



## Professional Lines Policy

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Home Office:

c/o CT Corporation  
314 East Thayer Avenue  
Bismarck, North Dakota 58501

Administrative Office:

55 Water Street  
New York, New York 10041  
1-877-772-6771

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This policy consists of:

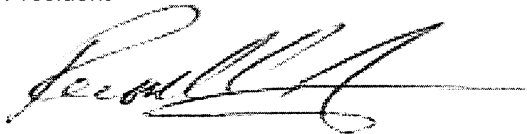
Declarations  
Policy  
Applicable Forms & Endorsements

QBE Specialty Insurance Company

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In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

Russell Johnston  
President



Jose Ramon Gonzalez, Jr.  
Secretary





Regulatory Office  
QBE Specialty Insurance Company  
55 Water Street  
Dept: Regulatory  
New York NY 10041  
(212) 422-1212

## Wealth Advisers' Professional Liability Insurance Policy Declarations

(herein referred to as "us", "we" or "our")

**THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE REVIEW THE POLICY CAREFULLY.**

**NOTICE: EXCEPT AS MAY BE OTHERWISE PROVIDED HEREIN, THE COVERAGE OF THIS POLICY IS LIMITED TO LIABILITY FOR COVERED ACTS COMMITTED SUBSEQUENT TO THE RETROACTIVE DATE, IF APPLICABLE, FOR WHICH CLAIMS ARE FIRST MADE AGAINST YOU WHILE THE POLICY IS IN FORCE AND WHICH ARE REPORTED TO US NO LATER THAN SIXTY (60) DAYS AFTER THE TERMINATION OF THIS POLICY. THE COVERAGE OF THIS POLICY DOES NOT APPLY TO CLAIMS FIRST MADE AGAINST YOU AFTER THE TERMINATION OF THIS POLICY UNLESS, AND IN SUCH EVENT ONLY TO THE EXTENT, AN EXTENDED REPORTING PERIOD OPTION APPLIES.**

POLICY NUMBER: JAG02070-03

Replacing: JAG01736-02  
Producer Code: HULCOAG

1. NAMED INSURED: Redhawk Wealth Advisors, Inc.  
ADDRESS: 7700 France Avenue South, Suite 430  
Minneapolis, MN 55435
2. POLICY PERIOD: FROM: 04/15/19 TO: 04/15/20  
12:01AM STANDARD TIME AT THE ADDRESS SHOWN IN ITEM 1 ABOVE.
3. LIMITS OF LIABILITY  
(a) \$2,000,000.00 EACH CLAIM  
(b) \$2,000,000.00 in the AGGREGATE  
including Defense Expenses
4. DEDUCTIBLE  
(a) \$25,000.00 EACH CLAIM  
(b) \$N/A in the AGGREGATE  
including Defense Expenses
5. PREMIUM PAID IN FULL 04/18/2019
6. RETROACTIVE DATE: 04/15/2016
7. Notice to Insurer: Send New Claim Notices to:  
[professional.liability.claims@us.qbe.com](mailto:professional.liability.claims@us.qbe.com)  
Attn: The Claims Manager  
Wall Street Plaza  
88 Pine Street, 18<sup>th</sup> Floor  
New York, New York 10005  
Phone: (844) 723-2524
8. Forms and endorsements attached at inception of coverage. Refer to schedule of forms.  
QBEADV POL 01 CW (12/17) QBE PN CW 02 0815 QBE PN CW 06 0815  
QBE OFAC CW 05 0815 AMWINS-APL-700001 (09-18) QBE FD CW 03 0418  
QBIL-0217 (04-15) QBEAGEN 08 (04/16) CW QBEAGEN 10 (05/15) CW  
QBEAGEN 18 (01/11) CW QBEAGEN 21 (05/15) CW QBEAGEN 39 (12/15)

Issued on: May 6, 2019 at Maywood, New Jersey

Countersigned at Maywood, New Jersey  
on: May 6, 2019

by: 

THIS INSURANCE IS ISSUED PURSUANT TO THE MINNESOTA SURPLUS LINES INSURANCE ACT. THE INSURER IS AN ELIGIBLE SURPLUS LINES INSURER BUT IS NOT OTHERWISE LICENSED BY THE STATE OF MINNESOTA. IN CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS NOT GUARANTEED. (M.S.A. §60A.207.



QBE Specialty Insurance Company

**ENDORSEMENT  
NO. QBEAGEN 08**

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED
JAG02070-03	04/15/19	Redhawk Wealth Advisors, Inc.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**FIDUCIARY LIABILITY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**WEALTH ADVISERS' PROFESSIONAL LIABILITY INSURANCE POLICY**

Paragraph 8.7 of Section 8. DEFINITIONS is amended to add the following:

**Covered Act** also means any **Fiduciary Act** by **you**, during the **Policy Period** and after the **Retroactive Date** stated in the Declarations.

Section 8. DEFINITIONS is amended to add the following:

**Administration** means:

1. counseling Employees, beneficiaries or **Plan** participants with respect to any **Plans**; or
2. providing interpretations with respect to any **Plan**; or
3. handling records in connection with any **Plan**; or
4. enrolling, terminating or canceling employees under any **Plan**.

**Benefits** mean retirement, health or welfare **plans** established by **your** client for employees of **your** client.

