAGE SUMMARY**



This Coverage Summary shows the limits of coverage, deductible, and the retroactive date that apply to your Public Entity Cyber+ Liability Protection - Claims-Made. It also lists those endorsements, if any, that must have certain information shown for them to apply.

**Important Note:** This is a claims-made and reported insuring agreement that includes defense expenses within the limits of coverage.

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<b>Limits Of Coverage</b>		<b>Deductible</b>	
<b>Each wrongful act limit.</b>	\$	<b>Each wrongful act deductible.</b>	\$
<b>Total limit.</b>	\$		

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**Retroactive Date:**

**Important Note:** If no date is shown above, we'll consider the retroactive date to be the same as the beginning date of this insuring agreement.

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**Named Endorsement Table**

**Important Note:** Only endorsements that must have certain information shown for them to apply are named in this table. The required information follows the name of each such endorsement. Other endorsements may apply, too. If so, they're listed on the Policy Forms List.

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<b>Name of Insured</b>	<b>Policy Number</b>	<b>Effective Date</b>
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		<b>Processing Date</b>
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**PUBLIC ENTITY CYBER+ LIABILITY PROTECTION – CLAIMS–MADE**

This insuring agreement provides network and information security liability protection and communications and media liability protection for your operations. There are, of course, exclusions and limitations, and terms with defined meanings, throughout this agreement which apply to that protection. Certain terms that have or include defined meanings shown in this agreement are listed in the List Of Terms With Defined Meanings Shown In This Agreement section, which also shows where their defined meanings are located. This agreement should be read carefully to determine the extent of the coverage provided to you and other protected persons.

**Important Note: This is a claims–made and reported insuring agreement that includes defense expenses within the limits of coverage.** To be covered, a claim or suit must be first made or brought against a protected person while this agreement is in effect and reported to us while this agreement is in effect, or during the limited reporting period. If the extended reporting period applies, we'll also apply this agreement to a claim or suit first made or brought while this agreement is in effect or during the extended reporting period and first reported to us during such reporting period.

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• the major sections of this agreement; and		How the limited reporting period applies.	6
• the exclusions in the Exclusions - What This Agreement Won't Cover section.		When and how an extended reporting period can be added.	6
Each listed section and exclusion begins on the page shown for it.		How the extended reporting period applies.	6
		How we'll figure the additional premium for the Extended Reporting Period Endorsement.	6
However, one or more endorsements or other forms made part of your policy may, without changing this Table of Contents:		<b>Where This Agreement Covers</b>	<b>7</b>
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• add another section or exclusion to this form.		Public entity.	7
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**What This Agreement Covers**

**Network and information security liability and communications and media liability.** We'll pay amounts any protected person is legally required to pay as damages for covered loss that is caused by a wrongful act committed on or after the retroactive date and before the ending date of this agreement.

But only if such covered loss results in a claim or suit first:

- made or brought against a protected person and reported to us while this agreement is in effect;
- made or brought against a protected person while this agreement is in effect and reported to us during the limited reporting period, or during the extended reporting period if such reporting period applies; or
- made or brought against a protected person during the extended reporting period

and reported to us during such reporting period, if such reporting period applies.

We'll consider each wrongful act in a series of related wrongful acts to be committed on the date the first wrongful act in that series is committed.

**Protected person** means any person or organization that qualifies as a protected person under the Who Is Protected Under this Agreement section.

**Wrongful act** means any of the following committed by or for a protected person in the conduct of your operations:

- Network and information security wrongful act.
- Communications and media wrongful act.

**Network and information security wrongful act** means any of the following:

- Failure to prevent the transmission of a computer virus.
- Failure to provide any authorized user of your website or your computer or communications network with access to such website or such computer or communications network.
- Failure to prevent unauthorized access to, or use of, electronic data containing private or confidential information of others.

**Computer virus** means malicious code that is introduced through your website or your computer or communications network. Once introduced, such code may destroy, alter, contaminate, or degrade the integrity, quality, or performance of data of any computer application software, computer network, or computer operating system or related software.

**Authorized user** includes your customer, supplier, or supporter.

**Your computer or communications network** means any computer or communications network that you rent, lease, license, or borrow from others, own, or operate.

**Communications and media wrongful act** means any of the following:

- Infringement of copyright, title, slogan, trademark, trade name, trade dress, service mark, or service name in your covered material.

- Plagiarism or unauthorized use of a literary or artistic format, character, or performance in your covered material.

**Title** means a name of a literary or artistic work.

**Slogan** means a phrase that others use and intend to attract attention in their advertising.

**Covered material** means any material in any form of expression, including material made known in or with any electronic means of communication, such as the Internet.

**Retroactive date** means the earliest date that a wrongful act may first be committed and be covered by this agreement. The retroactive date is shown in the Coverage Summary. However, if no retroactive date is shown in the Coverage Summary, we'll consider the retroactive date to be the same as the beginning date of this agreement.

**Related wrongful acts** means two or more wrongful acts that have as a common connection, tie, or link any fact, circumstance, situation, event, transaction, cause, or any series of related facts, circumstances, situations, events, transactions, or causes.

**Right and duty to defend a protected person.** We'll have the right and duty to defend any protected person against a claim or suit seeking damages for loss covered by this agreement. We'll also have the right and duty to defend any protected person against a suit seeking injunctive relief for loss covered by this agreement.

We'll have such rights and duties even if all of the allegations of the claim or suit are groundless, false, or fraudulent. But we won't have a duty to perform any other act or service.

We'll have the right to investigate any wrongful act and to investigate and settle any claim or suit to the extent that we believe is proper. This includes the right to settle any claim or suit within:

- any deductible that applies; or
- the available limit of coverage.

Our duty to defend protected persons ends when we have used up the limit of coverage that applies with the payment of:

- judgments;

- settlements; or
- defense expenses.

**Claim** means a demand that seeks damages.

**Suit** means a civil proceeding that seeks damages or injunctive relief, including:

- an arbitration proceeding for damages or injunctive relief to which the protected person must submit or submits with our consent; and
- any other alternative dispute resolution proceeding for damages or injunctive relief to which the protected person submits with our consent.

When we defend a claim or suit against a protected person, we'll pay for reasonable defense expenses. Payment of such defense expenses will reduce the available limits of coverage. We explain how in the Limits Of Coverage section.

**Defense expenses** means any of the following fees, costs, or expenses that result directly from the investigation, defense, or appeal of a specific claim or suit:

- Fees, costs, or expenses of hired or appointed attorneys.
- The costs of proceedings involved in the suit, including court reporter's, arbitrator's, or mediator's fees.
- Independent expert's or special investigator's fees, costs, or expenses.

But we won't consider any of the following to be defense expenses:

- Our expenses, including salaries, wages, or travel expenses of our employees, other than fees, costs, or expenses incurred by us in connection with a specific claim or suit.
- Fees, costs, or expenses of independent adjusters or attorneys for adjusting claims.
- Fees, costs, or expenses for coverage opinions.
- Payments we make under the Right to appeal a judgment against a protected person section.
- Our recovery expenses, as explained in the Recovering Damages From A Third Party section in your General Rules, which is a part of your policy.

**Additional payments.** We'll have the duty to make only the additional payments described below, in addition to the limits of coverage,

in connection with any claim or suit against a protected person when we:

- investigate or settle the claim or suit;
- defend the protected person against the claim or suit; or
- pay our part of a judgment.

Our duty to make such payments ends when we have used up the limit of coverage that applies with the payment of:

- judgments;
- settlements; or
- defense expenses.

**Our expenses.** We'll pay all expenses, other than defense expenses, we incur.

**Bonds to release property.** We'll pay the cost of bonds to release property that's being used to secure a legal obligation. But only for bond amounts within the limit of coverage that applies. We don't have to furnish such bonds.

**Expenses incurred by protected persons at our request.** We'll pay all reasonable expenses that any protected person incurs at our request while helping us investigate or settle, or defend a protected person against, a claim or suit. But we won't pay more than \$500 per day for earnings actually lost by the protected person because of time taken off from work.

**Taxed costs.** We'll pay all costs taxed against any protected person for covered loss in a suit.

**Prejudgment interest.** We'll pay the interest that accumulates before a judgment and is awarded against the protected person on that part of a judgment we pay. But if we make a settlement offer to pay the available limit of coverage, we won't pay the prejudgment interest that accumulates after the date of that offer.

**Postjudgment interest.** We'll pay the interest that accumulates on the full amount of the judgment against the protected person from the date of the judgment to the date we pay, or deposit in court, the limit of coverage that applies to the judgment. But if we don't pay part of the judgment for any reason other than it's more than the limit of coverage that applies, we won't pay the postjudgment interest that accumulates on that part of the judgment.

**Appeal bonds.** If we have the duty to appeal a judgment that includes damages for loss covered by this agreement, and you agree we can appeal that judgment, we'll pay the cost of any appeal bond required for that appeal. But only for that part of the judgment that is for damages for loss covered by this agreement and is within the available limit of coverage. However, we'll pay, or reimburse the protected person for, the cost of a higher appeal bond if we're required to do so under the law that applies. But we won't be the principal under any such bond. Nor do we have to furnish any appeal bond. The results of an appeal won't change the limits of coverage that apply.

**Right to appeal a judgment against a protected person.** We'll have the right to appeal a judgment that we don't have a duty to appeal. But only if the judgment:

- includes damages for loss covered by this agreement;
- is awarded in a suit for which we defend a protected person; and
- is awarded against the protected person.

If we appeal such a judgment, we'll pay the following that result directly from that appeal:

- All expenses we incur.
- All reasonable expenses that any protected person incurs at our request while helping us with the appeal, other than the cost of appeal bonds.
- The cost of any required appeal bond. But only for that part of the judgment that is for damages for loss covered by this agreement and is within the available limit of coverage. However, we'll pay, or reimburse the protected person for, the cost of a higher appeal bond if we're required to do so under the law that applies. But we won't be the principal under any such bond. Nor do we have to furnish any appeal bond.
- All postjudgment interest that accumulates on the full amount of the judgment. But only from the date of the judgment to the date we pay, or deposit in court, the limit of coverage that applies to the judgment.

These payments are in addition to the limits of coverage. However, the results of an appeal won't change the limits of coverage that apply.

**Transfer of control of defense.** Before the available limit of coverage is used up, you may take over control of the defense,

including the appeal, of any outstanding claim or suit previously reported to us if:

- we and you agree; or
- a court orders you to do so.

If the available limit of coverage is used up, we'll notify you as soon as we can of all outstanding claims or suits, so you can arrange to take over control of their defense.

We agree to take whatever steps are necessary during a transfer of control of defense of an outstanding claim or suit to continue that defense and avoid a default judgment during such transfer. When we take such steps, you agree that we don't waive or give up any of our rights. You also agree to repay the reasonable expenses we incur for such steps taken after the available limit of coverage is used up.

### **When This Agreement Covers**

**When a claim or suit must be first made or brought against a protected person and reported to us.** We'll apply this agreement to claims or suits for loss covered by this agreement only when they're first:

- made or brought against a protected person and reported to us while this agreement is in effect;
- made or brought against a protected person while this agreement is in effect and reported to us during the limited reporting period, or during the extended reporting period if such reporting period applies; or
- made or brought against a protected person during the extended reporting period and reported to us during such reporting period, if such reporting period applies.

*Limited reporting period* means the 60 days, starting with the ending date of this agreement, during which claims or suits for covered loss that are first made or brought against a protected person while this agreement is in effect may be first reported to us.

*Extended reporting period* means the 12-month period of time, starting with the ending date of this agreement, during which claims or suits for covered loss:

- that are first made or brought against a protected person while this agreement is in effect may be first reported to us; or

- may be first made or brought against a protected person and first reported to us.

### **When we consider a claim or suit to be first made or brought against a protected person.**

We'll consider a claim or suit for covered loss to be first made or brought against a protected person on the earliest of the following dates:

- The date that we or any protected person first receives written notice of such claim or suit.
- The date that we first receive written notice from any protected person of a specific wrongful act that caused the loss which resulted in such claim or suit.

We'll consider all claims or suits for covered loss that is caused by:

- the same wrongful act; or
  - related wrongful acts;
- to have been first made or brought against a protected person on the date that the first of those claims or suits was first made or brought against a protected person, regardless of whether such date is before or while this agreement is in effect.

