

## **HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY**

3269 Stockton Hill Road – Kingman, AZ 86409

### **AGENDA (JUNE 2, 2026)**

The Governing Body of Hospital District Number One of Mohave County (Hospital District Board) will meet in Regular Session on Tuesday, June 2, 2026 at 2:00p.m. **The meeting will be held at Kingman Regional Medical Center in Mohave B Conference Room at 3269 Stockton Hill Road, Kingman, Arizona.** The Hospital District Board may vote to go into Executive Session pursuant to A.R.S. §38-431(A)(3) for legal advice and A.R.S. §431.03(A)(4) for discussion or consultation with attorney(s). The following topic(s) and any variables thereto will be subject Hospital District Board consideration, discussion, approval, or other action. All items are set for possible action.

**I. CALL TO ORDER**

**II. ROLL CALL OF THE HOSPITAL DISTRICT BOARD MEMBERS**

**III. CONSIDERATION AND ACCEPTANCE OF MINUTES**

A. Discussion and possible action regarding the acceptance of the Regular Session minutes from the Hospital District Board Meeting of May 5, 2026.

Katie Tacheron presenting. Pages 1-3

B. Discussion and possible action regarding the acceptance of the Emergency Session minutes from the Hospital District Board Meeting of May 18, 2026.

Katie Tacheron presenting. Pages 4-7

**IV. FINANCIAL MATTERS – PLEASE NOTE: NO MONTHLY FINANCIAL OR BALANCE SHEET REPORTS WILL BE PRESENTED AT THIS MEETING; THOSE REPORTS WILL BE PLACED ON A SUBSEQUENT HOSPITAL DISTRICT REGULAR SESSION BOARD MEETING AGENDA.**

A. Discussion and possible action regarding the acceptance and payment of the District Board’s current attorney invoice. A copy of the invoice shows a current balance due of \$2,546.00 for the period of 4/17/2026 to 5/20/2026.

Katie Tacheron presenting. Pages 8-10

B. Discussion and possible action regarding approval to pay invoices from contracted vendors upon receipt rather than waiting for a Hospital District

## Hospital District Board June 2, 2026 Meeting Agenda – Page 2

Board meeting. Since contract agreements with a vendor, such as the District Board's attorney, have been signed between involved parties, it's not a prudent business practice to delay payment for services rendered. All invoices paid upon receipt will then become a subsequent agenda item for Hospital District Board review. Of note, a Hospital District Board policy and procedure on this issue will be forthcoming for Board discussion and possible action. Katie Tacheron presenting.

- C. Discussion and possible action regarding approval to secure a Hospital District Board business credit card from a reputable credit card company, bank or credit union. Katie Tacheron presenting.
  
- D. Discussion and possible action regarding approval of interim critical standards for utilization of the Hospital District Board's credit card. Katie Tacheron presenting. Recommend 1 through 5 be acted upon individually:
  - 1. Designate a Board Member to develop and submit to the Board for approval a Policy and Procedure Regarding Use of the Hospital District Board's Business Credit Card. Of note, agenda items 2 through 4 are to be incorporated into the policy. Katie Tacheron presenting.
  
  - 2. Designate the chairman of the Hospital District Board to be the authorized signer to accomplish payment for services rendered and/or purchased goods relative to conducting Board credit card business with adherence to the Hospital District Board's Bylaws regarding the 2-signature requirement for check disbursement.
  
  - 3. Designate – Katie Tacheron presenting:
    - (a) the number of Hospital District Board credit cards to be issued.
    - (b) who shall be Hospital District Board credit card holder(s).
  
  - 4. Establish – Katie Tacheron presenting:
    - (a) a limit of \$1,200.00 per single credit card purchase
    - (b) Any single credit card purchase over the established limit of \$1,200.00 will require Hospital District Board approval prior to the actual purchase; of note, this excludes items in #5.

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5. Delineate items/invoices to be paid/purchased with the Board's business credit card, such as monthly cell phone bills, monthly Google Workspace bills, website monthly fees, purchases for business related office supplies (paper, paper clips, binders, binder dividers, printer ink, pencils, pens, staples, stapler, etc.).
- E. Discussion and possible action regarding approval of the following:
1. Hospital District's Fixed Costs and Recurring Costs for fiscal year 2026-2027. Katie Tacheron presenting. Pages 11-12
  2. Google Workspace: This essential electronic service is included in the agenda under Item E.1 Recurring Monthly Costs. The Trial period for the Google Workspace ended 5/28/2026. In order to receive this trial period, Katie Tacheron used her personal credit card to secure the service. While an invoice has not been generated by Ms. Tacheron's credit card company, prior approval for reimbursement is being requested. The actual cost for this service is estimated to be \$170.00 as can be delineated from agenda item E.1.
  3. Discussion and possible action regarding approval of the Hospital District's Annual Budget for fiscal year ending June 30, 2027. This report also includes a cash projection with currently agreed upon Intergovernmental Agreement's (IGA's) for fiscal year 2026-2028. Barry Moore presenting. Pages 13-15

### V. OLD BUSINESS

- A. Discussion and possible action regarding the approval of the addendums for (Of note, the basic D & O Insurance policy was approved at the May 5, 2026 meeting. Katie Tacheron presenting.
1. EPL coverage. Pages 16-87
  2. Cyber coverage. Pages 88-151

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3. Discussion and possible action regarding approval of company and cost to digitalize all Hospital District Board records. Teresa Boegler presenting. Pages 152-165
4. A “Status-only” update on Lease agreement discussions between the Hospital District Board and Kingman Healthcare Incorporated (KHI) dba Kingman Regional Medical Center (KRMC). Logan Marsh presenting.

### VI. NEW BUSINESS

### VII. CALL TO THE PUBLIC – **DUE TO THE LENGTH OF THE MEETING THERE WILL BE NO CALL TO THE PUBLIC.**

### VIII. ADJOURNMENT

#### CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of this agenda notice will be duly sent to the Mohave County Board of Supervisors no later than May 29, 2026 by 2:00p.m. for posting on their public information board. In addition, notice will be posted at 3269 Stockton Hill Road (main entrance to KRMC), no later than May 29, 2026 by 2:00p.m. in accordance with the statement filed by the Hospital District Number One of Mohave County. Furthermore, a copy of this agenda notice will be posted on the Hospital District’s webpage no later than May 29, 2026 at 2:00p.m.

Posted by Catherine Furtado on behalf of:

Katie Tacheron, Hospital District Number One of Mohave County Board Chairmen

#### ADDITIONAL MEETING RESOURCES:

##### Microsoft Teams Meeting

Join:

Meeting ID: 939 420 841 190 1

Passcode: mc3Rq3

## HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY

3269 STOCKTON HILL ROAD  
KINGMAN, AZ 86401

MINUTES – MAY 18, 2026

The Governing Board of Hospital District Number One of Mohave County (Hospital District Board) will meet in **Emergency Session on Monday, May 18, 2026 at 2:00p.m.** The meeting will be held at Kingman Regional Medical Center in Mohave A Conference Room at 3269 Stockton Hill Road, Kingman, Arizona. The Hospital District Board may vote to go into Executive Session pursuant to A.R.S. §38-431.03(A)(3) for legal advice and A.R.S. §38-431.03(A)(4) for discussion or consultation with attorney(s). The following topic(s) and any variables thereto will be subject to Hospital District Board consideration, discussion, approval, or other action. All items are set for possible action.

- I. **CALL TO ORDER** – The emergency Session of the Hospital District Number One of Mohave County Board was called to order at 2:00p.m. by Chairperson Katie Tacheron. A quorum was identified.

- II. **ROLL CALL OF THE HOSPITAL DISTRICT BOARD MEMBERS  
PRESENT/EXCUSED**

Chairperson, Katie Tacheron	Vice Chairperson, Teresa Boegler
Board Member Logan Marsh	Board Member Leanne Smith
Board Member Carol Newmyer, M.D. (Excused)	

Non-Board Members:

Executive Assistant, Catherine Furtado	District Board Attorney, Tom Price
KRCM Staff Members Chris Bennett, Allen Poston, Billy Neal, Barry Moore, Shawn Butler and Emmanuel Buabeng	

- III. **NEW BUSINESS**

- A. Information regarding the purchase of essential electronic devices required to conduct Board business was presented by Board Member Marsh. Board Member Marsh stated he wished to amend the published agenda to reflect a

Hospital District Number One Of Mohave County  
Emergency Session Board Meeting - May 18, 2026  
Page 2

more comprehensive list of essential electronic devices. Board Member Smith inquired as to the reasoning for the purchases, specifically if such was due to the District Board becoming more autonomous from Kingman Regional Medical Center (KRMC). Board Member Marsh responded in the affirmative; however, he added the electronic needs of the District Board were essential to maintaining compliance with record retention

**ACTION:** Motion made by Board Member Marsh and seconded by Board Member Smith to approve the purchase of the following essential electronic devices:

Two (2) MacBook Pro Laptops with accessories, warranties, AppleCare (estimated cost \$3,000/each) for Board Chairperson and Executive Assistant

Four (4) MacBook Air laptops with warranties and accessories (estimated cost \$1,500/each) for Board Members

One (1) Videography equipment with related accessories (estimated cost \$1,200)

Six (6) Android cell phones (estimated cost \$600) for Board Members & Executive Assistant

Monthly cell phone plan (estimated cost \$200)

**VOTE: 4/0**

- B. Discussion centered around reimbursing Chairperson Katie Tacheron \$654.54 for the purchase of Google Workspaces and associated IT services including six (6) cell phones. Chairperson Tacheron used her personal account for purchase due to the Board's current limited payment method. In addition, discussion ensued regarding future billing(s), which may require reimbursement. The Board has been placed on a no-cost waiting list for the Domain; however, there will be a Google Workspace monthly service charge estimated roughly at \$67.00.

**ACTION:** Motion made by Board Member Marsh and seconded by Board Member Smith to reimburse Chairperson Katie Tacheron \$654.54.

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**VOTE: 4/0**

- IV. Pursuant to A.R.S. §431.03 (A)(2)(3) the District Board discussed the need to enter into an Executive Session regarding discussion or consideration of records exempt by law from public inspection.

**ACTION:** At 211p.m. motion made by Board Member Boegler and seconded by Board Member Marsh to temporarily adjourn the Emergency Session in order to convene an Executive Session.

**VOTE: 4/0**

**ACTION:** The Emergency Session of the Hospital District Board reconvened at 3:27p.m. Once reconvened, no further discussion ensued following adjournment of the Executive Session.

**V. ADJOURNMENT**

With no further business to discuss, a motion was made by Board Member Smith and seconded by Board Member Boegler to adjourn the Emergency Session of the Board at 3:29p.m.

**VOTE: 4/0**

Respectfully submitted by

Catherine Furtado, Executive Assistant on behalf of:

Katie Tacheron, Chairperson, Hospital District Number One of Mohave County

**HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY**

**3269 Stockton Hill Road  
Kingman, Arizona 86409**

**REGULAR SESSION BOARD MEETING MINUTES**

**May 5, 2026**

The Governing Board of Hospital District Number One of Mohave County met in Regular Session on May 5, 2026, at 4:00 p.m. The meeting was held at Kingman Regional Medical Center, Mohave A Conference Room, 3269 Stockton Hill Road, Kingman, Arizona.

**1. Call to Order**

The Regular Session meeting of the Hospital District Number One of Mohave County Board was called to order at 4:00 p.m. A quorum was present.

**2. Roll Call****Hospital District Board Members Present:**

- Katie Tacheron, Chairperson
- Dr. Carol Newmyer, Board Member
- Logan Marsh, Board Member
- Teresa Boegler, Board Member
- Leanne Smith, Board Member

**Staff and Others Present:**

- Billy Neal, Recording Secretary
- Thomas Price, Hospital District Board Attorney
- Heath Evans
- Josh Hoffman
- Allen Poston
- Chris Bennett
- Cheryl Porter
- Catherine Furtado
- Krystal Burge
- Becky Foster

- KRMC staff and members of the public

### **3. Consideration and Approval of Prior Meeting Minutes**

The Hospital District Board reviewed the Regular Session Meeting Minutes from April 14, 2026.

A motion was made by Logan Marsh to approve the April 14, 2026 Regular Session Meeting Minutes. The motion was seconded by Teresa Boegler and carried unanimously (5/0).

### **4. Financial Matters**

#### **A. Payment to Hospital District Board Attorney Tom Price**

The Hospital District Board discussed legal invoices submitted by Thomas Price, including clarification of billing details and the accumulation of charges. A recent complaint referencing the Hospital District Board was also discussed, with Thomas Price noting that management responsibility resides with KHI.

A motion was made by Leanne Smith to approve payment of \$5,928.00 to Thomas Price. The motion was seconded by Logan Marsh and carried unanimously (5/0).

#### **B. 3<sup>rd</sup> Party Influence on Hospital District Board Attorney Billing**

Discussion also addressed the structure of attorney invoices, the necessity of attorney presence at meetings, and the requirement that inquiries into Hospital District Board business be submitted through a Freedom of Information Act (FOIA) request. No action was taken.

#### **C. Discussion regarding paying Hospital District Board Attorney Tom Price with a Warrant Check**

The Board discussed payment of the approved invoice via warrant check. No action was taken.

### **5. Old Business**

#### **A. Directors and Officers (D&O) Insurance**

The Hospital District Board discussed the proposed baseline D&O insurance policy, including consideration of additional EPL and Cyber coverage.

A motion was made by Logan Marsh to accept the established D&O insurance policy. The motion was seconded by Teresa Boegler and carried unanimously (5/0).

## **B. Additional Insurance Coverage / Administrative Infrastructure**

The Hospital District Board discussed ongoing communication limitations with Mohave County, which are restricting access to County facilities and communication platforms. The Board also discussed potential use of Google Suites, the need for a Hospital District Board-controlled debit card to facilitate service payments, and the potential use of the Ramp credit card platform.

No action was taken.

## **6. New Business**

### **A. Executive Assistant Position – Catherine Furtado**

The Hospital District Board discussed the proposed Executive Assistant position, including job description, salary, expectations, and use of third-party staffing agencies to administer payroll and HR functions.

Following discussion and a brief question-and-answer session, the position was offered to Catherine Furtado.

A motion was made by Teresa Boegler to approve staffing Option C at a total cost of \$44.10 per hour. The motion failed for lack of a second.

A motion was made by Logan Marsh to approve Option C with an adjusted hourly rate of \$40.00 plus the 3<sup>rd</sup> party fee. The motion was seconded by Leanne Smith and carried unanimously (5/0).

A motion was made by Logan Marsh to formally appoint Catherine Furtado as the Hospital District Board Executive Assistant. The motion was seconded by Teresa Boegler and carried unanimously (5/0).

### **B. Budget Meeting – June 2, 2026**

The Hospital District Board discussed scheduling a budget meeting in preparation for required submissions to Mohave County.

A motion was made by Logan Marsh to schedule a budget meeting for June 2, 2026, at 2:00 p.m., at which the Board may discuss financial matters and proposed KHI lease modifications. The motion was seconded by Dr. Newmyer and carried unanimously (5/0).

### **C. Open Meeting Law Training**

Mohave County Chief Civil Deputy Attorney Jason Mitchell delivered a presentation outlining key concepts, rules, and best practices of Arizona Open Meeting Law. A question-and-answer session occurred, during which detailed explanations were provided.

No action was taken.

## **7. Adjournment**

A motion to adjourn was made by Teresa Boegler and seconded by Logan Marsh. The meeting adjourned at 4:47 p.m.

**Respectfully submitted by,**

*Billy Neal, Recording Secretary* on behalf of:

Katie Tacheron, Chairperson  
Hospital District Number One of Mohave County

LAW OFFICE OF THOMAS E. PRICE, P.C.  
 501 E. Oak St.  
 Kingman, AZ 86401-5930

Invoice  
 submitted to:  
 Hospital District Number One of Mohave County  
 Attn: Catherine Furtado  
 cfhd1board@gmail.com  
 3269 N. Stockton Hill Rd.  
 Kingman, AZ 86409

May 21, 2026

In Reference To: Miscellaneous

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
5/18/2026 Reviewed today's agenda; reviewed responses to Becky Foster's questions; teleconference with Katie Tacheron; finalized handout for public records.	1.00 380.00/hr	380.00
Travel to and from meeting; attended meeting; reviewed law related to public records request.	2.40 380.00/hr	912.00
5/20/2026 Reviewed and responded to Katie Tacheron's email with attached responses to Dan Valentine's request for public records. Reviewed Arizona Revised Statutes; Arizona Administrative Code and case law related to disclosure of personnel matters. Reviewed and responded to Katie Tacheron's email with the proposed responses to Becky Foster's questions. Reviewed and responded to Catherine Furtado's emails.	0.80 380.00/hr	304.00
For professional services rendered	<u>4.20</u>	<u>\$1,596.00</u>
Previous balance		\$950.00
Balance due		<u><u>\$2,546.00</u></u>

The balance is due upon receipt of this statement. Unless other arrangements have been made.

We appreciate your business. Thank you!

We accept VISA, Mastercard, American Express, and Discover.

If you have any questions regarding this billing statement, please contact our staff at (928) 753-1112.

LAW OFFICE OF THOMAS E. PRICE, P.C.  
 501 E. Oak St.  
 Kingman, AZ 86401-5930

Invoice  
 submitted to:  
 Hospital District Number One of Mohave County  
 Attn: Billy Neal \*\* send via email  
 billy.neal@azkrmc.org  
 3269 N. Stockton Hill Rd.  
 Kingman, AZ 86409

May 18, 2026

In Reference To: Miscellaneous

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
4/17/2026 Teleconference with Billy Neal in regards to request for a copy of the IGA; exchanged text messages.	0.10 380.00/hr	38.00
4/20/2026 Reviewed billing; prepared a cover email to Katie Tacheron regarding same.	0.20 380.00/hr	NO CHARGE
4/22/2026 Reviewed Billy Neal's email and the attached documents; responded to same.	0.20 380.00/hr	76.00
4/30/2026 Teleconference with Katie Tacheron in regards to the steps related to approving the new lease with the hospital.	0.20 380.00/hr	76.00
5/14/2026 Legal research in regards to requesting text messages from private cell phones. Teleconference with Katie in regards to public records requests. Began drafting an information handout for the board related to public records request.	2.00 380.00/hr	760.00
For professional services rendered	<u>2.70</u>	<u>\$950.00</u>
Previous balance		\$5,928.00
Accounts receivable transactions		
5/6/2026 Payment - thank you		<u>(\$5,928.00)</u>
Total payments and adjustments		(\$5,928.00)

Hospital District Number One of Mohave County

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	<u>Amount</u>
Balance due	<u>\$950.00</u>

The balance is due upon receipt of this statement. Unless other arrangements have been made.

We appreciate your business. Thank you!

We accept VISA, Mastercard, American Express, and Discover.

If you have any questions regarding this billing statement, please contact our staff at (928) 753-1112.





**HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY**  
**ANNUAL BUDGET**  
**Fiscal Year Ending June 30, 2027**

	<u>Budget FY 2026</u>	<u>FY 2026 Actual 03/31/2026</u>	<u>Projected YE FY 2026</u>	<u>Estimated Budget FY 2027</u>
<b>Revenues:</b>				
<b>Operating Revenue</b>				
Lease income	922,065	1,001,298	1,335,064	1,200,000
Lease income amortization	-	-	-	-
Total Operating Revenue	\$ 922,065	1,001,298	1,335,064	1,200,000
<b>Expenses:</b>				
<b>Operating Expenses</b>				
Fees-Secretary	-	846	1,200	12,000
Fees-Legal	2,500	12,474	20,000	25,000
Fees-Audit	20,000	-	20,475	20,000
Elections	50,000	115	-	50,000
Other Professional Services (D&O Insurance)	21,110	-	21,110	21,110
Depreciation	100,000	63,765	85,020	85,000
Community Donations	3,306,160	1,578,704	1,630,795	516,075
Fixed Costs for Office Set-up	-	-	-	45,033
Recurring Costs	-	-	-	60,480
Total Expenses	\$ 3,499,770	1,655,904	1,778,600	834,698
<b>Income from Operations</b>	(2,577,705)	(654,606)	(443,536)	365,302
<b>Other Income</b>				
Lease Interest Income	275,192	301,211	401,615	-
Other (reimburse admin costs from KRMC)	93,610	12,589	61,585	161,143
Change in unrealized (losses) gains on investments	-	34	68	-
Other non-operating	-	-	-	-
<b>Excess Revenues Over Expenses</b>	\$ (2,208,903)	(340,772)	19,732	526,445
			GASB 87 change depreciation	- 85,000

Hospital District Number One of Mohave County  
 Cash Projection with currently agreed upon IGA's  
 FY2026 - FY2028

													\$ (0.00)	
FISCAL YEAR 2026	7/1/2025	7/31/2025	8/31/2025	9/30/2025	10/31/2025	11/30/2025	12/31/2025	1/31/2026	2/28/2026	3/31/2026	4/30/2026	5/31/2026	6/30/2026	
<b>Beginning Balance</b>	\$ 2,475,819.44	\$ 2,475,819.44	\$ 2,575,819.44	\$ 2,218,017.44	\$ 2,318,017.44	\$ 2,421,969.44	\$ 2,026,573.68	\$ 2,178,664.23	\$ 1,865,804.23	\$ 1,965,804.23	\$ 2,061,576.35	\$ 2,574,436.35	\$ 990,868.83	
<b>Income</b>														
Lease Income		\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 1,200,000.00
Expense Reimbursement			\$ -		\$ 3,952.00			\$ -				\$ 4,227.88		\$ 8,179.88
<b>Expense</b>														
GME Non-Federal Share														\$ -
ASPI Non-Federal Share			\$ (453,850.00)			\$ (495,430.00)	\$ 52,090.55	\$ (412,860.00)			\$ 412,860.00			\$ (1,687,795.40)
Non Election Year														\$ (897,189.45)
Other Administrative Exp			\$ (3,952.00)			\$ 34.24					\$ (4,227.88)			\$ (8,145.64)
<b>Ending Balance</b>	\$ 2,475,819.44	\$ 2,575,819.44	\$ 2,218,017.44	\$ 2,318,017.44	\$ 2,421,969.44	\$ 2,026,573.68	\$ 2,178,664.23	\$ 1,865,804.23	\$ 1,965,804.23	\$ 2,061,576.35	\$ 2,574,436.35	\$ 990,868.83	\$ 1,090,868.83	\$ (1,384,950.61)
Treasurer's reports	\$ 2,575,819.44	\$ 2,218,017.44	\$ 2,318,017.44	\$ 2,421,969.44	\$ 2,026,573.68	\$ 2,178,664.23	\$ 1,865,804.23	\$ 1,965,804.23	\$ 2,061,576.35					
FISCAL YEAR 2027	7/1/2026	7/31/2026	8/31/2026	9/30/2026	10/31/2026	11/30/2026	12/31/2026	1/31/2027	2/28/2027	3/31/2027	4/30/2027	5/31/2027	6/30/2027	
<b>Beginning Balance</b>	\$ 1,090,868.83	\$ 1,090,868.83	\$ 1,190,868.83	\$ 424,158.83	\$ 524,158.83	\$ 624,158.83	\$ 724,158.83	\$ 824,158.83	\$ 924,158.83	\$ 1,024,158.83	\$ 1,124,158.83	\$ 1,224,158.83	\$ 1,324,158.83	
<b>Income</b>														
Lease Income		\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 1,200,000.00
Expense Reimbursement		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expense</b>														
GME Non-Federal Share														\$ -
ASPI Non-Federal Share			\$ (866,710.00)											\$ (866,710.00)
Elections if Held														\$ -
Other Administrative Exp													\$ (4,208.33)	\$ (4,208.33)
<b>Ending Balance</b>	\$ 1,090,868.83	\$ 1,190,868.83	\$ 424,158.83	\$ 524,158.83	\$ 624,158.83	\$ 724,158.83	\$ 824,158.83	\$ 924,158.83	\$ 1,024,158.83	\$ 1,124,158.83	\$ 1,224,158.83	\$ 1,324,158.83	\$ 1,419,950.50	\$ 329,081.67
FISCAL YEAR 2028	7/1/2027	7/31/2027	8/31/2027	9/30/2027	10/31/2027	11/30/2027	12/31/2027	1/31/2028	2/29/2028	3/31/2028	4/30/2028	5/31/2028	6/30/2028	
<b>Beginning Balance</b>	\$ 1,419,950.50	\$ 1,419,950.50	\$ 1,524,158.83	\$ 1,211,298.83	\$ 1,311,298.83	\$ 1,361,298.83	\$ 1,511,298.83	\$ 1,611,298.83	\$ 1,711,298.83	\$ 1,811,298.83	\$ 1,911,298.83	\$ 2,011,298.83	\$ 2,111,298.83	
<b>Income</b>														
Lease Income		\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 1,200,000.00
Expense Reimbursement		\$ 4,208.33	\$ -	\$ -	\$ -	\$ 50,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,208.33
<b>Expense</b>														
GME Non-Federal Share							\$ -							\$ -
ASPI Non-Federal Share			\$ (412,860.00)											\$ (412,860.00)
Elections if Held					\$ (50,000.00)				\$ -					\$ (50,000.00)
Other Administrative Exp													\$ (4,208.33)	\$ (4,208.33)
<b>Ending Balance</b>	\$ 1,419,950.50	\$ 1,524,158.83	\$ 1,211,298.83	\$ 1,311,298.83	\$ 1,361,298.83	\$ 1,511,298.83	\$ 1,611,298.83	\$ 1,711,298.83	\$ 1,811,298.83	\$ 1,911,298.83	\$ 2,011,298.83	\$ 2,111,298.83	\$ 2,207,090.50	\$ 787,140.00