**Fiduciary Act** means any actual or alleged:

1. breach of the responsibilities, obligations or duties imposed upon **you** in **your** capacity as a fiduciary of any **Plan**, other than a **Plan** organized for the benefit of **you** or **your** employees, by: (i) ERISA; (ii) HIPAA; or (iii) any law of the United States or other jurisdiction; or
2. other matter claimed against **you** solely because of **your** service as a fiduciary of any **Plan**; or

3. act, error or omission solely in the **Administration of a Plan**; or
4. **Professional Services** as a fiduciary for others for a fee; or
5. activities as a fiduciary as defined in Section 2510.3-21. of the U.S. Department of Labor regulations.

**Plan means:**

1. any employee benefit plan, as defined by ERISA, which is operated solely by **your** client, or by **your** client and a labor organization, for the benefit of **your** client's employees; or
2. any other employee benefit plan not subject to Title 1 of ERISA sponsored solely by **your** client for the benefit of **your** client's employees; or
3. any government-mandated benefit program for workers compensation, unemployment, social security or disability benefits for **your** client's employees.

Paragraph 8.8 of Section 8. DEFINITIONS, for the purposes of this endorsement only, is amended as follows:

**Damages** shall also include the civil penalties imposed upon an **Insured** under section 502(i) (29 USC 1132(i)), or section 502(l) (29 USC 1132(l)) of ERISA.

Section 7. EXCLUSIONS is amended to add the following:

This policy does not apply to any **Claim** for **Damages** made against **you**:

1. based upon, arising out of, or attributable to any prior or pending written demand for monetary damages or non-monetary relief, arbitration, administrative or regulatory proceeding, civil proceeding or criminal proceeding, or any fact-finding investigation by the Department of Labor or the Pension Benefit Guaranty Corporation against **you** as of the applicable Prior Litigation Date set forth in the Declarations, or the same or substantially the same facts, circumstances or situations underlying or alleged therein; or
2. for discrimination, other than provided in ERISA; or
3. for **your** liability under any contract or agreement; provided that this exclusion shall not apply to the extent:
  - (a) **you** would have been liable in the absence of such contract or agreement; or
  - (b) the liability was assumed in accordance with or under the trust agreement or equivalent document pursuant to which the **Plan** was established; or
  - (c) based upon, arising out of, or attributable to any actual or alleged obligation of **you** under any law governing workers compensation, unemployment, social

security or disability benefits, except the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

This policy does not apply to **Damages** that constitute:

1. Benefits due or that are to become due under any **Plan** if such benefits were the sole responsibility of **your** client and the **Plan** complied with all applicable laws; or
2. any settlement or judgment which represents Benefits provided this shall not apply to the extent that recovery for such Benefits is based upon a covered **Fiduciary Act** by **you**; this exclusion shall not apply to **Defense Expenses**; or
3. **your** failure to collect contributions for any **Plan** unless such failure is due to **your** act, error or omission solely in the **Administration** of a **Plan**; this exclusion shall not apply to **Defense Expenses**.

Premium: \$N/A

All other terms and conditions of this policy remain unchanged.



QBE Specialty Insurance Company

**ENDORSEMENT  
NO. QBEAGEN 10**

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED
JAG02070-03	04/15/19	Redhawk Wealth Advisors, Inc.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PRODUCT SALES COVERAGE – NAMED INDIVIDUALS ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**WEALTH ADVISERS' PROFESSIONAL LIABILITY INSURANCE POLICY**

Section 7. EXCLUSIONS is amended to add the following:

The purchase or sale of **Securities** or investments as a **Registered Representative** or insurance products as a **Life Insurance Agent**, including life, health, disability, accident or long term care insurance. However, this exclusion shall not apply to the Named Individuals listed below for **Covered Acts**:

1. as a **Registered Representative** provided an **Applicable Retroactive Date** for **Securities** sales as a **Registered Representative** is listed below; or
2. directly involved in the purchase or sale of insurance products as a **Life Insurance Agent**, including life, health, disability, accident or long term care insurance provided an **Applicable Retroactive Date** for purchase or sale of insurance as a **Life Insurance Agent** is listed below; or
3. as a **Registered Investment Adviser** provided an **Applicable Retroactive Date** for **Registered Investment Adviser** services is listed below;

and said **Covered Acts** occur on or after the **Applicable Retroactive Date** listed below and prior to the Termination Date, if any, listed below.

Paragraph 8.37 of Section 8. DEFINITIONS is amended to add the following Named Individuals for **Covered Acts**:

1. as a **Registered Representative** provided an **Applicable Retroactive Date** for **Securities** sales as a **Registered Representative** is listed below; or
2. directly involved in the purchase or sale of insurance products as a **Life Insurance Agent**, including life, health, disability, accident or long term care insurance provided an



QBE Specialty Insurance Company

**ENDORSEMENT  
NO. QBEAGEN 10**

**Applicable Retroactive Date** for purchase or sale of insurance as a **Life Insurance Agent** is listed below; or

3. as a **Registered Investment Adviser** provided an **Applicable Retroactive Date** for **Registered Investment Adviser** services is stated below;

and said **Covered Acts** occur on or after the **Applicable Retroactive Date** listed below and prior to the Termination Date, if any, listed below.