**When we consider a claim or suit to be first reported to us.** We'll consider a claim or suit for covered loss to be first reported to us on the earlier of the following dates:

- The date that we first receive a written notice of such claim or suit from any protected person or organization making or bringing the claim or suit.
- The date that we first receive a written notice from any protected person of a specific wrongful act that caused the loss which resulted in such claim or suit.

We'll consider all claims or suits for covered loss caused by:

- the same wrongful act; or
  - related wrongful acts;
- to have been first reported to us when the first of those claims or suits is first reported to us.

**What we require in a written notice of a specific wrongful act.** We won't consider a claim or suit to be first made or brought against a protected person and reported to us on the date we first receive written notice of a specific wrongful act unless that notice contains the following information:

- A description of the wrongful act, including its date, time, place, and circumstances.
- The nature of the potential damages.
- The names of each actual or potential claimant and protected person involved.
- The manner in which each of the protected persons first became aware of the circumstances involved.

Notice to us that:

- all or part of any protected person's acts or omissions may in the future be discovered to be a wrongful act; and
- any protected person may in the future receive written notice of a wrongful act, claim, or suit;

is not notice of a specific wrongful act.

**When the limited reporting period will apply.**

The limited reporting period will automatically apply to this agreement without an additional premium. The limited reporting period may not be canceled by you or us once it applies.

However, the limited reporting period won't apply to claims or suits for covered loss that:

- are covered by any other insurance you buy that takes effect on or after the ending date of this agreement; or
- would have been covered by such insurance if its limits of coverage hadn't been used up.

**How the limited reporting period applies.** The limited reporting period doesn't extend the time that this agreement is in effect. As a result, we'll consider any claim or suit for covered loss that is:

- first made or brought against a protected person while this agreement is in effect; and
- first reported to us during the limited reporting period;

to have been first made or brought against a protected person and first reported to us on the ending date of this agreement.

**When and how an extended reporting period can be added.** If this agreement is canceled or not renewed for any reason, an extended reporting period can be added with an Extended Reporting Period Endorsement and the payment of an additional premium.

Also, if we renew or replace this agreement with insurance that does not provide coverage on a claims-made basis, an extended reporting period can be added with an Extended Reporting Period Endorsement and the payment of an additional premium.

However, the Extended Reporting Period Endorsement won't take effect unless we receive all of the following within 60 days after the ending date of this agreement and you have fulfilled all other duties, and complied with all other conditions and requirements, under this agreement:

- A written request from you to purchase the Extended Reporting Period Endorsement.
- Full payment of the earned premium for this agreement.
- Payment of the additional premium for the Extended Reporting Period Endorsement.
- Repayment of any deductible you owe us under this agreement.

But once the Extended Reporting Period Endorsement takes effect, it may not be canceled by you or us.

**How the extended reporting period applies.**

When the extended reporting period applies, it replaces the limited reporting period. The extended reporting period doesn't extend the time that this agreement is in effect. As a result, when the extended reporting period applies, we'll consider any claim or suit for covered loss that is:

- first made or brought against a protected person while this agreement is in effect and first reported to us during the extended reporting period; or
- first made or brought against a protected person and first reported to us during the extended reporting period;

to have been first made or brought against a protected person and first reported to us on the ending date of this agreement.

**How we'll figure the additional premium for the Extended Reporting Period Endorsement.** We'll figure the additional premium for the Extended Reporting Period Endorsement in accordance with our rules and rates. But we won't charge more than 75% of the annual premium for the last policy year of this agreement.

## Where This Agreement Covers

We'll apply this agreement to covered loss that is caused by a wrongful act committed anywhere in the world. But only if the protected person's liability for loss is determined in a suit on the merits brought in the coverage territory, or in a settlement agreed to by us. And we'll only make payments under this agreement in the coverage territory.

*Coverage territory* means:

- the United States of America, including its territories and possessions and Puerto Rico;
- Canada; and
- international waters or airspace only during travel or transportation between any of the above places.

## Who Is Protected Under This Agreement

**Public entity.** If you're shown in the Introduction as a named insured and a public entity, you're a protected person.

**Elected or appointed officials.** Your lawfully elected or appointed officials, directors, or executive officers are protected persons only for the conduct of their duties as your elected or appointed officials, directors, or executive officers.

**Employees and volunteer workers.** Your employees are protected persons only for:

- work done within the scope of their employment by you; or
- their performance of duties related to the conduct of your operations.

And your volunteer workers are protected persons only for activities or work they conduct or perform:

- at your direction; and
- within the scope of their duties for you.

*Employee* includes a leased worker.

*Leased worker* means any person who:

- is hired from an employee leasing firm under a contract or agreement between the hirer and that firm; and
- is performing duties related to the conduct of the hirer's operations.

*Employee leasing firm* means any person or organization that hires out workers to others, including any:

- employment agency, contractor, or service;
- labor leasing firm; or
- temporary help service.

*Volunteer worker* means any person who:

- isn't working within the scope of his or her employment as an employee;
- donates his or her work; and
- isn't paid a fee, salary, or other compensation for that work.

**Legal representatives of certain protected persons.** Any legal representative of a protected person who has died, or become mentally incompetent, insolvent, or bankrupt, is a protected person, but only for the rights and duties of that deceased, mentally incompetent, insolvent, or bankrupt protected person under this agreement.

*Legal representative* includes the estate, heirs, executors, administrators, or trustees of such a protected person.

**Boards.** Your boards are protected persons. Members of your boards are protected persons only for the conduct of their duties for you or for your boards. And employees of your boards are protected persons only for:

- work done within the scope of their employment by your boards; or
- their performance of duties related to the conduct of the operations of your boards.

However, no such board, member, or employee is a protected person if there's valid and collectible other insurance for loss covered by this agreement that is available to such board, member, or employee.

*Your boards* means any board, commission, or other governmental unit or department that:

- is under your complete control; and
- is funded and operated as part of your total operating budget.

**Separation of protected persons.** We'll apply this agreement separately to each protected person.

However, all protected persons share the limits of coverage shown in the Coverage

Summary. We explain how in the Limits Of Coverage section.

Also, any right or duty specifically assigned to the first named insured remains unchanged. We explain those rights and duties in your General Rules, which is a part of your policy.

## **Limits Of Coverage**

The limits of coverage shown in the Coverage Summary and the information contained in this section fix the most we'll pay, regardless of the number of:

- protected persons;
- claims made or suits brought; or
- persons or organizations making claims or bringing suits.

The limits of coverage apply excess of any applicable deductible and aren't reduced by the payment of that deductible.

**Each wrongful act limit.** This is the most we'll pay as damages and defense expenses for all claims or suits for covered loss that is caused by:

- the same wrongful act; or
- related wrongful acts.

**Total limit.** This is the most we'll pay as damages and defense expenses for the combined total of all claims or suits for covered loss that are:

- first made or brought against a protected person; and
- first reported to us; in a policy year.

We explain when we consider a claim or suit to be first made or brought and when we consider a claim to be first reported to us in the When This Agreement Covers section.

**Policy year** means the policy period shown in the Introduction, or the period of time that this agreement is in effect, whichever period is shorter. But when that period is longer than one year, policy year means each of the following periods of time that this agreement is in effect, starting with the beginning date of this agreement:

- Each consecutive one-year period.
- Any period that remains after the last consecutive one-year period.

However, if the original policy period shown in the Introduction is extended for a period of less than one year, we'll consider each such extended period to be part of the last policy year, regardless of the number of extensions provided.

For example:

*Your original policy period is two years and nine months long. As a result, it has three policy years, each one separate from the other. The first is the first one-year period. The second is the next one-year period. And the third is the remaining nine-month period. During the third policy year, you request, and we provide, two separate extensions of the policy period: a three-month extension and then a four-month extension. As a result, the third policy year becomes sixteen months long and is still subject to the same limits of coverage that applied when it was nine months long.*

**How the limits of coverage apply if the total limit is left blank.** If the amount of the total limit is left blank in the Coverage Summary, we'll consider that total limit to be the same as the each wrongful act limit or \$100,000, whichever amount is more.

**How the limits of coverage apply to the limited and extended reporting periods.** The limits of coverage that apply on the ending date of this agreement aren't renewed or increased for claims or suits for covered loss that are:

- first made or brought against a protected person while this agreement is in effect and first reported to us during the limited reporting period, or during the extended reporting period if such reporting period applies; or
- first made or brought against a protected person during the extended reporting period and first reported to us during such reporting period, if such reporting period applies.

## **Deductibles**

The deductibles shown in the Coverage Summary and the information contained in this section fix the amount of damages and defense expenses incurred by or for you or any other protected person that you'll be responsible for paying and over which the limits of coverage will apply, regardless of the number of:

- protected persons;
- claims made or suits brought; or
- persons or organizations making claims or bringing suits.

The deductibles won't apply to payments we make under the Additional payments section.

**Each wrongful act deductible.** You'll be responsible for the amount of damages and defense expenses within this deductible for all claims or suits for covered loss that is caused by:

- the same wrongful act; or
- related wrongful acts.

**Repayment of deductible.** If we settle a claim or suit for damages, or pay a judgment for damages awarded in a suit, that are subject to a deductible, we'll pay the deductible as part of the settlement or judgment, unless you and we agree to do otherwise. You agree to repay us the deductible amount as soon as we notify you of our payment.

Also, if we pay defense expenses that are subject to a deductible, you agree to repay us that amount as soon as we notify you of our payment.

If you fail to repay us a deductible amount that applies to damages or defense expenses, and we are awarded the deductible amount we sought, or any part of that amount, in any legal proceeding against you, you agree to pay us the amount of the award and the following:

- Our deductible recovery expenses.
- Interest, from the date of our notice of payment to you, on the deductible amount awarded to us.

If the deductible amount awarded to us is less than the full amount of the deductible payment we sought, our deductible recovery expenses will be a proportional amount based on the ratio of the deductible amount awarded to the full amount of the deductible payment we sought.

**Our deductible recovery expenses** means all fees, costs, and expenses incurred by us and our attorneys to recover a deductible amount in a legal proceeding brought by us against you.

## **Exclusions – What This Agreement Won't Cover**

**Claims or suits by protected persons against protected persons.** We won't cover loss for which any claim or suit is made or brought by or for any current or former protected person against any current or former protected person.

But we won't apply this exclusion to claims or suits made or brought by any person or organization that is a protected person under an additional protected persons endorsement attached to this agreement.

**Contract liability.** We won't cover loss for which the protected person has assumed liability under any contract or agreement.

But we won't apply this exclusion to loss for which the protected person would have liability without the contract or agreement.

**Credits or voluntary payments.** We won't cover any credit or voluntary payment made or given for any reason.

**Criminal, malicious, dishonest, or fraudulent acts or omissions, or knowing violations of rights or laws.** We won't cover loss that results from any criminal, malicious, dishonest, or fraudulent act or omission, or any knowing violation of rights or laws, committed by:

- the protected person; or
- anyone with the consent or knowledge of the protected person.

But we won't apply this exclusion to our duty to defend that protected person until it has been determined or admitted in a legal proceeding that such act, omission, or knowing violation was committed by:

- the protected person; or
- anyone with the consent or knowledge of the protected person.

**Declaratory, injunctive, or other non-monetary relief costs.** We won't cover:

- any cost, expense, or fee; or
- any amount required to comply with a court or administrative order, judgment, ruling or decree, or a federal, state, or local law;

that results from any action or demand, or any part of any claim or suit, which seeks declaratory, injunctive, or other non-monetary relief.

But we won't apply this exclusion to our duty to defend any protected person against a suit seeking injunctive relief.

**Declaratory, injunctive, or other non-monetary relief** includes:

- a judgment which declares the rights and duties of any person or organization; or
- any type of injunction, restraining order, or any other non-monetary relief.

**Employee benefit plans administration.** We won't cover loss that results from any wrongful act committed by or for any protected person in:

- the administration of any employee benefit plan; or
- the conduct of any fiduciary duty for any employee benefit plan.

**Employment-related practices.** We won't cover loss that results from a wrongful employment practice offense.

**Wrongful employment practice offense** means any of the following offenses:

- Employment discrimination.
- Wrongful employment termination.
- Employment-related harassment.
- Retaliatory action against any of your employees.
- Wrongful, excessive, or unfair discipline of any of your employees.
- Wrongful hiring, supervision, or demotion of, or failure to promote, any of your employees.
- Employment-related misrepresentation, defamation, libel, slander, disparagement, or invasion of privacy.

**Employment discrimination** means any employment-related violation of a person's rights with respect to:

- the person's race, color, national origin, religion, gender, marital status, age, sexual orientation, or physical or mental disability; or
- any other class or characteristic afforded rights under any federal, state, or local law, rule, or regulation.

