



**Email**  
support@next-insurance.com

**Phone**  
(855) 222-5919

**Web**  
www.next-insurance.com

**Address**  
PO Box 60787, Palo Alto, CA 94306

## Policy Documents

**Hello,**

Enclosed you will find the policy documents that make up your insurance contract. Please read through all of these documents. If you have any questions or need to update any of your information, please contact us.

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### A few key insurance terms to help navigate these documents

- **Declarations:** Names your business as the insured and specifies limits.
- **Policy:** The formal contract issued by the insurance company.
- **Endorsements:** Modifications to the policy.
- **Exclusions:** What is not covered in the policy.

#### Need to file a claim?

Log in to our website or contact support. Be prepared with details about the claim.

# SIGNATURE PAGE

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.



\_\_\_\_\_  
(signature)  
Secretary



\_\_\_\_\_  
(signature)  
President

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**STATE NATIONAL INSURANCE COMPANY, INC.**

(a stock insurance company)

1900 L Don Dodson Dr.  
 Bedford, TX 76021  
 (800) 877-4567

Administered by:

**NEXT INSURANCE, INC.**

PO Box 60787  
 Palo Alto, CA 94306  
 (855) 222-5919

**Miscellaneous Professional Liability Insurance with Cyber Coverage  
 Declarations**

**NOTICE: CERTAIN COVERAGES IN THE POLICY MAY BE WRITTEN ON  
 A CLAIMS-MADE BASIS. PLEASE READ YOUR POLICY CAREFULLY.**

**Policy Number:** NXT99999999-00

Renewal of Policy Number:

**IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS AND CONDITIONS  
 OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.**

**ITEM 1. NAMED INSURED** (Name and Mailing Address):

Mickey Mouse  
 Best Business Ever  
 1350 S 12th Ave W  
 Virginia, IL 55792

**ITEM 2. POLICY PERIOD:**

<b>(a)</b> Inception Date:	10/19/2017
<b>(b)</b> Expiration Date:	10/19/2018

Both dates at 12:01 a.m. standard time at the Named Insured's Mailing Address shown in ITEM 1 above.

<b>ITEM 3. PROFESSIONAL SERVICE DESCRIPTION</b>
Insurance Agent

<b>ITEM 4. LIMIT OF LIABILITY AND DEDUCTIBLE: INSURING AGREEMENTS</b>			
Limit of Liability: Each <b>Claim</b>	Limit of Liability: Aggregate for all <b>Claims</b>	Deductible: Each <b>Claim</b>	Deductible: Aggregate
\$1,000,000.00	\$1,000,000.00	\$2,000.00	Each and Every Claim

<b>ITEM 5. LIMITS OF LIABILITY AND DEDUCTIBLES: SUPPLEMENTAL EXPENSES</b>			
<b>Expense Event</b>	Limit of Liability: Each <b>Expense Event</b>	Limit of Liability: Aggregate	Deductible: Each <b>Expense Event</b>
<b>Crisis Management Expenses</b>	\$10,000.00	\$50,000.00	\$0.00
<b>Disciplinary Proceedings</b>	\$10,000.00	\$50,000.00	\$0.00
Subpoena Assistance	\$10,000.00	\$50,000.00	\$0.00

<b>ITEM 6. PREMIUM:</b>	\$1,651.00	State Surcharge, Tax, or Other: \$0.00
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<b>ITEM 7. EXTENDED REPORTING PERIOD OPTION(S):</b>	
12 months at ___ % of Full Annual Premium	24 months at ___ % of Full Annual Premium
36 months at <u>260</u> % of Full Annual Premium	48 months at ___ % of Full Annual Premium
60 months at ___ % of Full Annual Premium	72 months at ___ % of Full Annual Premium

<b>ITEM 8. RETROACTIVE DATE:</b>	10/19/2017
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<b>ITEM 9. NOTICE TO THE INSURER:</b>
CLAIMS OR POTENTIAL CLAIMS SEND TO:
<b>NEXT INSURANCE, INC.</b> PO Box 60787 Palo Alto, CA 94306 (855) 222-5919 claims@next-insurance.com

**ITEM 10. POLICY FORM AND ENDORSEMENTS ATTACHED AT ISSUANCE:**

Please see NXT-0010 BM PL 1018 for a complete list of forms.

**THESE DECLARATIONS, TOGETHER WITH THE PROFESSIONAL LIABILITY POLICY COVERAGE FORM(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE NUMBERED POLICY.**

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## SCHEDULE OF FORMS AND ENDORSEMENTS

<u>Title</u>	<u>Form Number and Edition Date</u>
Miscellaneous Professional Liability Insurance with Cyber Coverage Declarations	NXT-0009 BM PL 1018
Miscellaneous Professional Liability Insurance with Cyber Coverage	NXT-0008 BM PL IL 0419
Illinois Notice - Civil Unions	NXT-0173 BM PL IL 1018
Illinois Changes - Cancellation and Nonrenewal	NXT-0175 BM PL IL 1018
Illinois Changes - Extended Reporting Period	NXT-0190 BM PL IL 1018
Asbestos Exclusion	NXT-0022 BM PL 1018
Assault Battery or Assault and Battery Exclusion	NXT-0023 BM PL 1018
Exclusion - Sexual Abuse	NXT-0043 BM PL 1018
Policy Territory Endorsement	NXT-0050 BM PL 1018
Exclusion - Mold Fungus or Microbe	NXT-0056 BM PL 1018
Blanket Additional Insured(s) Endorsement	NXT-0059 BM PL 1018
Amendment - Prior Knowledge Exclusion	NXT-0064 BM PL 1018
Exclusion - Shared Office or Letterhead	NXT-0065 BM PL 1018
Exclusion - Personal Profit	NXT-0067 BM PL 1018
War Exclusion	NXT-0074 BM PL 1018
Exclusion - Cyber Liability	NXT-0087 BM PL 1018
Insurance Agent Services Endorsement	NXT-0282 BM PL 1018
Important Information For Illinois Policyholders	NXT-0103 BM PL IL 1018
Privacy Statement	NXT-0002 IL 0218

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## Miscellaneous Professional Liability Insurance with Cyber Coverage - Illinois

**THIS IS CLAIMS MADE AND REPORTED COVERAGE. PLEASE READ THIS POLICY CAREFULLY.**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Words and phrases that appear in bold are defined and may be used in the singular or plural, as appropriate; please refer to Section III – Definitions.

In consideration of the payment of the premium, and in reliance on all statements made and information furnished to the **Insurer**, and subject to all of the terms and conditions of this policy (including all endorsements hereto), the **Insurer** agrees with the **Insured** to provide insurance as stated in this policy.

### SECTION I - COVERAGES

#### A. Insuring Agreements:

##### 1. Professional Liability

The **Insurer** agrees to pay on behalf of the **Insured**, **Loss** in excess of the Deductible amount and up to the Limits of Liability shown in Item 4 of the Declarations; provided that such **Loss** results from a **Claim** first made and reported in writing during the **Policy Period** or Extended Reporting Period, if applicable, arising out of a **Wrongful Act** committed before the end of the **Policy Period** and on or after the Retroactive Date, if any, shown in Item 8 of the Declarations.

##### 2. Cyber Liability

The **Insurer** agrees to pay on behalf of the **Insured**, **Loss** in excess of the Deductible amount and up to the Limits of Liability shown in Item 4 of the Declarations; provided that such **Loss** results from a **Claim** first made and reported in writing during the **Policy Period** or Extended Reporting Period, if applicable, arising out of a **Privacy Breach, Security Event** or **Social Engineering Incident** taking place before the end of the **Policy Period** and on or after the Retroactive Date, if any, shown in Item 8 of the Declarations.

#### B. Supplemental Payments

These supplemental payments will be paid up to the amount shown in Item 5 of the Declarations and in addition to the applicable Limit of Liability shown in Item 4 of the Declarations.