ASPI Funding				
FFY 2025	Due Date	Administrative Cost	Non-Federal Share	Total
Administrative Cost				
Payment	11/1/2024	\$ 90,760.00		
Payment #1	11/1/2024		\$ 453,850.00	
Payment #2	2/1/2025		\$ 453,850.00	
Payment #3	5/1/2025		\$ 453,850.00	
Payment #4	8/1/2025		\$ 453,850.00	
Payment #5	8/1/2026		\$ 453,850.00	
		\$ 90,760.00	\$ 2,269,250.00	\$ 2,360,010.00
ASPI Funding				
FFY 2026	Due Date	Administrative Cost	Non-Federal Share	Total
Administrative Cost				
Payment	11/1/2025	\$ 82,570.00		
Payment #1	11/1/2025		\$ 412,860.00	
Payment #2	2/1/2026		\$ 412,860.00	
Payment #3	5/1/2026		\$ 412,860.00	
Payment #4	8/1/2026		\$ 412,860.00	
Payment #5	8/1/2027		\$ 412,860.00	
		\$ 82,570.00	\$ 2,064,300.00	\$ 2,146,870.00

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## Hospital District Number One of Mohave County

### Notes to Financial Statements

#### Note 4 – Lease Agreement

On July 1, 1990, the District entered into a lease with the Medical Center for a period of 10 years with renewal options for two additional 10-year periods. The Medical Center exercised the first 10-year renewal option on July 1, 2000, and restated the terms and provisions of the lease. The lease was again amended through a supplemental agreement on June 1, 2002. The amended lease called for rental payments equal to the principal and interest payments on the Series 2002 Bonds, which were paid in full during the prior fiscal year. The Medical Center exercised the second 10-year renewal option beginning July 1, 2010. Upon termination or expiration of the lease, all capital leased by the Medical Center, in connection with the operation of the hospital facilities, shall be the property of the District.

Effective July 1, 2012, this lease was amended, which increased the annual payment for additional rent to \$1,200,000 through 2023. Unless cancelled by either the Medical Center or the District, the lease shall automatically renew for an additional one month on the 1st day of each month, so the full 10-year lease term is created monthly. Effective July 1, 2020, the lease with the Medical Center was amended, which increased the annual costs to \$3,600,000 for fiscal year 2021, \$2,400,000 for fiscal years 2022 through 2025, and \$1,200,000 thereafter. The monthly renewal results in the remaining lease asset and deferred inflow being remeasured on a monthly basis as each extension is considered a lease modification.

Future minimum rental income payments as of June 30, 2025:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 802,667	\$ 397,333	\$ 1,200,000
2027	837,536	362,464	1,200,000
2028	873,920	326,080	1,200,000
2029	911,885	288,115	1,200,000
2030	951,499	248,501	1,200,000
Thereafter	<u>5,414,618</u>	<u>585,382</u>	<u>6,000,000</u>
Total	<u>\$ 9,792,126</u>	<u>\$ 2,207,874</u>	<u>\$ 12,000,000</u>
2024	\$ 1,957,526	\$ 473,070	\$ 2,430,596
2025	2,066,656	327,158	2,393,814
2026	922,065	275,192	1,197,257
2027	955,520	241,638	1,197,158
2028	990,202	206,851	1,197,053
Thereafter	<u>5,517,469</u>	<u>466,653</u>	<u>5,984,122</u>
	<u>\$ 12,409,438</u>	<u>\$ 1,990,562</u>	<u>\$ 14,400,000</u>



PO Box 59689  
Birmingham, AL 35259-9689  
Phone: (800) 824-1709

Matt Bishop  
McGriff, a Marsh & McLennan Agency LLC Company – Birmingham  
7701 Airport Center Dr Suite 1800  
Greensboro, NC 27409

May 21, 2026

Re: Hospital District Number One of Mohave County, Ref# 15219669-A  
Proposed Effective 4/1/2026 to 4/1/2027

Dear Matt:

We are pleased to confirm the attached quotation for **(D&O/EPL)** being offered with **Atlantic Specialty Insurance Company**. This carrier is **Admitted** in the state of **AZ**. Please note that this quotation is based on the coverage, terms and conditions as stated in the attached quotation, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this quotation carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, LLC disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms quoted as per the attached and those terms originally requested. The attached quotation may not be bound without a fully executed CRC brokerage agreement.

**NOTE: The Insurance Carrier indicated in this quotation reserves the right, at its sole discretion, to amend or withdraw this quotation if it becomes aware of any new, corrected or updated information that is believed to be a material change and consequently would change the original underwriting decision.**

Should coverage be elected as quoted per the attached, Premium and Commission are as follows:

**Premium: Multiple Options Within**

**Commission: 11%**

**Broker Fees & Policy Fees are Fully Earned at Binding**

**NOTE: If insured is located outside your resident state, you must hold appropriate non-resident license prior to binding.**

**If Non Admitted the following applies:**

**Arizona Tax Filings are the responsibility of: ( ) Your Agency ( ) CRC**  
**Arizona now has two different stamps. Select appropriate stamp below.**

The Surplus lines policy or evidence of coverage is issued by a surplus lines insurer that is not a domestic surplus lines insurer: Pursuant to section 20-401.01, subsection B, paragraph 1, Arizona Revised Statutes, this policy is issued by an insurer that does not possess a certificate of authority from the director of the Arizona Department of Insurance and Financial Institutions. If the insurer that issued this policy becomes

insolvent, insureds or claimants will not be eligible for insurance guaranty fund protection pursuant to title 20, Arizona Revised Statutes. (Non-Domestic Surplus Line Insurer)

The surplus lines policy or evidence of coverage is issued by a domestic surplus lines insurer: If the insurer that issued this policy becomes insolvent, insureds or claimants will not be eligible for insurance guaranty fund protection pursuant to title 20, Arizona Revised Statutes. (Domestic Surplus Line Insurer)

Upon requesting quotes and/or placement for the coverage listed herein, the producing retail broker hereby confirms that he/she has performed any and all diligent searches, as may be required by statute, for coverage through licensed carriers or other means of placement, and as necessary maintain proof of declination. Where allowed by governing statutes, "diligent effort" may not require an actual physical search and declination on each risk, but may be based on the retail producing broker's own experience, opinion and overall knowledge of acceptability in the admitted marketplace.

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CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as "contingent commissions" or "incentive commissions"), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

---

### **Financing Insurance Premiums**

Premium financing budgets insurance payments and improves liquidity for other business objectives: working capital, business growth, building expansion.


If your clients choose to pay their insurance in monthly installments, it's fast and easy with AFCO Premium Finance. AFCO provides premium financing solutions for large, mid-size and small corporate accounts;

Find out how premium financing works and how it can expand your relationship with your clients by e-mailing [AFCODirect@afco.com](mailto:AFCODirect@afco.com); or **call toll- free 877-317-6437**.

---

Sincerely,

Alex Gould, RPLU  
205-414-2438  
agould@crcgroup.com  
15219669

 <b>management liability</b>		Quote
intactspecialty.com/management-liability		
05.21.2026	Health Care Organization Management Liability - Primary	

**Agent:**

Matt Bishop  
McGriff, a Marsh & McLennan Agency LLC Company

**Applicant**

Hospital District Number One of Mohave  
County  
3269 N Stockton Hill Rd.  
Kingman, AZ 86409

Intact Insurance is pleased to provide the following Health Care Organization Management Liability quotation to you.

Emily K. Torrijos is available to assist you with anything else you may need.

<b>Policy Period</b>	05.01.2026 to 05.01.2027
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Option 1				
<b>Policy Aggregate Limit</b>	\$6,000,000 (for all purchased Liability Coverage Sections combined)			
Liability Coverage Section	Separate Limit of Liability	Shared Limit of Liability	Retention	P&P Litigation Date
<b>D&amp;O and Organization Liability ("D&amp;O")</b>	\$5,000,000	N/A  <b>Shared with:</b> N/A	<b>Clause A:</b> \$0 <b>Clause B:</b> \$100,000 <b>Clause C:</b> \$100,000	05.01.2026
<b>Employment Practices Liability (including Third Party) ("EPL")</b>	\$1,000,000	N/A  <b>Shared with:</b> N/A	<b>Clause A:</b> \$10,000 <b>Clause B:</b> \$10,000	05.01.2026 05.01.2026
<b>Total Premium Charged for all Coverages:</b>	\$21,730 + \$600 Broker Fee			
Premium is due and payable no later than forty five (45) days after the date of binding Failure to pay the premium in full may result in cancellation of coverage				

<b>D&amp;O Other Specific Limits</b>		<b>Limits</b>		
Additional Limit of Liability Dedicated for Executives		\$1,000,000		
HIPAA Claim Sublimit		\$250,000		
Excess Benefit Transaction Excise Tax Sublimit		\$100,000		
Internal Revenue Code Violation Sublimit		\$100,000		
EMTALA Claim Sublimit		\$250,000		
Stakeholder Derivative Demand Sublimit		\$500,000		
D&O Crisis Management Expenses Limit		\$25,000		
		<b>Limits</b>	<b>Separate Retention</b>	<b>Coinsurance</b>
Antitrust Claim		\$5,000,000	\$150,000	10%
Regulatory Claim		\$1,000,000	\$1,000,000	25%
<b>EPL Other Specific Limits</b>		<b>Limits</b>		
Illegal Hiring or Harboring Sublimit		\$150,000		
Employment Crisis Management Expenses Limit		\$25,000		
<b>Policy Aggregate Sublimit For All E-Discovery Consultant Services:</b> \$25,000 (for all purchased Liability Coverage Sections combined)				
<b>Type of Claim Defense:</b> Duty to Defend				
Option 2				
<b>Policy Aggregate Limit</b>		\$8,000,000 (for all purchased Liability Coverage Sections combined)		
<b>Liability Coverage Section</b>	<b>Separate Limit of Liability</b>	<b>Shared Limit of Liability</b>	<b>Retention</b>	<b>P&amp;P Litigation Date</b>
<b>D&amp;O and Organization Liability ("D&amp;O")</b>	\$5,000,000	N/A  Shared with: N/A	<b>Clause A:</b> \$0 <b>Clause B:</b> \$100,000 <b>Clause C:</b> \$100,000	05.01.2026
<b>Employment Practices Liability (including Third Party) ("EPL")</b>	\$3,000,000	N/A  Shared with: N/A	<b>Clause A:</b> \$10,000 <b>Clause B:</b> \$10,000	05.01.2026 05.01.2026
<b>Total Premium Charged for all Coverages:</b>		\$22,714 + \$600 Broker Fee		
Premium is due and payable no later than forty five (45) days after the date of binding Failure to pay the premium in full may result in cancellation of coverage				

<b>D&amp;O Other Specific Limits</b>		<b>Limits</b>		
Additional Limit of Liability Dedicated for Executives		\$1,000,000		
HIPAA Claim Sublimit		\$250,000		
Excess Benefit Transaction Excise Tax Sublimit		\$100,000		
Internal Revenue Code Violation Sublimit		\$100,000		
EMTALA Claim Sublimit		\$250,000		
Stakeholder Derivative Demand Sublimit		\$500,000		
D&O Crisis Management Expenses Limit		\$25,000		
		<b>Limits</b>	<b>Separate Retention</b>	<b>Coinsurance</b>
Antitrust Claim		\$5,000,000	\$150,000	10%
Regulatory Claim		\$1,000,000	\$1,000,000	25%
<b>EPL Other Specific Limits</b>		<b>Limits</b>		
Illegal Hiring or Harboring Sublimit		\$150,000		
Employment Crisis Management Expenses Limit		\$25,000		
<b>Policy Aggregate Sublimit For All E-Discovery Consultant Services:</b>		\$25,000 (for all purchased Liability Coverage Sections combined)		
<b>Type of Claim Defense:</b> Duty to Defend				
Option 3				
<b>Policy Aggregate Limit</b>		\$10,000,000 (for all purchased Liability Coverage Sections combined)		
<b>Liability Coverage Section</b>	<b>Separate Limit of Liability</b>	<b>Shared Limit of Liability</b>	<b>Retention</b>	<b>P&amp;P Litigation Date</b>
<b>D&amp;O and Organization Liability ("D&amp;O")</b>	\$5,000,000	N/A  Shared with: N/A	<b>Clause A:</b> \$0 <b>Clause B:</b> \$100,000 <b>Clause C:</b> \$100,000	05.01.2026
<b>Employment Practices Liability (including Third Party) ("EPL")</b>	\$5,000,000	N/A  Shared with: N/A	<b>Clause A:</b> \$10,000 <b>Clause B:</b> \$10,000	05.01.2026 05.01.2026
<b>Total Premium Charged for all Coverages:</b>		\$23,395 + \$600 Broker Fee		
Premium is due and payable no later than forty five (45) days after the date of binding Failure to pay the premium in full may result in cancellation of coverage				

<b>D&amp;O Other Specific Limits</b>	<b>Limits</b>		
Additional Limit of Liability Dedicated for Executives	\$1,000,000		
HIPAA Claim Sublimit	\$250,000		
Excess Benefit Transaction Excise Tax Sublimit	\$100,000		
Internal Revenue Code Violation Sublimit	\$100,000		
EMTALA Claim Sublimit	\$250,000		
Stakeholder Derivative Demand Sublimit	\$500,000		
D&O Crisis Management Expenses Limit	\$25,000		
	<b>Limits</b>	<b>Separate Retention</b>	<b>Coinsurance</b>
Antitrust Claim	\$5,000,000	\$150,000	10%
Regulatory Claim	\$1,000,000	\$1,000,000	25%
<b>EPL Other Specific Limits</b>	<b>Limits</b>		
Illegal Hiring or Harboring Sublimit	\$150,000		
Employment Crisis Management Expenses Limit	\$25,000		
<b>Policy Aggregate Sublimit For All E-Discovery Consultant Services:</b>		\$25,000 (for all purchased Liability Coverage Sections combined)	
<b>Type of Claim Defense:</b> Duty to Defend			

**Policy Forms and Endorsements**

		<b>Section</b>
MPF-10001-08-22	Healthcare Organization Management Liability Policy General Terms and Conditions Section	GTC
MPF-10001-DO-06-18	Healthcare Organization Management Liability Policy Directors, Officers & Organization Liability Coverage Section	D&O
MPF-10001-EPL-06-18	Healthcare Organization Management Liability Policy Employment Practices Liability Coverage Section	EPL
AMP-00009-08-22	Producer Endorsement	GTC
MPE-00024-09-10	State Amendatory Inconsistency	GTC
MPE-03020C-04-21	Professional E&O Exclusion	D&O
MPE-03030A-06-18	Cap on Losses from Certified Acts of Terrorism	D&O
MPE-03057-06-18	Privacy Breach Reimbursement Coverage Sublimit: \$100,000	D&O
MPE-13076-08-25	Medical Services Exclusion	D&O
MPE-04019-09-10	Workplace Violence Reimbursement Coverage Sublimit: \$250,000	EPL
MPE-04041-06-20	Biometric Information Privacy Sublimit \$50,000	EPL
MPE-14012-01-15	Separate Retention for Claims by Physicians \$35,000	EPL
MPE-14020E-05-19	Wage and Hour Claims Sublimit \$150,000	EPL

**Insurance Company**

Atlantic Specialty Insurance Company  
This is an Admitted Policy.

<b>A.M. Best Rating:</b>	A+ (Superior)
<b>Quote Expiration Date</b>	05.01.2026
<b>Conditions</b>	This quote is subject to Intact Insurance's receipt, review and acceptance of the outstanding conditions noted below prior to binding. The underwriter may elect at its discretion to accept an order to bind subject to receipt of such outstanding conditions within a specified timeframe.
<b>Extended Reporting Period (ERP)</b>	ERP Option(s) are as follows: <ul style="list-style-type: none"> <li>• 12 months at 100% of Full Annual Premium</li> </ul>
<b>Commission</b>	<p>11.00%</p> <p>It is the general practice of Intact Insurance to show the following commission related legend (with an "X" in the appropriate space) on our quote and binder letters.</p> <p><u>  X  </u> <b>Gross Premium</b> The Underwriter will pay a percentage of the premium shown above as brokerage commission. The Underwriter does not pay contingent or deferred commissions. Consult your broker for information concerning commission.</p> <p><u>      </u> <b>Net Premium</b> The premium shown above is net, and the Underwriter will pay no brokerage commission of any kind thereon.</p>
<b>General</b>	The coverage descriptions contained in this quotation(s) are for summary purposes only. Please read the policy for complete coverage information.

Intact Insurance Specialty Solutions is the marketing brand for the insurance company subsidiaries of Intact Insurance Group USA LLC, a member of Intact Financial Corporation (TSX: IFC), the largest provider of property and casualty insurance in Canada and a leading specialty insurance carrier in North America. The insurance company subsidiaries of Intact Insurance Group USA LLC include Atlantic Specialty Insurance Company, a New York insurer, Homeland Insurance Company of New York, a New York insurer, Homeland Insurance Company of Delaware, a Delaware insurer, OBI America Insurance Company, a Pennsylvania insurer, and OBI National Insurance Company, a Pennsylvania insurer. Each of these insurers maintains its principal place of business at 605 Highway 169 N, Plymouth, MN 55441.

## Supplemental Information

### Employment Practices Risk Management Services:

In partnership with Jackson Lewis P.C., a national law firm providing workplace law representation to management, Intact Insurance is pleased to provide the Prevent & Protect Portal to provide risk management solutions for our policyholders. The Portal includes a comprehensive package of risk management products and services thoughtfully designed to help you manage your workforce and reduce potential exposure on employment-related liability. Because it is designed by Jackson Lewis attorneys, your Portal will contain the latest information pertaining to workplace law topics.

Training and resource materials include:

- Interactive maps to update employers on key state laws
- Sample Human Resource policies and Employee Handbook
- An easily searchable, regularly updated library of over 2,500 articles on a wide range of labor and employment topics
- Labor and employment library of podcasts and webinars, plus access to more than 20 labor and employment blogs
- General information on issues such as wage-hour, leaves of absences, background checks, drug testing and more
- Employment practices checklists to assist in evaluating the approach to important employment issues, such as issues to consider prior to terminating an employee

Policyholders also gain access to additional resources including:

- A "1-800" Helpline
- Interactive executive, manager and employee training via GoToMeeting on a mutually agreed topic
- Special webinars on current topics, and new developments in labor and employment law
- Discounted rates to assist with the development of preventive practices, preparing employee handbooks and training supervisors

**Insured Name and Address:**

Quote Number: 4604875-1

Hospital District Number One of Mohave County  
3269 N Stockton Hill Rd.  
Kingman, AZ 86409

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM INSURANCE COVERAGE**

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

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

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

**There is no premium charge for coverage for losses caused by acts of terrorism, as defined in the Act.** Since coverage for acts of terrorism, as defined in the Act, is being provided in your policy you do not need to take any action with respect to this notice.



intactspecialty.com

RE: Health Care Organization Management Liability  
Hospital District Number One of Mohave County

**Policy**

Account No: 370386

Policy No: NOT-BOUND

SPECIMEN

605 Highway 169 North  
Suite 800  
Plymouth, MN 55441

952.852.2431

**RISK MANAGEMENT AND LOSS PREVENTION  
SERVICES FOR EMPLOYMENT PRACTICES  
LIABILITY INSUREDS**



Intact Insurance wants to assist you in managing employment practices issues in your workplace. As an Intact Insurance insured with Employment Practices Liability coverage, your organization has access to a comprehensive package of risk management products and services provided by Jackson Lewis P.C., a national law firm providing workplace law representation to management.

Intact Insurance is pleased to provide the *Prevent & Protect Portal* to provide risk management solutions for our policyholders. The portal includes a comprehensive package of risk management products and services thoughtfully designed to help you manage your workforce and reduce potential exposure on employment-related liability. Because it is designed by Jackson Lewis attorneys, your portal will contain the latest information pertaining to workplace law topics.

Training and resource materials include:

- Interactive maps to update employers on key state laws
- Sample human resource policies and employee handbook
- An easily searchable, regularly updated library of over 2,500 articles on a wide range of labor and employment topics
- Labor and employment library of podcasts and webinars, plus access to more than 20 labor and employment blogs
- General information on issues such as wage-hour, leaves of absences, background checks, drug testing and more
- Employment practices checklists to assist in evaluating the approach to important employment issues, such as issues to consider prior to terminating an employee

Policyholders also gain access to additional resources including:

- A "1-800" Helpline
- Interactive executive, manager and employee training via GoToMeeting on a mutually agreed topic
- Special webinars on current topics, and new developments in labor and employment law
- Discounted rates to assist with the development of preventive practices, preparing employee handbooks and training supervisors

**The employment practices hotline number is 866.758.6874. To**

**access the online risk management website:**

1. Go to <https://intact.jacksonlewis.com/#welcome>
2. Users that do not already have a login will click on the New User Registration button.
3. On the client information screen, users will be prompted to enter an Invitation Code. Please enter the appropriate code as shown below and click next.
  - IntactEPL

**RISK MANAGEMENT AND LOSS PREVENTION  
SERVICES FOR EMPLOYMENT PRACTICES  
LIABILITY INSUREDS**



4. On the Contact Information screen please complete all of the contact information. Fields marked with a red asterisk \* are required. The very last field asks for the Policy Number.
5. Once the above form has been completed click Request Access. Users will be automatically logged into the system and will be presented with the following notice to complete their account set up for future logins, click ok.

Your account has been created. You will be logged in. You have also received an email to set your password for future access.

OK

6. You will then be presented with the Terms of Use. Scroll to the bottom of the page and accept the Terms of Use and click submit.

If you have any questions, or would like additional information, please contact Dennis Schlaffer, Chief Underwriting Officer, Intact Insurance Management Liability, at [dschlaffer@IntactInsurance.com](mailto:dschlaffer@IntactInsurance.com).