For purposes of this endorsement only, Paragraph 8.32 of Section 8. DEFINITIONS, is deleted in its entirety and replaced as follows:

**Applicable Retroactive Date** means the dated listed below for the Named Individual(s). This policy shall only apply to **Claims** resulting from **Covered Acts** committed on or after this date. Solely with respect to the Named Individual(s), if the retroactive date stated in Item 6. of the Declarations is subsequent to the **Applicable Retroactive Date** listed below, the retroactive date stated in Item 6. shall be equal to the **Applicable Retroactive Date**

It is understood and agreed that nothing contained herein shall operate to increase the Company's Limits of Liability as stated in Item 3. of the Declarations.

Named Individuals	<b>Applicable Retroactive Date for Securities sales as a Registered Representative</b>	<b>Applicable Retroactive Date for purchase or sale of insurance as a Life Insurance Agent, including life, health, disability, accident or long term care insurance</b>	<b>Applicable Retroactive Date for Registered Investment Adviser services</b>	Termination Date
Dylan Wondra	n/a	02/05/2018	n/a	
Daniel Edward Hunt	n/a	04/15/2016	n/a	

Total Additional Premium: \$N/A

Premium: \$N/A

All other terms and conditions of this policy remain unchanged.





QBE Specialty Insurance Company

**ENDORSEMENT  
NO. QBEAGEN 18**

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED
JAG02070-03	04/15/19	Redhawk Wealth Advisors, Inc.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CLIENT IDENTITY THEFT ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**WEALTH ADVISERS' PROFESSIONAL LIABILITY INSURANCE POLICY**

For purposes of this endorsement only, this policy is modified as follows:

Paragraph 8.8 of Section 8. DEFINITIONS, is deleted in its entirety and replaced as follows:

8.8 **Damages** mean a compensatory monetary amount for which **you** may be held legally liable, including any amounts to correct, monitor and safeguard personal identities, other than **your** personal identity, that **you** have the legal liability to protect from identity theft. **Damages** shall include prejudgment interest, judgments, awards, or settlements negotiated with our approval. **Damages** shall also include punitive or exemplary **Damages** or the multiple portion of any multiplied damage award if such **Damages** are insurable pursuant to applicable law. **Damages** shall not include:

- 8.8.1 statutory or regulatory fines or penalties levied against **you**; or
- 8.8.2 any of the following deemed uninsurable pursuant to any applicable law: fines, sanctions, taxes, penalties or awards or punitive or exemplary **Damages** or the multiple portion of any multiplied damage award; or
- 8.8.3 the value of any **Professional Services** rendered or expense incurred by any of **you** for modification or correction of previous work, as necessitated by a **Claim**, or any return, withdrawal, or reduction of professional fees; or
- 8.8.4 damages assessed under the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C., Section 1961, et seq. or similar federal or state law.

Paragraph 7.2 of Section 7. EXCLUSIONS is deleted in its entirety and replaced as follows:

7.3 for, based upon, or arising from **Property Damage** including destruction or loss of use of tangible property. However, this exclusion does not apply to client records, information or personal data

which is in **your** care, custody or control, or over which **you** are exercising physical control for any reason.

Item 3. In the Declarations, Limits of Liability is amended to add the following:

Client Identity Theft Aggregate Limit of Liability: \$1,000,000.00

All other terms and conditions of this policy remain unchanged.



QBE Specialty Insurance Company

**ENDORSEMENT  
NO. QBEAGEN 21**

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED
JAG02070-03	04/15/19	Redhawk Wealth Advisors, Inc.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ELECTRONIC MEDIA ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**WEALTH ADVISERS' PROFESSIONAL LIABILITY INSURANCE POLICY**

Paragraph 8.7. of Section 8. DEFINITIONS, is amended as follows:

**Covered Act** shall also include the following while rendering or failure to render **Professional Services**:

1. Misdirection of electronic mail or other electronic media, including but not limited to, an intranet, extranet or internet connection; or
2. Loss or theft of client information transmitted via electronic media or contained on any portable computer or media device used for **Professional Services**; or
3. Introduction of a computer virus or **Cybertoxin** into, or enabling a **Denial of Service Attack** on, a third party's computer, computer system or network; or
4. Enabling unauthorized access by a third party into another third party's computer, computer system or network; or
5. By **you** exceeding authorization in accessing a third party's computer, computer system or network; or
6. **Personal Injury** arising from **your** use of electronic media, including **your** publishing an internet web site or **your** memberships in a social networking website.

Section 8. DEFINITIONS, is amended as follows:

**Cybertoxin** means an unauthorized, hazardous and destructive computer code, which includes, but is not limited to, a computer virus, mal ware, ad ware and spy ware, Trojan horses, nematodes, time or logic bombs, or worms.

**Denial of Service Attack** means an action that directs excessive data traffic to a computer or computer network in order to overwhelm its resources and capacity in an attempt to prevent appropriate access by authorized users; however, this does not include a reduction in resources and capacity caused by a mistake in the original specification of the Computer or Computer Network capacity requirements.

All other terms and conditions of this policy remain unchanged.

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED
JAG02070-03	04/15/19	Redhawk Wealth Advisors, Inc.

### ENHANCED CYBER COVERAGE ENDORSEMENT

This endorsement modifies coverage provided under the AdviserGold™ policy.