##### 1. Crisis Management Expenses

The **Insurer** will reimburse the **Insureds**, in excess of the applicable Deductible shown in Item 5 of the Declarations, **Crisis Management Expenses** resulting directly from any **Wrongful Act, Privacy Breach, Security Event** or **Social Engineering Incident** that takes place during the **Policy Period**.

##### 2. Disciplinary Proceedings

If, during the **Policy Period**, a **Disciplinary Proceeding** is first brought against any **Insured**, the **Insurer** will reimburse the **Insureds** for reasonable and necessary legal fees and expenses that the **Insured** incurs in the defense of such matter. Such legal fees and expenses do not include any fines, penalties or restitution paid by the **Insured** as part of or to resolve a **Disciplinary Proceeding**.

The **Insurer** will have no duty to defend the **Insured** in any such **Disciplinary Proceeding**.

Any notice given to the **Insurer** by any **Insured** under this subsection will be deemed notice of **Potential Claim**.

##### 3. Subpoena Assistance

a. If, during the **Policy Period**, an **Insured** first receives a subpoena for documents or

testimony arising out of **Professional Services** performed by any **Insured**, and the **Insured** requests the **Insurer's** assistance in responding to such subpoena, the **Insurer** will reimburse the **Insured** for reasonable and necessary: legal fees and expenses incurred to provide the **Insured** advice regarding the production of documents; costs incurred by the **Insured** to produce any documents in response to the subpoena; and legal fees and expenses to prepare the **Insured** for sworn testimony and to represent the **Insured** at the **Insured's** depositions;

provided that:

- (1) the subpoena arises out of a lawsuit to which the **Insured's** are not a party; and
  - (2) the **Insureds** have not been engaged to provide advice or testimony in connection with the lawsuit and the **Insureds** have not provided such advice or testimony in the past.
- b. The **Insurer** has no duty to defend the **Insured** in connection with any such subpoena assistance. Compliance with a subpoena will not be considered a **Claim** or **Disciplinary Proceeding** under the policy and the coverage for any Subpoena Assistance is limited to that provided under this section.
- c. Any notice given to the **Insurer** by any **Insured** under this subsection will be deemed notice of Potential Claim.

## SECTION II – LIMITS OF LIABILITY AND DEDUCTIBLE

### A. Limit of Liability: Insuring Agreements A.1 Professional Liability and A.2 Cyber Liability

1. Limit of Liability, each **Claim** under Insuring Agreements A.1 and A.2: The most the **Insurer** will pay for any **Loss** for each **Claim** covered by this policy under Insuring Agreements A.1 and A.2 is the amount shown for Limit of Liability in Item 4 of the Declarations.
2. Limits of Liability, aggregate for all **Claims** under Insuring Agreements A.1 and A.2: The most the **Insurer** will pay for all **Loss** for all **Claims** in the Aggregate covered by this policy under Insuring Agreements A.1 and A.2 is the amount shown in Item 4 of the Declarations.
3. **Defense Costs** are part of and not in addition to the Limits of Liability. Payment of **Defense Costs** by the **Insurer** will reduce, and may exhaust, the Limits of Liability.

### B. Limits of Liability: Supplementary Coverages

Supplemental payments under Insuring Agreement B will be paid in addition to the Aggregate Limit of Liability shown in Item 4 of the Declarations.

1. Limits of Liability: **Crisis Management Expenses** – The most this **Insurer** will pay for costs for **Crisis Management Expenses** covered under Insuring Agreement B.1. of this policy during the **Policy Period** from **Privacy Breach, Security Event** or **Social Engineering Incident** and in the Aggregate are the amounts shown for **Crisis Management Expenses** in Item 5 of the Declarations.
2. Limits of Liability: Each **Disciplinary Proceeding**: The most the **Insurer** will pay for costs for each such **Disciplinary Proceeding** and the Aggregate under Insuring Agreement B.2 during the **Policy Period** are the amounts shown in Item 5 of the Declarations.
3. Limits of Liability: Subpoena Assistance: The most the **Insurer** will pay for costs for each such subpoena and in the Aggregate under Insuring Agreement B.3 of this policy are the amounts shown in Item 5 of the Declarations.



**C. Deductible**

1. Regarding the coverage provided by this policy under Insuring Agreements A.1 Professional Liability and A.2, Cyber Liability, the Each Claim Deductible shown in Item 4 of the Declarations applies respectively to any **Loss** for each **Claim** and will be paid by the **Insured** as a condition precedent to payment of any **Loss** by the **Insurer**. The **Insured** must pay the applicable deductible for each **Claim** within 30 days of the **Insurer's** written request regardless of the number of **Claims** covered by this policy. Any Aggregate Deductible amount shown in Item 4 of the Declarations is the most the **Insured** will pay as a deductible for all **Claims** covered by this policy.
2. Regarding the coverage provided by this policy under Insuring Agreement B. Supplemental Coverages, the Each **Expense Event** Deductible shown in Item 5 of the Declarations applies respectively to each **Crisis Management Expense, Disciplinary Proceeding** or Subpoena and will be paid by the **Insured** as a condition precedent to payment of any **Loss** by the **Insurer**. The **Insured** must pay the applicable deductible for each **Claim** within 30 days of the **Insurer's** written request regardless of the number of **Claims** covered by this policy. Any Aggregate Deductible amount shown in Item 4 of the Declarations is the most the **Insured** will pay for all **Claims** covered by this policy.
3. The **Insured's** Deductible obligation for each **Claim** will be reduced by 50%, subject to a maximum aggregate reduction of all deductibles for all **Claims** of \$25,000 if the **Insurer** agrees and the **Insured** consents to the final settlement of a **Claim** during a voluntary mediation . This reduction does not apply to any **Claim** resolved through court-mandated mediation or voluntary or involuntary arbitration.

## SECTION III - DEFINITIONS

- A. Bodily Injury** means physical injury, sickness, disease or death of any person.
- B. Claim** means any of the following arising from a **Wrongful Act**:
  1. a written demand received by any **Insured** for monetary, non-monetary or injunctive relief, including a written demand that the **Insured** toll or waive a statute of limitations;
  2. a civil proceeding against any **Insured** commenced by the service of a complaint or similar pleading;
  3. the institution of an arbitration, mediation, or other alternate dispute resolution proceeding against any **Insured**; or
  4. as respects Insuring Agreement A.2, a **Privacy Regulatory Action** against any **Insured**.
- C. Crisis Management Expenses** means reasonable and necessary expenses, including legal fees, approved by the **Insurer** in its sole discretion, to engage a public relations firm after an **Insured's Wrongful Act, Privacy Breach, Security Event** or **Social Engineering Incident**.
- D. Defense Costs** means:
  1. reasonable and necessary fees, costs and expenses charged by any lawyer consented to or designated by the **Insurer** to defend any **Insured** against a **Claim**;
  2. all other reasonable and necessary fees, costs and expenses resulting from the investigation, discovery, adjustment, defense, settlement or appeal of a **Claim** as authorized by the **Insurer**; and
  3. the cost of a bond or appeal bond, required as a result of a **Claim**, including bonds to release attachments, but only for bond amounts not exceeding the applicable Limit of Liability; However, the **Insurer** has no obligation to apply for, guarantee or furnish any such bond.

**Defense Costs** do not include the remuneration, salaries, overhead, fees or expenses of either the **Insured's** or the **Insurer's** regular employees or officials or any fees or expenses incurred prior to the time that a **Claim** is first made against any **Insured**. **Defense Costs** will be paid first and will reduce, and may exhaust, the Limits of Liability shown in Items 4 and 5 of the Declarations.