**Employment-related harassment** means any unwelcome sexual advance, request for any sexual favor, or other verbal, visual, or physical conduct of a sexual or non-sexual nature, when such conduct:

- is connected to a decision affecting a person's employment by you;
- is connected to a decision affecting a person's status as your independent contractor;
- interferes with a person's job performance for you or a person's performance of duties related to the conduct of your operations; or
- creates an intimidating, hostile, or offensive working environment affecting a person's employment by you or a person's performance of duties related to the conduct of your operations.

**Independent contractor** means any person who:

- has a contract with you to perform for you certain duties related to the conduct of your operations; and
- isn't your employee or volunteer worker.

**Retaliatory action** includes any employment-related action directed at any of your employees that is in response to the employee's:

- exercising any legally afforded rights;
- supporting in any way another person's exercise of any legally afforded rights;
- participating in any strikes or lockouts;
- making any claims or suits against you or any other protected person;
- testifying against you or any other protected person in any legal proceedings;
- declining to perform any illegal or unethical acts; or
- threatened or actual reporting of any illegal operations or activities actually or allegedly conducted within your operations.

**Expected or intended failure to provide access.**

We won't cover loss that results from any failure to provide access to your website or your computer or communications network that was expected or intended by the protected person.

**Fines or penalties.** We won't cover any fine or penalty imposed by law or that any protected person has agreed to pay for any reason.

But we won't consider punitive or exemplary damages to be a fine or penalty.

**Government demands or proceedings.** We won't cover any demand made or proceeding brought by:

- the Federal Trade Commission;
- the Federal Communications Commission; or
- any other federal, national, state, local, or foreign government, agency, or entity.

But we won't apply this exclusion to any claim made or suit brought by a federal, national, state, local, or foreign government, agency, or entity in its capacity as your customer.

**Health care professional services.** We won't cover loss that results from the performance of or failure to perform health care professional services.

*Health care professional services* includes:

- dental, medical, mental, nursing, surgical, x-ray and other health care professional services, including any advice, instruction, food or beverages provided with such service;
- the dispensing of drugs or medical or dental supplies and appliances; and
- the handling or treatment of corpses, including autopsies, organ donations, and other postmortem procedures.

**Infringement of copyrighted software.** We won't cover loss that results from infringement of copyrighted software.

*Infringement of copyrighted software* means:

- piracy of a copyrighted software product; or
- infringement of copyrighted software code or any other copyrighted element of any part of a software program.

*Copyrighted* means protected by a copyright, regardless of whether such copyright is registered with the United States Copyright Office.

**Injury or damage.** We won't cover injury or damage.

*Injury or damage* means:

- bodily injury, personal injury, or advertising injury; or
- property damage.

*Bodily injury* means any physical harm, including sickness or disease, to the physical health of other persons.

We'll consider any of the following that happens at any time to be part of such physical harm, sickness, or disease, if it results in or from such physical harm, sickness, or disease:

- Mental anguish, injury, or illness.
- Emotional distress.
- Care, loss of services, or death.

*Property damage* means:

- physical damage to tangible property of others, including all resulting loss of use of that property; or
- loss of use of tangible property of others that isn't physically damaged.

*Tangible property* doesn't include data.

*Personal injury* means injury, other than bodily injury or advertising injury, that:

- results from your operations; and
- is caused by a personal injury offense.

*Personal injury offense* means any of the following offenses:

- False arrest, detention, or imprisonment.
- Malicious prosecution.
- Wrongful entry into, or wrongful eviction from, a room, dwelling, or premises that a person occupies, if such entry or eviction is committed by or for the landlord, lessor, or owner of that room, dwelling, or premises.
- Invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies, if such invasion is committed by or for the landlord, lessor, or owner of that room, dwelling, or premises.
- Libel or slander.
- Making known to any person or organization material, in any form of expression, that disparages the business, premises, products, services, work, or completed work of others.
- Making known to any person or organization material, in any form of expression, that violates a person's right of privacy.

*Advertising injury* means injury, other than bodily injury or personal injury, that:

- results from the advertising of your facilities, operations, or services, or your products, your work, or your completed work; and

- is caused by an advertising injury offense.

**Advertising injury offense** means any of the following offenses:

- Libel or slander.
- Making known to any person or organization material, in any form of expression, that disparages the business, premises, products, services, work, or completed work of others.
- Making known to any person or organization material, in any form of expression, that violates a person's right of privacy.
- Unauthorized use of any advertising idea or advertising material, or any slogan or title, of others in your advertising.

**Advertising** means attracting the attention of others by any means for the purpose of seeking or increasing:

- interest or participation in civic, educational, entertainment, recreational, or social activities or events;
- private or public development, growth, or investment;
- use of facilities or services by others; or
- visits by tourists, travelers, or membership, trade, or similar groups, organizations, or shows.

**Advertising idea** means a manner or style of advertising that others use and intend to attract attention in their advertising.

**Advertising material** means any material that:

- is subject to copyright law; and
- others use and intend to attract attention in their advertising.

**Internet service interruption.** We won't cover loss that results from an Internet service interruption or failure.

But we won't apply this exclusion if such interruption or failure was caused by you.

**Known wrongful acts.** We won't cover loss that results from any wrongful act, including any part of related wrongful acts, that any described authorized person knew about before the beginning date from which we, or any of our affiliated insurance companies, have continuously provided this network and information security liability and communications and media liability protection to you.

**Described authorized person** means any person while he or she is your:

- Elected or appointed official, director, or executive officer, or member of any of your boards.
- Employee and is or acts as your insurance or risk manager or holds a position in your insurance, risk management, or legal department.

**Law enforcement activities or operations.** We won't cover loss that results from law enforcement activities or operations.

**Law enforcement activities or operations** means any of the official activities or operations of your police department, sheriff agency, or other public safety organization which enforces the law and protects persons or property.

They include the following:

- Ownership, maintenance, or use of a premises that you own, rent, lease, or borrow in order to perform such activities or operations.
- Providing first aid at the time of an accident, crime, or medical emergency.

**License fees or royalties.** We won't cover license fees or royalties of any kind.

**Multiplied damages.** We won't cover the portion of any multiplied damage award that exceeds the amount multiplied.

**Nuclear material.** We won't cover loss that results from the hazardous properties of any nuclear material.

**Hazardous properties** include radioactive, toxic, or explosive properties.

**Nuclear material** means any nuclear material defined in the Federal Atomic Energy Act, or any of its amendments.

**Patent and trade secrets.** We won't cover loss that results from the actual or alleged infringement or violation of any of the following rights or laws:

- Patent.
- Trade secrets.

**Pollution.** We won't cover loss that results from pollution.

We also won't cover any loss, cost, or expense that results from:

- any request, demand, order, or statutory or regulatory requirement that any protected person or others perform pollution work; or
- any claim by or for any governmental authority for damages that result from the performance of pollution work.

**Pollution** means any actual, alleged, or threatened discharge, dispersal, escape, migration, release, or seepage of any pollutant.

**Pollutant** means any solid, liquid, gaseous, or thermal irritant or contaminant, including:

- smoke, vapors, soot, fumes;
- acids, alkalis, chemicals; and
- waste.

**Waste** includes materials to be recycled, reconditioned, or reclaimed.

**Pollution work** means:

- the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing of any pollutant; or
- the responding to, or assessing, in any way the effects of any pollutant.

**Profits.** We won't cover disgorgement of profits, accounting or award of profits, or any other return of profits.

**School operations.** We won't cover loss that results from the activities, operations, or administration of any school, college, or university.

## **Other Insurance**

This agreement is primary insurance. However, if there is any valid and collectible other insurance for loss covered by this agreement, we'll apply this agreement in connection with that other insurance in accordance with the rest of this section.

**Other insurance** means insurance, or the funding of losses, that's provided by or through:

- another insurance company;
- us, except under this agreement;
- any of our affiliated insurance companies;
- any risk retention group;

- any self insurance method or program; or
- any similar risk transfer or risk management method.

However, we won't consider umbrella insurance or excess insurance that you bought specifically to apply in excess of the limits of coverage that apply under this agreement to be other insurance.

**Primary other insurance.** When there's primary other insurance for loss covered by this agreement, we'll pay that portion of the damages and defense expenses which:

- exceeds the deductible; and
- equals our percentage of the total of all limits of coverage that apply.

But we won't pay more than the limit of coverage that applies under this agreement. For example:

*The limit of coverage under this agreement is \$1,000,000. Another insurance policy with a limit of \$250,000 that covers the protected person as a named insured also covers loss covered by this agreement. We won't pay more than 80% (\$1,000,000/\$1,250,000) of the loss, less any deductible.*

However, if the extended reporting period applies, we'll apply this agreement as excess insurance over that part of any valid and collectible other insurance that is available under any policy in effect during the extended reporting period and provides coverage for claims or suits for covered loss:

- first made or brought against a protected person while this agreement is in effect and first reported to us during the extended reporting period; or
- first made or brought against a protected person and first reported to us during the extended reporting period.

We'll do so whether such other insurance applies on a primary, excess, contingent, or any other basis.

We explain how we'll apply this agreement as excess insurance in the When this agreement is excess insurance section.

**When this agreement is excess insurance.**

When this agreement is excess insurance, we won't have a duty to defend any claim or suit that any provider of other insurance has a duty to defend. However, we'll defend a

claim or suit for covered loss if no provider of other insurance will do so. In return, we'll require that the protected persons give us all of their rights against each such provider of other insurance.

Also, we'll pay only the amount of damages and defense expenses covered by this agreement that are in excess of:

- the total amount that all such other insurance would pay if this agreement didn't exist; and
- the total of all deductible and self-insured amounts under all such other insurance.

But we won't pay more than the limit of coverage that applies under this agreement.

### List Of Terms With Defined Meanings Shown In This Agreement

This section lists, in alphabetical order, the terms that have or include defined meanings shown in this agreement. The defined meaning for each of these terms:

- begins on the page shown for that term; and
- is usually located immediately following where that term is first used in this agreement.

However, one or more endorsements or other forms made part of your policy may, without changing this section:

- delete or change the defined meanings for any of these terms; or
- add a defined meaning for any other term.

Term	Page
Advertising	12
Advertising idea	12
Advertising injury	11
Advertising injury offense	12
Advertising material	12
Authorized user	2
Bodily injury	11

Claim	3
Communications and media wrongful act	2
Computer virus	2
Copyrighted	11
Coverage territory	7
Covered material	3
Declaratory, injunctive, or other non-monetary relief	10
Defense expenses	3
Described authorized person	12
Employee	7
Employee leasing firm	7
Employment discrimination	10
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Extended reporting period	5
Hazardous properties	12
Health care professional services	11
Independent contractor	10
Infringement of copyrighted software	11
Injury or damage	11
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Leased worker	7
Legal representative	7
Limited reporting period	5
Network and information security wrongful act	2
Nuclear material	12
Other insurance	13
Our deductible recovery expenses	9
Personal injury	11
Personal injury offense	11
Policy year	8
Pollutant	13
Pollution	13
Pollution work	13
Property damage	11
Protected person	2
Related wrongful acts	3
Retaliatory action	10
Retroactive date	3
Slogan	3
Suit	3
Tangible property	11
Title	3
Volunteer worker	7
Waste	13
Wrongful act	2
Wrongful employment practice offense	10
Your boards	7
Your computer or communications network	2

**TERRORISM RISK INSURANCE ACT OF 2002  
CERTIFIED ACTS OF TERRORISM EXCLUSION ENDORSEMENT –  
PUBLIC ENTITY CYBER+ LIABILITY**

This endorsement changes your Public Entity  
Cyber+ Liability Protection - Claims-Made.

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**How Coverage Is Changed**

The following is added to the Exclusions -  
What This Agreement Won't Cover section.  
This change excludes coverage.

**Certified acts of terrorism.** We won't cover  
loss that results from any certified act of  
terrorism.

*Certified act of terrorism* means an act that  
is certified by the Secretary of the Treasury,  
in concurrence with the Secretary of State  
and the Attorney General of the United  
States, to be an act of terrorism pursuant to  
the federal Terrorism Risk Insurance Act of  
2002. The federal Terrorism Risk Insurance  
Act of 2002 includes the following criteria  
for such an act of terrorism:

- The act resulted in aggregate losses in  
excess of \$5 million; and
- The act is a violent act, or an act that is  
dangerous to human life, property, or  
infrastructure, and is committed by an  
individual or individuals acting on behalf  
of any foreign person or foreign interest,  
as part of an effort to coerce the civilian  
population of the United States of  
America, including its territories and  
possessions and Puerto Rico, or to  
influence the policy or affect the contact  
of the United States Government by  
coercion.