In respect to coverage afforded by this endorsement only, the Policy is modified as follows:

Clause 1.2 Additional Coverages is amended to add the following clauses:

For this section 1.2 Additional Coverage, no deductible shall apply to this insuring agreement and the coverage provided is in addition to the Aggregate Limit of Liability as set forth in item 4. of the Declarations.

#### 1.2.7 Breach Response, Notification, Support and Credit Monitoring Expenses Coverage

We will pay up to the amount stated in item 1 in the following Schedule of Insurance for **Privacy Breach Response Costs, Notification Expenses, and Breach Support and Credit Monitoring Expenses**, to mitigate the potential of legal liability claims arising from a **Unfavorable Media Report, Data Breach or Privacy Breach** that occurs or first commences during the **Policy Period** and is reported in writing to us no later than 60 days after the date you first discover or are notified of the **Unfavorable Media Report, Data Breach or Privacy Breach**.

Clause 1.2 Additional Coverages is amended to add the following clauses:

#### 1.2.8 Network Asset Protection Coverage

##### 1.2.8.1 Loss of Digital Property

We will pay up to the amount stated in item 2 in the following Schedule of Insurance for **Digital Property Loss and Special Expenses** that you incur during the **Policy Period** because of an **Insured Loss** that directly causes alteration, corruption, damage, destruction, distortion, misuse or theft of **Digital Property**, provided that the **Insured Loss** occurs or first commences during the **Policy Period**; and, you provide proof that the **Digital Property Loss and/or Special Expenses** directly resulted from an **Insured Loss**; and, the **Insured Loss** is reported in writing to us no later than 60 days from the date you first discover the **Insured Loss**.

We will pay **Digital Property Loss and/or Special Expenses** for a period of up to twelve (12) months following the discovery of the alteration, corruption, damage, destruction, distortion, misuse or theft of **Digital Property**.

##### 1.2.8.2 Business Interruption and Additional Costs

We will pay up to the amount stated in item 3 in the following Schedule of Insurance for **Income**

**Loss, Interruption Expenses and/or Special Expenses** that you incur during the **Period of Restoration**, but after the **Waiting Period**, because of an **Insured Loss** that directly causes a total or partial interruption, reduction in service or failure of the **Named Insured's Computer System**, provided that such total or partial interruption, reduction in service or failure of the **Named Insured's Computer System** is directly caused by an **Insured Loss** that occurs or first commences during the **Policy Period**; and, you provide proof that the **Income Loss, Interruption Expenses and/or Special Expenses** directly resulted from an **Insured Loss**; and, the **Insured Loss** is reported in writing to us no later than 60 days from the date you first discovers the **Insured Loss**.

#### 1.2.9 Cyber Extortion Coverage

We will pay up to the amount stated in item 4 in the following Schedule of Insurance for **Cyber Extortion Expenses** and **Cyber Extortion Monies** that you incur during the **Policy Period** as a direct result of a **Cyber Extortion Threat**, provided that such **Cyber Extortion Threat** is first made against you during the **Policy Period**; and, you provide proof that the **Cyber Extortion Expenses** and **Cyber Extortion Monies** directly resulted from a **Cyber Extortion Threat**; and, the **Cyber Extortion Threat** is reported in writing to us no later than 60 days from the date the **Cyber Extortion Threat** is made against an **Insured**.

**Cyber Extortion Expenses** and/or **Cyber Extortion Monies** shall not be paid without our prior consultation and written authorization. You must make every reasonable effort to notify local law enforcement authorities and the Federal Bureau of Investigation, or similar equivalent foreign agency, before surrendering any **Cyber Extortion Monies** in response to a **Cyber Extortion Threat**.

The annual aggregate limit for the foregoing Clauses 1.2.8 and 1.2.9 above payable by us during the **Policy Period** is the amount stated in item 6 in the following Schedule of Insurance for all **Insured Events**. Once this annual aggregate limit is exhausted our obligations via this endorsement will be deemed fulfilled and no further coverage is available.

The deductible applicable for the foregoing Clauses 1.2.8 and 1.2.9 above payable by us during the **Policy Period** is the amount stated in the following Schedule of Insurance for all **Insured Events**. Once this annual aggregate limit is exhausted our obligations via this endorsement will be deemed fulfilled and no further coverage is available.

All **Insured Events** which arise out of the same, related, or continuing incidents, events, acts, facts or circumstances will be considered a single **Insured Event**, regardless of the number of you or **Insured Events**, and only one coverage limit will apply. Such **Insured Event** will be deemed to have occurred on the date the earliest of the related **Insured Events** first occurred.

In the event that an **Insured Event** is covered under more than one clause of this endorsement, only one coverage limit will apply. In such event, at most, only the highest of the applicable coverage limits will apply to such **Insured Event**. We have the sole discretion to allocate amounts paid, if any, against the appropriate coverage limit. With regard to such **Insured Event**, in no event will the amount payable by us under any Clause be greater than the applicable coverage limit set forth in paragraphs Clauses 1.2.8 and 1.2.9 above.

In regards to the coverage provided by this Endorsement only, the following is added to Clause 8  
DEFINITIONS:

With respect to the coverage provided by this Endorsement, certain words are shown in bold and are defined below. Refer to the Definitions section in the policy for terms that are shown in bold in this Endorsement, but are not defined below. If a term is defined below and in the policy, the definition below applies to the coverage provided by this Endorsement.