*PLEASE NOTE: Intact Insurance may, at any time and in its sole discretion, change or eliminate any of the services/resources described above. Jackson Lewis P.C. attorneys are not claims agents for the member insurance companies of Intact Insurance, and no information discussed with any Jackson Lewis P.C. attorney via the hotline will be deemed to constitute notice or a report of any potential claim or claim under your policy. Please consult your policy provisions for the required manner of reporting claims or potential claims.*

## U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

**Insured Name and Address:**

Hospital District Number One of Mohave C  
 3269 N Stockton Hill Rd.  
 Kingman, AZ 86409

**Policy Number:** NOT-BOUND

## POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

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

Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80%, beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers’ liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

**There is no premium charge for coverage for losses caused by acts of terrorism, as defined in the Act.**

Since coverage for acts of terrorism, as defined in the Act, is being provided in your policy you do not need to take any action with respect to this notice.

If you have any questions about this notice, please contact your agent.

**Atlantic Specialty Insurance Company**  
 605 Highway 169 North  
 Suite 800  
 Plymouth, MN 55441  
 (hereinafter referred to as the "Underwriter")



**Policy Number: NOT-BOUND**

**DECLARATIONS**

**HEALTHCARE ORGANIZATION  
 MANAGEMENT LIABILITY POLICY**

**THE COVERAGE AFFORDED BY THIS POLICY DIFFERS IN SOME RESPECTS FROM THAT AFFORDED BY OTHER POLICIES. PLEASE READ THIS POLICY CAREFULLY.**

<b>ITEM 1. NAMED ORGANIZATION:</b>			
Name and Principal Address: Hospital District Number One of Mohave County 3269 N Stockton Hill Rd. Kingman, AZ 86409			
<b>ITEM 2. POLICY PERIOD:</b>			
(a) Inception Date: May 01, 2026 (b) Expiration Date: May 01, 2027 Both dates at 12:01 a.m. at the Principal Address in ITEM 1.			
<b>ITEM 3. COVERAGE SECTION(S) PURCHASED AND PENDING OR PRIOR DATE(S):</b>			
<b><u>Coverage Section</u></b>	<b><u>Purchased</u></b>		<b><u>Pending or Prior Date</u></b>
Directors, Officers & Organization Liability ("D&O")	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	05/01/2026
Additional Limit of Liability Dedicated for Executives	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	
Employment Practices Liability ("EPL")	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	05/01/2026
Fiduciary Liability ("FLI")	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	Not Applicable
Miscellaneous Professional Liability ("MPL")	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	Not Applicable
Information Risk and Recovery ("IRR")	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	Not Applicable
Employed Lawyers Professional Liability ("ELPL")	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	Not Applicable
Crime Coverage ("Crime")	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO	Not Applicable

ITEM 4. LIABILITY COVERAGE SECTION(S) – LIMITS OF LIABILITY:			
Coverage Section	Separate Limit of Liability	Shared Limit of Liability	Other Applicable Limit(s) of Liability
D&O	\$5,000,000	Shared: N/A  Shared with: N/A	<b>Additional Limit of Liability Dedicated for Executives:</b> \$1,000,000 <b>Antitrust Claim Sublimit:</b> \$5,000,000 <b>Regulatory Claim Defense Sublimit:</b> \$1,000,000 <b>HIPAA Claim Sublimit:</b> \$250,000 <b>Excess Benefit Transaction Excise Tax Sublimit:</b> \$100,000 <b>Internal Revenue Code Violation Sublimit:</b> \$100,000 <b>EMTALA Claim Sublimit:</b> \$250,000 <b>Stakeholder Derivative Demand Sublimit:</b> \$500,000 <b>D&amp;O Crisis Management Expenses Limit:</b> \$25,000
EPL	\$1,000,000	Shared: N/A  Shared with: N/A	<b>Illegal Hiring or Harboring Sublimit:</b> \$150,000 <b>Employment Crisis Management Expenses Limit:</b> \$25,000
FLI	Not Covered	Shared: N/A  Shared with: N/A	<b>HIPAA Penalties Sublimit:</b> Not Covered <b>Section 502(c) Penalties Sublimit:</b> Not Covered <b>Section 507 Penalties Sublimit:</b> Not Covered <b>PPACA Penalties Sublimit:</b> Not Covered <b>Section 4975 Tax Penalties Sublimit:</b> Not Covered <b>Voluntary Settlement Program Coverage Sublimit:</b> Not Covered <b>Pension Crisis Management Expenses Limit:</b> Not Covered
MPL	Not Covered	Shared: N/A  Shared with: N/A	<b>Disciplinary or Licensing Proceeding Expenses Sublimit:</b> Not Covered <b>Subpoena Assistance Limit:</b> Not Covered <b>MPL Crisis Management Expenses Limit:</b> Not Covered

IRR	<u>Not Covered</u>	Shared: <u>N/A</u>  Shared with: <u>N/A</u>	<b>Privacy Administrative Proceeding Aggregate Sublimit:</b> <u>Not Covered</u> <b>Privacy Administrative Fines and Consumer Redress Fund Costs Sublimit:</b> <u>Not Covered</u> <b>Combined First-Party Loss Limit:</b> <u>Not Covered</u> <b>Breach Consultation Services Limit:</b> <u>Not Covered</u> <b>Incident Management Expenses Limit:</b> <u>Not Covered</u> <b>Information Restoration Expenses Limit:</b> <u>Not Covered</u> <b>Hardware Replacement Expenses Limit:</b> <u>Not Covered</u> <b>Extortion Payments and Rewards Limit:</b> <u>Not Covered</u> <b>Forensic Expenses Limit:</b> <u>Not Covered</u>
ELPL	<u>Not Covered</u>	Shared: <u>N/A</u>  Shared with: <u>N/A</u>	<b>Intra-Organization Claims Defense Sublimit:</b> <u>Not Covered</u>
<b>POLICY AGGREGATE SUBLIMIT FOR ALL E-DISCOVERY CONSULTANT SERVICES: <u>\$25,000</u></b> (for all purchased <b>Liability Coverage Sections</b> combined)			
<b>POLICY AGGREGATE LIMIT OF LIABILITY: <u>\$6,000,000</u></b> (for all purchased <b>Liability Coverage Sections</b> combined)			
<b>ITEM 5. LIABILITY COVERAGE SECTION(S) – RETENTIONS:</b>			
	<b>Coverage Section</b>	<b>Retention</b>	
D&O		<u>\$0</u>	each <b>Claim</b> under Insuring Agreement (A).
		<u>\$100,000</u>	each <b>Claim</b> under Insuring Agreement (B), other than an <b>Antitrust Claim</b> or a <b>Regulatory Claim</b> .
		<u>\$100,000</u>	each <b>Claim</b> under Insuring Agreement (C), other than an <b>Antitrust Claim</b> or a <b>Regulatory Claim</b> .
		<u>\$150,000</u>	each <b>Antitrust Claim</b> under Insuring Agreement (B) or (C).
		<u>\$1,000,000</u>	each <b>Regulatory Claim</b> under Insuring Agreement (B) or (C).
EPL		<u>\$10,000</u>	each <b>Employment Claim</b> under Insuring Agreement (A).
		<u>\$10,000</u>	each <b>Third Party Claim</b> under Insuring Agreement (B).
FLI		<u>Not Covered</u>	each <b>Fiduciary Claim</b> under Insuring Agreement (A).
MPL		<u>Not Covered</u>	each Claim under Insuring Agreement (A).
		<u>Not Covered</u>	each Claim under Insuring Agreement (B).

IRR	<u>Not Covered</u> each <b>Claim</b> under Insuring Agreement (A)(1).	
	<u>Not Covered</u> each <b>Claim</b> under Insuring Agreement (A)(2).	
	<u>Not Covered</u> each <b>Privacy Administrative Proceeding</b> under Insuring Agreement (A)(3).	
	<u>Not Covered</u> each <b>Information Risk Incident</b> under Insuring Agreement (B)(1).	
	<u>Not Covered</u> each <b>Information Risk Incident</b> or <b>Extortion</b> under Insuring Agreement (B)(2).	
	<u>Not Covered</u> each <b>Information Risk Incident</b> under Insuring Agreement (B)(3).	
	<u>Not Covered</u> each <b>Information Risk Incident</b> under Insuring Agreement (B)(4).	
	<u>Not Covered</u> each <b>Extortion</b> under Insuring Agreement (B)(5).	
<u>Not Covered</u> each <b>Information Risk Incident</b> under Insuring Agreement (B)(6).		
ELPL	<u>Not Covered</u> each <b>Claim</b> under Insuring Agreement (A).	
	<u>Not Covered</u> each <b>Claim</b> under Insuring Agreement (B).	
<b>ITEM 6. D&amp;O COVERAGE SECTION – CO-INSURANCE PERCENTAGES (If purchased):</b>		
(A) <b>Antitrust Claims:</b> <u>10%</u>		
(B) <b>Regulatory Claims:</b> <u>25%</u>		
<b>ITEM 7. RETROACTIVE DATE(S) (If applicable):</b>		
<b>MPL COVERAGE SECTION:</b> <u>Not Applicable</u>		
<b>IRR COVERAGE SECTION:</b> <u>Not Applicable</u>		
<b>ITEM 8. LIABILITY COVERAGE SECTION(S) - TYPE OF CLAIM DEFENSE:</b>		
<input checked="" type="checkbox"/> Duty to Defend		
<input type="checkbox"/> Reimbursement		
<b>ITEM 9. CRIME COVERAGE SECTION – LIMITS OF LIABILITY AND DEDUCTIBLES (If purchased):</b>		
<b>Insuring Agreement</b>	<b>Per Occurrence Limit of Liability</b>	<b>Deductible</b>
(A)(1) Employee Theft Coverage	Not Covered	Not Covered
(A)(2) Employee Theft of Client Property Coverage	Not Covered	Not Covered
(A)(3) Employee Benefit Plan Coverage	Not Covered	Not Covered
(B) Forgery or Alteration Coverage	Not Covered	Not Covered
(C) Premises Coverage – Theft of Money or Securities	Not Covered	Not Covered
(D) Premises Coverage – Robbery or Safe Burglary of Other Property	Not Covered	Not Covered
(E) Outside the Premises Coverage	Not Covered	Not Covered
(F)(1) Computer Fraud Coverage	Not Covered	Not Covered
(F)(2) Computer Data Restoration Expenses Coverage	Not Covered	Not Covered

(G) Funds Transfer Fraud Coverage	Not Covered	Not Covered
(H) Money Orders and Counterfeit Paper Currency Coverage	Not Covered	Not Covered
(I) Social Engineering Fraud Coverage	Not Covered	Not Covered
(J)(1) Personal Accounts Forgery or Alteration Coverage	Not Covered	Not Covered
(J)(2) Identity Fraud Expense Reimbursement Coverage	Not Covered	Not Covered
(K) Investigative Costs Coverage	Not Covered	As per the applicable Insuring Agreement
If "Not Covered" is inserted opposite any specified Insuring Agreement above as the Per Occurrence Limit of Liability, such Insuring Agreement and any other reference thereto is deemed to be deleted from this Policy.		
<b>ITEM 10. MPL COVERAGE SECTION – PROFESSIONAL SERVICES (If purchased):</b>		
<b>ITEM 11. TERMINATION OF PRIOR POLICIES:</b> N/A		
<b>ITEM 12. POLICY PREMIUM: <u>\$21,730</u></b>		
<p><input checked="" type="checkbox"/> <b>Gross Premium:</b> The Underwriter will pay a percentage of the Premium shown above as brokerage commission. The Underwriter does not pay contingent or deferred commissions. Consult your broker for information concerning commission.</p> <p><input type="checkbox"/> <b>Net Premium:</b> The Premium shown above is net, and the Underwriter will pay no brokerage commission of any kind thereon.</p> <p><input checked="" type="checkbox"/> This Policy provides coverage for acts of terrorism as defined in the Terrorism Risk Insurance Act in accordance with all of the terms and conditions of this Policy (including all endorsements attached hereto). The premium attributable to this coverage is <u>\$0</u>.</p> <p><input type="checkbox"/> This Policy specifically excludes coverage for acts of terrorism in accordance with all of the terms and conditions of this Policy (including all endorsements attached hereto).</p>		
<b>ITEM 13. EXTENDED REPORTING PERIOD OPTION(S):</b>		
12 months AT 100% of the full annual premium for the applicable Liability Coverage Section		
<b>ITEM 14. NOTICE TO THE UNDERWRITER:</b>		
<p><b>(A) ALL NOTICES TO THE UNDERWRITER OF CLAIMS, CIRCUMSTANCES, EVENTS OR FIRST-PARTY INCIDENTS UNDER ANY LIABILITY COVERAGE SECTION, OR OF OCCURRENCES UNDER THE CRIME COVERAGE SECTION, MUST BE ADDRESSED TO:</b></p> <p>Claims Intact Insurance 605 Highway 169 North, Suite 800 Plymouth, MN 55441 -or- ClaimsUSA@intactinsurance.com</p> <p><b>(B) ALL OTHER NOTICES REQUIRED TO BE GIVEN TO THE UNDERWRITER MUST BE ADDRESSED TO:</b></p> <p>Intact Insurance Management Liability 605 Highway 169 North, Suite 800 Plymouth, MN 55441</p>		

**ITEM 15. POLICY FORM AND ENDORSEMENTS ATTACHED AT ISSUANCE:**

MPF-10001-08-22	Healthcare Organization Management Liability Policy General Terms and Conditions Section	GTC
MPF-10001-DO-06-18	Healthcare Organization Management Liability Policy Directors, Officers & Organization Liability Coverage Section	D&O
MPF-10001-EPL-06-18	Healthcare Organization Management Liability Policy Employment Practices Liability Coverage Section	EPL
AMP-00009-08-22	Producer Endorsement	GTC
MPE-00024-09-10	State Amendatory Inconsistency	GTC
MPE-03020C-04-21	Professional E&O Exclusion	D&O
MPE-03030A-06-18	Cap on Losses from Certified Acts of Terrorism	D&O
MPE-03057-06-18	Privacy Breach Reimbursement Coverage	D&O
MPE-13076-08-25	Medical Services Exclusion	D&O
MPE-04019-09-10	Workplace Violence Reimbursement Coverage	EPL
MPE-04041-06-20	Biometric Information Privacy Sublimit	EPL
MPE-14012-01-15	Separate Retention for Claims by Physicians	EPL
MPE-14020E-05-19	Wage and Hour Claims Sublimit	EPL

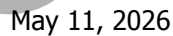
These Declarations, the completed signed Application, and the Policy (together with any and all endorsements thereto) shall constitute the entire agreement between the Underwriter and the Insured(s).

**Atlantic Specialty Insurance Company**

By:



Its Authorized Representative



Date:

<b>HEALTHCARE ORGANIZATION MANAGEMENT LIABILITY POLICY</b>	
<b>General Terms and Conditions Section</b>	



**PORTIONS OF THIS POLICY APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR APPLICABLE EXTENDED REPORTING PERIOD WITH DEFENSE EXPENSES INCLUDED IN THE LIMITS OF LIABILITY. PLEASE READ THE ENTIRE POLICY CAREFULLY.**

In consideration of the payment of the premium, and in reliance on all statements made and information furnished to the Underwriter, and subject to the Declarations and all of the terms, conditions and limitations of this Policy, the Underwriter and the **Insureds** agree as follows:

**I. TERMS AND CONDITIONS**

Except for these General Terms and Conditions or unless stated to the contrary in any Coverage Section of this Policy, the terms, conditions and limitations of each Coverage Section shall apply only to that Coverage Section. If any provision in these General Terms and Conditions is inconsistent or in conflict with the terms, conditions and limitations of any Coverage Section, the terms, conditions and limitations of such Coverage Section shall control for purposes of that Coverage Section. Any defined term referenced in these General Terms and Conditions but defined in a Coverage Section shall, for purposes of coverage under that Coverage Section, have the meaning set forth in that Coverage Section.

**II. DEFINITIONS**

- (A) **"Affiliate"** means any entity, other than a **Subsidiary**, during such time as the **Named Organization** or any **Subsidiary** has the authority to direct the financial or managerial decision making of such entity, whether through the operation of law, contract or agreement, stock ownership or membership, charter, articles of incorporation, or by-law provisions.
- (B) **"Application"** means the application(s) attached to and forming part of this Policy, including any materials submitted and statements made in connection therewith, all of which are on file with the Underwriter and are a part of this Policy, as if physically attached; provided, that any such statements or filings submitted in connection with the application(s) were made within twelve (12) months of the Inception Date of this Policy. If any **Application** uses any terms or phrases that differ from terms defined in this Policy, no inconsistency between any term or phrase used in the **Application** and any term defined in this Policy will waive or change any of the terms and conditions of this Policy.
- (C) **"Claim"** shall have the meaning set forth in the applicable **Liability Coverage Section**.
- (D) **"Defense Expenses"** means reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses incurred in defending any **Claim**, including the cost of **E-Discovery Consultant Services**, and the premium for appeal, attachment or similar bonds. **Defense Expenses** does not include any remuneration, salaries, wages, fees, overhead or benefit expenses of any **Insured**.
- (E) **"Domestic Partner"** means any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by the **Organization**.
- (F) **"E-Consultant Firm"** means any e-discovery consulting firm selected by the Underwriter to perform **E-Discovery Consultant Services** in connection with a **Claim**.

- (G) **"E-Discovery Consultant Services"** means the following services performed by an **E-Consultant Firm**:
- (1) assisting the **Insured** with managing and minimizing the internal and external costs associated with the development, collection, storage, organization, cataloging, preservation and/or production of electronically stored information ("**E-Discovery**");
  - (2) assisting the **Insured** in developing or formulating an **E-Discovery** strategy which shall include interviewing qualified and cost effective **E-Discovery** vendors;
  - (3) serving as project manager, advisor and/or consultant to the **Insured**, defense counsel and the Underwriter in executing and monitoring the **E-Discovery** strategy; and
  - (4) such other services provided by the **E-Consultant Firm** that the **Insured**, the Underwriter and **E-Consultant Firm** agree are reasonable and necessary given the circumstances of the **Claim**.
- (H) **"Executive"** shall have the meaning set forth in the applicable Coverage Section.
- (I) **"Financial Impairment"** means the status of an **Organization** resulting from:
- (1) the appointment by any state or federal official, agency or court of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate such **Organization**; or
  - (2) such **Organization** becoming a debtor in possession under the United States bankruptcy law or the equivalent of a debtor in possession under the law of any other country.
- (J) **"First-Party Incident"** shall have the meaning set forth in the Information Risk and Recovery Coverage Section.
- (K) **"Foreign Jurisdiction"** means any jurisdiction, other than the United States of America or any of its territories or possessions.
- (L) **"Insured"** shall have the meaning set forth in the applicable Coverage Section.
- (M) **"Insured Person"** shall have the meaning set forth in the applicable **Liability Coverage Section**.
- (N) **"Liability Coverage Section"** means the Directors, Officers and Organization Liability, Employment Practices Liability, Fiduciary Liability, Miscellaneous Professional Liability, Information Risk and Recovery and Employed Lawyers Professional Liability Coverage Sections of this Policy, if purchased as stated in ITEM 3 of the Declarations.
- (O) **"Loss"** shall have the meaning set forth in the applicable **Liability Coverage Section**.
- (P) **"Management Control"** shall mean: (1) owning interests representing more than fifty percent (50%) of the voting, appointment or designation power for the selection of a majority of the Board of Directors of a corporation or organization, the management committee members of a joint venture or partnership, or the members of the management board of a limited liability company; or (2) having the right, pursuant to written contract or the by-laws, charter, operating agreement or similar documents of an organization, to elect, appoint or designate a majority of the Board of Directors of a corporation or organization, the management committee of a joint venture or partnership or the management board of a limited liability company.
- (Q) **"Named Organization"** means the entity designated as such in ITEM 1 of the Declarations.
- (R) **"Occurrence"** shall have the meaning set forth in the Crime Coverage Section.

- (S) **"Organization"** means: (1) the **Named Organization**; (2) subject to the provisions of Section XI of these General Terms and Conditions, any **Subsidiary** thereof; and (3) any **Affiliate** listed by written endorsement to this Policy, but solely with respect to the Coverage Section(s) indicated on such endorsement. **Organization** shall also mean the **Named Organization** or any such **Subsidiary** in its capacity as a debtor in possession.
- (T) **"Per Occurrence Limit of Liability"** means the applicable Per Occurrence Limit of Liability stated in ITEM 9 of the Declarations.
- (U) **"Policy Aggregate Limit of Liability"** means the Policy Aggregate Limit of Liability stated in ITEM 4 of the Declarations.
- (V) **"Policy Period"** means the period from the Inception Date of this Policy stated in ITEM 2(a) of the Declarations to the Expiration Date of this Policy stated in ITEM 2(b) of the Declarations or to any earlier cancellation of this Policy.
- (W) **"Related Claims"** means all **Claims** for **Wrongful Acts** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving the same or related facts, circumstances, situations, transactions or events or the same or related series of facts, circumstances, situations, transactions or events, whether related logically, causally or in any other way.
- (X) **"Separate Limit of Liability"** means the applicable Separate Limit of Liability, if any, stated in ITEM 4 of the Declarations.
- (Y) **"Shared Limit of Liability"** means the applicable Shared Limit of Liability, if any, stated in ITEM 4 of the Declarations, which limit of liability shall be shared between all **Liability Coverage Sections** listed below such Shared Limit of Liability in the Declarations.
- (Z) **"Subsidiary"** means, subject to the provisions of Section XI of these General Terms and Conditions, any not-for-profit entity, and any for-profit entity whose securities are not publicly traded, during any time which the **Named Organization** has **Management Control** of such entity, either directly or through one or more **Subsidiaries**.
- (AA) **"Wrongful Act"** shall have the meaning set forth in the applicable **Liability Coverage Section**.

### III. LIMITS OF LIABILITY

- (A) With respect to the **Liability Coverage Sections**, the following shall apply:

(1) **Policy Aggregate Limit of Liability**

The **Policy Aggregate Limit of Liability** stated in ITEM 4 of the Declarations is the maximum limit of the Underwriter's liability for all **Loss** under all **Liability Coverage Sections** combined resulting from all **Claims** or **Related Claims** and all **First-Party Incidents** (if the Information Risk and Recovery Coverage Section is purchased as stated in ITEM 3 of the Declarations) for which such **Liability Coverage Sections** provide coverage.

(2) **Separate Limits of Liability**

If a **Separate Limit of Liability** is stated in ITEM 4 of the Declarations for any **Liability Coverage Section**, then such **Separate Limit of Liability** shall be the maximum limit of the Underwriter's liability for all **Loss** under such **Liability Coverage Section** resulting from all **Claims** or **Related Claims** and all **First-Party Incidents** (with respect to the Information Risk and Recovery Coverage Section) for which such **Liability Coverage Section** provides coverage. Any such **Separate Limit of Liability** shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** stated in ITEM 4 of the Declarations and shall in no way serve to increase such **Policy Aggregate Limit of Liability**.

(3) **Shared Limits of Liability**

If a **Shared Limit of Liability** is stated in ITEM 4 of the Declarations for any **Liability Coverage Sections**, then such **Shared Limit of Liability** shall be the maximum limit of the Underwriter's liability for all **Loss** under all **Liability Coverage Sections** to which such **Shared Limit of Liability** is applicable, as indicated in ITEM 4 of the Declarations, resulting from all **Claims** or **Related Claims** and all **First-Party Incidents** (with respect to the Information Risk and Recovery Coverage Section) for which such **Liability Coverage Sections** provide coverage. Any such **Shared Limit of Liability** shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** stated in ITEM 4 of the Declarations and shall in no way serve to increase such **Policy Aggregate Limit of Liability**.