**Other Terms**

All other terms of your policy remain the  
same.

## CRISIS MANAGEMENT SERVICE EXPENSES COVERAGE ENDORSEMENT – PUBLIC ENTITY CYBER+ LIABILITY

This endorsement changes your Public Entity Cyber+ Liability Protection - Claims-Made.

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### How Coverage Is Changed

There are three changes which are explained below. These changes broaden coverage by adding coverage for your crisis management service expenses.

1. The following is added to the What This Agreement Covers section.

**Crisis management service expenses.** When we defend you against a claim seeking damages, or a suit seeking damages or injunctive relief, for covered loss, we'll reimburse you for your crisis management service expenses that result from any wrongful act that caused such loss.

*Your crisis management service expenses* means the reasonable fees, costs, or expenses incurred and paid by you in:

- retaining a public relations consultant or firm, or a crisis management consultant or firm; or
- planning or executing your public relations campaign;

to mitigate any actual or potential negative publicity generated from a covered loss.

But we won't consider any of the following to be your crisis management service expenses:

- Fees, costs, or expenses you incur to comply with any law or regulation.
- Your security breach notification expenses.

*Your security breach notification expenses* means the following reasonable fees, costs, or expenses incurred and paid by you that result directly from a security breach:

- Fees, costs, or expenses to determine the persons whose identity information was accessed or acquired without their authorization.

- Fees, costs, or expenses to develop documents or materials to notify the persons whose identity information was accessed or acquired without their authorization.
- Costs of mailings or other communications required to notify the persons whose identity information was accessed or acquired without their authorization.
- Costs of providing 365 days of credit monitoring services to persons whose identity information was accessed or acquired without their authorization, starting with the date that you first notify such persons of the security breach.
- Costs of establishing and maintaining a call center to be used by persons whose identity information was accessed or acquired without their authorization.

*Security breach* means unauthorized access to, or acquisition of, identity information acquired, owned, licensed, maintained, or stored by you.

*Identity information* means electronic data containing a person's name and any of the following information for that person:

- Social security number.
- Medical or health care information.
- Drivers license number.
- Credit, debit, bank, or other financial account number and any security code, access code, or password that would permit access to that account.
- Any other nonpublic personal information protected from unauthorized access or acquisition by any security breach notification law.

*Security breach notification law* means any of the following laws or regulations:

- Gramm-Leach-Bliley Act of 1999.

- Health Insurance Portability and Accountability Act of 1996.
- California's Security Breach Notification Act.
- Any other similar law or regulation that requires an organization to notify persons that their nonpublic personal information was or may have been accessed or acquired without their authorization.

2. The following is added to the Limits Of Coverage section.

**Crisis management service expenses limit.**

This limit is \$25,000. It is the most we'll pay for the combined total of all

of your crisis management service expenses covered by this agreement.

This limit is in addition to the each wrongful act limit and the total limit.

3. The following is added to the Deductibles section.

The deductibles also won't apply to payments we make for your crisis management service expenses.

**Other Terms**

All other terms of your policy remain the same.

## SECURITY BREACH NOTIFICATION EXPENSES COVERAGE ENDORSEMENT – PUBLIC ENTITY CYBER+ LIABILITY

This endorsement changes your Public Entity Cyber+ Liability Protection - Claims-Made.

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### How Coverage Is Changed

There are ten changes which are explained below. These changes broaden coverage by adding coverage for your security breach notification expenses.

1. The following is added to the Important Note of your Public Entity Cyber+ Liability Protection.

**Your security breach notification expenses are also within the limits of coverage.**

2. The following is added to the What This Agreement Covers section.

**Security breach notification expenses.** We'll also reimburse you for your security breach notification expenses that result from a security breach that:

- happens on or after the network and information security retroactive date and before the ending date of this agreement;
- you first have knowledge of while this agreement is in effect; and
- is first reported to us while this agreement is in effect or within 90 days after the ending date of this agreement.

We'll consider each security breach in a series of related security breaches to happen on the date that the first security breach in that series happens.

*Related security breaches* means two or more security breaches that have as a common connection, tie, or link any fact, circumstance, situation, event, transaction, cause, or series of related facts, circumstances, situations, events, transactions, or causes.

*Your security breach notification expenses* means the following reasonable fees, costs, or expenses incurred and

paid by you that result directly from a security breach:

- Fees, costs, or expenses to determine the persons whose identity information was accessed or acquired without their authorization.
- Fees, costs, or expenses to develop documents or materials to notify the persons whose identity information was accessed or acquired without their authorization.
- Costs of mailings or other communications required to notify the persons whose identity information was accessed or acquired without their authorization.
- Costs of providing 365 days of credit monitoring services to persons whose identity information was accessed or acquired without their authorization, starting with the date that you first notify such persons of the security breach.
- Costs of establishing and maintaining a call center to be used by persons whose identity information was accessed or acquired without their authorization.
- Any other fees, costs, or expenses necessary to comply with any security breach notification law that applies to you.

But we won't consider any of the following to be your security breach notification expenses:

- Remuneration paid to your regular employees for work beyond their normal scheduled hours.
- Fees, costs, or expenses of outside consultants retained by you, unless we agree to reimburse you for such fees, costs, or expenses.
- Fines or penalties imposed by law or that any protected person has agreed to pay for any reason.
- Amounts that you voluntarily agree to pay to any person whose identity

information was accessed or acquired without his or her authorization.

- Your crisis management service expenses.

**Security breach** means unauthorized access to, or acquisition of, identity information owned, licensed, maintained, or stored by you.

**Identity information** means electronic data containing a person's name and any of the following information for that person:

- Social security number.
- Medical or health care information.
- Drivers license number.
- Credit, debit, bank, or other financial account number and any security code, access code, or password that would permit access to that account.
- Any other nonpublic personal information protected from unauthorized access or acquisition by any security breach notification law.

**Security breach notification law** means any of the following laws or regulations:

- Gramm-Leach-Bliley Act of 1999.
- Health Insurance Portability and Accountability Act of 1996.
- California's Security Breach Notification Act.
- Any other similar law or regulation that requires an organization to notify persons that their nonpublic personal information was or may have been accessed or acquired without their authorization.

**Your crisis management service expenses** means the reasonable fees, costs, or expenses incurred and paid by you in:

- retaining a public relations consultant or firm, or a crisis management consultant or firm; or
- planning or executing your public relations campaign;

to mitigate any actual or potential negative publicity generated from a covered loss.

3. The following is added to the When This Agreement Covers section.

**When we consider you to have knowledge of a security breach.** We'll consider you

to first have knowledge of a security breach on the earlier of the following dates:

- The date that any protected person first learns that a security breach has happened.
- The date that any authorized government entity first informs any protected person that it has concluded that a security breach has happened.

**When we consider a security breach to be first reported to us.** We'll consider a security breach to be first reported to us on the date that we first receive a written notice of such security breach from any protected person or any authorized government entity.

4. The following replaces the fourth paragraph in the Right and duty to defend a protected person section.

Our duty to defend protected persons ends when we have used up the limit of coverage that applies with the payment of:

- judgments;
- settlements;
- defense expenses; or
- your security breach notification expenses.

But our payment of the security breach notification expenses limit won't end our duty to defend protected persons if we also haven't used up the limit of coverage that applies with the payment of judgments, settlements, or defense expenses.

5. The following replaces the second paragraph in the Additional payments.

Our duty to make such payments ends when we have used up the limit of coverage that applies with the payment of:

- judgments;
- settlements;
- defense expenses; or
- your security breach notification expenses.

But our payment of the security breach notification expenses limit won't end our duty to make such payments if we haven't also used up the limit of coverage that applies with the payment

of judgments, settlements, or defense expenses.

6. The following is added to the Limits Of Coverage section.

**Security breach notification expenses limit.**

This limit is \$25,000. It's the most we'll pay for your security breach notification expenses that result from all security breaches that:

- happen on or after the network and information security retroactive date and before the ending date of this agreement;
- you first have knowledge of while this agreement is in effect; and
- are first reported to us while this agreement is in effect or within 90 days after the ending date of this agreement.

7. The following replaces the Total limit section.

**Total limit.** This is the most we'll pay for the combined total of:

- all damages and defense expenses for all claims or suits for loss covered by this agreement; and
- all of your security breach notification expenses covered by this agreement.

8. The following replaces the second paragraph in the Deductible section.

The deductible won't apply to payments we make under the Additional payments

section or the Security breach notification expenses section.

9. The following is added to the Other Insurance section.

We'll also apply this agreement as excess insurance over any valid and collectible other insurance that:

- provides coverage for your security breach notification costs covered by such agreement; and
- wasn't bought specifically to apply in excess of the security breach notification expenses limit shown in the Coverage Summary.

10. The following replaces the fifth paragraph of Other Insurance section.

Also, we'll pay only the amount of damages, defense expenses, and your security breach notification expenses covered by this agreement that are in excess of:

- the total amount that all such other insurance would pay if this agreement didn't exist; and
- the total of all deductible and self-insured amounts under all such other insurance.

**Other Terms**

All other terms of your policy remain the same.

## **EXTENDED REPORTING PERIOD ENDORSEMENT – PUBLIC ENTITY CYBER+ LIABILITY**

This endorsement changes your Public Entity Cyber+ Liability Protection - Claims-Made.

**Important Note:** This endorsement won't take effect unless:

- the additional premium for this endorsement, and the earned premium for your Public Entity Cyber+ Liability Protection - Claims-Made, are paid in full;
- any deductible you owe us under that insuring agreement is paid in full; and
- you have fulfilled all other duties, and complied with all other conditions and requirements, under that insuring agreement.

But once this endorsement takes effect, it may not be canceled by you or us.

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### **How Coverage Is Changed**

The following is added to the When This Agreement Covers section. This change broadens coverage.

**An extended reporting period applies.** We'll apply this agreement to claims or suits for loss covered by this agreement when they're first:

- made or brought against a protected person while this agreement is in effect and reported to us during the extended reporting period; or
- made or brought against a protected person during the extended reporting period and reported to us during such reporting period.

We explain how the extended reporting period applies in the How the extended reporting period applies section.

### **Other Terms**

All other terms of your policy remain the same.

**ADDITIONAL PROTECTED PERSONS ENDORSEMENT –  
DESCRIBED PERSONS OR ORGANIZATIONS –  
PUBLIC ENTITY CYBER+ LIABILITY**

This endorsement changes your Public Entity  
Cyber+ Liability Protection - Claims-Made.

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**How Coverage Is Changed**

The following is added to the Who Is  
Protected Under This Agreement section.  
This change adds certain protected persons  
and limits their protection.

**Described persons or organizations.** The person  
or organization shown in the Coverage  
Summary as a described person or  
organization is a protected person. But only  
for wrongful acts committed by or for that  
person or organization in their performance  
of duties related to the conduct of your  
operations.

**Other Terms**

All other terms of your policy remain the  
same.

**INTERNET SERVICE PROVIDERS EXCLUSION ENDORSEMENT –  
PUBLIC ENTITY CYBER+ LIABILITY**

This endorsement changes your Public Entity  
Cyber+ Liability Protection - Claims-Made.

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**How Coverage Is Changed**

The following is added to the Exclusions -  
What This Agreement Won't Cover section.  
This change excludes coverage.

**Internet service providers.** We won't cover  
loss that results from your activities or  
operations in providing or failing to provide  
others with access to the Internet.

**Other Terms**

All other terms of your policy remain the  
same.

**CLAIMS OR SUITS BY DESCRIBED PERSONS OR ORGANIZATIONS  
EXCLUSION ENDORSEMENT – PUBLIC ENTITY CYBER+ LIABILITY**

This endorsement changes your Public Entity  
Cyber+ Liability Protection - Claims-Made.

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**How Coverage Is Changed**

The following is added to the Exclusions -  
What This Agreement Won't Cover section.  
This change excludes coverage.

**Other Terms**

All other terms of your policy remain the  
same.

**Claims or suits by described persons or  
organizations.** We won't cover loss for which  
any claim or suit is made or brought by or  
on behalf of any person or organization  
described below.