- E. Disciplinary Proceeding** means a proceeding before a disciplinary board or similar entity or official to determine violations of disciplinary rules or rules of professional conduct, professional misconduct or other matters relating to licensing and discipline. **Disciplinary Proceeding** does not include charges, investigations or actions filed with a regulatory agency or official, including, without limitation, the Securities and Exchange Commission, the U.S. Patent & Trademark Office or the Internal Revenue Service.
- F. Expense Event** means any **Disciplinary Proceeding**, subpoena or corporate reputation damage that triggers coverage under Insuring Agreements B.1 , B.2. or B.3.
- G. Information Custodian** means any third party that possesses **Non-public Personal Information** or **Proprietary Business Information** on behalf of the **Named Insured** and which is required to maintain the confidentiality and integrity of that information by a written contract with the **Named Insured**.
- H. Information System** means any electronic device, electronic and paper storage media, as well as any communications networks, including cloud or other multi-tenant storage models.
- I. Insured** means:
1. the **Named Insured** and any **Subsidiary**;
  2. any past, present or future owner, principal, officer, director, partner, stockholder, shareholder, member, manager or employee of the **Named Insured** or any **Subsidiary** for **Professional Services** rendered on behalf of the **Named Insured** or any **Subsidiary**;
  3. the estate, heirs, executors, administrators, assigns and legal representatives of each of the **Insureds** in the event of the **Insured's** death, incapacity, insolvency or bankruptcy, but only to the extent that such **Insured** would otherwise be provided coverage under this policy;
  4. any **Insured's** lawful spouse, including any natural person qualifying as a domestic partner under the provisions of any applicable state, federal or local law in the United States, but only with respect to **Loss** arising from the **Named Insured's** or **Subsidiary's Professional Services**; or
  5. any employee, intern, volunteer or independent contractor of the **Named Insured** or any **Subsidiary**, but only as respects **Professional Services** rendered on behalf of the **Named Insured** or **Subsidiary**.
- J. Insurer** means the insurance company issuing this policy as shown in the Declarations.
- K. Loss** means a monetary judgment or settlement that an **Insured** becomes legally obligated to pay as a result of a **Claim**.
1. **Loss** includes:
    - a. **Defense Costs**;
    - b. As regards the coverage provided under SECTION I – COVERAGES, Insuring Agreement A.2 Cyber Liability, **Loss** include the following for which an **Insured** becomes legally obligated to pay as the result of a **Claim** to which this insurance applies:

(1) **Regulatory Fines and Penalties** if, and to the extent that, such amounts are insurable under the law of the jurisdiction most favorable to the insurability of such **Regulatory Fines And Penalties** provided such jurisdiction has a substantial relationship to the relevant **Insureds**, the **Insurer**, or the **Claim**; and

(2) **Regulatory Restitution.**

2. **Loss** does not include:

- a. any fines, penalties, taxes or sanctions, whether imposed by law or otherwise (except as provided above with respect to punitive or exemplary damages or **Regulatory Fines And Penalties**);
- b. the return, reduction or restitution of fees or expenses (except as provided above with respect to **Regulatory Restitution**);
- c. amounts which are uninsurable under applicable law; or
- d. the cost of complying with any injunctive, declaratory or administrative relief.

**L. Named Insured** means the person or entity designated in Item 1 of the Declarations.

**M. Non-public Personal Information** means any of the following information, if not already publicly available:

1. social security number, driver's license or government issued identification number;
2. credit, debit, bank, credit union or brokerage account numbers;
3. telephone numbers or telephone records;
4. account histories or balances;
5. medical records, health insurance identification numbers or other protected health information; or
6. any other non-public information that can be used to identify that individual as specified by a **Privacy Regulation**.

**N. Personal Injury Offense** means:

1. false arrest, humiliation, mental anguish, emotional distress, unlawful detention, false imprisonment, wrongful entry, eviction, abusive litigation, abuse of process or malicious prosecution; or
2. the publication or utterance of a libel or slander or other defamatory or disparaging material.

**O. Policy Period** means the period from the inception date of this policy to the expiration date of this policy, as shown in Item 2 of the Declarations, or its earlier termination date, if any.

Any extension of the **Policy Period** will not result in an increase or reinstatement of the Limit of Liability.

**P. Pollutants** mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**Q. Potential Claim** means:

1. any **Wrongful Act** which might reasonably be expected to give rise to a **Claim** against any **Insured** under the policy;
2. any breach of duty to a client or third party, which has not resulted in a **Claim** against any of the **Insureds**; or,
3. receipt of notice of a **Disciplinary Proceeding** or subpoena.

- R. Privacy Breach** means any of the following arising from a **Wrongful Act** taking place on or after the Retroactive Date, if any, shown in Item 8 of the Declarations
1. the alleged unauthorized alteration, collection, copying, disclosure, dissemination or viewing of **Non-public Personal Information** or **Proprietary Business Information** in any form, from any source, because of an **Insured's** failure to protect such information from unauthorized access or unauthorized use;
  2. the alleged accidental release or loss of **Non-public Personal Information** or **Proprietary Business Information**;
  3. the alleged wrongful collection, use or sale of **Non-public Personal Information** in any form; and
  4. an **Insured's** alleged failure to correct the **Non-public Personal Information** of a third party that is stored on the **Named Insured's Information System** which has been affected by any of the above once notified by the affected individual or that individual's legal counsel.
- Privacy Breach** includes the **Named Insured's** vicarious liability for the privacy breach of **Non-public Personal Information** or **Proprietary Business Information** in the care, custody and control of an **Information Custodian** to whom the **Named Insured** entrusted that information.
- S. Privacy Regulation** means any current or future statute or regulation applying to the collection, dissemination or storage of **Non-public Personal Information** promulgated by a **Privacy Regulator** including, but not limited to, state breach notice laws, HIPAA, the Hi-Tech Act, the Federal Trade Commission (FTC) Red Flag rules, Gramm-Leach Bliley or the European Union (EU) Data Protection Act.
- T. Privacy Regulator** means any local, state or federal government of the United States, any provincial or federal government in Canada, the European Union or a member state of the European Union.
- U. Privacy Regulatory Action** means the institution of an investigation, an administrative hearing or civil charges by a **Privacy Regulator** under a **Privacy Regulation** arising out of an actual or alleged **Privacy Breach**.
- V. Professional Services** means those services described in Item 3 of the Declarations of this policy, performed for others.
- W. Property Damage** means physical injury to tangible property, including all resulting loss of use of that property.
- X. Proprietary Business Information** means business records, customer lists, trade secrets or any other non-public information entrusted to an **Insured** under a written contract to protect its confidentiality.
- Y. Regulatory Fines and Penalties** means those sums any **Insured** is required to pay as part of the settlement or judgment of a **Privacy Regulatory Action** to which this insurance applies.
- Z. Regulatory Restitution** means sums deposited into a fund for the purpose of providing compensation to individuals affected by a **Privacy Breach** as part of a settlement or judgment resulting from a **Privacy Regulatory Action**.
- AA. Security Event** means any of the following arising from a **Wrongful Act** taking place on or after the Retroactive Date, if any, shown in Item 8 of the Declarations:
1. the **Named Insured's** inadvertent transmission of malicious computer code to a third party;
  2. the failure to prevent the use of the **Named Insured's Information System** to harm a third party's **Information System** including the failure to prevent the use of the **Named Insured's Information System** to launch a denial of service attack;

3. the inability of the **Named Insured** or third party to access the **Named Insured's Information System** due to the failure to prevent a denial of service attack, damage from malicious computer code, unauthorized access to or unauthorized use of the **Named Insured's Information System**; or
4. the corruption, destruction or loss of electronic data held within the **Named Insured's Information System** as the direct result of malicious computer code, a denial of service attack or from unauthorized access to, or unauthorized use of, the **Named Insured's Information System**.

**BB. Social Engineering Incident** means the following arising from a **Wrongful Act** taking place on or after the Retroactive Date, if any, shown in Item 8 of the Declarations:

An **Insured** having transferred, paid or delivered funds or data as a direct result of a fraudulent written instruction, electronic instruction (including e-mail or web-based instruction) or telephone instruction which is intended to mislead an **Insured** through misrepresentation of a material fact that is relied upon in good faith by such **Insured**.