(4) **Policy Aggregate Sublimit for E-Discovery Consultant Services**

The Policy Aggregate Sublimit for E-Discovery Consultant Services stated in ITEM 4 of the Declarations shall be the maximum limit of the Underwriter's liability for all **E-Discovery Consultant Services** resulting from all **Claims** or **Related Claims** under all **Liability Coverage Sections** combined. Such Policy Aggregate Sublimit for E-Discovery Consultant Services shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and the **Separate Limit of Liability** or **Shared Liability of Liability** applicable under such **Liability Coverage Sections**.

(5) **Defense Expenses** are part of and not in addition to the applicable Limits of Liability stated in ITEM 4 of the Declarations, and payment of **Defense Expenses** by the Underwriter will reduce, and may exhaust, such applicable Limits of Liability.

(6) In the event that a **Claim** is covered under more than one **Liability Coverage Section**, then the maximum limit of the Underwriter's liability for all **Loss** resulting from such **Claim** shall not exceed the largest single applicable Limit of Liability available under any such **Liability Coverage Section**.

(7) If the **Separate Limit of Liability** or **Shared Limit of Liability** applicable to any **Liability Coverage Section** is exhausted by the Underwriter's payment of **Loss**, all obligations of the Underwriter under such **Liability Coverage Section(s)** will be completely fulfilled and exhausted, and the premium for such **Liability Coverage Section(s)** will be fully earned.

(B) With respect to the Crime Coverage Section, the following shall apply:

The applicable **Per Occurrence Limit of Liability** stated in ITEM 9 of the Declarations shall be the maximum limit of the Underwriter's liability for all loss resulting from an **Occurrence**, regardless of the number of **Insureds** sustaining such loss.

**IV. RETENTIONS**

(A) The Retentions stated in ITEM 5 of the Declarations are separate Retentions pertaining only to the **Liability Coverage Section** for which they are stated in the Declarations, subject to paragraph (D) below.

(B) No retention shall apply to the first \$25,000 of **E-Discovery Consultant Services** incurred by the **Insured** in connection with a **Claim**.

(C) In the event that different Retentions apply to a **Claim** covered under one **Liability Coverage Section**, it is understood and agreed that only one Retention shall apply to such **Claim**, which shall be the single highest applicable Retention.

- (D) In the event a **Claim** is covered under more than one **Liability Coverage Section**, it is understood and agreed that only one Retention shall apply to such **Claim**, which shall be the single highest applicable Retention.

#### V. SPOUSES, ESTATES AND LEGAL REPRESENTATIVES

- (A) Subject to all limitations, conditions, provisions and other terms of these General Terms and Conditions and of any applicable **Liability Coverage Section**, coverage shall extend to **Claims** for the **Wrongful Acts** of an **Insured Person** made against:
- (1) the estate, heirs, legal representatives or assigns of such **Insured Person** if such **Insured Person** is deceased or the legal representatives or assigns of such **Insured Person** if such **Insured Person** is incompetent, insolvent or bankrupt; or
  - (2) the lawful spouse or **Domestic Partner** of such **Insured Person** solely by reason of such spouse's or **Domestic Partner's** status as a spouse or **Domestic Partner**, or such spouse's or **Domestic Partner's** ownership interest in property which the claimant seeks as recovery for an alleged **Wrongful Act** of such **Insured Person**.
- (B) All provisions of these General Terms and Conditions and of any applicable **Liability Coverage Section**, including without limitation the Retention, that are applicable to **Loss** incurred by the **Insured Person** shall also apply to loss incurred by the estate, heirs, legal representatives, assigns, spouse and/or **Domestic Partner** of such **Insured Person**. The coverage extended pursuant to this Section V shall not apply with respect to any loss resulting from an actual or alleged act, error or omission by an **Insured Person's** estate, heirs, legal representatives, assigns, spouse or **Domestic Partner**.

#### VI. CLAIM DEFENSE

- (A) If Duty to Defend coverage is provided with respect to the **Liability Coverage Sections**, as indicated in ITEM 8 of the Declarations, the Underwriter will have the right and duty to defend any **Claim** covered under a **Liability Coverage Section** through counsel of its choice, even if the allegations of such **Claim** are groundless, false, or fraudulent; provided, that the Underwriter's obligation to defend any **Claim** covered under such **Liability Coverage Section** is subject to the applicable Retention and Coinsurance Percentage and the Underwriter's applicable Limits of Liability stated in ITEM 4 of the Declarations. The Underwriter will have no obligation to defend or continue to defend any **Claim** after the Underwriter's applicable Limits of Liability have been exhausted by the payment of **Loss**.
- (B) If Reimbursement coverage is provided with respect to the **Liability Coverage Sections**, as indicated in ITEM 8 of the Declarations:
- (1) It shall be the duty of the **Insureds** and not the duty of the Underwriter to defend any **Claim** covered under a **Liability Coverage Section**. The Underwriter shall have the right to participate with the **Insureds** in the investigation, defense and settlement of any **Claim**, including but not limited to the selection of appropriate defense counsel and the negotiation of a settlement of any **Claim** that appears reasonably likely to be covered in whole or in part by such **Liability Coverage Section**.
  - (2) Upon written request, the Underwriter will pay **Defense Expenses** owed under a **Liability Coverage Section** on a current basis no later than sixty (60) days after receipt by the Underwriter of itemized bills for such **Defense Expenses**. Such advanced payments by the Underwriter shall be repaid to the Underwriter by the **Insureds** severally according to their respective interests in the event and to the extent that the **Insureds** shall not be entitled to payment of such **Defense Expenses** under such **Liability Coverage Section**. As a condition of any payment of **Defense Expenses** before the final disposition of a **Claim**, the Underwriter may require a written undertaking on terms and conditions satisfactory to the Underwriter guaranteeing the repayment of any **Defense Expenses** paid to or on behalf of any **Insured** if it is finally determined that any such **Claim** or portion of any **Claim** is not covered under such

**Liability Coverage Section.** Except for **Defense Expenses** paid in accordance with this paragraph (2), the Underwriter will have no obligation to pay any **Loss** before the final disposition of a **Claim**.

## VII. ALLOCATION

- (A) If Duty to Defend coverage is provided with respect to the **Liability Coverage Sections**, as indicated in ITEM 8 of the Declarations, and there is a **Claim** under a **Liability Coverage Section** in which both **Loss** covered by such **Liability Coverage Section** and loss not covered by such **Liability Coverage Section** are incurred, either because such **Claim** made against the **Insureds** includes both covered and uncovered matters, or because such **Claim** is made against both **Insureds** and others not included within the definition of "**Insured**," then such covered **Loss** and uncovered loss shall be allocated as follows:
- (1) one hundred percent (100%) of **Defense Expenses** incurred by the **Insureds** in connection with such **Claim** shall be allocated to covered **Loss**; and
  - (2) all loss, other than **Defense Expenses**, incurred by the **Insureds** in connection with such **Claim** shall be allocated between covered **Loss** and uncovered loss based upon the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and/or settlement of the **Claim** by the **Insured Persons**, the **Organization** and others. In making such a determination, the **Organization**, the **Insured Persons** and the Underwriter agree to use their best efforts to determine a fair and proper allocation of all such amounts. In the event that the Underwriter and the **Insureds** do not reach an agreement with respect to an allocation, then the Underwriter shall be obligated to make an interim payment of the amount of **Loss** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of this Policy and applicable law.
- (B) If Reimbursement coverage is provided with respect to the **Liability Coverage Sections**, as indicated in ITEM 8 of the Declarations, and there is a **Claim** under a **Liability Coverage Section** in which both **Loss** covered by such **Liability Coverage Section** and loss not covered by such **Liability Coverage Section** are incurred, either because such **Claim** made against the **Insureds** includes both covered and uncovered matters, or because such **Claim** is made against both **Insureds** and others not included within the definition of "**Insured**," the **Organization**, the **Insured Persons** and the Underwriter agree to use their best efforts to determine a fair and proper allocation of all such amounts. The Underwriter's obligation to pay **Loss** under such **Liability Coverage Section** shall relate only to those sums allocated to the **Insureds**. In making such determination, the parties shall take into account the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and/or settlement of the **Claim** by the **Insured Persons**, the **Organization** and others. In the event that the Underwriter and the **Insureds** do not reach an agreement with respect to an allocation, then the Underwriter shall be obligated to make an interim payment of the amount of **Loss** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of this Policy and applicable law.

## VIII. NOTICE

- (A) Any notice to the Underwriter with respect to any Coverage Section shall designate the Coverage Section under which notice is being given and shall be treated as notice only under the Coverage Section(s) so designated.
- (B) Notice to the Underwriter shall be sent to the address designated in ITEM 14 of the Declarations. Any such notice to the Underwriter shall be effective on the date of receipt by the Underwriter at such address.
- (C) Notice to the **Insured** shall be sent to the **Named Organization** at the address designated in ITEM 1 of the Declarations.

## IX. TERRITORY

Coverage shall extend anywhere in the world. Any payments under this Policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

## X. EXTENDED REPORTING PERIOD

If any **Liability Coverage Section** is canceled for any reason other than non-payment of premium or is not renewed by the Underwriter or the **Named Organization**, then solely with respect to such **Liability Coverage Section** that was canceled or not renewed, an additional period of time during which **Claims** may be reported under this Policy (an "Extended Reporting Period") shall be made available as described in this Section X, but any such Extended Reporting Period shall apply only to **Claims for Wrongful Acts** committed or allegedly committed before the effective date of such cancellation or non-renewal ("Termination Date") or the effective date of any event described in Section XI (B) or (C) below, whichever is earlier. No Extended Reporting Period shall in any way increase the Underwriter's Limits of Liability stated in ITEM 4 of the Declarations, and the Underwriter's Limits of Liability for **Claims** made during any Extended Reporting Period shall be part of, and not in addition to, the applicable Limits of Liability stated in ITEM 4 of the Declarations. The offer of renewal terms, conditions, limits of liability, retentions or premium different from those in effect prior to renewal shall not constitute cancellation or refusal to renew for purposes of this Section X.

The **Named Organization** may purchase an Extended Reporting Period for one of the periods of time stated in ITEM 13 of the Declarations by notifying the Underwriter in writing of its intention to do so no later than sixty (60) days after the Termination Date. The additional premium for an Extended Reporting Period shall equal the applicable percentage, as stated in ITEM 13 of the Declarations, of the full annual premium (including any premium adjustments made during the **Policy Period**) for the applicable **Liability Coverage Section**, and must be paid no later than sixty (60) days after the Termination Date. The entire additional premium shall be deemed fully earned upon inception of such Extended Reporting Period.

If no election to purchase an Extended Reporting Period is made as described above, or if the additional premium for any such Extended Reporting Period is not paid within sixty (60) days after the Termination Date, there will be no right to purchase any Extended Reporting Period at any later time.

## XI. CHANGES IN EXPOSURE

### (A) Acquisition/Creation of Another Organization

(1) If before or during the **Policy Period** any **Organization**:

- (a) acquires **Management Control** in another organization or creates another organization, which as a result of such acquisition or creation becomes a **Subsidiary**; or
- (b) acquires another organization by merger into or consolidation with the **Organization** such that the **Organization** is the surviving entity,

then with respect to:

- (i) any **Liability Coverage Section**, other than the Employed Lawyers Professional Liability Coverage Section: coverage shall be provided for such other organization and its **Insureds** solely for **Wrongful Acts** committed or allegedly committed after the effective date of such acquisition or creation unless the Underwriter agrees, after presentation of a complete application and all other appropriate information, to provide coverage by written endorsement for **Wrongful Acts** committed or allegedly committed before such acquisition or creation;

- (ii) the Information Risk and Recovery Coverage Section, if purchased as stated in ITEM 3 of the Declarations: coverage shall be provided for such organization and its **Insureds** for a **First-Party Incident** that occurred and was discovered (as required by Insuring Agreement (B) of such Information Risk and Recovery Coverage Section) after the effective date of such acquisition or creation;
  - (iii) the Employed Lawyers Professional Liability Coverage Section, if purchased as stated in ITEM 3 of the Declarations: coverage shall be provided for natural persons who became **Insureds** as a result of such acquisition or creation solely for **Wrongful Acts** committed or allegedly committed after the effective date of such acquisition or creation unless the Underwriter agrees, after presentation of a complete application and all other appropriate information, to provide coverage by written endorsement for **Wrongful Acts** committed or allegedly committed before such acquisition or creation; or
  - (iv) the Crime Coverage Section, if purchased as stated in ITEM 3 of the Declarations: coverage shall be provided for such other organization and its **Insureds** after the effective date of such event, pursuant to Section VI(E), Liability for Prior Losses, of such Crime Coverage Section.
- (2) If, at the time of an acquisition or creation described in paragraph (A)(1) above:
- (a) the total assets of any such acquired or created organization exceed thirty-five percent (35%) of the total assets of the **Organization** (as reflected in the most recent audited consolidated financial statements of such organization and the **Organization**, respectively, as of the date of such acquisition or creation); or
  - (b) solely with respect to the Employment Practices Liability Coverage Section, if purchased as stated in ITEM 3 of the Declarations, the total number of employees of the acquired or created organization exceeds thirty-five percent (35%) of the total number of employees of the **Organization** immediately prior to the acquisition or creation,

then the **Organization** shall provide the Underwriter written notice of such acquisition or creation, containing full details thereof, as soon as practicable, but in no event later than ninety (90) days after the date of such acquisition or creation, and the Underwriter, in its sole discretion, may require additional terms, conditions and limitations of coverage and additional premium shall be paid. If the **Organization** fails to give such notice within the time specified in the preceding sentence, or fails to pay the additional premium required by the Underwriter, then no coverage will be available for such acquired or created organization (if applicable) and its **Insureds**: (i) for any **Claim** first made more than ninety (90) days after such acquisition or creation; or (ii) with respect to the Information Risk and Recovery Coverage Section, if purchased as stated in ITEM 3 of the Declarations, for any **First-Party Incident** that occurred or is discovered more than ninety (90) days after such acquisition or creation. Provided, however, that the asset and employee count limitations set forth in this paragraph (A)(2) shall not apply to the **Organization's** acquisition or creation of a not-for-profit organization that is within the scope of paragraph (A)(1) above.

(B) **Acquisition by Another Organization**

If:

- (1) the **Named Organization** merges into or consolidates with another organization and the **Named Organization** is not the surviving entity; or
- (2) another organization or person or group of organizations and/or persons acting in concert acquires **Management Control**, or all or substantially all of the assets, of the **Named Organization**,

then coverage under this Policy with respect to:

- (a) any **Liability Coverage Section**: shall continue until termination of such Coverage Section, but only with respect to **Claims for Wrongful Acts** committed or allegedly committed before such merger, consolidation or acquisition;
- (b) the Information Risk and Recovery Coverage Section, if purchased as stated in ITEM 3 of the Declarations: shall terminate with respect to any **First-Party Incident** that occurs after such merger, consolidation or acquisition; or
- (c) the Crime Coverage Section, if purchased as stated in ITEM 3 of the Declarations: shall terminate as of the date of such merger, consolidation or acquisition.

Upon the occurrence of any event described in paragraph (B)(1) or (2) above, the entire premium for this Policy shall be deemed fully earned. The **Named Organization** shall give written notice of such merger, consolidation or acquisition to the Underwriter as soon as practicable, but in no event later than ninety (90) days after the date of such merger, consolidation or acquisition, together with such other information as the Underwriter may require. Upon receipt of such notice and information and at the request of the **Named Organization**, the Underwriter shall provide to the **Named Organization** a quotation for an extension of coverage (for such period as may be negotiated between the Underwriter and the **Named Organization**) with respect to **Claims for Wrongful Acts** committed or allegedly committed before such merger, consolidation or acquisition. Any coverage extension pursuant to such quotation shall be subject to such additional or different terms, conditions and limitations of coverage and payment of such additional premium as the Underwriter, in its sole discretion, may require.

(C) **Cessation of Subsidiary**

In the event an organization ceases to be a **Subsidiary** before or during the **Policy Period**, then with respect to:

- (1) any **Liability Coverage Section**, other than the Employed Lawyers Professional Liability Coverage Section: coverage with respect to such former **Subsidiary** and its **Insureds** shall continue until termination of such Coverage Section, but only with respect to **Claims for Wrongful Acts** committed or allegedly committed while such organization was a **Subsidiary**;
- (2) the Information Risk and Recovery Coverage Section, if purchased as stated in ITEM 3 of the Declarations: coverage with respect to such former **Subsidiary** and its **Insureds** shall terminate with respect to any **First-Party Incident** that occurs after such organization ceased to be a **Subsidiary**;
- (3) the Employed Lawyers Professional Liability Coverage Section, if purchased as stated in ITEM 3 of the Declarations: coverage with respect to the **Insureds** of such former **Subsidiary** shall continue until termination of such Coverage Section, but only with respect to **Claims for Wrongful Acts** committed or allegedly committed while such organization was a **Subsidiary**; or
- (4) the Crime Coverage Section, if purchased as stated in ITEM 3 of the Declarations: such former **Subsidiary** and its **Insureds** shall cease to be **Insureds** as of the effective date of such cessation, and coverage under such Crime Coverage Section shall thereafter apply only as provided in such Crime Coverage Section.

## XII. VALUATION AND FOREIGN CURRENCY

All premiums, limits, retentions, loss and other amounts under this Policy are expressed and payable in the currency of the United States of America. Except as otherwise provided in any Coverage Section, if a judgment is rendered, a settlement is denominated or any element of loss under this Policy is stated in a currency other than United States of America dollars, payment under this Policy shall be made in United States of America dollars at the rate of exchange published in *The Wall Street Journal* on the date the judgment becomes final, the amount of the settlement is agreed upon or any element of loss is due, respectively.

## XIII. ASSISTANCE AND COOPERATION

In the event of a **Claim, First-Party Incident** or **Occurrence**, the **Insured** shall provide the Underwriter with all information, assistance and cooperation that the Underwriter reasonably requests. At the Underwriter's request, the **Insured** shall assist in: investigating, defending and settling **Claims, First-Party Incidents** or **Occurrences**; enforcing any right of contribution or indemnity against another who may be liable to any **Insured**; the conduct of actions, suits, appeals or other proceedings, including, but not limited to, attending trials, hearings and depositions; securing and giving evidence; and obtaining the attendance of witnesses. The failure of any **Insured Person** to provide the Underwriter such information, assistance or cooperation shall not impair the rights of any other **Insured Person** under this Policy.

## XIV. SUBROGATION

In the event of any payment hereunder, the Underwriter shall be subrogated to the extent of any payment to all of the rights of recovery of the **Insureds**. The **Insureds** shall execute all papers and do everything necessary to secure such rights, including the execution of any documents necessary to enable the Underwriter effectively to bring suit in its name. The **Insureds** shall do nothing that may prejudice the Underwriter's position or potential or actual rights of recovery. The obligations of the **Insureds** under this Section XIV shall survive the expiration or termination of this Policy.

In no event, however, shall the Underwriter seek subrogation against any **Insured** under this Policy unless:

- (A) such **Insured** has been convicted of a criminal act;
- (B) it has been determined by a final and non-appealable adjudication in any judicial or administrative proceeding, other than an action or proceeding commenced by the Underwriter to determine coverage under this Policy, that such **Insured** committed a deliberately fraudulent or dishonest act or omission, or willfully violated any statute, rule or law; or
- (C) it has been determined by a final and non-appealable adjudication in any judicial or administrative proceeding, other than an action or proceeding commenced by the Underwriter to determine coverage under this Policy, that such **Insured** gained any profit, remuneration or advantage to which such **Insured** was not legally entitled.

## XV. NO ACTION AGAINST UNDERWRITER

- (A) No action shall be taken against the Underwriter by any **Insured** unless, as conditions precedent thereto, the **Insured** has fully complied with all of the terms of this Policy and the amount of the **Insured's** obligation to pay has been finally determined either by judgment against the **Insured** after adjudicatory proceedings, or by written agreement of the **Insured**, the claimant and the Underwriter.
- (B) No individual or entity shall have any right under this Policy to join the Underwriter as a party to any **Claim** to determine the liability of any **Insured**; nor shall the Underwriter be impleaded by an **Insured** or his, her or its legal representative in any such **Claim**.

**XVI. NAMED ORGANIZATION RIGHTS AND OBLIGATIONS**

The **Named Organization** will act on behalf of all **Insureds** with respect to: the giving or receiving of any notices under this Policy; the payment of premiums to, and receiving of return premiums from, the Underwriter; the receiving and acceptance of any endorsements issued to form a part of this Policy; and the exercising or declining to exercise any Extended Reporting Period.

**XVII. CHANGES**

Notice to or knowledge possessed by any agent or other person acting on behalf of the Underwriter shall not effect a waiver or change in any part of this Policy or prevent or estop the Underwriter from asserting any right(s) under this Policy. This Policy can only be altered, waived or changed by written endorsement issued to form a part of this Policy.

**XVIII. ASSIGNMENT**

No assignment of interest under this Policy shall bind the Underwriter without its written consent issued as a written endorsement to form a part of this Policy.

**XIX. CANCELLATION/NONRENEWAL**

- (A) The Underwriter may not cancel this Policy except for the **Named Organization's** failure to pay a premium when due, in which case twenty (20) days' written notice will be given to the **Named Organization** by the Underwriter. Notwithstanding the foregoing, if the Underwriter receives no premium whatsoever by the premium due date and no premium whatsoever is received by the last day of such twenty (20) day notice period, the Underwriter may cancel this Policy as of the Inception Date set forth in ITEM 2(a) of the Declarations.
- (B) This Policy may be cancelled by the **Named Organization** at any time by mailing written notice to the Underwriter stating when thereafter such cancellation will be effective. In such event, the earned premium will be computed *pro rata*. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
- (C) The Underwriter will not be required to renew this Policy upon its expiration. The Underwriter will provide the **Named Organization** with sixty (60) days' notice of any non-renewal.

**XX. TERMINATION OF PRIOR BONDS OR POLICIES**

Any bonds or policies issued by the Underwriter or its affiliates and stated in ITEM 11 of the Declarations shall terminate, if not already terminated, as of the Inception Date of this Policy stated in ITEM 2(a) of the Declarations.

**XXI. INSOLVENCY OF INSURED**

The Underwriter will not be relieved of any of its obligations under this Policy by the bankruptcy or insolvency of any **Insured** or his/her/its estate.

**XXII. RISK MANAGEMENT**

The Underwriter directly or indirectly may make available risk management services in connection with this Policy for the purpose of managing and reducing the risks covered under this Policy. Such risk management services may cease or change in the Underwriter's sole discretion at any time.

**XXIII. ENTIRE AGREEMENT**

The **Insureds** agree that this Policy, including the **Application**, Declarations and any endorsements, constitutes the entire agreement between them and the Underwriter or any of its agents relating to this insurance.

**XXIV. HEADINGS**

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

SPECIMEN

**HEALTHCARE ORGANIZATION  
MANAGEMENT LIABILITY POLICY**

**Directors, Officers & Organization  
Liability Coverage Section**



In consideration of payment of the premium and subject to the Declarations, the General Terms and Conditions, and the terms, conditions and limitations of this Coverage Section, the Underwriter and the **Insureds** agree as follows:

**I. INSURING AGREEMENTS**

**(A) Insured Person Non-Indemnified Loss Coverage:**

The Underwriter will pay, on behalf of an **Insured Person**, **Loss** for which an **Insured Person** is not indemnified by the **Organization** from any **Claim** first made against an **Insured Person** during the **Policy Period** or applicable Extended Reporting Period for a **Wrongful Act**; provided, that such **Claim** is reported to the Underwriter in accordance with Section VII of this Coverage Section.