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**Described persons or organizations:**

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**Name of Insured**

**Policy Number**

**Effective Date**

**Processing Date**

**WRONGFUL ACTS COMMITTED BY DESCRIBED PERSONS OR ORGANIZATIONS EXCLUSION ENDORSEMENT – PUBLIC ENTITY CYBER+ LIABILITY**

This endorsement changes your Public Entity Cyber+ Liability Protection - Claims-Made.

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**How Coverage Is Changed**

The following is added to the Exclusions - What This Agreement Won't Cover section. This change excludes coverage.

**Wrongful acts committed by described persons or organizations.** We won't cover loss that is caused by any wrongful act committed by or for any person or organization described below.

**Other Terms**

All other terms of your policy remain the same.

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**Described persons or organizations:**

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**Name of Insured**

**Policy Number**

**Effective Date**

**Processing Date**

**DESCRIBED ACTIVITIES, LOCATIONS, OR OPERATIONS EXCLUSION  
ENDORSEMENT – PUBLIC ENTITY CYBER+ LIABILITY**

This endorsement changes your Public Entity  
Cyber+ Liability Protection - Claims-Made.

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**How Coverage Is Changed**

The following is added to the Exclusions -  
What This Agreement Won't Cover section.  
This change excludes coverage.

**Other Terms**

All other terms of your policy remain the  
same.

**Described activities, locations, or operations.** We  
won't cover loss for any claim or suit that  
results from any activities, locations, or  
operations described below.

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**Described activities, locations, or operations:**

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**Name of Insured**

**Policy Number**

**Effective Date**  
**Processing Date**

**RETROACTIVE DATE REDEFINED ENDORSEMENT –  
PUBLIC ENTITY CYBER+ LIABILITY**

This endorsement changes your Public Entity  
Cyber+ Liability Protection - Claims-Made.

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**How Coverage Is Changed**

The following replaces the definition of retroactive date. This change applies a separate retroactive date for wrongful acts committed by or for certain protected persons.

*Retroactive date* means the earliest date that a wrongful act may first be committed and be covered by this agreement. The retroactive date that applies to wrongful acts committed by or for certain protected persons is shown in the Retroactive Date Table below.

However, if a protected person is not shown in the Retroactive Date Table, we'll consider the retroactive date for wrongful acts committed by or for that protected person to be the same as the retroactive date

shown in the Coverage Summary. If no retroactive date is shown in the Coverage Summary, we'll consider that date to be the same as the beginning date of this agreement.

If a protected person is shown in the Retroactive Date Table, but the retroactive date for that protected person is left blank in the Table, we'll consider the retroactive date for wrongful acts committed by or for that protected person to be the same as the beginning date of this agreement.

**Other Terms**

All other terms of your policy remain the same.

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**Retroactive Date Table**

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Retroactive date:    Protected persons:

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**Name of Insured**

**Policy Number**

**Effective Date  
Processing Date**

## **ADVERTISING, BROADCASTING, OR PUBLISHING BUSINESS EXCLUSION ENDORSEMENT – PUBLIC ENTITY CYBER+ LIABILITY**

This endorsement changes your Public Entity Cyber+ Liability Protection - Claims-Made.

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### **How Coverage Is Changed**

The following is added to the Exclusions - What This Agreement Won't Cover section. This change excludes coverage.

#### **Advertising, broadcasting, or publishing business.**

We won't cover loss that results from any wrongful act committed by or for any protected person whose business is advertising, broadcasting or publishing.

We won't consider the placement of advertising, borders, or frames for or of others, or links for or to others, on or in a protected person's website, by itself, to mean that protected person's business is advertising.

**Broadcasting** means transmitting any audio or visual material for any purpose:

- by radio or television; or
- in or with any other electronic means of communication, such as the Internet, if that material is part of radio or television programming, other entertainment, music, or news programming, or advertising transmitted with that programming.

**Publishing** means creating and producing any material in any format for distribution or sale to others for any purpose.

But we won't consider creating and producing any of the following material in any format to be publishing:

- Correspondence written in the conduct of your business.
- Material, including bulletins, financial or annual reports, or newsletters, that describes or reports your business activities, your products, your work, or your completed work.

### **Other Terms**

All other terms of your policy remain the same.

**PUBLIC ENTITY CYBER+ LIABILITY PROTECTION – CLAIMS-MADE  
 SELF-INSURED RETENTIONS ENDORSEMENT –  
 RETENTIONS APPLY TO DAMAGES AND DEFENSE EXPENSES**

This endorsement changes your Public Entity Cyber+ Liability Protection - Claims-Made.

**Important Note:** This endorsement adds one or more self-insured retentions over which the limits of coverage will apply. Defense expenses are subject to the self-insured retentions.

**Self-Insured Retentions Table**

*Only those self-insured retentions for which amounts are shown apply.*

Each wrongful act retention.	\$
Total retention.	\$

**Important note:** If no amount is shown above for the total retention, the total retention doesn't apply, and you'll be responsible for paying all applicable each wrongful act retentions without further limitation, regardless of how often they apply.

**How Coverage Is Changed**

There are ten changes which are explained below.

1. The following replaces the Deductible section. This change adds one or more self-insured retentions to be paid by you.

**Self-Insured Retentions**

The self-insured retentions shown in the Self-Insured Retentions Table and the information contained in this section fix the amount of damages and defense expenses incurred by or for you or any other protected person for covered loss that you'll be responsible for paying, and over which the limits of coverage will apply, regardless of the number of:

- protected persons;
- claims made or suits brought; or
- persons or organizations making claims or bringing suits.

The self-insured retentions won't apply to:

- payments we make under the Additional payments section;
- defense expenses we pay under the Right to defend a protected person section, other than any defense

expenses you pay under the Payment of defense expenses when our defense of a suit results in a judgment or settlement within the self-insured retention section; or

- defense expenses we pay under the Right to appeal a judgment against a protected person section, other than any defense expenses you pay under the Payment of defense expenses when our appeal of a suit results in a judgment within the self-insured retention section.

**Defense expenses** means any of the following fees, costs, or expenses that result directly from the investigation, defense, or appeal of a specific claim or suit:

- Fees, costs, or expenses of hired or appointed attorneys.
- The cost of proceedings involved in the suit, including court reporter's, arbitrator's, or mediator's fees.
- Independent expert's or special investigator's fees, costs, or expenses.
- Additional living expenses.
- Costs of any appeal, attachment, or similar required bonds.
- Prejudgment interest, except such interest we pay under the Additional payments section.

**Name of Insured**

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**Processing Date**

- Postjudgment interest, except such interest we pay under the Additional payments section.

But we won't consider any of the following to be defense expenses:

- Our expenses, including salaries, wages, or travel expenses of our employees, other than fees, costs, or expenses incurred by us in connection with a specific claim or suit.
- Salaries or wages of any protected person, including attorneys employed by any protected person.
- Expenses, other than additional living expenses, incurred by any protected person, including attorneys employed by any protected person.
- Fees, costs, or expenses of independent adjusters or attorneys for adjusting claims.
- Fees, costs, or expenses for coverage opinions.
- Fees, costs, or expenses of your claim handling service.
- Payments we make under the Right to appeal a judgment against a protected person section.
- Our recovery expenses as explained in the Recovering Damages From A Third Party section in your General Rules, which is a part of your policy.

**Additional living expenses** means the reasonable expenses incurred by any protected person, including attorneys employed by any protected person, for transportation, lodging, and food while temporarily away from home to help with the investigation, defense, or appeal of a specific claim or suit.

**Prejudgment interest** means the interest that:

- accumulates before a judgment; and
- is awarded against a protected person on that part of a judgment for covered loss.

**Postjudgment interest** means the interest that:

- accumulates on that part of a judgment from the date of the judgment to the date that the judgment is paid; and
- is awarded against a protected person on that part of a judgment for covered loss.

**Your claim handling service** means the person or organization that's approved by us to provide claims services for you. We won't consider your claim handling service to be us except when we're providing claims services for you under a separate written agreement to specifically provide such services.

**Each wrongful act retention.** You'll be responsible for the amount of damages and defense expenses for covered loss within this self-insured retention for all claims or suits for covered loss that is caused by:

- the same wrongful act; or
- related wrongful acts.

**Total retention.** This amount is the most you'll be responsible for paying for the combined total of all each wrongful act retentions for all claims or suits for covered loss that are:

- first made or brought against a protected person; and
- first reported to us; in a policy year.

If no amount for the total retention is shown in the Self-Insured Retentions Table, the total retention doesn't apply, and you'll be responsible for paying all applicable each wrongful act retentions without further limitation, regardless of how often they apply.

We explain when we consider a claim or suit to be first made or brought and when we consider a claim to be first reported to us in the When This Agreement Covers section.

**How the total retention applies to an extension of the policy period.** If the original policy period shown in the Introduction is extended, each extension will increase the total retention by a pro rata amount. We'll determine the pro rata amount by multiplying the total retention for the original policy period by a fraction. We'll determine the fraction by dividing the policy period extension's length of time by the original policy period's length of time. For example:

*Your original policy period is for one year. The total retention for the one-year policy period is \$250,000. During the year you request, and we provide, a three-month extension of the policy*

*period. The policy period becomes 15 months and the total retention is increased by an additional \$62,500 for the three-month extension. As a result, the amount of the total retention for the entire 15-month policy period is \$312,500.*

$$\$250,000 \times \frac{3 \text{ months}}{12 \text{ months}} = \$62,500$$

$$\$62,500 + \$250,000 = \$312,500$$

**Voluntary payments above a self-insured retention.** We'll consider any voluntary payment of, or assumption of any obligation to pay:

- damages for covered loss; or
  - defense expenses;
- above a self-insured retention to be your responsibility if they're paid or assumed without our consent.

**How the self-insured retentions apply if you can't pay them.** If for any reason you're unable to pay a self-insured retention that applies, we'll only pay damages, defense expenses, prejudgment interest, and postjudgment interest covered by this agreement that exceed such self-insured retention.

2. The following replaces the Right and duty to defend a protected person section. This change:

- reduces our obligations under this agreement by removing our duty to defend a protected person; and
- explains our right to settle a claim or suit for covered loss.

**Right to defend a protected person.** We'll have the right, but not the duty, to defend any protected person against:

- a claim or suit seeking damages for loss covered by this agreement if the total amount of damages and defense expenses for such loss exceeds, or probably will exceed, the self-insured retention that applies; and
- a suit seeking injunctive relief for loss covered by this agreement if the total amount of defense expenses for such loss exceeds, or will probably exceed, the self-insured retention that applies.

We'll have such right even if all of the allegations of the claim or suit are groundless, false, or fraudulent.

We'll have the right to investigate any wrongful act, claim, or suit to the extent we believe is proper.

If we choose to:

- investigate a wrongful act, claim, or suit;
- defend a protected person against a claim or suit seeking damages for covered loss; or
- defend a protected person against any suit seeking injunctive relief for covered loss;

on any basis other than as your claim handling service, we'll pay all expenses we incur for such investigation or defense. Any such defense expenses we pay will reduce the available limits of coverage if the total amount of damages and defense expenses paid in connection with the claim or suit exceeds the self-insured retention that applies. However, if you reimburse us for such defense expenses under the Payment of defense expenses when our defense of a claim results in a judgment or settlement within the self-insured retention section, such defense expenses won't reduce the available limits of coverage.

However, we have no duty to defend:

- any claim or suit seeking damages for loss covered by this agreement even if the total amount of damages and defense expenses for such loss exceeds, or probably will exceed, the self-insured retention that applies; or
- any suit seeking injunctive relief for loss covered by this agreement even if the total amount of defense expenses for such loss exceeds, or probably will exceed the self-insured retention that applies.

We'll also have the right to settle any claim or suit seeking damages for covered loss, if the total amount of damages and defense expenses for such loss exceeds, or will probably exceed, the self-insured retention that applies. If we settle such claim or suit, you'll be responsible for the total amount of damages we've agreed to in the settlement that are within the self-insured retention that applies. After you are notified of such settlement, you agree, within 10 business days, to:

- pay such amount; or
- repay such amount to us that we have already paid;

to settle the claim or suit.

*Claim* means a demand that seeks damages.

*Suit* means a civil proceeding that seeks damages or injunctive relief, including:

- an arbitration proceeding for damages or injunctive relief to which the protected person must submit, or submits with our consent; and
- any other alternative dispute resolution proceeding for damages or injunctive relief to which the protected person submits with our consent.