**CC. Subsidiary** means:

1. any entity in which more than 50% of the outstanding voting securities or voting rights representing the present right to vote for election of directors, officers, any **Insured**, or any equivalent executives, is owned or controlled by the **Named Insured**, either directly or indirectly on or before the effective date of this policy;
2. any entity after the effective date of this policy by reason of being created or acquired by the **Named Insured** after such date, if the gross revenues of the created or acquired entity for the prior year are equal to or greater than 50% of the annual gross revenues of the **Named Insured** as reflected in the **Named Insured's** most recent audited consolidated financial statement prior to such creation or acquisition; or
3. any entity after the effective date of this policy by reason of being created or acquired by the **Named Insured** after such date, other than as described in subsection 2. above, but such entity will be a **Subsidiary** only for either (i) a period of 30 days from the date such entity was created or acquired by the **Named Insured**; or (ii) until the end of the **Policy Period**, whichever occurs first.

Provided, however, that **Subsidiary** will not mean any entity which is a financial institution, including but not limited to any bank, insurance company, insurance agent/broker, securities broker/dealer, investment advisor, mutual fund or hedge fund.

**Subsidiary** also means any foundation or charitable trust controlled or directly sponsored by the **Named Insured**.

Provided, however, this policy will only apply to **Wrongful Acts** committed or allegedly committed after the effective date an entity becomes a **Subsidiary** and prior to the effective date such entity ceases to be a **Subsidiary**.

**DD. Wrongful Act** means any actual or alleged act, error, omission or breach of duty by any **Insured** in the rendering of or failure to render **Professional Services**. **Wrongful Act** also means an actual or alleged **Personal Injury Offense** by any **Insured** in the rendering of or failure to render **Professional Services**.

#### SECTION IV - EXCLUSIONS

This policy does not apply to any **Claim** or **Expense Event**:

- A** arising out of a **Wrongful Act, Privacy Breach, Security Event, Social Engineering Incident** or **Expense Event** occurring prior to the **Policy Period** if, prior to the effective date of the first Miscellaneous Professional Liability Insurance Policy issued by the **Insurer** to the **Named Insured** and continuously renewed and maintained in effect prior to the **Policy Period**:



1. any **Insured** gave notice to any prior insurer of any such **Claim**, (including any **Potential Claim** that might lead to such **Claim**), **Wrongful Act**, **Privacy Breach**, **Security Event** or **Social Engineering Incident**; or
  2. any **Insured** had a reasonable basis to believe that the **Insured** had committed a **Wrongful Act**, violated a disciplinary rule, or engaged in professional misconduct.
- B.** arising out of any actual or alleged intentional, criminal, dishonest, malicious or fraudulent act, error or omission by any **Insured** if such intentional, criminal, dishonest, malicious or fraudulent act, error or omission is established by a final adjudication of the **Claim** or a final adjudication in any judicial, administrative or alternative dispute resolution proceeding. This Exclusion does not apply to any **Personal Injury Offense** that results from any **Insured's** rendering or failing to render **Professional Services**.

For purposes of this Exclusion, no such act of one of the **Insureds** will be imputed to any of the **Insureds** who were not aware of and did not participate in such act.

- C.** arising out of **Professional Services** performed for any entity, including an entity held in a personal trust, if at the time of the act or omission giving rise to the **Claim**, any **Insured** was a director, officer or partner of, or had management responsibilities for, such entity, or the owner of more than a 15% equity interest in such entity.
- D.** arising out of any actual or alleged violation or breach by any **Insured** of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974, Telephone Consumer Protection Act (TCPA), Securities Act of 1933, Securities Exchange Act of 1934, the Racketeer Influenced and Corrupt Organizations Act 18 USC Sections 1961 et seq., the Controlling the Assault of Non-Solicited Pornography and Marketing ACT (CAN-SPAM) of 2003, the Fair Credit Reporting Act (FCRA), Fair and Accurate Credit Transactions Act (FACTA), or amendments thereto of any of these, or any similar provision of any federal, state or local statute, regulation, ordinance or common law.

This Exclusion does not apply if any **Insured** is deemed to be a fiduciary solely by reason of **Professional Services** rendered with respect to any employee benefit plan.

- E.** arising out of **Bodily Injury** or **Property Damage**.
- F.** arising out of any actual or alleged liability assumed by any **Insured** under any written or oral contract or agreement including, without limitation, any indemnification agreement.

This Exclusion does not apply to any **Loss** the **Insured** would have in the absence of such contract or agreement and is otherwise covered under this policy.

- G.** made by any **Insured** against any other **Insured**.
- H.** arising out of the sale or promotion of any investment or security, including any personal financial planning or investment advice provided in connection with such sale, but only if any **Insured** received a commission, fee or other compensation from the issuer or provider of the security or investment as a direct result of the sale.
- I.** arising out of an actual or alleged false, deceptive or unfair trade practices, unfair competition, restraint of trade or other violation of any anti-trust or price-fixing rule or regulation, false or misleading advertising.
- J.** arising out of:
1. the actual, alleged or threatened discharge, release, escape, seepage, migration or disposal of **Pollutants** at any time; or
  2. any direction, demand or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **Pollutants**.

- K** arising out of the commingling, misappropriation or misuse of funds.
- L** arising out of infringement of patent, copyright, trademark, service mark, trade dress or trade name of any tangible product.  
This exclusion does not apply to software or material produced for a client as part of **Professional Services**.
- M** arising out of any Insured's advising, requiring obtaining or failing to advise, require or obtain any bond, suretyship or other insurance.

#### SECTION V – EXTENDED REPORTING PERIODS

In the event this policy is cancelled or non-renewed by either the **Named Insured** or the **Insurer**, the **Insured** is entitled to the extensions of coverage shown in this Section.

##### A. Automatic Extended Reporting Period

An Extended Reporting Period is automatically provided to the **Named Insured** without additional charge. This period starts at the end of the **Policy Period** and lasts for 60 days, or the date another policy for professional liability insurance applicable to the **Named Insured** takes effect, whichever occurs first.

1. This Automatic Extended Reporting Period will be subject to all the terms and conditions of this policy and will apply to **Claims** first made against any **Insured** and reported to the **Insurer** during the Automatic Extended Reporting Period and that arise out of any **Wrongful Act** that occurred or is alleged to have occurred subsequent to the Retroactive Date, if any, and before the end of the **Policy Period**.
2. The fact that the period during which **Claims** may be reported to the **Insurer** under this policy by way of this Automatic Extended Reporting Period does not in any way increase the Limits of Insurance of this policy.
3. If any other policy of insurance in effect would apply to any **Claims** first made against the **Insured** during the Automatic Extended Reporting Period, then coverage provided under this Automatic Extended Reporting Period will apply in excess of such other insurance.

##### B. An Optional Extended Reporting Period is available to the **Named Insured**, but only by an endorsement and for an extra premium charge as shown in Item 7 of the Declarations.

1. The **Named Insured** must give the **Insurer** a written request for the endorsement and pay any premium due within 60 days after the end of the **Policy Period**. The Extended Reporting Period will not go into effect unless the **Named Insured** pays the additional premium promptly when due.
2. The Optional Extended Reporting Period is non-cancellable and starts upon the expiration of the **Policy Period**.
3. All premiums paid for the Optional Extended Reporting Period will be deemed fully earned and non-refundable as of the first day of the Optional Extended Reporting Period.

4. This Optional Extended Reporting Period will be subject to all the terms and conditions of this policy and will apply to **Claims** first made against any **Insured** and reported to the **Insurer** during the Automatic Extended Reporting Period and that arise out of any **Wrongful Act** that occurred or is alleged to have occurred subsequent to the Retroactive Date, if any, and before the end of the **Policy Period**.
5. The fact that the period during which **Claims** may be reported to the **Insurer** under this extension does not in any way increase the Limits of Insurance of this policy.

## SECTION VI – GENERAL CONDITIONS

### A. Defense, Settlement and Cooperation

1. The **Insurer** has the right and duty to defend any **Insured** against any **Claim**, even if the allegations of such **Claim** are groundless, false or fraudulent. The **Insurer** will designate, or, at the **Insurer's** sole discretion, approve counsel chosen by the **Insured** to defend the **Claim**. However, the **Insurer** has no duty to defend any **Insured** against any **Claim** to which this insurance does not apply.