**(B) Insured Person Indemnified Liability Coverage:**

The Underwriter will pay, on behalf of the **Organization**, **Loss** for which the **Organization** grants indemnification to an **Insured Person**, as permitted or required by law, from any **Claim** first made against an **Insured Person** during the **Policy Period** or applicable Extended Reporting Period for a **Wrongful Act**; provided, that such **Claim** is reported to the Underwriter in accordance with Section VII of this Coverage Section.

**(C) Organization Liability Coverage:**

The Underwriter will pay, on behalf of the **Organization**, **Loss** from any **Claim** first made against the **Organization** during the **Policy Period** or applicable Extended Reporting Period for a **Wrongful Act**; provided, that such **Claim** is reported to the Underwriter in accordance with Section VII of this Coverage Section.

**(D) Stakeholder Derivative Demand Coverage:**

Upon satisfactory proof of payment by the **Organization**, the Underwriter will reimburse the **Organization**, up to the Stakeholder Derivative Demand Sublimit stated in ITEM 4 of the Declarations, for **Investigative Costs** actually paid by the **Organization** in connection with any **Stakeholder Derivative Demand** first made during the **Policy Period** or applicable Extended Reporting Period; provided, that such **Stakeholder Derivative Demand** is reported to the Underwriter in accordance with Section VII of this Coverage Section.

**(E) Crisis Management Reimbursement Coverage:**

Upon satisfactory proof of payment by the **Organization**, the Underwriter will reimburse the **Organization**, up to the D&O Crisis Management Expenses Limit stated in ITEM 4 of the Declarations, for **Crisis Management Expenses** actually paid by the **Organization** in connection with a **Crisis Management Event** that first occurs during the **Policy Period**; provided, that such **Crisis Management Event** is reported to the Underwriter in accordance with Section VII of this Coverage Section.

(F) **Additional Limit of Liability Dedicated for Executives (Optional):**

- (1) The Additional Limit of Liability Dedicated for Executives, if purchased as stated in ITEM 3 of the Declarations, will be an additional limit of liability in the amount stated in ITEM 4 of the Declarations, which amount is in addition to, and not part of, the **Policy Aggregate Limit of Liability** or any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.
- (2) The Additional Limit of Liability Dedicated for Executives is available solely for **Loss** resulting from any **Claim** made against any **Executive** covered under Insuring Agreement (A) of this Coverage Section.
- (3) The Additional Limit of Liability Dedicated for Executives shall be excess of any insurance available that is specifically excess to this Policy and such excess insurance must be completely exhausted by payment of loss, damages or defense expenses thereunder before the Underwriter shall have any obligation to make any payment on account of the Additional Limit of Liability Dedicated for Executives.

**II. DEFINITIONS**

- (A) "**Antitrust Claim**" means any **Claim** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any **Antitrust Violation**.
- (B) "**Antitrust Violation**" means any actual or alleged: price fixing (including horizontal or other price fixing of wages, hours, salaries, compensation, benefits or any other terms and conditions of employment); restraint of trade; monopolization; or violation of the Interstate Commerce Act of 1887, the Sherman Antitrust Act of 1890, the Clayton Act of 1914, the Robinson-Patman Act of 1936, the Cellar-Kefauver Act of 1950, the Federal Trade Commission Act of 1914, or any other federal statute involving antitrust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade activities, or of any regulations promulgated under or in connection with any of the foregoing statutes, or of any similar provision of any federal, state or local statute, ordinance, regulation or common law.
- (C) "**Claim**" means:
  - (1)(a) a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation); or
  - (b) a civil, criminal, administrative, regulatory or arbitration proceeding for monetary, non-monetary or injunctive relief commenced by:
    - (i) the service of a complaint or similar pleading;
    - (ii) the return of an indictment, information or similar document (in the case of a criminal proceeding); or
    - (iii) the filing of a notice of charges, formal investigative order or similar document, against an **Insured** for a **Wrongful Act**;
  - (2) a civil, criminal, administrative or regulatory investigation of an **Insured Person** for a **Wrongful Act** commenced by the service upon or other receipt by such **Insured Person** of a written notice from the investigating authority (including any "Wells" notice) specifically identifying such **Insured Person** as a target individual against whom a civil, criminal, administrative or regulatory proceeding may be commenced;
  - (3) an official request for **Extradition** against an **Insured Person** for a **Wrongful Act**;
  - (4) a **Regulatory Claim**; and

- (5) for the purposes of coverage under Insuring Agreement (D) of this Coverage Section, a **Stakeholder Derivative Demand**;

provided, that **Claim** does not include any labor or grievance arbitration or other proceeding pursuant to a collective bargaining agreement.

- (D) **"Claim Services"** means the submission, handling, investigation, adjudication, denial, payment, or adjustment of claims for benefits or coverages under health care, consumer directed health care, behavioral health, prescription drug, dental, vision, long or short term disability, automobile medical payment, or workers' compensation plans.
- (E) **"Crisis Management Event"** means any of the following events which, in the good faith opinion of the **Organization**, did cause or is reasonably likely to cause material public harm to the **Organization**:
- (1) the death, incapacity or criminal indictment of any **Executive**, or any **Employee** on whom the **Organization** maintains key person life insurance;
  - (2) the public announcement of layoffs of **Employees**;
  - (3) the public announcement that the **Organization** has defaulted or intends to default on its debt;
  - (4) the public announcement that the **Organization** intends to file for bankruptcy protection or that a third party is seeking to file for involuntary bankruptcy on behalf of the **Organization**, or the imminence of bankruptcy proceedings, whether voluntary or involuntary;
  - (5) the public announcement or accusation that the **Organization** has caused bodily injury, sickness, disease, or death to a group of persons, or damage to or destruction of any tangible group of properties, including the loss of use thereof;
  - (6) the public announcement of the commencement or threat of commencement of governmental or regulatory proceedings against the **Organization** including, but not limited to, any such proceeding alleging violation of the Federal False Claims Act, or any anti-kickback, illegal remuneration, self-referral or healthcare fraud and abuse law; or
  - (7) the public announcement of the termination, suspension or limitation of an **Organization's** right to participate in any program of a federal, state or local governmental, regulatory or administrative agency.
- (F) **"Crisis Management Expenses"** means reasonable costs, charges, fees and expenses incurred by the **Organization** for **Crisis Management Services**. **Crisis Management Expenses** do not include any remuneration, salaries, wages, fees, overhead or benefit expenses of any **Insured**.
- (G) **"Crisis Management Firm"** means any public relations, crisis management firm or law firm retained by the **Organization** or its **Executives** with the consent of the Underwriter to perform **Crisis Management Services**.
- (H) **"Crisis Management Services"** means those services performed by a **Crisis Management Firm** in advising the **Organization** or any of its **Executives** on minimizing potential public harm to the **Organization** resulting from a **Crisis Management Event**.
- (I) **"Disqualified Person"** means a "disqualified person" as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended.

- (J) **"Employee"** means any employee of the **Organization**, whether such employee is in a supervisory, co-worker or subordinate position or otherwise, including any part-time, seasonal and temporary employee. **Employee** also includes:
- (1) any volunteer working for the **Organization**;
  - (2) any individual who is leased to, and working for, the **Organization**, but only if the **Organization** provides indemnification to such leased individual in the same manner as is provided to the **Organization's** employees;
  - (3) any independent contractor working for the **Organization**, but only if the **Organization** provides indemnification to such independent contractor, pursuant to a written contract, in the same manner as that provided to the **Organization's** employees; and
  - (4) any intern working for, and under the supervision of, the **Organization**.
- (K) **"Excess Benefit Transaction"** means an "excess benefit transaction" as that term is defined in Section 4958(c) of the Internal Revenue Code of 1986, as amended.
- (L) **"Excess Benefit Transaction Excise Tax"** means any excise tax imposed by the Internal Revenue Service on an **Insured Person** who is an **Organization Manager** as a result of such **Insured Person's** participation in an **Excess Benefit Transaction**.
- (M) **"Executive"** means any natural person who was, now is or becomes:
- (1) a duly elected or appointed director, officer, trustee, trustee emeritus, executive director, member of the Board of Managers, duly constituted committee member, member of an Advisory Board, in-house general counsel or risk manager of any **Organization** chartered in the United States of America; or
  - (2) a holder of a position equivalent to any position described in (1) above in any **Organization** that is chartered in a **Foreign Jurisdiction**.
- (N) **"Extradition"** means any formal process by which an **Insured Person** located in any country is surrendered to any other country for trial or to answer to a criminal accusation, or the execution of a warrant for the arrest of an **Insured Person** where the execution of such warrant is an element of the formal process of extradition.
- (O) **"Insured"** means the **Organization** and any **Insured Person**.
- (P) **"Insured Person"** means any natural person who was, now is or becomes:
- (1) an **Executive**;
  - (2) an **Employee**; or
  - (3) a staff physician or faculty member of the **Organization**, or a member of, or provider of administrative support to, any duly constituted review board or committee of the **Organization**, regardless of whether or not such person is directly employed by the **Organization** or is considered to be an independent contractor.
- (Q) **"Internal Revenue Code Violation"** means any actual or alleged violation by an **Insured** of any of the following sections of the Internal Revenue Code of 1986, as amended, involving any **Organization** that is exempt from taxation under the Internal Revenue Code of 1986, as amended:

Section 4911 (Taxes on Excess Expenditures to Influence Legislation);  
 Section 4941 (a) and (b) (Taxes on Self-Dealing);

Section 4942 (Taxes on Failure to Distribute Income);  
 Section 4943 (Taxes on Excess Business Holdings);  
 Section 4944 (Taxes on Investments which Jeopardize Charitable Purpose);  
 Section 4945 (Taxes on Taxable Expenditures);  
 Section 6652 (c) (1) (A)(B) (Penalties for Failure to File Certain Information Returns or Registration Statements);  
 Section 6655 (a)(1) (Penalties for Failure to Pay Estimated Income Taxes); or  
 Section 6656(a) and (b) (Penalties for Failure to Make Deposit of Taxes).

- (R) **"Investigative Costs"** means reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses incurred by the **Organization**, including its board of directors, Board of Managers or any committee thereof, in connection with such **Organization's** investigation or evaluation of any **Stakeholder Derivative Demand**. **Investigative Costs** does not include any remuneration, salaries, wages, fees, overhead or benefit expenses of any **Insured**.
- (S) **"Loss"** means:
- (1) for purposes of coverage under Insuring Agreements (A), (B) and (C) of this Coverage Section, **Defense Expenses** and any monetary amount which an **Insured** is legally obligated to pay as a result of a covered **Claim**, including but not limited to:
    - (a) monetary damages (including punitive or exemplary damages or the multiple portion of any multiplied damage award, to the extent such damages are insurable under the law of any jurisdiction which has a substantial relationship to the **Insureds**, this Policy or the **Claim** giving rise to such damages and which is most favorable to the insurability of such damages);
    - (b) judgments;
    - (c) settlements;
    - (d) pre- and post-judgment interest;
    - (e) **Excess Benefit Transaction Excise Taxes** that an **Insured Person** is obligated to pay as a result of a **Claim**; provided that **Loss** shall not include the twenty-five percent (25%) excise tax assessed against any **Disqualified Person** or the 200% tax assessed for failure to correct an **Excess Benefit Transaction**;
    - (f) civil fines and penalties levied against an **Insured**:
      - (i) for an **Internal Revenue Code Violation**;
      - (ii) for violation of the Emergency Medical Treatment and Active Labor Act, as amended ("EMTALA"); or
      - (iii) for violation of Title II of the Health Insurance Portability and Accountability Act of 1996; and
    - (g) civil penalties levied against an **Insured Person** pursuant to Section 2(g)(2)(B) of the Foreign Corrupt Practices Act;
  - (2) for purposes of coverage under Insuring Agreement (D) of this Coverage Section, **Investigative Costs**.

**Loss** does not include:

- (aa) any amount not insurable under the law pursuant to which this Coverage Section is construed, except as provided in paragraph (1)(a) above with respect to punitive or exemplary damages or the multiple portion of any multiplied damage award;
  - (bb) civil or criminal fines or penalties, except as provided in paragraph (1)(a) above with respect to punitive or exemplary damages or the multiple portion of any multiplied damage award and as provided in paragraphs (1)(f) and (1)(g) above with respect to the specified civil fines and penalties;
  - (cc) taxes or tax penalties (whether imposed by a federal, state, local or other governmental authority), except as provided in paragraph (1)(e) above with respect to any **Excess Benefit Transaction Excise Tax**;
  - (dd) any costs incurred by the **Organization** to comply with any order for injunctive or other non-monetary relief, or to comply with an agreement to provide such relief; or
  - (ee) any fees, profits, or other revenue lost, or any costs incurred, by an **Insured** in connection with the termination, suspension or limitation of such **Insured's** right to participate in any program of a federal, state or local governmental, regulatory or administrative agency.
- (T) **"Managed Care Activities"** means any of the following services or activities, whether provided on paper, in person, electronically, or in any other form and whether performed for or on behalf of the **Organization** or by the **Organization** for itself or on behalf of any other party for a fee: **Provider Selection; Utilization Review; Quality Improvement Organization Programs**; advertising, marketing, selling, or enrollment for health care, consumer directed health care, behavioral health, prescription drug, dental, vision, long or short term disability, automobile medical payment, or workers' compensation plans; **Claim Services**; establishing health care provider networks including tiered networks; provision of information with respect to tiered networks and/or consumer directed health care plans, including cost and quality information regarding specific providers, services or charges; reviewing the quality of **Medical Services** or providing quality assurance; design or implementation of financial incentive plans; design and/or implementation of Pay for Performance Programs; wellness or health promotion education; development or implementation of clinical guidelines, practice parameters or protocols; triage for payment of **Medical Services**; calculation of medical loss ratio and related distribution; and services or activities performed in the administration or management of health care, consumer directed health care, behavioral health, prescription drug, dental, vision, long or short term disability, automobile medical payment, or workers' compensation plans.
- (U) **"Medical Services"** means health care, medical care, or treatment provided to any individual, including medical, surgical, dental, psychiatric, mental health, chiropractic, osteopathic, nursing or other professional health care; the use, prescription, furnishing or dispensing of medications, drugs, blood, blood products or medical, surgical, dental or psychiatric supplies, equipment or appliances in connection with such care; the furnishing of food or beverages in connection with such care; counseling or other social services in connection with such care; and the handling of, or the performance of post-mortem examinations on human bodies.
- (V) **"Organization Manager"** means an "organization manager" as that term is defined in Section 4958(f) of the Internal Revenue Code, 26 U.S.C. § 4958(f).
- (W) **"Outside Capacity"** means service by an **Executive** in the position of director, officer, trustee, trustee emeritus or governor of an **Outside Entity**, but only during the time that such service is at the specific request or direction of the **Organization**.
- (X) **"Outside Entity"** means: (1) any not-for-profit entity that is not included in the definition of **Organization**; and (2) any for-profit entity specifically added as an **Outside Entity** by written endorsement to this Coverage Section.

- (Y) **"Personal Injury Wrongful Act"** means false arrest, wrongful detention or imprisonment, malicious prosecution, libel, slander, defamation of character, wrongful entry or eviction or other invasion of the right of occupancy.
- (Z) **"Pollutant"** means (1) any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by, the United States Environmental Protection Agency or any state, county, municipal or local counterpart thereof, including, without limitation, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials, or (2) any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products or any noise.
- (AA) **"Provider Selection"** means the evaluation, selection, credentialing, contracting with or performing peer review of any provider of **Medical Services**.
- (BB) **"Publisher Liability Wrongful Act"** means infringement of copyright or trademark, unauthorized use of title, plagiarism or misappropriation of ideas.
- (CC) **"Quality Improvement Organization Programs"** means services and activities to improve the effectiveness, efficiency, economy, and quality of care for beneficiaries under any government sponsored health care plan.
- (DD) **"Regulatory Claim"** means:
- (1) a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation);
  - (2) a search warrant, subpoena, notice of investigation or contact letter (including but not limited to any notice or letter received from a Recovery Audit Contractor (RAC)); or
  - (3) a civil, criminal, administrative, regulatory or arbitration proceeding (including but not limited to any qui tam action or relator lawsuit) for monetary, non-monetary or injunctive relief commenced by:
    - (a) the service of a complaint or similar pleading;
    - (b) the return of an indictment, information or similar document (in the case of a criminal proceeding); or
    - (c) the filing of a notice of charges, formal investigative order or similar document, brought by or on behalf of a federal, state or local governmental, regulatory or administrative agency or entity against an **Insured** for a **Regulatory Wrongful Act**; provided, that **Regulatory Claim** does not include any customary or routine audit or reconciliation involving an **Insured** by any federal, state or local governmental, regulatory or administrative agency or entity.
- (EE) **"Regulatory Wrongful Act"** means any actual or alleged violation of: the Federal False Claims Act or any similar federal, state or local statute or common law; any federal, state or local anti-kickback, illegal remuneration, self-referral or healthcare fraud and abuse law; or amendments to or regulations promulgated under any such law.
- (FF) **"Stakeholder"** means:
- (1) with respect to any not-for-profit **Organization**, any natural person member of such **Organization** who has an active interest that such **Organization** fulfill its mission;
  - (2) with respect to any for-profit **Organization**, any securityholder of such **Organization**.

- (GG) **"Stakeholder Derivative Demand"** means any written demand, by one or more **Stakeholders** of the **Organization** without the solicitation, assistance, active participation or intervention of any **Executive**, upon the board of directors or Board of Managers of such **Organization** to bring a civil proceeding in a court of law against any **Executive** for a **Wrongful Act** by such **Executive**.
- (HH) **"Utilization Review"** means the process of evaluating the appropriateness, necessity or cost of **Medical Services** for purposes of determining whether payment or coverage for such **Medical Services** will be authorized or paid for under any health care, consumer directed health care, behavioral health, prescription drug, dental, vision, long or short term disability, automobile medical payment or workers' compensation plans. **Utilization Review** shall include prospective review of proposed **Medical Services**; concurrent review of ongoing **Medical Services**; retrospective review of already rendered **Medical Services** or already incurred costs; disease management; case management; and the use of predictive modeling to identify individuals or populations for disease management or case management programs.
- (II) **"Wrongful Act"** means:
- (1) any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty by any **Insured Person** in his or her capacity as such, or any matter asserted against any **Insured Person** solely by reason of his or her status as such;
  - (2) for the purposes of Insuring Agreement (C) of this Coverage Section, any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty by the **Organization**;
  - (3) any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty by any **Executive** in his or her **Outside Capacity**; or
  - (4) with respect to both **Insured Persons** and the **Organization**, and subject to paragraphs (1), (2) and (3) above, any:
    - (a) **Antitrust Violation**;
    - (b) **Regulatory Wrongful Act**;
    - (c) act, error or omission in connection with the performance of, or failure to perform, **Provider Selection**;
    - (d) **Personal Injury Wrongful Act**; and
    - (e) **Publisher Liability Wrongful Act**.

### III. EXCLUSIONS

- (A) This Coverage Section does not apply to, and no coverage will be available under this Coverage Section for, **Loss** from any **Claim**:
- (1) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any fact, circumstance, situation, transaction, event or **Wrongful Act** that, before the Inception Date of this Policy stated in ITEM 2(a) of the Declarations, was the subject of any notice given and accepted under any directors and officers liability or other similar management liability policy or coverage section of which this Coverage Section is a direct or indirect renewal or replacement;
  - (2) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any prior and/or pending litigation or administrative, regulatory or arbitration proceeding against any **Insured** as of the applicable Pending or Prior Date stated in ITEM 3 of

the Declarations, or the same or substantially the same fact, circumstance, situation, transaction, event or **Wrongful Act** underlying or alleged therein;

- (3) brought by or on behalf of the **Organization** or any **Insured Person**; provided, that this EXCLUSION (A)(3) shall not apply to:
- (a) any **Stakeholder Derivative Demand**;
  - (b) any **Claim** brought or maintained derivatively on behalf of the **Organization** by a member, an attorney general, a securityholder or any other such representative party, provided such **Claim** is brought and maintained independently of, and without the solicitation, assistance, active participation or intervention of, any **Executive**, the **Organization** or any **Affiliate**;
  - (c) any **Claim** in the form of a cross-claim, third party claim or other claim for contribution or indemnity by any **Insured Person** which is part of or results directly from a **Claim** which is not otherwise excluded by the terms of this Coverage Section;
  - (d) in any bankruptcy proceeding by or against the **Organization**, any **Claim** brought by the examiner, creditors' committee, trustee, receiver, liquidator or rehabilitator (or any assignee thereof) of such **Organization**;
  - (e) any **Claim** brought or maintained by an **Executive** who has not served as a duly elected or appointed director, officer, trustee, governor, management committee member, member of the management board, general counsel or risk manager (or equivalent position) of, or consultant for, the **Organization** for at least two (2) years prior to the date such **Claim** is first made and who brings and maintains such **Claim** independently of, and without the solicitation, assistance, active participation or intervention of, the **Organization** or any other **Executive** who is serving or has served in any of the listed capacities within such two (2) year period;
  - (f) any **Claim** brought or maintained by an **Employee** who is not a past or present **Executive** if such **Claim** is brought and maintained independently of, and without the solicitation, assistance, active participation or intervention of, any **Executive**;
  - (g) any **Claim** brought or maintained by any provider of **Medical Services** relating to any **Provider Selection**;
  - (h) any **Claim** brought or maintained by any **Executive** of an **Organization** formed and operating in a **Foreign Jurisdiction** against such **Organization** or any other **Executive** thereof, provided such **Claim** is brought and maintained outside the United States of America, Canada or any other common law country (including any territories thereof); or
  - (i) any **Claim** brought or maintained as a result of the solicitation, assistance, active participation or intervention of an **Insured Person** where such solicitation, assistance, active participation or intervention is protected under 18 U.S.C. 1514A ("whistleblower" protection provided under the Sarbanes-Oxley Act of 2002) or any similar "whistleblower" protection provision of any federal, state or local statute, ordinance, regulation or common law;
- (4) for any **Wrongful Act** of an **Executive** in his or her **Outside Capacity**, if such **Claim** is brought by or on behalf of (a) the **Outside Entity** with which such **Executive** is serving or has served in an **Outside Capacity** or (b) any director, officer, trustee, governor or equivalent executive of such **Outside Entity**; provided, that this EXCLUSION (A)(4) shall not apply to:

- (i) any **Claim** brought or maintained derivatively on behalf of the **Outside Entity** by one or more securityholders or members of the **Outside Entity** who are not **Insured Persons** and are not directors, officers, trustees, governors or equivalent executives of the **Outside Entity** and who bring and maintain such **Claim** independently of, and without the solicitation, assistance or active participation of any **Insured Person** or of any director, officer, trustee, governor or equivalent executive of the **Outside Entity**;
  - (ii) any **Claim** in the form of a cross-claim, third party claim or other claim for contribution or indemnity by a director, officer, trustee, governor or equivalent executive of the **Outside Entity** which is part of or results directly from a **Claim** which is not otherwise excluded by the terms of this Coverage Section;
  - (iii) in any bankruptcy proceeding by or against the **Outside Entity**, any **Claim** brought by the examiner, creditors' committee, trustee, receiver, liquidator or rehabilitator (or any assignee thereof) of such **Outside Entity**;
  - (iv) any **Claim** brought or maintained by a director, officer, trustee, governor or equivalent executive of the **Outside Entity** who has not served as a duly elected or appointed director, officer, trustee, governor, management committee member, member of the management board, general counsel or risk manager (or equivalent position) of, or consultant for, the **Outside Entity** for at least two (2) years prior to the date such **Claim** is first made and who brings and maintains such **Claim** independently of, and without the solicitation, assistance or active participation of, any **Insured Person**, the **Outside Entity** or any other director, officer, trustee, governor or equivalent executive of the **Outside Entity** who is serving or has served in any of the listed capacities within such two (2) year period;
  - (v) any **Claim** brought or maintained by any director, officer, trustee, governor or equivalent executive of an **Outside Entity** formed and operating in a **Foreign Jurisdiction**, provided such **Claim** is brought and maintained outside the United States of America, Canada or any other common law country (including any territories thereof); or
  - (vi) any **Claim** brought or maintained as a result of the solicitation, assistance, active participation or intervention of any director, officer, trustee, governor or equivalent executive of the **Outside Entity** where such solicitation, assistance, active participation or intervention is protected under 18 U.S.C. 1514A ("whistleblower" protection provided under the Sarbanes-Oxley Act of 2002) or any similar "whistleblower" protection provision of any federal, state or local statute, ordinance, regulation or common law;
- (5) for: (a) any actual, alleged, or threatened exposure to, generation, storage, transportation, discharge, emission, release, seepage, dispersal, escape, treatment, removal, handling, processing or disposal of any **Pollutants**; or (b) any order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutants**; provided, that this EXCLUSION (A)(5) shall not apply to any **Claim** to which Insuring Agreement (A) of this Coverage Section solely applies;
- (6) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged nuclear reaction, nuclear radiation, radioactive contamination or radioactive substance;
- (7) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof whether or not it is damaged or destroyed; provided, that this EXCLUSION (A)(7) shall not apply to allegations of emotional distress or mental anguish to the extent that such

allegations are made as part of a **Claim** brought or maintained by a provider of **Medical Services** relating to **Provider Selection**;

- (8) for any actual or alleged violation of the responsibilities, duties or obligations imposed on fiduciaries by the Employee Retirement Income Security Act of 1974, or any amendments thereto or regulations promulgated thereunder, or any similar provisions of any federal, state or local statute, ordinance, regulation or common law;
- (9) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any **Wrongful Act** of any **Insured Person** serving in any capacity, other than as an **Executive** or **Employee** or in an **Outside Capacity**;
- (10) made against a **Subsidiary** or listed **Affiliate** or any **Insured Person** of such **Subsidiary** or **Affiliate** for any **Wrongful Act** committed or allegedly committed during any time when such entity was not a **Subsidiary** or **Affiliate**;
- (11) made against any **Insured** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving:
  - (a) such **Insured** having gained any profit, remuneration or advantage to which such **Insured** is not legally entitled; or
  - (b) the committing of any deliberately fraudulent or dishonest act or omission, or any willful violation of any statute, rule or law, by such **Insured**;

provided, that this EXCLUSION (A)(11) shall not apply unless the gaining by such **Insured** of such profit, remuneration or advantage to which such **Insured** is not legally entitled, or the deliberately fraudulent or dishonest act or omission or willful violation of statute, rule or law, has been established by a final and non-appealable adjudication in any judicial or administrative proceeding other than an action or proceeding commenced by the Underwriter to determine coverage under this Policy;

- (12) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged violation of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Act of 1940, any state "blue sky" securities law, or any other federal, state or local securities law, or any amendments thereto or regulations promulgated under any such laws; provided, that this EXCLUSION (A)(12) shall not apply to matters involving tax exempt bonds and tax exempt bond holders;
- (13) for any actual or alleged violation of the responsibilities, duties or obligations imposed under any law concerning Social Security, unemployment insurance, workers' compensation, disability insurance, or any similar provisions of any federal, state or local statute, ordinance, regulation or common law;
- (14) for any actual or alleged violation of the responsibilities, duties or obligations imposed under the Worker Adjustment and Retraining Notification Act (WARN), Occupational Safety and Health Act (OSHA), Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the National Labor Relations Act (NLRA), or any amendments thereto or regulations promulgated thereunder, or any similar provisions of any federal, state or local statute, ordinance, regulation or common law;
- (15) for any actual or alleged violation of the responsibilities, duties or obligations imposed under any federal, state or local wage and hour law, including, without limitation, the Fair Labor Standards Act (FLSA);
- (16) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged:

- (a) unauthorized, unlawful, or unintentional taking, obtaining, accessing, using, disclosing, distributing, disseminating, transmitting, gathering, collecting, acquiring, corrupting, damaging, destroying, deleting, or impairing of any non-public personally identifiable information; or
- (b) failure or inability of any computer, computer component (including but not limited to any hardware, network, terminal device, data storage device, input and output device, or back up facility), application, program, software, code, or script of any kind (a "System") to perform or function as planned or intended, including but not limited to any failure or inability of any System to prevent any hack, virus, contaminant, worm, trojan horse, logic bomb, or unauthorized or unintended accessing or use involving any System;

provided, that this EXCLUSION (A)(16) shall not apply to any **Claim**:

- (i) brought directly or derivatively by one or more securityholders of the **Organization** in their capacity as such; or
  - (ii) brought by a federal or state governmental or regulatory agency or entity for violation of Title II of the Health Insurance Portability and Accountability Act of 1996, as amended;
- (17) for any actual or alleged liability of any **Insured** under any express contract or agreement; provided, that this EXCLUSION (A)(17) shall not apply to liability which would have attached in the absence of such express contract or agreement;
- (18) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged act, error or omission in the performance of, or failure to perform, **Managed Care Activities** by any **Insured** or by any individual or entity for whose acts, errors or omissions any **Insured** is legally responsible; provided, that this EXCLUSION (A)(18) shall not apply to any **Claim** for an actual or alleged act, error or omission in connection with the performance of, or failure to perform, **Provider Selection** otherwise covered by this Coverage Section;
- (19) for any actual or alleged sexual abuse, sexual assault or sexual battery;
- (20) for any employment-related **Wrongful Act**;
- (21) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged discrimination against, or harassment (whether sexual or non-sexual in nature) of, any person or entity that is not an **Insured**; provided, that this EXCLUSION (A)(21) shall not apply to any **Claim** brought or maintained by any provider of **Medical Services** relating to any **Provider Selection**; or
- (22) with respect to Insuring Agreement (C) of this Coverage Section only, for any actual or alleged infringement, misappropriation or violation of any patent, trade secret or any other intellectual property right; provided, that this EXCLUSION (A)(22) shall not apply to any **Claim** for a **Publisher Liability Wrongful Act**.

- (B) This Coverage Section does not apply to, and no coverage will be available under this Coverage Section for, **Loss**, other than **Defense Expenses**, from any **Regulatory Claim**.

#### **IV. SEVERABILITY OF EXCLUSIONS**

- (A) No fact pertaining to or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** to determine the application of EXCLUSION (A)(11) of this Coverage Section.

- (B) Only facts pertaining to and knowledge possessed by any past, present or future chief executive officer or chief financial officer of the **Organization** (or equivalent positions thereof) shall be imputed to such **Organization** to determine the application of EXCLUSION (A)(11) of this Coverage Section.

**V. COVERAGE SECTION SPECIFIC LIMITS OF LIABILITY, RETENTIONS AND COINSURANCE**

- (A) Antitrust Claim Sublimit:

The Underwriter's maximum limit of liability for all **Loss** resulting from all **Antitrust Claims** shall be the amount stated in ITEM 4 of the Declarations as the Antitrust Claim Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

- (B) Regulatory Claim Defense Sublimit:

The Underwriter's maximum limit of liability for all **Defense Expenses** resulting from all **Regulatory Claims** shall be the amount stated in ITEM 4 of the Declarations as the Regulatory Claim Defense Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

- (C) HIPAA Claim Sublimit:

The Underwriter's maximum limit of liability for all **Loss**, other than **Defense Expenses**, resulting from all **Claims** for violations of Title II of the Health Insurance Portability and Accountability Act of 1996, as amended, shall be the amount stated in ITEM 4 of the Declarations as the HIPAA Claim Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

- (D) Excess Benefit Transaction Excise Tax Sublimit:

The Underwriter's maximum limit of liability for all **Excess Benefit Transaction Excise Taxes** resulting from all **Claims** shall be the amount stated in ITEM 4 of the Declarations as the Excess Benefit Transaction Excise Tax Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

- (E) Internal Revenue Code Violation Sublimit:

The Underwriter's maximum limit of liability for all civil fines and penalties resulting from all **Claims** for **Internal Revenue Code Violations** shall be the amount stated in ITEM 4 of the Declarations as the Internal Revenue Code Violation Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

- (F) EMTALA Claim Sublimit:

The Underwriter's maximum limit of liability for all civil fines and penalties resulting from all **Claims** for violations of EMTALA shall be the amount stated in ITEM 4 of the Declarations as the EMTALA Claim Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

- (G) Stakeholder Derivative Demand Sublimit:

The Underwriter's maximum limit of liability for all **Investigative Costs** resulting from all **Stakeholder Derivative Demands** shall be the amount stated in ITEM 4 of the Declarations as the Stakeholder Derivative Demand Sublimit, which amount shall be part of, and not in addition to, the **Policy**

**Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(H) D&O Crisis Management Expenses Limit:

The Underwriter's maximum limit of liability for all **Crisis Management Expenses** resulting from all **Crisis Management Events** shall be the amount stated in ITEM 4 of the Declarations as the D&O Crisis Management Expenses Limit, which amount shall be in addition to, and not part of, the **Policy Aggregate Limit of Liability** or any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(I) Retentions:

The following provisions shall apply in addition to the provisions of Section IV of the General Terms and Conditions Section:

- (1) The Underwriter's obligation to pay **Loss** under this Coverage Section shall only be in excess of the applicable Retention stated in ITEM 5 of the Declarations. Such Retention shall only be eroded (or exhausted) by the **Insured's** payment of **Loss** otherwise covered under this Coverage Section, and shall be borne by the **Insureds** uninsured and at their own risk. The Underwriter shall have no obligation whatsoever, either to the **Insureds** or any other person or entity, to pay all or any portion of the applicable Retention on behalf of any **Insured**. The Underwriter shall, however, at its sole discretion, have the right and option to do so, in which event the **Insureds** will repay the Underwriter any amounts so paid. If the Underwriter and the **Insured** agree to use voluntary mediation as a dispute resolution approach with respect to a **Claim** and the Underwriter and the **Insured** consent to a full and final settlement of such **Claim** during such voluntary mediation (as evidenced by a full and final settlement agreement with respect to such **Claim**), the **Insured's** obligation to pay the applicable Retention stated in ITEM 5 of the Declarations for such **Claim** will be reduced by ten percent (10%), subject to a maximum reduction of \$25,000 of the Retention for such **Claim**.
- (2) If the **Organization** fails or refuses, other than for reason of **Financial Impairment**, to indemnify any **Insured Person** for **Loss**, or to advance **Defense Expenses** on behalf of any **Insured Person**, to the fullest extent permitted by statutory or common law, then, notwithstanding any other terms, conditions or limitations of this Coverage Section to the contrary, any payment by the Underwriter of such **Defense Expenses** or other **Loss** shall be subject to the applicable Insuring Agreement (B) Retention stated in ITEM 5 of the Declarations.
- (3) No Retention shall apply under Insuring Agreement (D) of this Coverage Section.

(J) Coinsurance:

To the extent that **Loss** resulting from any **Claim** covered under this Coverage Section is subject to a Coinsurance Percentage as stated in ITEM 6 of the Declarations and is in excess of the applicable Retention, the **Insureds** shall bear uninsured and at their own risk that percentage of such **Loss** specified as the applicable Coinsurance Percentage in ITEM 6 of the Declarations, and the Underwriter's liability shall apply only to the remaining percentage of such **Loss**.

## VI. CLAIM SETTLEMENT

No **Insured** may admit any liability for any **Claim**, settle or offer to settle any **Claim** or incur any **Defense Expenses** without the Underwriter's prior written consent, which consent shall not be unreasonably withheld. The Underwriter will have the right to make investigations and conduct negotiations and, with the consent of the **Insureds**, enter into such settlement of any **Claim** as the Underwriter deems appropriate.

## VII. REPORTING OF CLAIMS AND CIRCUMSTANCES

- (A) If, during the **Policy Period** or any applicable Extended Reporting Period, any **Claim** is first made against an **Insured**, the **Insureds** must, as a condition precedent to any right to coverage under this Coverage Section, give the Underwriter written notice of such **Claim** as soon as practicable after the **Organization's** risk manager or general counsel (or an equivalent position thereof) first becomes aware of such **Claim**, and in no event later than:
- (1) with respect to any **Claim** first made during the **Policy Period**, ninety (90) days after the end of the **Policy Period**; or
  - (2) with respect to any **Claim** first made during any applicable Extended Reporting Period, ninety (90) days after the end of the Extended Reporting Period.

Timely and sufficient notice by one **Insured** of a **Claim** shall be deemed timely and sufficient notice for all **Insureds** involved in the **Claim**. Such notice shall give full particulars of the **Claim**, including, but not limited to: a description of the **Claim** and **Wrongful Act**; the identity of all potential claimants and any **Insureds** 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 **Insureds** first became aware of such **Wrongful Act**.

- (B) If, during the **Policy Period**, an **Insured** first becomes aware of a specific **Wrongful Act** which may subsequently give rise to a **Claim**, and:
- (1) gives the Underwriter written notice of such **Wrongful Act** with full particulars as soon as practicable thereafter but in any event before the end of the **Policy Period**; and
  - (2) requests coverage under this Coverage Section for any **Claim** subsequently arising from such **Wrongful Act**;

then any **Claim** subsequently made against an **Insured** arising out of such **Wrongful Act** shall, subject to paragraph (D) below, be treated as if it had been first made during the **Policy Period**. The full particulars required in any notice given under paragraph (B)(1) above must include, without limitation, a description of the **Wrongful Act**, the identities of the potential claimants and involved **Insureds**, the injury or damages which have resulted and/or may result from such **Wrongful Act**, the manner in which the **Insureds** first became aware of such **Wrongful Act**, and the reasons why the **Insureds** believe the **Wrongful Act** is likely to result in a **Claim** being made.

- (C) As a condition precedent to any right to reimbursement under Insuring Agreement (E) of this Coverage Section, the **Insureds** must give the Underwriter written notice of any **Crisis Management Event** no later than thirty (30) days after the **Organization's** risk manager or general counsel (or an equivalent position thereof) first becomes aware of such **Crisis Management Event**. Within sixty (60) days of making any payment of **Crisis Management Event Expenses**, the **Insureds** must provide the Underwriter with a detailed breakdown of all **Crisis Management Event Expenses** for which the **Organization** seeks reimbursement under Insuring Agreement (E) of this Coverage Section, together with satisfactory proof of payment and any additional information as the Underwriter may reasonably request.
- (D) All **Related Claims**, whenever made, shall be deemed a single **Claim** made when the earliest of such **Related Claims** was first made, or when the earliest of such **Related Claims** is treated as having been made in accordance with paragraph (B) above, whichever is earlier.

## VIII. OTHER INSURANCE

This Coverage Section is specifically excess of and will not contribute with:

- (A) any other valid and collectible insurance available to any **Insured**, including but not limited to any insurance under which there is a duty to defend, unless such other insurance is written specifically in excess of this Policy; or

- (B) any indemnification to which any **Insured Person** is entitled from any entity other than the **Organization**.

This Coverage Section will not be subject to the terms of any other insurance.

#### IX. PAYMENT OF LOSS

In the event payment of **Loss** is due under this Coverage Section but the amount of such **Loss** in the aggregate exceeds the remaining available **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section, the Underwriter shall:

- (A) first pay such **Loss** for which coverage is provided under Insuring Agreement (A) of this Coverage Section; then
- (B) to the extent of any remaining amount of such **Separate Limit of Liability** or **Shared Limit of Liability** after payment under paragraph (A) above, pay such **Loss** for which coverage is provided under any other Insuring Agreement of this Coverage Section.

Except as otherwise provided in this Section IX, the Underwriter may pay covered **Loss** as it becomes due under this Coverage Section without regard to the potential for other future payment obligations under this Coverage Section.

#### X. REPRESENTATIONS AND SEVERABILITY; INCORPORATION OF APPLICATION

- (A) The **Insureds** represent that the particulars and statements contained in the **Application** attached to this Policy are true, accurate and complete, and agree that:
- (1) this Coverage Section is issued and continued in force by the Underwriter in reliance upon the truth of such representation;
  - (2) those particulars and statements are the basis of the coverage granted by this Coverage Section; and
  - (3) the **Application** and those particulars and statements are incorporated in and form a part of this Policy.
- (B) The **Insureds** agree that in the event of any material untruth, misrepresentation or omission in connection with any of the particulars or statements in the **Application**, this Coverage Section shall be void *ab initio* with respect to any **Insured** who knew, as of the Inception Date stated in ITEM 2(a) of the Declarations, of such facts that were not accurately and completely disclosed in the **Application** (whether or not such **Insured** knew that such facts were not accurately and completely disclosed in the **Application**). Solely for the purposes of determining whether this Coverage Section shall be void *ab initio* with respect to an **Insured**:
- (1) no knowledge possessed by any **Insured Person** will be imputed to any other **Insured Person**; and
  - (2) the knowledge of any past or present chief executive officer or chief financial officer (or an equivalent position thereof) of the **Organization** shall be imputed to such **Organization**.

Notwithstanding the foregoing, the Underwriter shall not be entitled under any circumstances to void, whether by rescission or otherwise, Insuring Agreement (A) of this Coverage Section.

**HEALTHCARE ORGANIZATION  
MANAGEMENT LIABILITY POLICY**

**Employment Practices Liability Coverage  
Section**



In consideration of payment of the premium and subject to the Declarations, the General Terms and Conditions, and the terms, conditions and limitations of this Coverage Section, the Underwriter and the **Insureds** agree as follows:

**I. INSURING AGREEMENTS**

**(A) Employment Practices Liability Coverage:**

The Underwriter shall pay, on behalf of the **Insureds**, **Loss** from any **Employment Claim** first made against the **Insureds** during the **Policy Period** or applicable Extended Reporting Period, for a **Wrongful Act**; provided, that such **Employment Claim** is reported to the Underwriter in accordance with Section VI of this Coverage Section.

**(B) Third Party Liability Coverage:**

The Underwriter shall pay, on behalf of the **Insureds**, **Loss** from any **Third Party Claim** first made against the **Insureds** during the **Policy Period** or applicable Extended Reporting Period, for a **Third Party Wrongful Act**; provided, that such **Third Party Claim** is reported to the Underwriter in accordance with Section VI of this Coverage Section.

**(C) Employment Crisis Management Reimbursement Coverage:**

Upon satisfactory proof of payment by the **Organization**, the Underwriter will reimburse the **Organization**, up to the Employment Crisis Management Expenses Limit stated in ITEM 4 of the Declarations, for **Employment Crisis Management Expenses** actually paid by the **Organization** in connection with an **Employment Crisis Management Event** that first occurs during the **Policy Period**; provided, that such **Employment Crisis Management Event** is reported to the Underwriter in accordance with Section VI of this Coverage Section.

**II. DEFINITIONS**

- (A) "Benefits"** means perquisites, fringe benefits, deferred compensation, stock options or payments (including insurance premiums) in connection with an employee benefit plan and any other payment to or for the benefit of an employee arising out of the employment relationship. **Benefits** shall not include salary, wages, commissions, or non-deferred cash incentive compensation.
- (B) "Breach of Employment Contract"** means any breach of any oral, written or implied employment contract or employment contractual obligation, including but not limited to any contract or contractual obligation arising out of any personnel manual, employee handbook, policy statement or other representation.
- (C) "Claim"** means any **Employment Claim** and any **Third Party Claim**.
- (D) "Employee"** means any employee of the **Organization**, whether such employee is in a supervisory, co-worker or subordinate position or otherwise, including any part-time, seasonal and temporary employee. **Employee** also includes:
- (1) any volunteer working for the **Organization**;

- (2) any individual who is leased to, and working for, the **Organization**, but only if the **Organization** provides indemnification to such leased individual in the same manner as is provided to the **Organization's** employees;
- (3) any **Independent Contractor**, but only if the **Organization** provides indemnification to such **Independent Contractor**, pursuant to a written contract, in the same manner as that provided to the **Organization's** employees; and
- (4) any intern working for, and under the supervision of, the **Organization**.
- (E) "**Employment Claim**" means:
- (1)(a) a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation);
- (b) a civil, criminal or arbitration proceeding for monetary, non-monetary or injunctive relief commenced by:
- (i) the service of a complaint or similar pleading;
- (ii) the return of an indictment, information or similar document (in the case of a criminal proceeding); or
- (iii) the filing of a formal notice of charges;
- (c) an administrative or regulatory proceeding commenced by the receipt by an **Insured** of a notice of charges, formal investigative order, service of a complaint or similar document, including any such proceeding brought by or in association with the Equal Employment Opportunity Commission ("EEOC") or any similar governmental agency; or
- (d) in the context of an audit conducted by the Office of Federal Contract Compliance Programs, a Notice of Violation or Order to Show Cause commenced by the receipt by an **Insured** of such Notice or Order,
- brought by or on behalf of any past, present or prospective **Employee** against an **Insured**, or by or on behalf of any past, present or prospective **Outside Entity Employee** against an **Executive** in his or her **Outside Capacity**, for an **Employment Practices Wrongful Act**; or
- (2)(a) a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation);
- (b) a civil, criminal or arbitration proceeding for monetary, non-monetary or injunctive relief commenced by:
- (i) the service of a complaint or similar pleading;
- (ii) the return of an indictment, information or similar document (in the case of a criminal proceeding); or
- (iii) the filing of a formal notice of charges; or
- (c) an administrative or regulatory proceeding commenced by the receipt by an **Insured** of a notice of charges, formal investigative order, service of a complaint or similar document,
- brought by or on behalf of a governmental agency or entity against an **Insured** for an **Illegal Hiring or Harboring Wrongful Act**;

provided, that **Employment Claim** does not include any labor or grievance arbitration or other proceeding pursuant to a collective bargaining agreement.