*Payment of defense expenses when our defense of a suit results in a judgment or settlement within the self-insured retention.* If we choose to defend a protected person against a claim or suit, and we incur defense expenses, you'll reimburse us for such expenses after a settlement or judgment, up to the amount of the self-insured retention that applies, if the retention isn't first used up by the amount of such settlement or judgment. For example:

*You have a \$500,000 each wrongful act retention under this agreement. This agreement has a \$1,000,000 each wrongful act limit and a \$1,000,000 total limit. A suit for loss covered by this agreement is brought against you. After you incur \$150,000 in defense expenses, we exercise our right to defend the suit. From that point on, we incur \$400,000 in defense expenses. A \$250,000 judgment for damages covered by this agreement is awarded against you.*

*Because you paid only \$150,000 of your \$500,000 self-insured retention, you'll be responsible for the amount of the judgment (\$250,000), and you'll reimburse us for \$100,000 of the defense expenses that we incurred. We'll be responsible for the remaining \$300,000 in defense expenses, and only that amount of defense expenses will reduce the available limits of coverage.*

3. The following section is added. This change describes our duty to pay reasonable defense expenses that exceed a self-insured retention that applies.

**Duty to pay reasonable defense expenses.**

We'll have the duty to pay reasonable defense expenses incurred by or for you or any other protected person in connection with:

- any claim or suit seeking damages for loss covered by this agreement if the total amount of damages and defense expenses for such loss exceeds, or probably will exceed, the self-insured retention that applies; and
- any suit seeking injunctive relief for loss covered by this agreement if the total amount of defense expenses for such loss exceeds, or probably will exceed, the self-insured retention that applies.

Payment of such expenses will reduce the available limits of coverage.

Our duty to make such payments ends when we have used up the limit of coverage that applies with the payment of:

- judgments;
- settlements; or
- defense expenses.

4. The following replaces the Additional payments section. This change describes the additional payments we'll make and when we'll make them.

**Additional payments.** We'll have the duty to make only the additional payments described below, in addition to the limits of coverage, in connection with any claim or suit under this agreement against a protected person when the total amount of damages and defense expenses for covered loss you have paid in connection with the claim or suit exceeds the self-insured retention that applies.

Our duty to make such payments ends when we have used up the limit of coverage that applies with the payment of:

- judgments;
- settlements; or
- defense expenses.

**Prejudgment interest.** We'll pay the prejudgment interest on the following parts of a judgment:

- That part of a judgment paid by us.

- That part of a judgment paid by you within the self-insured retention that applies.

But if we make a settlement offer to pay the available limit of coverage, we won't pay the prejudgment interest that accumulates after the date of that offer.

**Postjudgment interest.** We'll pay the postjudgment interest on the following parts of a judgment:

- That part of a judgment paid by us.
- That part of a judgment paid by you within the self-insured retention that applies.

But only from the date of the judgment to the date we pay, or deposit in court, the limit of coverage which applies to the judgment.

**Our other expenses.** We'll pay all other expenses, other than defense expenses, that we incur.

5. The following replaces the Right to appeal a judgment against a protected person section. This change explains when we'll have the right to appeal a judgment and how any appeal expenses will be treated.

**Right to appeal a judgment against a protected person.** We'll have the right, but not the duty, to appeal a judgment, but only if the judgment:

- includes damages for loss covered by this agreement;
- the protected person doesn't appeal the judgment; and
- the combined amount of the judgment and defense expenses is more than the self-insured retention that applies.

If we choose to appeal such a judgment, we'll pay the following that result directly from that appeal:

- All expenses we incur.
- All reasonable expenses that any protected person incurs at our request while helping us with the appeal, other than the cost of appeal bonds.
- The cost of any required appeal bond. But only for that part of the judgment that is for damages for loss covered by this agreement and is within the available limit of coverage. However, we'll pay, or reimburse the protected person for, the cost of a higher appeal bond if we're required to do so under

the law that applies. But we won't be the principal under any such bond. Nor do we have to furnish any appeal bond.

These payments are in addition to the limits of coverage. However, the results of an appeal won't change the limits of coverage that apply.

**Payment of defense expenses when our appeal of a suit results in a judgment within the self-insured retention.** If, as the result of our appeal, the amount of the judgment is reduced to zero or to an amount within the self-insured retention, you'll be responsible for the defense expenses that we incurred that result directly from that appeal, up to the amount of the retention. For example:

*You have a \$500,000 each wrongful act retention under this agreement. This agreement has a \$1,000,000 each wrongful act limit and a \$1,000,000 total limit. A \$1,000,000 judgment for damages covered by this agreement is awarded against you, and you have incurred \$300,000 in defense expenses. If we didn't appeal the judgment:*

- *You would be responsible for the amount of damages (\$200,000) and defense expenses you incurred (\$300,000) up to your self-insured retention (\$500,000); and*
- *We would be responsible for the remaining amount of damages (\$800,000) that exceeds your self-insured retention.*

*However, we choose to appeal the judgment, and we incur \$250,000 in defense expenses for the appeal. Our appeal is successful, and the judgment is reduced to zero. Because of this result, you have used up only \$300,000 of your \$500,000 self-insured retention, and you'll be responsible for \$200,000 of the defense expenses that we incurred for the appeal. We'll be responsible for the remaining \$50,000 of such expenses, and only that amount of such expenses will reduce the available limits of coverage.*

6. The following replaces the first paragraph of the When we consider a claim or suit to be first made or brought section. This change explains when we consider a claim or suit to be first made or brought.

**When we consider a claim or suit to be first made or brought.** We'll consider a claim or suit for covered loss to be first made or brought against a protected person on the earlier of the following dates:

- The date that your claim handling service or any protected person first receives written notice of such claim or suit.
- The date that your claim handling service first receives written notice from any protected person of a specific wrongful act that caused the wrongful act which resulted in such claim or suit.

7. The following replaces the first paragraph of the When we consider a claim or suit to be first reported to us section. This change explains when we consider a claim or suit to be first reported to us.

**When we consider a claim or suit to be first reported to us.** We'll consider a claim or suit for covered loss to be first reported to us on the earlier of the following dates:

- The date that your claim handling service first receives written notice of such claim or suit from any protected person or from the person or organization making or bringing the claim or suit.
- The date that your claim handling service first receives written notice from any protected person of a specific wrongful act that caused the loss which resulted in such claim or suit.

8. The following replaces the first paragraph of the What we require in a written notice of a specific wrongful act section. This change explains what is required in a written notice of a specific wrongful act.

**What we require in a written notice of a specific wrongful act.** We won't consider a claim or suit to be first made or brought against a protected person and reported to us on the date your claim handling service first receives written notice of a specific wrongful act unless that notice contains the following information:

- A description of the wrongful act, including its date, time, place, and circumstances.
- The nature of the potential damages.

- The names of each actual or potential claimant and protected person involved.
- The manner in which each of the protected persons first became aware of the circumstances involved.

9. The following replaces the second paragraph of the Limits Of Coverage section. This change describes how the limits of coverage apply to the self-insured retention.

The limits of coverage apply over any applicable self-insured retention shown in the Self-Insured Retentions Table, whether or not that self-insured retention is paid.

10. The following replaces the Other Insurance section. This change limits coverage.

### **Other Insurance**

If there's any valid and collectible other insurance for loss covered by this agreement, the insurance under this agreement is excess, and we won't make any payments until the other insurance has been used up with the payment of amounts that are subject to its limits of coverage.

*Other insurance* means insurance, or the funding of losses, that's provided by or through:

- another insurance company;
- us, except under this agreement;
- any of our affiliated insurance companies;
- any risk retention group;
- any self-insurance method or program, other than any funded by you and over which this agreement applies; or
- any similar risk transfer or risk management method.

However, we won't consider umbrella insurance or excess insurance that you bought specifically to apply in excess of the limits of coverage that apply under this agreement to be other insurance.

### **Other Terms**

All other terms of your policy remain the same.

## INDIAN TRIBES AS PROTECTED PERSONS ENDORSEMENT – PUBLIC ENTITY CYBER+ LIABILITY

This endorsement changes your Public Entity Cyber+ Liability Protection - Claims-Made.

---

### How Coverage Is Changed

There are five changes which are described below.

1. The following replaces the Public entity section. This change broadens coverage.

**Indian tribe.** If you're shown in the Introduction as a named insured and an Indian tribe, you're a protected person.

*Indian tribe* means a tribe, band, pueblo, village, or community of American Indians, or Alaska Natives, that has been recognized as an Indian tribe by the United States government.

2. The following is added to the Who Is Protected Under This Agreement section. This change broadens coverage.

**Partnership or joint venture.** If you're shown in the Introduction as a named insured and a partnership or a joint venture, you're a protected person. Your partners or co-venturers, and their spouses, are protected persons only for the conduct of your business.

**Limited liability company.** If you're shown in the Introduction as a named insured and a limited liability company, you're a protected person. Your members are protected persons only for the conduct of your business. And your managers are protected persons only for their duties as your managers.

**Corporation or other organization.** If you're shown in the Introduction as a named insured and a corporation or other organization, you're a protected person. Your directors and executive officers are protected persons only for the conduct of their duties as your directors or officers. And your stockholders are protected persons only for their liability as your stockholders.

*Other organization* means an organization other than a corporation, partnership, joint venture, limited liability company, or Indian tribe.

*Executive officer* means any person holding an officer position created by the charter, constitution, or by-laws, or any other similar governing document, of a corporation or other organization.

3. The following replaces the Elected or appointed officials section. This change limits coverage.

**Elected or appointed officials.** If you're shown in the Introduction as a named insured and an Indian tribe, your lawfully elected or appointed officials, directors, or executive officers are protected persons only for the conduct of their duties as your elected or appointed officials, directors, or executive officers.

4. The following is added to the Exclusions - What This Agreement Won't Cover section. This change excludes coverage.

**Newly formed or acquired business organizations.** We won't cover loss that results from the activities or operations of any business or commercial organization that:

- you form or acquire while this agreement is in effect; and
- isn't shown in the Introduction.

5. The following is added to the Exclusions - What This Agreement Won't Cover section. This change excludes coverage.

**Unnamed partnership, joint venture, or limited liability company.** We won't cover loss that results from the conduct of any current or past partnership, joint venture, or limited liability company that isn't shown in the Introduction as a named insured.

But we won't apply this exclusion to the extent such organization otherwise qualifies as a protected person under the Who Is Protected Under This Agreement section.

**Other Terms**

All other terms of your policy remain the same.

**DEFENSE EXPENSES WITHIN LIMITS OF COVERAGE NOTICE**

The Department of Insurance in the state of \_\_\_\_\_ requires that we obtain your signature on this important notice.

The Public Entity Cyber+ Liability Protection - Claims-Made insuring agreement provided by us includes defense expenses within the limits of coverage shown in the Coverage Summary.

We define the term *defense expenses* in the insuring agreement. This agreement should be read carefully.

By signing below, you understand and acknowledge that the Public Entity Cyber+ Liability Protection - Claims-Made contains defense-within-limits provisions, which means that the defense expenses will reduce the limit of coverage and may exhaust the limit of coverage completely. Should that occur, you'll be liable for any further amounts, including defense expenses.

\_\_\_\_\_  
Insured's Signature

\_\_\_\_\_  
Date Signed

**This notice is attached to your policy; however, this notice does not change or alter any provision of your policy. Please contact your agent if you have any questions concerning this notice or any part of your policy.**

\_\_\_\_\_  
**Name of Insured**

**Policy Number**

**Effective Date**

**Processing Date**

## **Rate Information**

Rate data does NOT apply to filing.

## Supporting Document Schedules

<b>Satisfied -Name:</b> Uniform Transmittal Document-Property & Casualty	<b>Review Status:</b> Approved	07-27-2007
<b>Comments:</b>		
<b>Attachments:</b> NAIC Transmittal Doc-Spec or Man. rates.pdf NAIC Form Filing Schedule.pdf		
<b>Satisfied -Name:</b> 2007-05-0054 AR Filing Letter	<b>Review Status:</b> Approved	07-27-2007
<b>Comments:</b>		
<b>Attachment:</b> AR Form letter.pdf		
<b>Satisfied -Name:</b> 2007-05-0054 Filing Memo	<b>Review Status:</b> Approved	07-27-2007
<b>Comments:</b>		
<b>Attachment:</b> 2007-05-0054 Filing Memo.pdf		
<b>Satisfied -Name:</b> 2007-05-0054 Index of Forms	<b>Review Status:</b> Approved	07-27-2007
<b>Comments:</b>		
<b>Attachment:</b> 2007-05-0054 AR Forms Index.pdf		
<b>Satisfied -Name:</b> Arkansas Required Endorsement	<b>Review Status:</b> Approved	07-27-2007
<b>Comments:</b> See currently approved Arkansas Required Endorsement 40516		
<b>Attachment:</b> 40516____2006-11-01__.pdf		



**Property & Casualty Transmittal Document—**

<b>20. This filing transmittal is part of Company Tracking #</b>	2007-05-0054
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<b>21. Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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This filing proposes a new product offering within our Public Sector Services Public Entity Rate Plan (PERP). The new Public Entity Cyber+ Liability (PECL) protection is a new professional coverage specifically designed for cyber exposures of public entities. There is no rate impact to existing insureds.