This policy has provisions whereby the **Insurer** will pay on the **Insured's** behalf certain costs incurred as a result of defending a **Disciplinary Proceeding** or responding to a subpoena for documents or testimony; however the **Insurer** has no duty to defend the **Insured** in any such **Disciplinary Proceeding** or in connection with any such subpoena assistance as shown in **SECTION I – COVERAGES**, B. Supplemental Payments, item 5 of this policy.

2. The **Insurer** has the right to make any investigation the **Insurer** deems necessary and, with the **Insured's** consent, make any settlement of any **Claim** covered by the terms of this policy. If the **Insured** refuses to consent to any settlement or compromise recommended by the **Insurer** and acceptable to the claimant and the **Insured** elects to contest the **Claim** or continue legal proceedings in connection with such **Claim**, then the **Insurer's** liability under this policy will be limited to the combined total of:
  - a. the amount of such proposed settlement or compromise;
  - b. the amount of **Defense Costs** incurred prior to the date the **Insured** refused to consent to such proposed settlement or compromise; and
  - c. 50% of the amount of **Loss** incurred in excess of the combined total of the amounts set forth in a. and b. of this section.
3. The **Insured** will not, except at the **Insured's** own cost, make any payment, admit any liability, settle any **Claim**, assume any obligation or incur any expense, without the **Insurer's** prior written consent, such consent not to be unreasonably withheld.
4. If the applicable Limit of Liability shown in Items 4 and 5 of the Declarations are exhausted by the payment of **Loss**, then all of the **Insurer's** obligations under this policy will be completely fulfilled and exhausted, and the **Insurer** will have no further obligations of any kind or nature whatsoever under this policy. If the applicable Limit of Liability shown in the Declarations is exhausted prior to settlement or judgment of any **Claim**, the **Insurer** will have the right to withdraw from further investigation or defense by tendering control of such investigation or defense to the **Insured**, and the **Insured** agrees, as a condition to the issuance of this policy, to accept such tender.



5. The **Insured** must cooperate with the **Insurer** and assist the **Insurer** in investigating and defending any **Claim** or **Potential Claim** or investigating any event resulting in coverage under Insuring Agreement B: Supplemental Payments. Upon the **Insurer's** request, the **Insured** must submit to examination and interrogation by the **Insurer's** representatives, under oath if required, and the **Insured** must attend hearings, depositions and trials, and assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits and other proceedings, as well as in the giving of a written statement or statements to the **Insurer's** representatives including investigating and coverage counsel, and meeting with such representatives for the purpose of investigating and defense, including the investigation of coverage issues or defense. The **Insured** must further cooperate with the **Insurer** and do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment which the **Insured** may have.

**B. Reporting and Notice**

**1. Reporting of Claims**

If, during the **Policy Period** or any Extended Reporting Period, any **Claim** for a **Wrongful Act** is first made against any **Insured**, as a condition precedent to the **Insured's** right to coverage under this policy, the **Insured** must give the **Insurer** written notice of such **Claim** as soon as practicable, but in no event later than the later of 60 days after the expiration date or earlier termination date of this policy, or the expiration of any Extended Reporting Period, if applicable.

Timely and sufficient notice of a **Claim** by one of the **Insureds** will be deemed timely and sufficient notice for all of the **Insureds** involved in the **Claim**. Such notice must give full particulars of the **Claim**, including, but not limited to: a description of the **Claim** and **Wrongful Act**; the identity of the **Insured** and all potential claimants involved; a description of the injury or damages that resulted from such **Wrongful Act**; information on the time, place and nature of the **Wrongful Act**; and the manner in which the **Insured** first became aware of the **Claim**.

**2. Reporting of Potential Claims**

If, during the **Policy Period**, any **Insured** first becomes aware of any **Potential Claim**, the **Insured** will give the **Insurer** written notice of such **Potential Claim** with full particulars as soon as practicable thereafter, but in any event before the end of the **Policy Period**. If such **Potential Claim** later becomes a **Claim** not otherwise excluded by this policy, such **Claim** will be treated as if the **Claim** had been first made during the **Policy Period**. Full particulars include, but are not limited to: a description of the **Potential Claim**; the identity of the **Insured** and all potential claimants involved; information on the time, place and nature of the **Potential Claim**; the manner in which the **Insured** first became aware of such **Potential Claim**; and the reasons the **Insured** believe the **Potential Claim** is likely to result in a **Claim**.

**3. Notice regarding Crisis Management Expenses**

If, during the **Policy Period** a **Wrongful Act, Privacy Breach, Security Event** or **Social Engineering Incident** occurs, then as a condition precedent to the **Insured's** right to coverage under this policy for **Crisis Management Expenses**, the **Insured** must give the **Insurer** written notice of such **Wrongful Act, Privacy Breach, Security Event** or **Social Engineering Incident** as soon as practicable, but in no event later than the expiration date or earlier termination date of this policy.

Such notice must give full particulars of the **Wrongful Act, Privacy Breach, Security Event** or **Social Engineering Incident**, including, but not limited to: a description of the **Wrongful Act, Privacy Breach, Security Event** or **Social Engineering Incident**; the identity of the **Insured** and all potential claimants involved; and the manner in which the **Insured** first became aware of such **Wrongful Act, Privacy Breach, Security Event** or **Social Engineering Incident**.

**4. Notice of Disciplinary Proceedings and Subpoenas** If, during the **Policy Period**:

- a. a **Disciplinary Proceeding** is first initiated against any **Insured** and covered by SECTION I – COVERAGES, B. Supplemental Payments, 3. Disciplinary Proceedings; or
- b. any **Insured** first receives a subpoena covered by SECTION I – COVERAGES, B. Supplemental Payments, 4. Subpoena Assistance;

then as a condition precedent to the **Insured's** right to coverage under this policy, the **Insured** must give the **Insurer** written notice of such **Disciplinary Proceeding** or subpoena as soon as practicable, but in no event later than the end of the **Policy Period**.

Such notice must give full particulars of the **Disciplinary Proceeding** or subpoena, including, but not limited to: a description of the **Disciplinary Proceeding** or subpoena; the identity of the **Insured** and all potential claimants involved; and the manner in which the **Insured** first became aware of such **Disciplinary Proceeding** or subpoena.

#### 5. Notices

All written notices required herein must be sent to the **Insurer** at the **Insurer's** physical address or e-mail address shown in Item 9 of the Declarations.

#### C. Multiple Wrongful Acts, Claims or Claimants

Two or more **Claims** arising out of a single **Wrongful Act**, or any series of related **Wrongful Acts**, will be considered a single **Claim**. Each **Wrongful Act**, in a series of related **Wrongful Acts**, will be deemed to have occurred on the date of the first such **Wrongful Act**.

#### D. Organizational Changes

##### 1. If, during the **Policy Period**:

- a. the **Named Insured** or any **Subsidiary** are merged with, consolidated into or acquired by or with another entity such that the **Named Insured** is not the surviving entity; or
- b. a receiver, conservator, trustee, liquidator or rehabilitator, or any similar official is appointed for or with respect to the **Named Insured** or any **Subsidiary**; then

coverage under this policy will continue in full force and effect with respect to **Professional Services** rendered before such event, but coverage will cease with respect to **Professional Services** committed after such event. After any such event, this policy may not be canceled by the **Named Insured** and the entire premium for this policy will be deemed fully earned.

##### 2. If, during the **Policy Period**, the **Named Insured** or any **Subsidiary** merges, consolidates or acquires an entity whose gross revenues for the prior year are equal to or greater than 50% of the annual gross revenues of the **Named Insured** as reflected in the **Named Insured's** most recent consolidated financial statement prior to such merger, consolidation or acquisition, then no coverage will be afforded under this policy for any **Claim** involving such assets or entity unless the following conditions are met:

- a. the **Named Insured** provides written notice of such merger, consolidation creation, or acquisition to the **Insurer** within 60 days after the effective date of such merger, consolidation, creation or acquisition, or by the end of the **Policy Period**, whichever is earliest;
- b. the **Named Insured** provides the **Insurer** with such information as the **Insurer** may deem necessary;
- c. the **Named Insured** accepts any special terms, conditions, exclusions or additional premium charge as may be required; and
- d. the **Insurer**, at the **Insurer's** sole discretion, agrees to provide such coverage.