- (F) **"Employment Crisis Management Event"** means any of the following events which, in the good faith opinion of the **Organization**, did cause or is reasonably likely to cause material public harm to the **Organization**:
- (1) a past, present or prospective **Employee** alleging **Employment Discrimination** by an **Insured**;
  - (2) a past or present **Employee** alleging **Breach of Employment Contract, Employment Harassment, Retaliation, Wrongful Employment Decision, Wrongful Termination** or a **Workplace Tort** by an **Insured**; or
  - (3) a **Third Party** alleging a **Third Party Wrongful Act** by an **Insured**.
- For the purposes of this definition, "alleging" means lodging a written complaint or written charge with a manager within the **Organization** or the **Organization's** legal or human resources department.
- (G) **"Employment Crisis Management Expenses"** means reasonable costs, charges, fees and expenses incurred by the **Organization** for **Employment Crisis Management Services**. **Employment Crisis Management Expenses** do not include any remuneration, salaries, wages, fees, overhead or benefit expenses of any **Insured**.
- (H) **"Employment Crisis Management Firm"** means any public relations, crisis management firm or law firm hired by the **Organization** or its **Executives** with the consent of the Underwriter to perform **Employment Crisis Management Services**.
- (I) **"Employment Crisis Management Services"** means those services performed by an **Employment Crisis Management Firm** in advising the **Organization** or any of its **Executives** on minimizing potential public harm to the **Organization** resulting from an **Employment Crisis Management Event**.
- (J) **"Employment Discrimination"** means any violation of employment discrimination laws, including any failure or refusal to hire or promote an **Employee, Outside Entity Employee** or applicant for employment, any modification of any term or condition of employment, or any limitation, segregation or classification of any **Employee, Outside Entity Employee** or applicant for employment in any way that would deprive or tend to deprive such person of employment opportunities or otherwise affect his or her status as an **Employee** or **Outside Entity Employee** because of such person's race, color, religion, age, sex, national origin, disability, pregnancy, HIV status, mental status, genetic information, marital or family status, sexual orientation or preference, military or veteran status, gender identity, or other status that is protected pursuant to any applicable federal, state or local statute, ordinance, regulation or common law.
- (K) **"Employment Harassment"** means:
- (1) sexual harassment, including any unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature that is made a condition of employment with, is used as a basis for employment decisions by, interferes with performance at, or creates an intimidating, hostile or offensive working environment within, the **Organization** or **Outside Entity**; or
  - (2) workplace harassment (i.e., harassment of a non-sexual nature) that interferes with performance at, or creates an intimidating, hostile or offensive working environment within, the **Organization** or **Outside Entity**.
- (L) **"Employment Practices Wrongful Act"** means any actual or alleged:

- (1) **Breach of Employment Contract;**
- (2) **Employment Discrimination;**
- (3) **Employment Harassment;**
- (4) **Retaliation;**
- (5) **Workplace Tort;**
- (6) **Wrongful Employment Decision;** or
- (7) **Wrongful Termination.**
- (M) **"Executive"** means any natural person who was, now is or becomes:
- (1) a duly elected or appointed director, officer, trustee, trustee emeritus, executive director, member of the Board of Managers, duly constituted committee member, in-house general counsel or risk manager of any **Organization** chartered in the United States of America; or
- (2) a holder of a position equivalent to any position described in (1) above in any **Organization** that is chartered in a **Foreign Jurisdiction.**
- (N) **"Illegal Hiring or Harboring Wrongful Act"** means any actual or alleged:
- (1) hiring of any illegal alien as an **Employee;** or
- (2) harboring of any illegal alien who is an **Employee,**
- in violation of any state or federal law of the United States of America by the **Organization** or any **Insured Person** acting within the scope of his or her duties for the **Organization.**
- For the purposes of this definition, the term **"Employee"** shall not include any volunteer or leased employee working for the **Organization** or any **Independent Contractor.**
- (O) **"Independent Contractor"** means any natural person working for the **Organization** in the capacity of an independent contractor pursuant to an **Independent Contractor Services Agreement.**
- (P) **"Independent Contractor Services Agreement"** means any express contract or agreement between an **Independent Contractor** and the **Organization.**
- (Q) **"Insured"** means the **Organization** and any **Insured Person.**
- (R) **"Insured Person"** means any natural person who was, now is or becomes:
- (1) an **Executive;**
- (2) an **Employee;** or
- (3) a staff physician or faculty member of the **Organization,** or a member of, or provider of administrative support to, any duly constituted review board or committee of the **Organization,** regardless of whether or not such person is directly employed by the **Organization** or is considered to be an independent contractor.
- (S) **"Loss"** means **Defense Expenses** and any monetary amount which an **Insured** is legally obligated to pay as a result of a covered **Claim,** including but not limited to, damages (including punitive and

exemplary damages, liquidated damages awarded pursuant to the Age Discrimination in Employment Act or the Equal Pay Act, or the multiple portion of any multiplied damage award, to the extent such punitive, exemplary, liquidated or multiple damages are insurable under the law of any jurisdiction which has a substantial relationship to the **Insureds**, this Policy or the **Claim** giving rise to such damages and which is most favorable to the insurability of such damages), back pay, front pay, claimant's attorney's fees awarded by a court against an **Insured** or agreed to in writing by the Underwriter in connection with a settlement, judgments, settlements, pre-judgment interest and post-judgment interest.

**Loss** does not include:

- (1) the future salary, wages, commissions or **Benefits** of a claimant who has been or shall be hired, promoted or reinstated to employment pursuant to a settlement of, order in or other resolution of any **Claim**;
  - (2) taxes, fines, or penalties, except as provided above with respect to punitive, exemplary or liquidated damages or the multiple portion of any multiplied damage award;
  - (3) any amount not insurable under the law pursuant to which this Coverage Section is construed, except as provided above with respect to punitive, exemplary or liquidated damages or the multiple portion of any multiplied damage award; or
  - (4) any salary, wages, commissions, **Benefits** or other monetary payments which constitute severance payments or payments pursuant to a notice period.
- (T) "**Outside Capacity**" means service by an **Executive** in the position of director, officer, trustee, trustee emeritus or governor of an **Outside Entity**, but only during the time that such service is at the specific request or direction of the **Organization**.
- (U) "**Outside Entity**" means: (1) any not-for-profit entity that is not included in the definition of **Organization**; and (2) any for-profit entity specifically added as an **Outside Entity** by written endorsement to this Coverage Section.
- (V) "**Outside Entity Employee**" means any employee of the **Outside Entity**, whether such employee is in a supervisory, co-worker or subordinate position or otherwise, including any part-time, seasonal and temporary employee.
- (W) "**Pollutant**" means (1) any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by, the United States Environmental Protection Agency or any state, county, municipal or local counterpart thereof, including, without limitation, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials, or (2) any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products or any noise.
- (X) "**Provider Selection**" means the evaluation, selection, credentialing, contracting with or performing peer review of any provider of **Medical Services**.
- (Y) "**Retaliation**" means retaliatory treatment against any **Employee** or **Outside Entity Employee** on account of such individual:
- (1) exercising his or her rights under law;
  - (2) refusing to violate any law;
  - (3) opposing any unlawful practice;
  - (4) disclosing or threatening to disclose to a superior or to any governmental agency any alleged violations of law; or

- (5) having assisted or testified in or cooperated with a proceeding or investigation regarding alleged violations of law by any **Insured**.
- (Z) "**Third Party**" means any natural person who is not an **Insured Person** or an applicant for employment with the **Organization** or an **Outside Entity**, including but not limited to customers, patients, vendors and suppliers.
- (AA) "**Third Party Claim**" means:
- (1) a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation); or
  - (2) a civil, criminal, administrative, regulatory or arbitration proceeding for monetary, non-monetary or injunctive relief commenced by:
    - (a) the service of a complaint or similar pleading;
    - (b) the return of an indictment, information or similar document (in the case of a criminal proceeding); or
    - (c) the filing of a formal notice of charges, formal investigative order or similar document, brought by or on behalf of any **Third Party** against an **Insured** for a **Third Party Wrongful Act**.
- (BB) "**Third Party Services Agreement**" means any express contract between a **Third Party** and the **Organization**.
- (CC) "**Third Party Wrongful Act**" means:
- (1) discrimination against a **Third Party** based on such **Third Party's** race, color, religion, age, sex, national origin, disability, pregnancy, HIV status, mental status, genetic information, marital or family status, sexual orientation or preference, military or veteran status, or other status that is protected pursuant to any applicable federal, state or local statute, ordinance, regulation or common law;
  - (2) sexual harassment, including unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature, against a **Third Party**; or
  - (3) unlawful harassment of a non-sexual nature against a **Third Party**.
- (DD) "**Workplace Tort**" means:
- (1) any employment-related: defamation, libel, slander, humiliation, invasion of privacy, negligent evaluation, wrongful discipline or workplace bullying; or
  - (2) any of the following:
    - (a) employment-related negligent retention;
    - (b) employment-related negligent supervision;
    - (c) employment-related negligent hiring;
    - (d) employment-related negligent training;

- (e) employment-related negligent or intentional misrepresentation;
- (f) employment-related wrongful infliction of emotional distress, mental anguish or humiliation; or
- (g) failure to provide or consistently enforce employment-related corporate policies and procedures;

but only when alleged as part of an **Employment Claim** for any actual or alleged **Breach of Employment Contract, Employment Discrimination, Employment Harassment, Retaliation, Wrongful Termination, Wrongful Employment Decision** or act set forth in paragraph (1) above.

(EE) **"Wrongful Act"** means:

- (1) with respect to any past, present or prospective **Employee**, an **Employment Practices Wrongful Act** committed or allegedly committed by the **Organization** or by any **Insured Person** in his or her capacity as such;
- (2) with respect to any past, present or prospective **Outside Entity Employee**, an **Employment Practices Wrongful Act** committed or allegedly committed by any **Executive** in his or her **Outside Capacity**;
- (3) with respect to any **Third Party**, a **Third Party Wrongful Act** committed or allegedly committed by the **Organization** or by any **Insured Person** in his or her capacity as such;
- (4) an **Illegal Hiring or Harboring Wrongful Act** committed or allegedly committed by the **Organization** or by any **Insured Person** in his or her capacity as such; or
- (5) a **Wrongful Internet Act**.

(FF) **"Wrongful Employment Decision"** means any wrongful demotion, denial of tenure or failure or refusal to promote.

(GG) **"Wrongful Internet Act"** means an **Employment Practices Wrongful Act**: (1) alleged by an **Employee**; and (2) committed by an **Employee** by means of the internet, including, but not limited to, social networking activities, regardless of whether such internet activity is during or after work hours or on or off the work premises.

(HH) **"Wrongful Termination"** means any wrongful termination, dismissal, or discharge of employment, including constructive termination, dismissal or discharge. **Wrongful Termination** does not include **Breach of Employment Contract**.

### III. EXCLUSIONS

- (A) This Coverage Section does not apply to, and no coverage will be available under this Coverage Section for, **Loss** from any **Claim**:
- (1) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any fact, circumstance, situation, transaction, event or **Wrongful Act** that, before the Inception Date of this Policy stated in ITEM 2(a) of the Declarations, was the subject of any notice given and accepted under any employment practices liability or other similar management liability policy or coverage section of which this Coverage Section is a direct or indirect renewal or replacement;
  - (2) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any prior and/or pending litigation or administrative, regulatory or arbitration

proceeding, including any audit by the Office of Federal Contract Compliance Programs, against any **Insured** as of the applicable Pending or Prior Date stated in ITEM 3 of the Declarations, or the same or substantially the same fact, circumstance, situation, transaction, event or **Wrongful Act** underlying or alleged therein;

- (3) for any actual or alleged violation of the responsibilities, duties or obligations imposed under the Employee Retirement Income Security Act of 1974 (ERISA) (except section 510 thereof), the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the Worker Adjustment and Retraining Notification Act (WARN), the Occupational Safety and Health Act (OHS), or any amendments thereto or regulations promulgated thereunder, or any similar provisions of any federal, state or local statute, ordinance, regulation or common law; provided, that this EXCLUSION (A)(3) shall not apply to any **Employment Claim for Retaliation**;
- (4) for any actual or alleged violation of the responsibilities, duties or obligations imposed under any federal, state or local wage and hour law, including, without limitation, the Fair Labor Standards Act (FLSA) (except the Equal Pay Act); provided, that this EXCLUSION (A)(4) shall not apply to any **Employment Claim for Retaliation**;
- (5) for any actual or alleged violation of the responsibilities, duties or obligations imposed under the National Labor Relations Act (NLRA), or any amendments thereto or regulations promulgated thereunder, or any similar provisions of any federal, state or local statute, ordinance, regulation or common law; provided, that this EXCLUSION (A)(5) shall not apply to any **Employment Claim for Retaliation** if such **Employment Claim** is brought and maintained by or on behalf of one to four natural persons, whether such natural persons are represented by one or more legal counsel, who are not seeking relief on behalf of a class or group of complainants in order to resolve such **Employment Claim**;
- (6) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any lockout, strike, picket line, hiring of replacement workers or other similar actions in connection with labor disputes or labor negotiations;
- (7) for any actual or alleged bodily injury (other than mental anguish or emotional distress), sickness, disease or death of any person or damage to or destruction of any tangible property including loss of use thereof whether or not it is damaged or destroyed;
- (8) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged obligation of any **Insured** pursuant to any workers' compensation, unemployment insurance, Social Security or disability benefits law, or any similar provisions of any federal, state, or local statute, ordinance, regulation or common law; provided, that this EXCLUSION (A)(8) shall not apply to any **Employment Claim for Retaliation**;
- (9) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving the liability of others assumed by any **Insured** under any written or oral contract or agreement; provided, that this EXCLUSION (A)(9) shall not apply to the extent that an **Insured** would have been liable in the absence of such contract or agreement;
- (10) made against a **Subsidiary** or listed **Affiliate** or any **Insured Person** of such **Subsidiary** or **Affiliate** for any **Wrongful Act** committed or allegedly committed during any time when such entity was not a **Subsidiary** or **Affiliate**;
- (11) for any actual or alleged breach of any **Independent Contractor Services Agreement** or **Third Party Services Agreement**;
- (12) for any actual or alleged sexual abuse, sexual assault or sexual battery;
- (13) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving: (a) any actual, alleged, or threatened exposure to, generation, storage, transportation,

discharge, emission, release, seepage, dispersal, escape, treatment, removal, handling, processing or disposal of any **Pollutants**; or (b) any order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutants**; provided, that this EXCLUSION (A)(13) shall not apply to any **Employment Claim** for **Retaliation**; or

- (14) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged **Provider Selection**.
- (B) This Coverage Section does not apply to, and no coverage will be available under this Coverage Section for, that part of **Loss**, other than **Defense Expenses**:
- (1) which constitutes **Benefits** due or to become due or the equivalent value of such **Benefits**; provided, that this EXCLUSION (B)(1) shall not apply to any **Employment Claim** for **Wrongful Termination**;
  - (2) which constitutes costs associated with providing any accommodation for persons with disabilities or any other status which is protected under any applicable federal, state or local statute, ordinance, regulation or common law, including but not limited to the Americans With Disabilities Act, the Civil Rights Act of 1964, or any amendments thereto or regulations promulgated under any such law; or
  - (3) which constitutes costs of compliance with any order for, grant of or agreement to provide non-monetary relief.
- (C) This Coverage Section does not apply to, and no coverage will be available under this Coverage Section for, **Loss**, other than **Defense Expenses**, from any **Claim** for any actual or alleged breach of any written employment contract; provided, that this EXCLUSION (C) shall not apply to the extent that an **Insured** would have been liable in the absence of such written employment contract.

#### IV. COVERAGE SECTION SPECIFIC LIMITS OF LIABILITY AND RETENTIONS

(A) Illegal Hiring or Harboring Sublimit:

The Underwriter's maximum limit of liability for all **Loss** resulting from all **Employment Claims** for **Illegal Hiring or Harboring Wrongful Acts** shall be the amount stated in ITEM 4 of the Declarations as the Illegal Hiring or Harboring Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to the Coverage Section identified above.

(B) Employment Crisis Management Expenses Limit:

The Underwriter's maximum limit of liability for all **Employment Crisis Management Expenses** resulting from all **Employment Crisis Management Events** shall be the amount stated in ITEM 4 of the Declarations as the Employment Crisis Management Expenses Limit, which amount shall be in addition to, and not part of, the **Policy Aggregate Limit of Liability** or any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(C) Retentions:

The following provision shall apply in addition to the provisions of Section IV of the General Terms and Conditions Section:

The Underwriter's obligation to pay **Loss** under this Coverage Section shall only be in excess of the applicable Retention stated in ITEM 5 of the Declarations. Such Retention shall only be eroded (or exhausted) by the **Insured's** payment of **Loss** otherwise covered under this Coverage Section, and shall be borne by the **Insureds** uninsured and at their own risk. The Underwriter shall have no obligation whatsoever, either to the **Insureds** or any other person or entity, to pay all or any portion of the

applicable Retention on behalf of any **Insured**. The Underwriter shall, however, at its sole discretion, have the right and option to do so, in which event the **Insureds** will repay the Underwriter any amounts so paid. If the Underwriter and the **Insured** agree to use voluntary mediation as a dispute resolution approach with respect to a **Claim** and the Underwriter and the **Insured** consent to a full and final settlement of such **Claim** during such voluntary mediation (as evidenced by a full and final settlement agreement with respect to such **Claim**), the **Insured's** obligation to pay the applicable Retention stated in ITEM 5 of the Declarations for such **Claim** will be reduced by ten percent (10%), subject to a maximum reduction of \$25,000 of the Retention for such **Claim**.

## V. CLAIM SETTLEMENT

No **Insured** may admit any liability for any **Claim**, settle or offer to settle any **Claim** or incur any **Defense Expenses** without the Underwriter's prior written consent, which consent shall not be unreasonably withheld. The Underwriter will have the right to make investigations and conduct negotiations and, with the consent of the **Insureds**, enter into such settlement of any **Claim** as the Underwriter deems appropriate. If the **Insureds** refuse to consent to a settlement acceptable to the claimant in accordance with the Underwriter's recommendation, then, subject to the Underwriter's applicable Limits of Liability stated in ITEM 4 of the Declarations, the Underwriter's liability for such **Claim** will not exceed:

- (A) the amount for which the **Claim** could have been settled plus **Defense Expenses** incurred up to the date the **Insureds** refused to settle such **Claim** (the "Settlement Amount"); plus
- (B) eighty percent (80%) of any **Loss** in excess of the Settlement Amount incurred in connection with such **Claim**. The remaining twenty percent (20%) of **Loss** in excess of the Settlement Amount will be carried by the **Insureds** at their own risk and will be uninsured.

## VI. REPORTING OF CLAIMS AND CIRCUMSTANCES

- (A) If, during the **Policy Period** or any applicable Extended Reporting Period, any **Claim** is first made against an **Insured**, the **Insureds** must, as a condition precedent to any right to coverage under this Coverage Section, give the Underwriter written notice of such **Claim** as soon as practicable after the **Organization's** risk manager or general counsel (or an equivalent position thereof) first becomes aware of such **Claim**, and in no event later than:
  - (1) with respect to any **Claim** first made during the **Policy Period**, ninety (90) days after the end of the **Policy Period**; or
  - (2) with respect to any **Claim** first made during any applicable Extended Reporting Period, ninety (90) days after the end of the Extended Reporting Period.

Timely and sufficient notice by one **Insured** of a **Claim** shall be deemed timely and sufficient notice for all **Insureds** involved in the **Claim**. Such notice shall give full particulars of the **Claim**, including, but not limited to: a description of the **Claim** and **Wrongful Act**; the identity of all potential claimants and any **Insureds** 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 **Insureds** first became aware of such **Wrongful Act**.
- (B) If, during the **Policy Period**, an **Insured** first becomes aware of a specific **Wrongful Act** which may subsequently give rise to a **Claim**, and:
  - (1) gives the Underwriter written notice of such **Wrongful Act** with full particulars as soon as practicable thereafter but in any event before the end of the **Policy Period**; and
  - (2) requests coverage under this Coverage Section for any **Claim** subsequently arising from such **Wrongful Act**;

then any **Claim** subsequently made against the **Insured** arising out of such **Wrongful Act** shall, subject to paragraph (D) below, be treated as if it had been first made during the **Policy Period**. The full particulars required in any notice given under paragraph (B)(1) above must include, without limitation, a description of the **Wrongful Act**, the identities of the potential claimants and involved **Insureds**, the injury or damages which have resulted and/or may result from such **Wrongful Act**, the manner in which the **Insureds** first became aware of such **Wrongful Act**, and the reasons why the **Insureds** believe the **Wrongful Act** is likely to result in a **Claim** being made.

- (C) As a condition precedent to any right to reimbursement under Insuring Agreement (C) of this Coverage Section, the **Insureds** must give the Underwriter written notice of any **Employment Crisis Management Event** no later than thirty (30) days after the **Organization's** risk manager or general counsel (or an equivalent position thereof) first becomes aware of such **Employment Crisis Management Event**. Within sixty (60) days of making any payment of **Employment Crisis Management Event Expenses**, the **Insureds** must provide the Underwriter with a detailed breakdown of all **Employment Crisis Management Event Expenses** for which the **Organization** seeks reimbursement under Insuring Agreement (C) of this Coverage Section, together with satisfactory proof of payment and any additional information as the Underwriter may reasonably request.
- (D) All **Related Claims**, whenever made, shall be deemed a single **Claim** made when the earliest of such **Related Claims** was first made, or when the earliest of such **Related Claims** is treated as having been made in accordance with paragraph (B) above, whichever is earlier.

#### VII. OTHER INSURANCE

The coverage afforded under this Coverage Section shall be primary; provided, that with respect to that portion of any **Claim** made against any temporary or leased **Employee, Independent Contractor, or Executive** in his or her **Outside Capacity, Loss** payable on behalf of such temporary or leased **Employee, Independent Contractor or Executive** shall be specifically excess of, and will not contribute with: (A) any other valid and collectible insurance available to such temporary or leased **Employee, Independent Contractor or Executive**, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is specifically in excess of this Coverage Section; or (B) any indemnification available to such **Executive** from the **Outside Entity**.

#### VIII. REPRESENTATIONS AND SEVERABILITY; INCORPORATION OF APPLICATION

- (A) The **Insureds** represent that the particulars and statements contained in the **Application** attached to this Policy are true, accurate and complete, and agree that:
- (1) this Coverage Section is issued and continued in force by the Underwriter in reliance upon the truth of such representation;
  - (2) those particulars and statements are the basis of the coverage granted by this Coverage Section; and
  - (3) the **Application** and those particulars and statements are incorporated in and form a part of this Policy.
- (B) The **Insureds** agree that in the event of any material untruth, misrepresentation or omission in connection with any of the particulars or statements in the **Application**, this Coverage Section shall be void *ab initio* with respect to any **Insured** who knew, as of the Inception Date stated in ITEM 2(a) of the Declarations, of such facts that were not accurately and completely disclosed in the **Application** (whether or not such **Insured** knew that such facts were not accurately and completely disclosed in the **Application**). Solely for the purposes of determining whether this Coverage Section shall be void *ab initio* with respect to an **Insured**:

- (1) no knowledge possessed by any **Insured Person** will be imputed to any other **Insured Person**; and
- (2) the knowledge of any past or present chief executive officer or chief financial officer (or an equivalent position thereof) of the **Organization** shall be imputed to such **Organization**.

SPECIMEN

ENDORSEMENT NO. 1

**PRODUCER ENDORSEMENT**

This Endorsement, effective at 12:01 a.m. on May 01, 2026, forms part of:

Policy No. NOT-BOUND  
Issued by Atlantic Specialty Insurance Company  
Issued to Hospital District Number One of Mohave County

Section(s) GTC

In consideration of the premium charged, the Declarations of this Policy is amended to add the following:

**PRODUCER** (Name and Address):

CRC Insurance Services, LLC  
1 Metroplex Drive, Suite 400  
Birmingham, AL 35209

All other terms, conditions and limitations of this Policy shall remain unchanged.

ENDORSEMENT NO. 2

**STATE AMENDATORY INCONSISTENCY ENDORSEMENT**

This Endorsement, which is effective at 12:01 a.m. on May 01, 2026, forms part of:

Policy No. NOT-BOUND  
Issued by Atlantic Specialty Insurance Company  
Issued to Hospital District Number One of Mohave County

Section(s) GTC

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

All other terms, conditions and limitations of this Policy shall remain unchanged.

ENDORSEMENT NO. 3

**PROFESSIONAL E&O EXCLUSION ENDORSEMENT**

This Endorsement, which is effective at 12:01 a.m. on May 01, 2026, forms part of:

Policy No. NOT-BOUND  
Issued by Atlantic Specialty Insurance Company  
Issued to Hospital District Number One of Mohave County

Section(s) D&O

In consideration of the premium charged, no coverage will be available under the Coverage Section identified above for **Loss** from any **Claim** for an **Insured's** rendering of, or actual or alleged failure to render, professional services for others for a fee.

All other terms, conditions and limitations of this Policy shall remain unchanged.