<b>22. Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<p><b>Arkansas</b>  <b>Check #:</b> 05770899  <b>Amount:</b> \$50.00</p> <p><b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b></p>

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

**FORM FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes forms)  
 (Do **not** refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	2007-05-0054			
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)	N/A			
<b>3.</b>	<b>Form Name /Description/Synopsis</b>	<b>Form # Include edition date</b>	<b>Replacement or Withdrawn?</b>	<b>If replacement, give form # it replaces</b>	<b>Previous state filing number, if required by state</b>
01	Public Entity Cyber+ Liability Protection – Claims-Made Coverage Summary	L0736 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
02	Public Entity Cyber+ Liability Protection – Claims Made	L0737 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
03	Terrorism Risk Insurance Act of 2002 Certified Acts of Terrorism Exclusion End't. – Public Entity Cyber+ Liability	L0738 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
04	Crisis Management Service Expenses Coverage End't. – Public Entity Cyber+ Liability	L0739 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
05	Security Breach Notification Expenses Coverage End't. – Public Entity Cyber+ Liability	L0740 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
06	Extended Reporting Period End't. – Public Entity Cyber+ Liability	L0741 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
07	Additional Protected Persons End't. – Described Persons or Organizations – Public Entity Cyber+ Liability	L0744 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
08	Internet Service Providers Exclusion Endorsement – Public Entity Cyber+ Liability	L0745 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
09	Claims or Suits By Described Persons or Organizations Exclusion End't. – Public Entity Cyber+ Liability	L0746 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
10	Wrongful Acts Committed By Described Persons or Organizations Exclusion End't. – Public Entity Cyber+ Liability	L0747 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A

3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
11	Described Activities, Locations, or Operations Exclusion End't. – Public Entity Cyber+ Liability	L0748 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
12	Retroactive Date Redefined Endorsement – Public Entity Cyber+ Liability	L0749 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
13	Advertising, Broadcasting, Or Publishing Business Exclusion Endorsement – Public Entity Cyber+ Liability	L0750 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
14	Public Entity Cyber+ Liability Protection – Claims-Made Self-Insured Retentions End't. – Retentions Apply to Damages and Defense Expenses	L0752 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
15	Indian Tribes as Protected Persons End't. – Public Entity Cyber+ Liability	L0753 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A
16	Defense Expenses Within Limits of Coverage Notice	L0754 Ed. 05-07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A – New	N/A



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385 Washington Street, 9275-NB14L  
St. Paul, MN 55102  
cletendr@travelers.com

June 28, 2007

Commissioner Julie Benafield Bowman  
Commissioner of Insurance  
State of Arkansas  
1200 West Third Street, 3<sup>rd</sup> and Cross  
Little Rock, Arkansas 72201-1904

**ST. PAUL FIRE AND MARINE INSURANCE COMPANY – 3548 24767**

**ST. PAUL MERCURY INSURANCE COMPANY – 3548 24791**

**ST. PAUL GUARDIAN INSURANCE COMPANY – 3548 24775**

Public Entity Rate Plan Manual

Form Submission

**Our Company Filing Number: 2007-05-0054**

Dear Madam:

In compliance with the insurance laws and regulations of your state, we respectfully submit a revision to our Public Entity Rate Plan Manual.

This filing proposes a new product offering within our Public Sector Services Public Entity Rate Plan (PERP). The new Public Entity Cyber+ Liability (PECL) protection is a new professional coverage specifically designed for cyber exposures of public entities. There is no rate impact to existing insureds.

The enclosed Filing Memorandum provides additional information regarding this new coverage. The following items are enclosed for your review.

1. Filing Memorandum
2. Forms Index

We plan to implement these changes with respect to policies effective on or after **August 1, 2007**. Your approval of this filing will be appreciated. Should you have any questions regarding this submission, please feel free to contact me at your convenience.

Sincerely,

Carol Letendre  
Senior Regulatory Analyst  
CL:nls  
Encl.

**Public Entity Rate Plan Manual**  
**Filing Memorandum**  
**Filing #2007-05-0054**

**Public Entity Cyber<sup>+</sup> Liability<sup>SM</sup> (PECL)**

Overview

Travelers' **Public Entity Cyber<sup>+</sup> Liability<sup>SM</sup> (PECL)** protection is a new product offering within our Public Entity Rate Plan (PERP). The new professional coverage is specifically designed for cyber exposures of public entities. With their interactive websites, including on-line or direct bill pay options and parks and recreation registration, public entities have cyber risks just like any other entity that relies on technology. The policy provides coverage for monetary damages any protected person is legally required to pay for covered loss caused by a network and information security or communications and media wrongful act:

Network and Information Security wrongful act includes:

- Failure to prevent the transmission of a computer virus
- Failure to provide authorized users with access to the insured's website or computer network
- Failure to protect electronic data containing private or confidential information of others

Communications and Media wrongful act includes:

- Infringement of others' copyrighted or trademarked intellectual property in the insured's covered material (material in any form of expression)
- Plagiarism or unauthorized use of a literary or artistic format, character or performance in the insured's covered material

In addition, there are two optional coverage enhancements available by endorsement:

- **Security Breach Notification Expenses Coverage** – dollar one reimbursement coverage for expenses incurred by the insured to comply with applicable security breach notification laws.
- **Crisis Management Service Expenses Coverage** – dollar one reimbursement coverage for expenses incurred by the insured to retain a public relations firm to mitigate negative publicity generated from a covered loss.

The rules and rating procedures are provided in new Section XVI. Public Entity Cyber+ Liability of the Public Entity Rate Manual.

Section XV. Schedule Rating Plan is also amended to include reference to the new Public Entity Cyber+ Liability coverage. No other changes have been made to this section or any applicable state exceptions.

Public Entity Cyber+ Liability  
Index of Forms  
Filing #2007-05-0054

<b><u>Form No.</u></b>	<b><u>Ed./Rev.</u></b>	<b><u>Form Name</u></b>	<b><u>Mandatory/ Optional</u></b>	<b><u>Broadens/Restricts/ Clarifies</u></b>
L0736	Ed 05/07	Public Entity Cyber+ Liability Protection – Claims-Made Coverage Summary	Mandatory	N/A
L0737	Ed 05/07	Public Entity Cyber+ Liability Protection – Claims-Made	Mandatory	N/A
L0738	Ed 05/07	Terrorism Risk Insurance Act of 2002 Certified Acts of Terrorism Exclusion Endorsement – Public Entity Cyber+ Liability	Optional	Restricts
L0739	Ed 05/07	Crisis Management Service Expenses Coverage Endorsement - Public Entity Cyber+ Liability	Optional	Broadens
L0740	Ed 05/07	Security Breach Notification Expenses Coverage Endorsement - Public Entity Cyber+ Liability	Optional	Broadens
L0741	Ed 05/07	Extended Reporting Period Endorsement - Public Entity Cyber+ Liability	Mandatory	Broadens
L0744	Ed 05/07	Additional Protected Persons Endorsement – Described Persons or Organizations - Public Entity Cyber+ Liability	Optional	Broadens

<b><u>Form No.</u></b>	<b><u>Ed./Rev.</u></b>	<b><u>Form Name</u></b>	<b><u>Mandatory/ Optional</u></b>	<b><u>Broadens/Restricts/ Clarifies</u></b>
L0745	Ed 05/07	Internet Service Providers Exclusion Endorsement - Public Entity Cyber+ Liability	Optional	Restricts
L0746	Ed 05/07	Claims or Suits By Described Persons or Organizations Exclusion Endorsement - Public Entity Cyber+ Liability	Optional	Restricts
L0747	Ed 05/07	Wrongful Acts Committed By Described Persons or Organizations Exclusion Endorsement - Public Entity Cyber+ Liability	Optional	Restricts
L0748	Ed 05/07	Described Activities, Locations, or Operations Exclusion Endorsement - Public Entity Cyber+ Liability	Optional	Restricts
L0749	Ed 05/07	Retroactive Date Redefined Endorsement - Public Entity Cyber+ Liability	Optional	Clarifies
L0750	Ed 05/07	Advertising, Broadcasting, or Publishing Business Exclusion Endorsement - Public Entity Cyber+ Liability	Optional	Restricts
L0752	Ed 05/07	Public Entity Cyber+ Liability Protection – Claims-Made Self-Insured Retentions Endorsement – Retentions Apply to Damages and Defense Expenses	Optional	Clarifies
L0753	Ed 05/07	Indian Tribes As Protected Persons Endorsement - Public Entity Cyber+ Liability	Mandatory	Broadens
L0754	Ed 05/07	Defense Expenses Within Limits of Coverage Notice	Mandatory	N/A

## ARKANSAS REQUIRED ENDORSEMENT

This endorsement changes your policy to comply with, or otherwise respond to, Arkansas law.

Therefore, each change made by this endorsement applies only to the extent:

- required by Arkansas statutory or regulatory law; or
- specifically described in the part of this endorsement which makes that change.

As a result, if the address shown for you in the Introduction of your policy is outside Arkansas, each change that's made to comply with Arkansas statutory or regulatory law applies only if, and to the extent, your policy provides coverage for:

- a loss of or to, or that results from, property in Arkansas; or
  - a loss that results from your operations in, or which affect, Arkansas;
- and such statutory or regulatory law applies to such coverage.

Do not attach this form to a policy. It is for informational use only.

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agents. If this isn't possible, notify us by mail and include the date the coverage is to end. The first named insured will get a refund for the unused premium, less a charge for early cancellation. We'll figure your refund in that case by following our customary short-rate schedule in effect. However, we'll keep at least \$100 as a minimum charge. If the policy premium is \$100 or less, no refund will be made.

**How we can cancel policies in effect 60 days or less.** If your policy has been in effect 60 days or less, we can cancel for any reason during this period. If we do, we'll mail or deliver a notice of cancellation to the first named insured at least 30 days before coverage will end.

**How we can cancel policies in effect more than 60 days.** If your policy has been in effect more than 60 days, or is a continuation policy, we can cancel only for the following reasons.

1. *Nonpayment of premium.*
2. *Fraud or misrepresentation.* We can cancel if we discover that in obtaining this policy, or presenting a claim under this policy, you or your representative have committed fraud or made a material misrepresentation.
3. *Change in the risk.* We can cancel if, after we have issued or renewed your policy, a material change occurs in the risk we're protecting that increases the hazard we're insuring against.
4. *Violation of local law.* We can cancel if you violate any local fire, health, safety, or building regulation that involves covered property. But only if doing so

### Cancellation

The Cancellation section of the General Rules is replaced by the following.

The first named insured can cancel this policy in whole or part at any time.

To cancel, the first named insured must deliver the policy, or the part to be canceled, to us or to any of our authorized

increases any hazard you're insured against.

5. *Nonpayment of membership dues.* We can cancel if you fail to pay required membership dues to an organization where our laws require that you are a member to have this insurance.
6. *Breaking the rules of this policy.* We can cancel this policy if you violate any of this policy's rules.

If we cancel for any of these reasons, we'll mail or deliver a notice to the first named insured. If we cancel for nonpayment of premium, we'll send the notice at least 10 days before coverage will end. If we cancel for any other reason, we'll send the notice at least 30 days before coverage will end. The notice will state the reason for cancellation.

**Nonrenewal.** If we decide not to renew this policy, we'll mail to the first named insured shown in the Introduction written notice of nonrenewal at least 60 days before:

- its expiration date; or
- its anniversary date, if it is a policy written for a term of more than one year and with no fixed expiration date.

We'll also send such notice to any lien holder or loss payee named in your policy.

However, we are not required to send this notice if nonrenewal is due to the first named insured's failure to pay any premium required for renewal.