**E. Other Insurance**

If the Insured has other valid and collectible insurance, the Insurer will pay its share of the covered Loss in excess of the applicable Deductible amount shown in Items 4 and 5 of the Declarations. The Insurer's share is the proportion that the applicable Limit of Liability shown in the Declarations bears to the Limits of Liability of all insurance covering on the same basis.

**F. Cancellation and Non-Renewal****1. Cancellation**

- a. The **Named Insured** may cancel this policy by mailing or delivering advance written notice to the **Insurer** at the **Insurer's** address shown in Item 9 of the Declarations, stating when cancellation will be effective. If the **Insured** cancels this policy, the **Insurer** will retain the customary short rate portion of the premium.
- b. The **Insurer** may cancel this policy by mailing written notice to the first **Named Insured** shown in Item 1 of the Declarations stating when, not less than 30 days thereafter (or such longer period of time as required by applicable law), such cancellation will be effective.
- c. However, if the **Insurer** cancels this policy because the **Named Insured** has failed to pay a premium or Deductible when due, the **Insurer** may cancel this policy by mailing written notice of cancellation to the first **Named Insured** shown in Item 1 of the Declarations stating when, not less than 10 days thereafter (or such longer period of time as required by applicable law), such cancellation will be effective. Such notice will apply to all of the **Insureds**. If cancelled by the **Insurer**, earned premium will be computed pro rata.

**2. Non-renewal**

If the **Insurer** elects not to renew this policy, the **Insurer** will mail to the first **Named Insured** shown in Item 1 of the Declarations written notice of non-renewal at least 60 days prior to the expiration date of this policy. If the notice is not given at least 60 days prior to the expiration date, the policy will continue in force until 60 days after the notice of intent not to renew is received by the **Insured**.

Notice of non-renewal will not be required if the **Named Insured** has obtained replacement coverage or have requested or agreed to non-renewal.

**G. Appearance at Proceedings**

The **Insurer** will pay for loss of earnings for the **Insured's** attendance, at the **Insurer's** written request, at a trial, hearing, arbitration or mediation proceeding involving a **Claim** against any **Insured**. The maximum amount the **Insurer** will pay for any one or series of trials, hearings, mediation or arbitration proceedings arising out of the same **Claim** will not exceed \$500 per individual **Insured** for each day, or part thereof. The most the **Insurer** will pay under this subsection is \$10,000 each **Claim** and \$50,000 in the aggregate for all **Claims** made during the **Policy Period** or applicable Extended Reporting Period.

**H. Subrogation**

In the event of any payment under this policy, the **Insurer** will be subrogated to all the **Insured's** rights of recovery against any person or organization; provided that the **Insurer** will not exercise any rights of subrogation against any of the **Insureds** who did not commit the wrongdoing.

The **Insured** will execute and deliver instruments, papers, and do whatever else is necessary to secure such rights, and do nothing to prejudice such rights.

Any amount recovered upon the exercise of such rights of subrogation will be applied as follows: first, to the repayment of expenses incurred in recovery by exercise of such subrogation rights; second, to **Loss** paid by the **Insured** in excess of the limits of liability; third, to **Loss** paid by the **Insurer**; fourth, to **Loss** paid by the **Insured** in excess of the deductible amount; and last, to the repayment of any deductible amount paid by the **Insured**.

Notwithstanding the above, the **Insurer** hereby waives such subrogation rights against any **Insured** under this policy, and also against any client of the **Insured**, to the extent that the **Insured** had, prior to any **Claim** or circumstance that might reasonably be expected to be the basis of a **Claim**, a written agreement to waive such rights, provided that prior to such writing no **Insured** had a basis to believe that any matter asserted in such **Claim** or circumstance might reasonably be expected to be the basis of a **Claim**. In no event will the **Named Insured** waive any of its rights of subrogation after it has become aware of any **Claim**, or any circumstances that may give rise to a **Claim**, against any **Insured**.

**I. Bankruptcy or Insolvency**

Bankruptcy or insolvency of any **Insured** or of any **Insured's** estate will not relieve the **Insurer** of any of the **Insurer's** obligations or deprive the **Insurer** of any of the **Insurer's** rights under this policy.

**J. Policy Territory**

This policy applies to **Wrongful Acts** occurring anywhere in the world where legally permissible; however, no coverage will be available under this policy for any **Claim** brought, or occurring in any country with which the United States of America does not have active diplomatic relations at the time such **Claim** is made.

All premiums, Limits of Liability, deductibles and other amounts under this policy are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or another element of **Loss** under this policy is stated in a currency other than United States Dollars, payment under this policy will be made in United States Dollars at the rate of exchange on the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of **Loss** is due, respectively.

**K. Assignment**

Neither this policy nor any **Insured's** interest in this policy may be assigned without the **Insurer's** written consent.

**L. Liberalization**

If the **Insurer** adopts any revision to this form that would broaden coverage under this policy without additional premium at any time during the **Policy Period**, the broadened coverage will immediately apply to this policy, except that it will not apply to **Claims** that were first made against any **Insured** prior to the effective date of such revision.

**M. Policy Changes**

Notice to or knowledge possessed by any broker or other person acting on the **Insured's** behalf will not effect a waiver or change in any part of this policy or prevent or estop the **Insurer** from asserting any right(s) under this policy. This policy can only be altered, waived or changed by written endorsement or agreed to in writing by an authorized representative of the **Insurer**.

**N. Action Against the Insurer**

No action can be brought against the **Insurer** unless, as a condition precedent, the **Insured** has fully complied with all the terms and conditions of this policy. Nothing contained in this policy gives any person or organization the right to join the **Insurer** as a party to any **Claim** to determine the **Insured's** liability.

**O. Waiver**

The **Insurer's** failure to insist on strict compliance with any of the terms or conditions of this policy or the failure to exercise any right or privilege will not operate or be construed as a waiver of any subsequent breach or a waiver of any other terms, conditions, privileges or rights.

**P. Representations**

By accepting this policy, all **Insureds** agree that all statements made and information furnished to the **Insurer** are true, accurate and complete, and that this policy has been issued in reliance upon the truth and accuracy of those representations, subject to all of the terms and conditions of this policy.

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## ILLINOIS NOTICE – CIVIL UNIONS

The Illinois Religious Freedom Protection and Civil Union Act (Act) was signed into law effective June 1, 2011. The Act provides that a party to a civil union is entitled to the same legal obligations, responsibilities, protections and benefits afforded or recognized by the law of Illinois to spouses. For the purposes of the law, a civil union means a legal relationship between two persons of either the same or opposite sex, established in accordance with the Act.

**Your** policy, or the policy for which **You** are applying, complies with the Act in that it provides parties to a civil union and a marriage identical benefits and protections.

This notice is for information purposes only and does not become a part or condition of the policy.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ILLINOIS CHANGES – CANCELLATION AND NONRENEWAL**

All Coverage Parts included in this policy are subject to the following condition.