- 8.39 **Breach Support and Credit Monitoring Expenses** mean loss mitigation expenses you incur with the Company's prior written approval, for services to impacted clients of third parties and in the event of a **Privacy Breach** the provision of credit file monitoring services and identity theft education and assistance for up to a period of twelve (12) months
- 8.40 **Computer Hardware** means the physical apparatus of any **Computer**.
- 8.41 **Computer Program(s)** means a sequence of instructions that is interpreted and executed by a computer in a particular manner, that may include communications, processing and operating systems designed to create, maintain, process, retrieve, store, or transmit electronic **Data**  
**Computer System** means computer software, middleware, firmware, hardware, applications, tools, programs, codes, scripts, websites, associated call centers, and the data stored thereon, as well as associated input and output devices, data storage devices, networking equipment, storage area network, or other electronic data backup facilities:
- 8.41.1.1 That **you** leased, owned or operate;
  - 8.41.1.2 That **you** own by the **Insured**, but operated for **your** benefit by a **Service Provider**; or
  - 8.41.1.3 That **you** license. **Cyber Extortion Expenses** mean all reasonable and necessary costs and expenses that you incur, with **our** prior written consent, as a direct result of a **Cyber Extortion Threat**, other than **Cyber Extortion Monies**.
- 8.42 **Corporate Information** means any proprietary or confidential corporate information in any format that cannot be lawfully obtained or known by the general public, including customer lists, trade secrets and financial information that are provided to the **Insured** by a third party.
- 8.43 **Cyber Extortion Monies** mean any funds or property that you pay, with **our** prior written agreement, to a person(s) or entity(ies) responsible for a **Cyber Extortion Threat**, for the purpose of ceasing a **Cyber Extortion Threat**.
- 8.44 **Cyber Extortion Threat** means a plausible threat, or series of related plausible threats, including a demand for **Cyber Extortion Monies**, directed at **you** that threatens to:
- 8.44.1 Release, divulge, disseminate, destroy or use the confidential information of a third party taken from **you** as a result of **Unauthorized Access** to, or **Unauthorized Use** of, the **Named Insured's Computer System**;
  - 8.44.2 Introduce **Malicious Code** into **your Computer System**;
  - 8.44.3 Corrupt, damage or destroy the **Named Insured's Computer System**;
  - 8.44.4 Restrict or hinder access to the **Named Insured's Computer System**, including the threat of a **Distributed Denial of Service Attack**; or
  - 8.44.5 Electronically communicate with **your** clients or customers and deceptively claim to be **you** or to be acting on **your** behalf in order to deceitfully obtain personal confidential information of **your** clients or customers (also known as "pharming," "phishing," or other types of fraudulent communications).
- 8.45 **Data** means any data, text, sounds, images or similar matter, including **Corporate Information** or **Personal Information** that exists on a **Computer System** and is subject to scheduled back-up procedures and security protections.
- 8.46 **Data Breach** means:

- 8.46.1 **Unauthorized Access** to, or **Unauthorized Use** of, the **Named Insured's Computer System**, including **Unauthorized Access** or **Unauthorized Use** resulting from the theft of a password from the **Named Insured's Computer System** or from of you;
- 8.46.2 **A Distributed Denial of Service Attack** against the **Named Insured's Computer System**; or
- 8.46.3 Infection of the **Named Insured's Computer System** by **Malicious Code** or the transmission of **Malicious Code** from the **Named Insured's Computer System**,

whether any of the foregoing is a specifically targeted attack or a generally distributed attack. A series of continuing **Data Breaches**, related or repeated **Data Breaches**, or multiple **Data Breaches** resulting from a continuing failure of computer security will be considered a single **Data Breach** and be deemed to have occurred at the time of the first **Data Breach**.

- 8.47 **Delivered Programs** mean applications, programs and software that has been developed and successfully tested in a working environment.
- 8.48 **Distributed Denial of Service Attack** is a malicious attempt to disrupt a **Computer System** by temporarily interrupting or suspending access by overwhelming the **Computer System** with a large volume of electronic **Data** or service requests.
- 8.49 **Digital Property** means **Data** and **Computer Programs** that exist in the **Named Insured's Computer System**. **Digital Property** does not include **Computer Hardware**.
- 8.50 **Digital Property Loss** means reasonable and necessary expenses and costs that you incur to replace, recreate, or restore **Digital Property** to the same state and with the same contents immediately before it was damaged, destroyed, altered, misused, or stolen, including expenses for materials and machine time. **Digital Property Loss** also includes amounts representing employee work time to replace, recreate, or restore **Digital Property** that shall be determined on a predefined billable hours or per hour basis as based upon your schedule of employee billable hours.