We'll mail our notice to the mailing address last known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

But the provisions of this section don't apply to mortgage holders. Instead, refer to the Property Protection - If Your Building Is Mortgaged section of this Arkansas Required Endorsement.

**Policies issued for more than one year.** We may issue this policy for a period of more than 12 months with the premium adjusted each year using our rates and rules in effect that year.

**Unused premium.** If this policy is canceled, we'll send any premium refund that's due to the first named insured. We'll figure the premium on a pro-rata basis if:

- we cancel the policy;
- we cancel the policy, but re-issue the policy under another member company of the St. Paul Group;
- the policy is canceled because you no longer have an insurable interest in the property or business operation that's being insured; or
- the policy is canceled after the first year of a policy that was prepaid and written for a period of more than one year.

Cancellation will take effect regardless whether or not we've made or offered a refund.

**Special premium refund rules - the minimum amounts we'll keep.** If the first named insured cancels the policy for a reason other than one we have just described, we'll refund 90% of the unearned premium figured on a pro-rata basis. But you'll never pay less than the minimum premium that is shown in the Introduction. We'll keep at least \$100 of the unused premium, in most cases, if the first named insured decides to cancel. The following are exceptions:

- We'll keep at least \$250 of any unused premium for Boiler and Machinery or Systems/Equipment Breakdown Protection.
- We'll keep the minimum premium we figured for any annual period for the Premises/Operations Coverage and the Products/Completed Operations Coverage of any Commercial General Liability Protection.
- If Commercial Auto Protection covers only snowmobiles or golfmobiles, we'll keep \$100 or the whole premium we figured for this Commercial Auto Protection.
- If Commercial Auto Protection covers an auto with an attached amusement device, we'll keep the whole premium we figured for the amusement device and at least \$100 for the auto that the device was attached to.

### **Recovering Damages From A Third Party**

The following is added to the Recovering Damages From A Third Party section of the General Rules and changes that section as described.

Any right of recovery will belong to us only after the person or organization protected under your policy that had the loss is fully paid for that loss.

*Do not attach this form to a policy. It is for informational use only.*

### **Appraisal Of A Covered Loss Amount In Dispute Under Property Or Other First-Party Protection**

The following is added to the Appraisal Of A Covered Loss Amount In Dispute Under Property Or Other First-Party Protection section of the General Rules and changes that section as described:

The Appraisal Of A Covered Loss Amount In Dispute Under Property Or Other First-Party Protection section applies only if both you and we agree to a request for an appraisal. This procedure is voluntary. No demand can be made for an appraisal. Also, the umpire's agreement to one of the appraisals is not binding.

### **Lawsuits Against Us - Property Or Other First-Party Protection**

The following replaces the If your policy provides property or other first-party protection section of the Lawsuits Against Us section of the General Rules.

**If your policy provides property or other first-party protection.** Any suit to recover on a loss under any property or other first-party protection provided by your policy must begin within the period of time required by law.

### **Arbitration**

If your policy includes any agreement that contains a section that refers to arbitration, that section is replaced by the following.

We can choose either to repair or replace the property or to pay its actual cash value. In case of disagreement between you and us on the actual cash value or the cost of repair or replacement, the matter will be decided by arbitration.

Either party may make a written request for arbitration. However, arbitration will take place only if you and we agree voluntarily to have the value or cost of the property arbitrated. An arbitration decision won't be binding on either party. However, even if there is arbitration, we'll still retain our right to deny the claim.

### **Definition Of Pollutant - Replacement Or Addition As Required**

If any insuring agreement, endorsement, or other form in your policy contains an exclusion, limitation, or other coverage provision that applies to pollution, the following definition of pollutant:

- replaces the definition of pollutant, or the definition of pollutants, in that insuring agreement, endorsement, or other form if it contains a definition of that term; or
- is added to that insuring agreement, endorsement, or other form if it doesn't contain a definition of pollutant and it doesn't contain a definition of pollutants; whenever Arkansas law applies to determine whether that exclusion, limitation, or other coverage provision applies to a claim, suit, or loss. This change is in response to Arkansas case law that has interpreted such exclusions, limitations, or other coverage provisions without this wording.

*Pollutant* means any solid, liquid, gaseous, or thermal substance or material, including smoke, vapors, soot, fumes, acids, alkalis, chemicals, and waste, that has an actual, alleged, or threatened irritating or contaminating effect on any person or property.

Pollutant includes any such substance or material, regardless of whether or not:

- the substance or material, or the particular form, type, or source of the substance or material, involved in the claim, suit, or loss is specifically identified or described in this definition, such as waste from manufacturing operations;
- the substance or material has or had a function in any business, operations, premises, or work site of yours or any other person or organization protected under this agreement, such as perchloroethylene (perc) for a dry cleaning business;
- the substance or material represents a major source of potential liability, loss, or damage for you or any other person or organization protected under this agreement, such as gasoline for a gasoline station; or
- you or any other person or organization protected under this agreement expects or considers the substance or material to be a pollutant.

*Do not attach this form to a policy. It is for informational use only.*

### **Property Protection - Arson Reporting Immunity Act Notice**

The Arson Reporting Immunity Act (Acts 1981, No. 123) provides that federal, state, county, or municipal agencies responsible for investigating fires may, by written request, require an insurer to release information relating to fire losses. Such information may include, but is not limited to, premium payment records, previous claim history, and fire loss investigative material. In addition, any insurer having reason to believe that a fire loss may be of other than accidental cause shall, in writing, notify an authorized agency of such finding. An insurer, or any person acting on its behalf, is immune from civil or criminal liability for any statement or action required by the Statute where actual malice is not present.

Insurers are required to make written disclosures of the Statute's requirements when a policy covering the fire exposure is issued. Also, an insurer providing information to an authorized agency must notify the insured within ninety (90) days and provide the named insured with a copy of the report sent to the agency.

### **Property Protection - Information Disclosure**

If fire loss occurs, we are required by state law to furnish relevant information relating to the loss to any state or federal law enforcement or other agency which has responsibility for investigation of fires if:

- the agency requests the information, or
- after investigating the fire, we have reason to believe it was not of accidental origin.

If we provide information to a fire investigation agency, we will:

- notify you of that action within 30 days; and
- send you a copy of the report.

### **Property Protection - If Your Building Is Mortgaged**

Your policy may include a property protection agreement which contains an If Your Building Is Mortgaged, or similarly titled, section. If it does, that section is replaced by the following.

If the Coverage Summary identifies a mortgage holder, this section applies. We'll make payments for losses to you and any mortgage holder based on the interest each has in the covered property.

**Rights of a mortgage holder.** A mortgage holder's right to receive payment won't be affected by any of the following:

- your actions or inactions, or those of the building's owner;
- foreclosure or other similar proceedings;
- changes in title; or
- use of the building for a more hazardous purpose than allowed by this agreement.

If you fail to make a claim for your loss to your building, your mortgage holder can make a claim by submitting a Proof Of Loss Statement. The same rules and conditions that apply to you will apply to the mortgage holder.

We'll consider trustees to have the same rights as mortgage holders.

**Duties of a mortgage holder.** Your mortgage holder must notify us upon learning that the insured building is being used for a purpose that increases the risk of damage. Your mortgage holder must also inform us upon learning that the building is being sold or that there's a change in occupancy.

If you fail to pay any premium under this agreement, we can request payment from the mortgage holder. We may also ask your mortgage holder to pay any extra premiums we require because the building is being used for more hazardous activities. If the mortgage holder chooses not to pay this extra premium, coverage will end.

We'll consider trustees to have the same duties as mortgage holders.

**Transfer of mortgage holder's rights to us.** If we make a payment to your mortgage holder for loss or damage that we claim isn't covered by this agreement, the mortgage holder's rights to recover that amount from you will then belong to us. But that won't affect your mortgage holder's rights to recover the remaining amount of the mortgage debt from you.

We also have the right to pay off the mortgage debt. If we do, we'll take over

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the mortgage holder's right to be repaid by you.

**Cancellation notice to mortgage holder.** We'll cover your mortgage holder's interest in your property for 30 days from the time we give the mortgage holder notice of cancellation of this agreement - 10 days if we're canceling for non-payment of premium.

**Nonrenewal notice to mortgage holder.** If we decide not to renew this policy, we'll mail or deliver a nonrenewal notice to the mortgage holder:

- as soon as practicable if the nonrenewal is due to the failure of the first named insured to pay the premium required for renewal; or
- 60 days before the expiration date of the policy if we nonrenew the policy for any other reason.

#### **Liability Protection - Punitive Damages Exclusion**

Your policy may include a liability agreement that contains a punitive damages exclusion. If it does, that exclusion is replaced by the following.

**Punitive damages.** We won't cover claims for punitive damages. Punitive damages are damages imposed to punish a wrongdoer and deter others from similar conduct.

#### **Claims-Made Liability Protection - Claim Information**

If your policy includes claims-made liability protection, other than medical professional liability protection, the following general rule is added for that protection.

We'll send the first named insured the claim information described below in connection with your claims-made liability protection. But we'll only provide this information for the years you had the claims-made liability protection with us, or for the past three years, whichever is less.

- The amount of loss payments on closed claims, including the date and description of each event.
- The amount of loss reserve and payments on claims that are still open, including the date and description of each event. The reserve amount, if any, is based on our judgment. A reserve amount may be

subject to change and shouldn't be considered as a final settlement value.

- The date and description of each event reported to us for which no amounts have been paid or reserved.

We'll provide this information within 15 days of when we send our notice of cancellation or non-renewal, when we are canceling or electing not to renew the claims-made liability protection. Otherwise, we will provide this information within 30 days after we receive a request for it by the first named insured. However, the request must be received within 60 days after the end of the policy period.

We collect this information for our own business purposes. We do so as carefully and accurately as we can. In giving this information to the first named insured, we don't make any warranties or promises to anyone that this information has no errors. Any cancellation or non-renewal will take effect even if we accidentally provide incorrect information.

#### **Claims-Made Liability Protection - Extended Reporting Period**

If your policy includes claims-made liability protection, other than medical professional liability protection, the following changes apply to that insuring agreement to the extent it doesn't already contain them.

1. The following is added to the When This Agreement Covers section of that insuring agreement.

The limited reporting period will be no less than 60 days.

We'll offer an extended reporting period if this agreement is canceled or not renewed for any reason. Such offer will be made even if, at the time of cancellation or nonrenewal, you owe us:

- premium for this agreement; or
- repayment of a deductible under this agreement.

The extended reporting period starts when the limited reporting period ends and doesn't replace the limited reporting period.

The additional premium for any extended reporting period will be figured in

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accordance with our rules and rates in effect on the beginning date of the last policy year of this agreement.

An Extended Reporting Period Endorsement will take effect if the additional premium for the extended reporting period is paid when due.

2. The following is added to the How the limits of coverage apply to the limited and extended reporting periods, or similarly titled, section.

Any aggregate or total limit of coverage that applies while this agreement is in effect will be renewed for the extended reporting period. Such aggregate or total limit will be no less than the greater of:

- the amount of that limit remaining as of the ending date of this agreement; or
- 50% of that limit as of the beginning date of this agreement.

**Professional Liability Protection - Pollution Exclusion - Hostile Fire Smoke Exception**

If your policy includes professional liability protection, and the Pollution exclusion in such protection doesn't provide an exception for hostile fire smoke, the following is added to that exclusion.

However, we won't apply this exclusion to loss that results from hostile fire smoke.

*Hostile fire smoke* means only the smoke that results from a hostile fire that:

- is at, on, in, or from any premises, site, or location, other than a waste site; and
- is not caused by pollution work being performed by or for the protected person.

*Hostile fire* means a fire which:

- becomes uncontrollable; or
- breaks out from where it was intended to be.

*Waste site* means any premises, site, or location that is or was at any time used by or for any protected person or others for the handling, storage, disposal, processing, or treatment of waste.

*Pollution work* means:

- The testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing of any pollutant; or
- The responding to, or assessing, in any way the effects of any pollutant.

**Defense Research Institute Lawyers Professional Liability Protection - Claims-Made**

If your policy includes Defense Research Institute Lawyers Professional Liability Protection - Claims-Made, the following is added to the When This Agreement Covers section of that insuring agreement.

We'll also apply the limited reporting period for the last policy year that this agreement is in effect to claims or suits for loss covered by this agreement, or disciplinary proceedings that result in disciplinary proceeding expenses covered by this agreement, that are first made or brought against a protected person, and are first reported to us, during that limited reporting period.

**Other Terms**

All other terms of your policy remain the same.