The Cancellation and Nonrenewal provision of this policy is deleted and replaced with the following:

### **A. Cancellation**

1. The first **Named Insured** shown in the Declarations may cancel this policy by mailing or delivering to the **Insurer** advance written notice of cancellation.
2. The **Insurer** may cancel this policy by mailing to the **Named Insured** written notice stating the reason for cancellation. If the **Insurer** cancels:
  - a. for nonpayment of premium, the **Insurer** will mail the notice at least 10 days prior to the effective date of cancellation.
  - b. for a reason other than nonpayment of premium, the **Insurer** will mail the notice at least:
    - (1) 30 days prior to the effective date of cancellation if the policy has been in effect for 60 days or less.
    - (2) 60 days prior to the effective date of cancellation if the policy has been in effect for more than 60 days.
3. If this policy has been in effect for more than 60 days, the **Insurer** may cancel only for one or more of the following reasons:
  - a. nonpayment of premium;
  - b. the policy was obtained through a material misrepresentation;
  - c. any insured has violated any of the terms and conditions of the policy;
  - d. the risk originally accepted has measurably increased;
  - e. certification to the Director of Insurance of the loss of reinsurance by the **Insurer** that provided coverage to the **Insurer** for all or a substantial part of the underlying risk insured; or
  - f. a determination by the Director of Insurance that the continuation of the policy could place the **Insurer** in violation of the insurance laws of this State.
4. Notice of cancellation will state the effective date of cancellation. The **Policy Period** will end on that date.
5. If this policy is cancelled, the **Insurer** will send the **Named Insured** any premium refund due. If the **Insurer** cancels, the refund will be pro rata. If the **Named Insured** cancels, the refund will be less than pro rata. The cancellation will be effective even if the **Insurer** has not offered a refund.

### **B. Nonrenewal**

If the **Insurer** decides not to renew or continue this policy, the **Insurer** will mail the **Insured** and the **Insured's** agent or broker and any mortgagee or lienholder known to the **Insurer** written notice, stating the reason for nonrenewal, at least 60 days before the end of the **Policy Period**. If the **Insurer** offers to renew or continue and the **Insured** does not accept, this policy will terminate at the end of the current **Policy Period**. Failure to pay the required renewal or continuation premium when due will mean that the **Insured** has not accepted the **Insurer's** offer.

If the **Insurer** fails to mail proper written notice of nonrenewal and the **Insured** obtains other insurance, this policy will end on the effective date of that insurance.

### **C. Mailing of Notices**

The **Insurer** will mail cancellation and nonrenewal notices to the last addresses known to the **Insurer**. Proof of mailing will be sufficient proof of notice.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.**



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ILLINOIS CHANGES – EXTENDED REPORTING PERIOD**

This endorsement modifies insurance provided by this policy.

SECTION V EXTENDED REPORTING PERIODS is amended by the following:

- A.** Part A., item 1. Is deleted.
- B.** The Optional Extended Reporting Period is changed as follows:

Any reference to the Optional Extended Reporting Period not increasing the Limits of Insurance of this policy is amended to:

When the Optional Extended Reporting Period is in effect, the **Insured** will provide an Optional Extended Reporting Period Aggregate Limit for any **Claim** first made during the Optional Extended Reporting Period.

The Optional Extended Reporting Aggregate Limit will be equal to the dollar amount shown as the Aggregate for all Claims limit in the Declarations at the inception of the Policy Period, or as amended thereafter by endorsement.

The LIMITS OF LIABILITY AND DEDUCTIBLE section will be amended accordingly.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ASBESTOS EXCLUSION**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

**A. SECTION III – DEFINITIONS is amended by the addition of the following:**

**Asbestos** means the mineral in any form, whether or not it was at any time airborne as a fiber, particle or dust:

1. contained in or having formed a part of a product, structure or other tangible property;
2. carried on clothing;
3. inhaled or ingested; or
4. transmitted by any other means.

**B. SECTION IV – EXCLUSIONS is amended by the addition of the following:**

This policy does not apply to any **Claim** or **Expense Event**:

arising out of any actual or alleged:

1. specification, installation, or removal of any product, material or process containing **Asbestos**, whether by or at the direction of the **Insured**,
2. manufacturing, handling, distribution, transportation, storage, removal, abatement, disturbance, disposal, use, or failure to detect, identify or quantify the existence of **Asbestos** or any material or product containing **Asbestos** prior to January 1, 1990; or
3. **Bodily Injury** caused in whole or part by exposure to **Asbestos** or any product, material, or process containing **Asbestos**;

Whether by the **Insured** or any entity under contract or subcontracted to the **Insured**, or in joint venture with the **Insured**, or any entity for whom the **Insured** is legally liable.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ASSAULT, BATTERY OR ASSAULT AND BATTERY EXCLUSION**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

**A. SECTION III – DEFINITIONS is amended to add the following:**

**1. Assault** means:

- a.** an intentional or unintentional act, including but not limited to sexual abuse, sexual assault, intimidation, sexual harassment, verbal abuse, and any threatened harmful or offensive contact between two or more persons creating an apprehension in another of immediate harmful or offensive contact; or
- b.** an attempt to commit a **Battery**.

**2. Battery** means an intentional or unintentional act, including but not limited to sexual abuse, sexual battery, sexual molestation and any actual harmful or offensive contact between two or more persons which brings about harmful or offensive contact to another or anything connected to another.

**3. Assault and Battery** means the combination of an **Assault** and a **Battery**.

**B. SECTION IV – EXCLUSIONS is amended to add the following:**

This policy does not apply to any **Claim** or **Expense Event**:

- 1.** arising out of any actual or alleged **Assault, Battery** or **Assault and Battery** caused, directly or indirectly, by any **insured**;
- 2.** arising out of any actual or alleged failure to suppress or prevent **Assault, Battery** or **Assault and Battery** by any **Insured**;
- 3.** arising out of any actual or alleged failure to provide an environment safe from **Assault, Battery** or **Assault and Battery**;
- 4.** arising out of any actual or alleged failure to warn of the dangers of the environment which could contribute to **Assault, Battery** or **Assault and Battery**;
- 5.** of **Assault, Battery** or **Assault and Battery** arising out of the negligent employment, investigation, hiring, supervision, training or retention of any person;
- 6.** arising out of any actual or alleged use of any force to protect persons or property whether or not the **Loss** was intended from the standpoint of any **Insured**, or committed by or at the direction of any **Insured**; or
- 7.** arising out of any actual or alleged failure to render or secure medical treatment or care necessitated by any **Assault, Battery** or **Assault and Battery**.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – SEXUAL ABUSE**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

SECTION IV – EXCLUSIONS is amended by the addition of the following:

This policy does not apply to any **Claim** or **Expense Event**:

arising out of:

1. actual or threatened sexual abuse or molestation by anyone of any person while in the **Insured's** care, custody or control; or
2. the negligent:
  - a. employment;
  - b. investigation;
  - c. supervision;
  - d. reporting to the proper authorities, or failure to so report; or
  - e. retention;

of a person for whom the **Insured** is or ever were legally responsible and whose conduct would be excluded by paragraph 1. above.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **POLICY TERRITORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

The Policy Territory provision of SECTION VI – GENERAL CONDITIONS is deleted and replaced with the following:

Policy Territory

This policy applies to **Wrongful Acts** occurring anywhere in:

- A. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- B. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph A. above; or
- C. All other parts of the world if the injury or damage arises out of:
  - a. Goods or products made or sold by **You** in the territory described in Paragraph A. above;
  - b. The activities of a person whose home is in the territory described in Paragraph A. above, but is away for a short time on **Your** business; or
  - c. "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

Provided the **Insured's** responsibility to pay damages is determined in a Claim filed in the territory described in Paragraph A. above or in a settlement the **Insurer** agrees to.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – MOLD, FUNGUS OR MICROBE**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

SECTION IV – EXCLUSIONS is amended by the addition of the following:

This policy does not apply to any **Claim** or **Expense Event**:

arising out of:

1. the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, growth or presence of any fungi or microbe at any time; or
2. the actual or alleged failure to abate, test for, monitor, report, clean-up, remove, contain, treat, detoxify, neutralize, remediate or dispose of, or in any way respond to, or assess the effects of any fungi or microbe by any **Insured** or by any other person or entity.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

SPECIMEN

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BLANKET ADDITIONAL INSURED(S) ENDORSEMENT**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

SCHEDULE

Name of Individual or Entity:

Any individual or entity required to be added as an Additional Insured pursuant to a written contract with a **Named Insured** covered hereunder.