For any and all coverage provided under Clause 1.2.9 will be determined as follows:

- 8.40.1 If the impacted **Digital Property** was purchased from a third party, we will pay only the lesser of the original purchase price of the **Digital Property** or the reasonable and necessary **Digital Property Loss**.
- 8.40.2 If it is determined that the **Digital Property** cannot be replaced, restored or recreated, then we will only reimburse the actual and necessary **Digital Property Loss** incurred up to such determination.
- 8.51 **Electronic Media** means floppy disks, CD ROM's, flash drives, hard drives, magnetic tapes, magnetic discs, zip drives or any other media on that **Data** is recorded or stored.
- 8.52 **Firmware** means permanent software programmed into a read-only memory of a **Computer System**.
- 8.53 **Income Loss** means financial loss you sustain, as determined as follows:

For coverage provided under 1.2.8.2 Business Interruption and Additional Costs or 1.2.11 **Cyber Terrorism** Coverage, **Income Loss** will be determined as the reduction of your income during the **Period of Restoration**, that is:

- 8.53.1 your net income (net profit or loss before income taxes) that would have been

reasonably projected, but that has been lost directly as a result of a total or partial interruption, reduction in service or failure of the **Named Insured's Computer System** caused directly by an **Insured Loss**. The revenue projection will take into account the prior experience of **your** business before the date of the **Insured Loss** and the probable revenue had no **Insured Loss** occurred. Revenues include the amount of money paid or payable to **you** for goods, products or services sold, delivered or rendered in the normal course of **your** business. Revenue projection will be reduced by the extent to that **you** use substitute methods, facilities or personnel to maintain **your** revenue stream. **We** will take into consideration **your** financial reports of the trends in **your** business, and variations in or other circumstances affecting **your** business, before or after the **Insured**, that would have affected **your** business had no **Insured Loss** occurred; and

8.53.2 Any fixed operating costs (including ordinary payroll) incurred, but only to the extent that such costs continue during the **Period of Restoration**.

8.54 **Insured Event** means:

8.54.1 With respect to Clause 1.2.7, an **Unfavorable Media Report** of an actual or potential **Data Breach** or **Privacy Breach**.

8.54.2 With respect to Clause 1.2.8, an **Insured Loss**.

8.54.3 With respect to Clause 1.2.9, a **Cyber Extortion Threat**.

**Insured Event** only pertains to loss sustained by **you** and shall not include any claim made by a third party unless added as an Additional Insured to the policy.

8.55 **Insured Loss** means, and is limited to, the following:

8.55.1 Accidental Damage or Destruction

8.55.1.1 Accidental physical damage or destruction of **Electronic Media** so that stored **Digital Property** are no longer machine-readable;

8.55.1.2 Accidental damage or destruction of **Computer Hardware** so that stored **Data** is no longer machine-readable;

8.55.1.3 **Programming Error of Delivered Programs**; or

8.55.2 Administrative or Operational Mistakes

An accidental, unintentional, or negligent act, mistake, error or omission by an Insured, a **Service Provider**, or **Outsourced IT Service Provider** in:

8.55.2.1 The entry or modification of **your** electronic **Data**, that causes damage to such **Data**; or

8.55.2.2 The creation, handling, development, modification, or maintenance of **Digital Property**;  
or

8.55.2.3 The ongoing operation or maintenance of the **Named Insured's Computer System** excluding the design, architecture, or configuration of the **Named Insured's Computer System**.

8.55.3 Computer Crime and Computer Attacks.



An act, mistake or unintentional error or omission in the operation of the **Named Insured's Computer System** or in **your** handling of **Digital Property** or by an **Service Provider** or **Outsourced IT Service Provider**, that fails to prevent or hinder any of the following attacks on the **Named Insured's Computer System**:

8.55.3.1    **A Distributed Denial of Service Attack;**

8.55.3.2    **Malicious Code;**

8.55.3.3    **Unauthorized Access; or**

8.55.3.4    **Unauthorized Use.**

8.56    **Interruption Expenses** mean those costs, excluding **Special Expenses**, that **you** incur to avoid or minimize the suspension of **your** business as a result of a total or partial interruption, degradation in service, or failure of the **Named Insured's Computer System** caused directly by an **Insured Loss** or an **Cyber Terrorism**, that would not have been incurred had no **Insured Loss** occurred, including, but not limited to, the use of rented/leased external equipment, substitution of other work or production procedures, use of third party services, or additional staff expenditures or labor costs; and minimize or avoid an **Insured Loss** and continue **your** business.

The amount of **Interruption Expenses** recoverable under paragraph 8.47 above shall in not exceed the amount that the covered **Income Loss** is reduced by such expenses.

8.57    **Malicious Code** means software intentionally designed to insert itself and damage a **Computer System** without the owner's consent by a variety of forms including crime-ware, dishonest adware, malware, spyware, Trojan horses, viruses and worms.

8.58    **Named Insured's Computer System** means a Computer System operated by and either owned by, or leased to, **you**.

8.59    **Notification Expenses** mean those reasonable and necessary expenses that **you** incur, with **our** prior written consent, to comply with governmental privacy legislation mandating notification to affected individuals in the event of a **Data Breach** or **Privacy Breach**. **Notification Expenses** including legal expenses; computer forensic and investigation fees; public relations expenses; postage expenses; and related advertising and publicity expenses.

8.60    **Operational Programs** mean programs and software that are ready for operational use, having been fully developed, tested, and accepted by the **Named Insured**.

8.61    **Outsourced IT Service Provider** means a third party independent contractor that provides information technology services for **your** benefit under a written contract with **you** to provide such services. **Outsourced IT Service Provider** services include, but are not limited to, hosting, security management, co-location, and Data storage.