**A. SECTION III – DEFINITIONS is amended by the addition of the following:**

the individual or entity shown in the SCHEDULE above, but solely with respect to liability resulting in **Loss** caused, or alleged to be caused, in whole or in part, by the **Insured** or by those acting on the **Insured's** behalf in the performance of the **Insured's Professional Services**.

**B. Coverage provided to the additional insured shown in the SCHEDULE is afforded on i) a primary basis, ii) a noncontributory basis, or iii) a primary and noncontributory basis in accordance with the applicable written contract between **you** and the additional insured.**

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDMENT - PRIOR KNOWLEDGE EXCLUSION**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

Exclusion A.2. of SECTION IV – EXCLUSIONS is deleted and replaced with the following:

2. any member of the management committee or other governing body of the **Named Insured** had a reasonable basis to believe that any **Insured** had committed a **Wrongful Act**, violated a disciplinary rule, or engaged in professional misconduct.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – SHARED OFFICE OR LETTERHEAD**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

SECTION IV – EXCLUSIONS is amended by the addition of the following:

This insurance does not apply to any **Claim** or **Expense Event**:

arising out of any **Professional Services** rendered or alleged to have been rendered by any professional or entity not **Insured** under this policy with whom the **Insured** shares office space or letterhead.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

## **EXCLUSION – PERSONAL PROFIT**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

SECTION IV – EXCLUSIONS is amended by the addition of the following:

This policy does not apply to any **Claim** or **Expense Event**:

arising out of any **Insured** gaining in fact any personal profit or advantage to which an **Insured** is not legally entitled.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **WAR EXCLUSION**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

SECTION IV - EXCLUSIONS is amended by the addition of the following:

This policy does not apply to any **Claim** or **Expense Event**:

arising out of

1. war, including undeclared or civil war;
2. warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
3. insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION - CYBER LIABILITY**

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE

**A.** Part A. Insuring Agreement, item 2. Cyber Liability of SECTION I - COVERAGES is deleted, as well as all references thereto.

**B.** SECTION IV - EXCLUSIONS is amended by the addition of the following:

This policy does not apply to any **Claim** or **Expense Event** arising out of any **Privacy Breach, Security Event**, nor **Social Engineering Event**.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **INSURANCE AGENT SERVICES ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### PROFESSIONAL LIABILITY COVERAGE

- I. In addition to the exclusions listed in SECTION IV – EXCLUSIONS of the policy, the following exclusions are added:

This policy does not apply to any **Claim** or **Expense Event** based upon or in any way arising out of any actual or alleged:

- a. Placement with, use of, underwriting by or in any way related to an insurer rated B or worse by A.M. Best and Company, at the time of placement;
- b. Dispute involving fees, premium, taxes, claims, commissions or brokerage monies;
- c. Failure or insolvency of any financial institution, including, but not limited to, savings and loans companies, banking institutions or insurance companies;
- d. **Professional Services** performed as a third party claim administrator, managing general agent, managing general underwriter, appraiser or insurance claims adjuster. This includes, but is not limited to, any claim, investigative, adjustment, engineering, inspection, consulting, survey, audit, appraisal, actuarial or data processing services or activities;
- e. Ownership, formation, creation, administration or operation of any health maintenance organization, preferred provider organization, insurance company, risk retention group, insurance pool, reciprocal, captive, self-insurance program, or risk retention and risk purchasing group formed under the Federal Liability Retention Act of 1981 and 1986 as amended or any amendment thereto;
- f. Capacity as a fiduciary or trustee for mutual funds, pension or welfare funds, annuities, endowments, employee benefit plans or other similar activities;
- g. Breach of warranty or guarantee, but this exclusion does not apply to liability an **Insured** would have in absence of such warranty or guarantee;
- h. Delay in delivery of or failure to complete **Professional Services**. This exclusion does not apply if there is any delay in delivery of or failure to complete **Professional Services** as a result of a “force majeure”, which means unforeseen circumstances not caused by the **Insured’s** actions or failure to act, which prevent **You** from completing **Your Professional Services**
- i. Incorrect description of any article or commodity, any mistake in advertised price or any false, misleading, deceptive or fraudulent advertising;
- j. Investment results, returns, interest rates, yield or any other fluctuation or change in the market value of any security;
- k. Discrimination of any kind, including, but not limited to, any discrimination based on race, color, creed, sex, religion, age, national origin, physical impairment, sexual preference. Any humiliation or mental anguish arising out of, resulting from, or associated with any such discrimination; whether or not it is an actual or alleged violation of any federal, state or local government law, statute, regulation or common law prohibiting such discrimination;
- l. Participation in, design of and/or solicitation of any structured settlement;
- m. **Professional Services** provided or committed as a securities broker, securities dealer or as a registered representative of a securities broker or securities dealer; or
- n. **Professional Services** rendered to any real estate investment trust.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

## IMPORTANT INFORMATION FOR ILLINOIS POLICYHOLDERS

This notice is to advise **you** that should **you** have any issues concerning your policy, **you** should contact us at the following:

State National Insurance Company, Inc.  
c/o Next Insurance, Inc.  
PO Box 60787  
Palo Alto, CA 94306  
(855) 222-5919

Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise **you** that, if **you** wish to take this matter up with the Illinois Department of Insurance, it maintains Consumer Divisions in Chicago and Springfield.

To contact the Department, write or call:

Springfield Office:

Illinois Department of Insurance, Consumer Division 320 W. Washington Street  
Springfield, IL 62767  
217-782-4515  
<http://insurance.illinois.gov/>

Chicago Office:

122 S. Michigan Ave., 19th Floor  
Chicago, IL 60603  
312-814-2420  
<http://insurance.illinois.gov/>

This notice is for information only and does not become a part or condition of this policy.

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# State National Insurance Company, Inc.

## Policy Holder Privacy Statement

As a policyholder of State National Insurance Company, Inc., you may remember that you purchased your State National Insurance Company, Inc. policy from an insurance agent. Please understand that the agent from whom you purchased your State National Insurance Company, Inc. policy is not affiliated with State National Insurance Company, Inc., but rather is a separate legal entity. In the process of purchasing your State National Insurance Company, Inc. policy, you may have provided your insurance agent with various information, including nonpublic personal information about yourself. You did not provide any such information directly to State National Insurance Company, Inc., but on occasion we may receive such information from your insurance agent. This statement is intended to explain and disclose State National Insurance Company, Inc.'s policies and practices regarding the collection, disclosure and protection of such information.

State National Insurance Company, Inc. will provide customers like yourself with a copy of our privacy policy at the beginning of our relationship and annually thereafter, unless and until our relationship ends. As our products and services continue to evolve, it may be necessary to review and revise our privacy policies, in which case we will provide you with an updated privacy notice.

### I. Financial Information Collected.

During the ordinary course of our business, State National Insurance Company, Inc. may – as explained above – collect information about you from the following sources:

- Information the insurance agent receives from you on applications or other forms;
- Information about your transactions (including claims) with us, our affiliates and others; and
- Information we receive from other agents, brokers, administrators, insurance support agencies, legal counsel, consumer reporting agencies and government reporting agencies.

### II. Financial Information Disclosed.

We do not disclose any information about our customers or former customers to anyone, except as permitted by law to service your business.

### III. Parties To Whom Information is Disclosed.

We do not disclose any information about our customers or former customers to anyone, except as permitted by law to service your business.

### IV. Confidentiality and Security of Information.

We restrict access to information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to guard your information.

V. Access to and Correction of Your Information.

You may write to us if you have any questions about the information that we may have in our records about you. We will respond within 30 business days from the date such request is received to your inquiry. If you wish, you may review this information in person or receive a copy at a reasonable charge. You can notify us in writing if you believe any information should be corrected, amended, or deleted and we will review your request. We will either make the requested change or explain why we did not do so. If we do not make the requested change, you may submit a short written statement identifying the disputed information, which will be included in all future disclosures of your information.

We value your business. This statement is for your information. No response is necessary.

  
Secretary

  
President

SPECIMEN