8.62    **Period of Restoration** means the period of time that commences on the date when the interruption, reduction, or failure of the **Named Insured's Computer System** began and ends on the earlier of:

8.62.1    The date when the **Named Insured's Computer System** is restored or could have been repaired or restored with reasonable speed to the same condition, functionality, and level of service that existed prior to the **Insured Loss**, plus no more than thirty (30) consecutive days after the restoration of the **Named Insured's Computer System** to allow for restoration of **your** business; or

8.62.2 One hundred and twenty (120) consecutive days after the notice of **Insured Loss** is received by the Company.

8.63 **Personal Information** means any information not available to the general public from which an individual may be identified, including an individual's name, telephone number, social security number, medical or healthcare data or other protected health information, driver's license number or state identification number, account number, bank account number, financial account information, retirement account(s) number, healthcare account number, employee identification numbers, home address, credit information, government identification numbers, credit card numbers, access code or password that would permit access to that individual's account.

8.64 **Print Media** means newspapers, newsletters, magazines, books, and literary works in any form, brochures or other types of publications, and advertising materials, including packaging, photographs, and digital images.

8.65 **Privacy Breach** means any of the following acts by **you** or by others acting on **your** behalf, including **Service Providers** and **Outsourced IT Service Providers**:

8.65.1 Breach of confidentiality, infringement, or violation of any right to privacy, including, but not limited to, a breach of **your** privacy policy or public disclosure of an individual's private information; or

8.65.2 Any breach of privacy regulations associated with the confidentiality, access, control, and use of personally identifiable, non-public information, including: Health Insurance Portability and Accountability Act of 1996 (Public Law 104 -191), known as HIPAA, and related state medical privacy laws; Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999; State and federal statutes and regulations regarding the security and privacy of consumer information; Governmental privacy protection regulations or laws associated with the control and use of personal information; Privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act and similar state laws; The Health Information Technology for Economic and Clinical Health Act, Title XIII of the American Recovery and Reinvestment Act of 2009.

A series of continuing **Privacy Breaches** or related or repeated **Privacy Breaches** will be considered a single **Privacy Breach** and will be deemed to have occurred at the time the first of such **Privacy Breaches** occurred.

8.66 **Privacy Breach Response Costs** mean those reasonable and necessary fees and expenses that **you** incur, with the Company's prior written consent, for the employment of a public relations consultant, if such action is considered reasonable and necessary in order to avert or mitigate any material damage to **your** reputation or to **your** brands, that results or reasonably will result from an **Unfavorable Media Report**.

8.67 **Programming Error** means an error that occurs during the development or encoding of a computer program, software, or application, that would, when in operation, result in a malfunction or incorrect operation of a **Computer System**.

8.68 **Service Provider** means a business the **Insured** does not own, operate or control, but that the **Insured** hires for a fee pursuant to a written contract to perform services related to the **Insured's** business.

8.69 **Special Expenses** mean reasonable and necessary costs and expenses that **you** incur to:

8.69.1 Prevent, preserve, minimize, or mitigate any further damage to **Digital Property**, including the reasonable and necessary fees and expenses of specialists, outside consultants, or forensic experts;

- 8.69.2 Preserve evidence of any criminal or malicious wrongdoing;
- 8.69.3 Purchase replacement licenses for **Computer Programs** because the copy protection system or access control software was damaged or destroyed by an **Insured Loss** ; or
- 8.69.4 Notify clients or customers of a total or partial interruption, reduction in service, or failure of the **Named Insured's Computer System** resulting from an **Insured Loss**.
- 8.70 **Unauthorized Access** means an unauthorized person or persons gaining access to a **Computer System** by.
- 8.71 **Unauthorized Use** means the use of a **Computer System** by unauthorized persons or by authorized persons in an unauthorized manner.
- 8.72 **Unfavorable Media Report** means any news report or communication of an actual or possible **Data Breach** or **Privacy Breach** that has been published through any media outlet including broadcast, **Print Media**, or electronic networks, the World Wide Web, or blog or electronic mail; and threatens material damage to **your** reputation or **your** brands.
- 8.73 **Waiting Period** means the 8 hour period of time that must elapse before the recovery of loss under Clause 1.2.8.2 will be considered. The **Waiting Period** applies to each **Period of Restoration**.
- 8.74 **World Wide Web** means the global public network of computers for the transmission of electronic **Data** between different public and private users.

#### EXCLUSIONS

The following exclusions are added to the Policy in respect to the coverage provided via this endorsement only:

The insurance provided under this Endorsement does not apply to any **Claim** made against **you** based upon, arising out of or resulting from:

1. **Any Insured Event:**
  - 1.1 Which was the subject of written notice to any insurer given under any other policy of insurance prior to the effective date of this Endorsement;
  - 1.2 Which was identified in any summary or statement of claims or potential claims submitted to us in connection with **your** application for insurance; or
  - 1.3 Which any **Insured** had knowledge of prior to the effective date of this Endorsement.
2. **Any Insured Event** arising out of, resulting from, in consequence of, or in any way involving:
  - 2.1. Any willful, deliberately dishonest, malicious, fraudulent, or criminal act or omission;
  - 2.2. Any intentional violation of the law or of **your** privacy policy; or
  - 2.3. The gaining in fact of any profit, remuneration or financial advantage, that any of **you** were not legally entitled.
3. if any of the above was committed by of **you**, whether acting alone or in collusion with other persons. This exclusion shall not apply to:

- 3.1. Any of **you** that did not personally commit, participate in, or have knowledge of any such criminal, dishonest, fraudulent, or malicious conduct described in this exclusion; or
- 3.2. With respect to Clause 1.2.8 of the policy, an **Insured Event** resulting from employee sabotage.
4. Any **Insured Event** arising out of, resulting from, in consequence of, or in any way involving any conduct, act or error of any of **you** while acting as an employee, manager, officer or director of any company, business, entity or organization other than the **Named Insured**.
5. Anti-trust, price fixing or discrimination, restraint of trade, monopolization, unfair trade practices or predatory pricing.
6. Any contract or agreement to which **you** are a party, provided that this Exclusion shall not apply to the extent that **you** would have been liable in the absence of such contract or agreement; or any liability or obligation under a confidentiality or non-disclosure agreement.
7. Any transfer of any fund, money or security.
8. Any employment-related **Insured Event**.
9. Unauthorized or surreptitious collection, acquisition or use of **Personal Information** or **Corporate Information** by **you** or the failure to provide adequate notice that such information is being collected.
10. **Your** intentional failure to disclose the loss of **Personal Information** in violation of any law or regulation.
11. False or deceptive advertising.
12. Any action brought by or on behalf of the Federal Trade Commission, Federal Communication Commission, the Securities and Exchange Commission or any other federal, state or local government.
13. Any electrical or mechanical failure or interruption, including any electrical disturbance, surge, spike, brownout or blackout, and any outage to gas, water, telephone, cable, satellite, telecommunication or other infrastructure.
14. Any infringement of copyright, patent, trademark, trade dress, trade name or service mark or any misappropriation of ideas, trade secrets or other intellectual property rights; provided that this Exclusion shall not apply to any **Claim** otherwise covered under this Endorsement.
15. Any **Insured Event** arising out of, resulting from, in consequence of, or in any way involving fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, force majeure or any other physical event however caused, unless such **Insured Event** is otherwise covered under Insuring Agreement 1.2.8.
16. Any **Insured Event** arising out of, resulting from, in consequence of, or in any way involving strikes or similar labor actions, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular uprising, military uprising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions;
17. Any **Insured Event** arising out of, resulting from, in consequence of, or in any way involving the

intentional use of illegal or unlicensed programs by an of **you**.

18. Damages, judgments, or settlements;
19. Amounts owed under, or assumed by, any contract;
20. Contractual penalties or consequential damages;
21. Any liability to third parties for whatever reason, including legal costs and expenses of any type;
22. Taxes, interest, fines, sanctions or penalties;
23. Amounts that are deemed uninsurable under applicable law; or
24. The costs to implement or adopt any compliance program.
25. **Property Damage or Bodily Injury.**
26. With respect to Clause 1.2.8.1:
  - 26.1. Any amount incurred in restoring, updating or replacing **Digital Property** to a level beyond that that existed prior to the **Insured Loss**;
  - 26.2. Physical damage to the **Computer Hardware** or *Data* center, other than accidental physical damage or destruction of **Electronic Media** so that stored **Digital Property** are no longer machine-readable;
  - 26.3. The economic or market value of **Digital Property**;
  - 26.4. Costs or expenses incurred to identify, patch or remediate software program errors or **Computer System** vulnerabilities;
  - 26.5. Costs to upgrade, redesign, reconfigure or maintain the **Named Insured's Computer System** to a level of functionality beyond that that existed prior to the **Insured Loss**; or
  - 26.6. Any losses paid under Clause 1.2.8.2.
27. With respect to Clause 1.2.8.2:
  - 27.1. Any loss arising out of a physical cause or natural peril, including, but not limited to, fire, wind, water, flood, subsidence or earthquake, that results in physical damage to **Computer Hardware** and/or any **Data** center;
  - 27.2. Any loss expense arising out of updating or replacing **Digital Property** to a level beyond that that existed prior to the **Insured Loss**;
  - 27.3. Costs or expenses incurred to identify, patch or remediate software program errors or **Computer System** vulnerabilities;
  - 27.4. Loss of goodwill and reputational harm;
  - 27.5. Costs to upgrade, redesign, reconfigure or maintain the **Named Insured's Computer System** to a level of functionality beyond that that existed prior to the **Insured Loss**; or

27.6 Any losses paid under Clause 1.2.8.1 of this endorsement.

#### NOTICE PROVISIONS

1. As a condition precedent to coverage under this Endorsement, an **Insured Event** must be reported to us no later than 60 days from the date the **Insured Event** is first discovered by any of you.
2. We must be provided with copies of all documentation comprising an **Insured Event** as well as any authorization, cooperation, or assistance as the Company may require.
3. We will not be obligated to pay any amounts incurred prior to notification of an **Insured Event** to the Company or that are incurred without the Company's prior written consent.

#### SCHEDULE OF INSURANCE

<u>Coverage Part:</u>	<u>Limits Of Liability per loss:</u>	<u>Deductible per loss:</u>
1.2.7. Breach Response, Notification, Support and Credit Monitoring Expenses Coverage:	\$500,000	\$ 0.00
1.2.8.1 Loss of Digital Property	\$500,000	\$ 10,000
1.2.8.2. Business Interruption and Additional Costs:	\$50,000	\$ 10,000
1.2.9. Cyber Extortion Coverage:	\$500,000	\$ 10,000
Annual Aggregate Limit applicable to all coverage parts:	\$1,000,000	
<u>Date Applicable to coverage under this Endorsement</u>		
Retroactive Date: 04/15/17		

All other terms and conditions of this policy remain unchanged.