## ENDORSEMENT NO. 4

**CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM ENDORSEMENT**

This Endorsement, effective at 12:01 a.m. on May 01, 2026, forms part of:

Policy No. NOT-BOUND  
 Issued by Atlantic Specialty Insurance Company  
 Issued to Hospital District Number One of Mohave County

Section(s) D&O

In consideration of the premium charged:

- (1) If aggregate insured losses attributable to **Certified Acts of Terrorism** exceed \$100 billion in a calendar year and the Underwriter has met its insurer deductible under the Terrorism Risk Insurance Act ("the Act"), the Underwriter shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.
- (2) For the purposes of this endorsement, Section II DEFINITIONS of the Coverage Section identified above is amended to include the following term:

**Certified Act of Terrorism** means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the Terrorism Risk Insurance Act ("the Act"), to be an act of terrorism pursuant to the Act. The criteria contained in the Act for a **Certified Act Of Terrorism** include the following:

- (a) the act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Act; and
  - (b) the act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- (3) The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any **Loss** from any **Claim** that is otherwise excluded under the Coverage Section identified above.

All other terms, conditions and limitations of this Policy shall remain unchanged.

## ENDORSEMENT NO. 5

**PRIVACY BREACH REIMBURSEMENT COVERAGE ENDORSEMENT**

This Endorsement, effective at 12:01 a.m. on May 01, 2026, forms part of:

Policy No. NOT-BOUND  
 Issued by Atlantic Specialty Insurance Company  
 Issued to Hospital District Number One of Mohave County

Section(s) D&O

In consideration of the premium charged:

(1) Upon satisfactory proof of payment by the **Organization**, the Underwriter will reimburse the **Organization**, up to the limit set forth in paragraph (3) of this endorsement, for any **Privacy Breach Event Expenses** actually paid by the **Organization** in connection with a **Privacy Breach Event** that first occurs during the **Policy Period**, regardless of whether or not a **Claim** is made against an **Insured** as a result of such **Privacy Breach Event**. The Underwriter will have no liability whatsoever for fines, penalties, assessments of costs or other financial awards associated with any such **Privacy Breach Event** unless such fines, penalties, assessments of costs or other financial awards are otherwise covered under the Coverage Section identified above.

(2) For the purposes of the coverage afforded under this endorsement, the following terms shall have the meaning set forth below and Section II DEFINITIONS of the Coverage Section identified above shall be deemed amended to include such terms:

**"Privacy Breach Event"** means any failure by an **Insured** to maintain the confidentiality of non-public, medical or financial personally identifiable information which is in the care, custody and control of the **Organization**.

**"Privacy Breach Event Expenses"** means:

- (a) reasonable fees and costs of attorneys, experts and consultants, including third-party media consultants, incurred in the management or investigation of an actual or alleged **Privacy Breach Event**;
- (b) reasonable fees and costs incurred in connection with notification of a **Privacy Breach Event** to those individuals whose information has been accessed, released or used;
- (c) reasonable fees and costs of providing credit monitoring services to those individuals whose information has been accessed, released or used in connection with a **Privacy Breach Event**; and
- (d) reasonable costs incurred in the management of public relations with respect to a **Privacy Breach Event**;

provided, that **Privacy Breach Event Expenses** does not include: (i) any remuneration, salaries, overhead, fees, loss of earning reimbursement or benefit expenses of any **Insured**; or (ii) any fees, costs, charges or expenses incurred in defending any claim or suit resulting from a **Privacy Breach Event**.

(3) The Underwriter's maximum limit of liability for all **Privacy Breach Event Expenses** resulting from all **Privacy Breaches** occurring during the **Policy Period** shall be \$100,000, which amount shall

be in addition to, and not part of, the **Policy Aggregate Limit of Liability** or any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to the Coverage Section identified above.

- (4) As a condition precedent to any right to reimbursement under paragraph (1) of this endorsement, the **Insureds** must give the Underwriter written notice of any **Privacy Breach Event** no later than thirty (30) days after the **Organization's** risk manager or general counsel (or an equivalent position thereof) first becomes aware of such **Privacy Breach Event**. Within sixty (60) days of making any payment of **Privacy Breach Event Expenses**, the **Insureds** must provide the Underwriter with a detailed breakdown of all **Privacy Breach Event Expenses** for which the **Organization** seeks reimbursement under paragraph (1) of this endorsement, together with satisfactory proof of payment and any additional information as the Underwriter may reasonably request.

All other terms, conditions and limitations of this Policy shall remain unchanged.

ENDORSEMENT NO. 6

**MEDICAL SERVICES EXCLUSION ENDORSEMENT**

This Endorsement, which is effective at 12:01 a.m. on May 01, 2026, forms part of:

Policy No. NOT-BOUND  
Issued by Atlantic Specialty Insurance Company  
Issued to Hospital District Number One of Mohave County

Section(s) D&O

In consideration of the premium charged, no coverage will be available under the Coverage Section identified above for **Loss** from any **Claim** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged performance of, or failure to perform, **Medical Services**.

All other terms, conditions and limitations of this Policy shall remain unchanged.

## ENDORSEMENT NO. 7

**WORKPLACE VIOLENCE REIMBURSEMENT COVERAGE ENDORSEMENT**

This Endorsement, which is effective at 12:01 a.m. on May 01, 2026, forms part of:

Policy No. NOT-BOUND  
 Issued by Atlantic Specialty Insurance Company  
 Issued to Hospital District Number One of Mohave County

Section(s) EPL

In consideration of the premium charged:

- (1) In addition to the coverage afforded under Section I INSURING AGREEMENTS of the Coverage Section identified above, the Underwriter will reimburse the **Named Organization**, upon satisfactory proof of payment by the **Named Organization**, for **Workplace Violence Expenses** actually paid by the **Organization** in connection with a **Workplace Violence Event** that first occurs during the **Policy Period**, subject to the limit of liability set forth in paragraph (2) below and the further provisions of this endorsement.
- (2) The Underwriter's maximum limit of liability under the Coverage Section identified above for all **Workplace Violence Expenses** resulting from all **Workplace Violence Events** reimbursed under paragraph (1) above shall be \$250,000, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to the Coverage Section identified above. Payment of such maximum limit of liability shall terminate the Underwriter's obligation to reimburse any further **Workplace Violence Expenses** under this endorsement.
- (3) Solely with respect to the coverage provided under paragraph (1) above, the term "**Loss**," as defined in Section II DEFINITIONS of the Coverage Section identified above, is amended to include **Workplace Violence Expenses**.
- (4) For purposes of this endorsement, the following terms shall have the meanings set forth below:
  - (a) "**Premises**" means the buildings, facilities or properties occupied by the **Organization** in conducting its business.
  - (b) "**Workplace Violence Event**" means any intentional and unlawful:
    - (i) act of deadly force involving the use of a lethal weapon; or
    - (ii) threat of deadly force involving the display of a lethal weapon,
 which occurs on or in the **Premises** and which did or could result in bodily injury or death to an **Insured Person**.
  - (c) "**Workplace Violence Expenses**" means reasonable costs and expenses incurred by the **Organization** for any of the following:
    - (i) the use of an independent security consultant for ninety (90) days following the date a **Workplace Violence Event** occurs;
    - (ii) the use of an independent public relations consultant for ninety (90) days following the

- date a **Workplace Violence Event** occurs;
      - (iii) a counseling seminar conducted by an independent consultant for all **Employees** following the occurrence of a **Workplace Violence Event**;
      - (iv) the use of services provided by an independent security guard for up to fifteen (15) days; and
      - (v) the use of an independent forensic analyst.
- (5) No coverage will be available under this endorsement for:
  - (a) any **Workplace Violence Event** which occurs at any location, other than the **Premises**;
  - (b) any **Loss** resulting from any declared or undeclared war, civil war, insurrection, riot, civil commotion, rebellion or revolution, military, naval or usurped power, governmental intervention, expropriation or nationalization;
  - (c) legal costs, judgments or settlements incurred as a result of any claim, suit or judicial action brought against the **Organization** in connection with a **Workplace Violence Event**; or
  - (d) any **Loss** resulting from the use or threat of force or violence occurring on the **Premises** for the purpose of demanding money, securities or property.
- (6) If, during the **Policy Period**, a **Workplace Violence Event** occurs, as a condition precedent to any right to reimbursement under paragraph (1) above, the **Named Organization** shall give the Underwriter written notice of such **Workplace Violence Event** as soon as practicable thereafter. Within sixty (60) days of making any payment of **Workplace Violence Expenses**, the **Named Organization** must provide the Underwriter with a detailed breakdown of all **Workplace Violence Expenses** for which the **Named Organization** seeks reimbursement under paragraph (1) above, together with satisfactory proof of payment and any additional information as the Underwriter may reasonably request.

All other terms, conditions and limitations of this Policy shall remain unchanged.

## ENDORSEMENT NO. 8

**BIOMETRIC INFORMATION PRIVACY SUBLIMIT ENDORSEMENT**

This Endorsement, which is effective at 12:01 a.m. on May 01, 2026, forms part of:

Policy No. NOT-BOUND  
 Issued by Atlantic Specialty Insurance Company  
 Issued to Hospital District Number One of Mohave County

Section(s) EPL

In consideration of the premium charged, the Underwriter's maximum limit of liability under the Coverage Section identified above for all **Loss** resulting from all **Employment Claims** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged violation of the responsibilities, duties or obligations imposed under any federal, state or local statute, ordinance, regulation or common law that protects the privacy of biometric information, including, without limitation, the Illinois Biometric Information Privacy Act and the California Consumer Privacy Act, shall be \$50,000, which amount shall be part of, and not in addition to, the Additional Aggregate Limit for Defense Expenses (if purchased), the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to the Coverage Section identified above.

All other terms, conditions and limitations of this Policy shall remain unchanged.

## ENDORSEMENT NO. 9

**SEPARATE RETENTION FOR CLAIMS BY PHYSICIANS ENDORSEMENT**

This Endorsement, which is effective at 12:01 a.m. on May 01, 2026, forms part of:

Policy No. NOT-BOUND  
 Issued by Atlantic Specialty Insurance Company  
 Issued to Hospital District Number One of Mohave County

Section(s) EPL

In consideration of the premium charged:

- (1) Solely with respect to **Employment Claims** brought by or on behalf of any **Physician** who is a past, present or prospective **Employee** of the **Organization**, the Retention amount applicable to such **Employment Claims** under the Coverage Section identified above (as set forth in ITEM 5 of the Declarations) is amended to read in its entirety as follows:  

\$35,000 each **Employment Claim** under Insuring Agreement (A).
- (2) For the purposes of this endorsement, the term "**Physician**" means any physician, dentist, chiropractor or podiatrist.
- (3) In the event that different Retention amounts apply to a **Claim**, it is understood and agreed that only one Retention amount shall apply to such **Claim**, which shall be the single highest applicable Retention amount.

All other terms, conditions and limitations of this Policy shall remain unchanged.

## ENDORSEMENT NO. 10

**WAGE AND HOUR CLAIMS SUBLIMIT ENDORSEMENT**

This Endorsement, which is effective at 12:01 a.m. on May 01, 2026, forms part of:

Policy No. NOT-BOUND  
 Issued by Atlantic Specialty Insurance Company  
 Issued to Hospital District Number One of Mohave County

Section(s) EPL

In consideration of the premium charged:

- (1) Section III EXCLUSIONS (A)(4) of the Coverage Section identified above is deleted in its entirety.
- (2) Subject to paragraph (3) below, no coverage will be available under the Coverage Section identified above for **Loss**, other than **Defense Expenses**, from any **Claim** for any actual or alleged violation of the responsibilities, duties or obligations imposed under any federal, state or local wage and hour law, including, without limitation, the Fair Labor Standards Act (except the Equal Pay Act); provided, that this Exclusion shall not apply to any **Employment Claim** for **Retaliation**.
- (3) The Underwriter's maximum limit of liability for all **Defense Expenses** resulting from all **Claims** or portions of **Claims** for any actual or alleged violation of the responsibilities, duties or obligations imposed under any federal, state or local wage and hour law, including, without limitation, the Fair Labor Standards Act (except the Equal Pay Act) shall be \$150,000, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to the Coverage Section identified above. In the event the limit of liability set forth in this paragraph is exhausted by the payment of **Defense Expenses** resulting from **Claims** or portions of **Claims** for any actual or alleged violation of the responsibilities, duties or obligations imposed under any federal, state or local wage and hour law, including, without limitation, the Fair Labor Standards Act (except the Equal Pay Act), then all obligations of the Underwriter with respect to such **Claims** or portions of **Claims** will be completely fulfilled and exhausted, including any obligation to continue to direct the defense of any **Insured** with respect to such **Claims** or portions of **Claims**, and the Underwriter will have no further obligations of any kind or nature whatsoever under the Coverage Section identified above with respect to such **Claims** or portions of **Claims**.

All other terms, conditions and limitations of this Policy shall remain unchanged.



PO Box 59689  
Birmingham, AL 35259-9689  
Phone: (800) 824-1709

Matt Bishop  
McGriff, a Marsh & McLennan Agency LLC Company – Birmingham  
7701 Airport Center Dr Suite 1800  
Greensboro, NC 27409

May 21, 2026

Re: Hospital District Number One of Mohave County, Ref# 15470247-A  
Proposed Effective 5/1/2026 to 5/1/2027

Dear Matt:

We are pleased to confirm the attached quotation for **(Cyber)** being offered with **Lloyd's of London**. This carrier is **Non-Admitted** in the state of **AZ**. Please note that this quotation is based on the coverage, terms and conditions as stated in the attached quotation, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this quotation carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, LLC disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms quoted as per the attached and those terms originally requested. The attached quotation may not be bound without a fully executed CRC brokerage agreement.

**NOTE: The Insurance Carrier indicated in this quotation reserves the right, at its sole discretion, to amend or withdraw this quotation if it becomes aware of any new, corrected or updated information that is believed to be a material change and consequently would change the original underwriting decision.**

Should coverage be elected as quoted per the attached, Premium and Commission are as follows:

<b>Premium:</b>	<b>\$1,660.00</b>
Carrier Policy Fee	\$185.00
Broker Fee	\$600.00
Surplus Lines Tax	\$73.35
Stamping Office Fee	\$4.89
<b>Grand Total:</b>	<b>\$2,523.24</b>

**Commission: 11%**

**Broker Fees & Policy Fees are Fully Earned at Binding**

**NOTE: If insured is located outside your resident state, you must hold appropriate non-resident license prior to binding.**

**If Non Admitted the following applies:**

**Arizona Tax Filings are the responsibility of: ( ) Your Agency (X) CRC**  
**Arizona now has two different stamps. Select appropriate stamp below.**

The Surplus lines policy or evidence of coverage is issued by a surplus lines insurer that is not a domestic surplus lines insurer: Pursuant to section 20-401.01, subsection B, paragraph 1, Arizona Revised Statutes,

this policy is issued by an insurer that does not possess a certificate of authority from the director of the Arizona Department of Insurance and Financial Institutions. If the insurer that issued this policy becomes insolvent, insureds or claimants will not be eligible for insurance guaranty fund protection pursuant to title 20, Arizona Revised Statutes. (Non-Domestic Surplus Line Insurer)

The surplus lines policy or evidence of coverage is issued by a domestic surplus lines insurer: If the insurer that issued this policy becomes insolvent, insureds or claimants will not be eligible for insurance guaranty fund protection pursuant to title 20, Arizona Revised Statutes. (Domestic Surplus Line Insurer)

Upon requesting quotes and/or placement for the coverage listed herein, the producing retail broker hereby confirms that he/she has performed any and all diligent searches, as may be required by statute, for coverage through licensed carriers or other means of placement, and as necessary maintain proof of declination. Where allowed by governing statutes, "diligent effort" may not require an actual physical search and declination on each risk, but may be based on the retail producing broker's own experience, opinion and overall knowledge of acceptability in the admitted marketplace.

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CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as "contingent commissions" or "incentive commissions"), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

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### Financing Insurance Premiums

Premium financing budgets insurance payments and improves liquidity for other business objectives: working capital, business growth, building expansion.

If your clients choose to pay their insurance in monthly installments, it's fast and easy with AFCO Premium Finance. AFCO provides premium financing solutions for large, mid-size and small corporate accounts;

Find out how premium financing works and how it can expand your relationship with your clients by e-mailing [AFCODirect@afco.com](mailto:AFCODirect@afco.com); or **call toll- free 877-317-6437**.

---

Sincerely,

Alex Gould, RPLU  
205-414-2438  
agould@crcgroup.com  
15470247



# Why choose CFC cyber?

Find out why CFC's market-leading cyber insurance products are trusted by over 100,000 businesses around the globe to help protect them against cyber risk.

## Broad cyber coverage

Covering a range of attacks and incidents, including:

- ✓ **Unlimited reinstatements with nil deductible**, where you'll pay either none, or only single deductible, no matter how many cyber incidents we respond to.
- ✓ **Proactive cyber attack prevention** contractually embedded into the insurance product as a world first.
- ✓ **Business interruption** includes full limits for systems failure events, lost or missed bids, data recreation cover and emergency continuity costs.
- ✓ **Interim payments** for business interruption losses prior to the final adjustment.
- ✓ **Extensive crime coverage**, including invoice manipulation, theft of client funds and physical goods.
- ✓ **Affirmative coverage** for AI, contingent bodily injury, extortion response costs and more.

## Largest in-house incident response and claims team

- ✓ **+200 incident response experts** situated around the globe to offer 24x7x365 support.
- ✓ **Specifically trained** to triage, remediate and recover businesses from cyber attacks.
- ✓ **Regionally specialized claims team** —who have a deep understanding of your local jurisdiction.

## Cyber attack prevention services—as standard

Working to protect you from cyber attacks—helping to prevent a claim, before it happens.

- ✓ Starts the day you bind, working throughout the policy period.
- ✓ Included as standard, at no extra cost.
- ✓ Using a range of advanced cyber security tools and technology to identify threats and alert you to those that matter.

## 99.1% cyber claims acceptance rate\*

- ✓ Giving you the confidence and peace of mind that your largest business risk will be covered.
- ✓ Providing you with a comprehensive product that covers what it says it will.

## 25 years' cyber experience

- ✓ As one of the **longest running cyber providers**, you can trust we work to put your business first.
- ✓ The largest in-house cyber team in the market, who offer a **streamlined and efficient process** from underwriting and cyber security to incident response and claims.

\*Based on the last 12 months of cyber claims.

Note: Incident response services are provided by an affiliate of CFC Underwriting Ltd, trading under the name CFC Response.

## Cyber attack prevention and remediation

A CFC cyber policy offers protective services working to help prevent attacks from happening in the first place. If an incident does occur, our expert technical team will help get you back online, fast.

### Proactive cyber attack prevention

Working to protect you from cyber incidents.

We supplement your existing cyber security programme by assessing your businesses' attack surface to understand what we're protecting. Then work around the clock, seeking to identify threats and risks that could impact your businesses—only alerting you to those threats that matter.

Using a range of advanced cyber security tools:



#### Threat intelligence

We partner with government and private threat intelligence organizations to receive and **analyze information about cyber threats** targeting your business.



#### Threat hunting

Our cyber threat analysts **actively search the dark web** and hacker forums for compromised customer credentials and any other malicious activity.



#### Vulnerability scanning

We actively **scan insureds for known vulnerabilities** and cyber risks that have a high correlation to claims.



#### Real-time claims data

We use our own proprietary claims data to help **identify attack trends** and potential threats.

### Expert incident response and cyber claims

Helping to get you back online, fast.

If we alert you to malicious activity in your system, or you notify us of something, our in-house team are trained to:



#### Triage

Once notified, **we'll be in touch within 15 mins\*** to assess the situation and identify the necessary resources to address the incident.



#### Contain

Our team of cyber security engineers, forensic specialists and incident responders will **contain and remediate the incident**. If needed, we'll partner with third-party specialists.



#### Recover

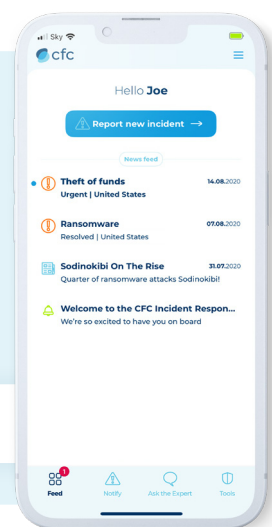
Once contained, our incident response and claims team work closely together to rebuild systems, reconstitute data and **get your business back up and running**.

## Response app

Our award-winning mobile app offers free exclusive cyber security tools and access to technical support 24/7. Helping you get the most out of our preventative and responsive cyber services.

- ✓ Most secure line of communication with our expert cyber security team.
- ✓ Fastest way to alert us of an incident.
- ✓ Receive personalized critical cyber threat alerts.

Download today to get the most out of your cyber policy.



\*For notifications that come through our app, Response or via phone.

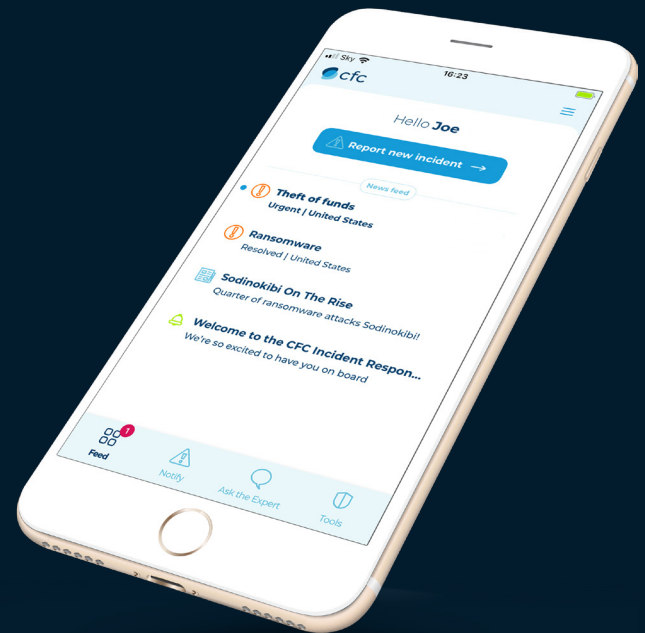
Note: Incident response services are provided by an affiliate of CFC Underwriting Ltd, trading under the name CFC Response.



Best Customer App  
Insurance Times Tech & Innovation Awards

# Response

An integral part of our cyber policy, our award-winning mobile app **Response**, delivers critical cyber security alerts and expert support



Here's what this valuable tool has to offer:

## Critical threat alerts

Delivered in real-time, CFC alerts customers to cyber threats targeting their business, helping to prevent attacks before they happen.

## Expert technical support

The app offers a direct, secure way of communicating with CFC's expert cyber security team to remediate vulnerabilities or seek technical support.

## Report an incident

If an incident occurs, the app is the quickest way to notify CFC and receive immediate support from our expert response team, who will help triage the issue and mitigate the impact.

## Access to cyber security tools

Designed to keep customers secure, including dark web monitoring, phishing simulations, and deep scanning. These tools are available for free with just a click of a button.

Search **CFC Response** in the App Store or Google Play store.  
Use **DEMOCFC000** to sign up.





## INDICATION OF TERMS

REFERENCE NUMBER:	7220285
COMPANY NAME:	Hospital District Number One of Mohave County
<b>TOTAL PAYABLE:</b>	<b>\$1,660 + \$195 Carrier Fee + \$600 Broker Fee + \$78.24 SL Tax</b>
Premium breakdown:	
Cyber & Privacy:	USD1,070.00
Cyber Crime:	USD590.00
TRIA:	USD0.00
Policy Administration Fee:	USD185.00
BUSINESS OPERATIONS:	Hospital
LEGAL ACTION:	Worldwide
TERRITORIAL SCOPE:	Worldwide
AGGREGATE DEDUCTIBLE:	USD0.00 in the aggregate
REPUTATIONAL HARM PERIOD:	12 months
INDEMNITY PERIOD:	12 months
TIME FRANCHISE:	8 hours
WORDING:	Cyber Proactive Response v4.0
ENDORSEMENTS:	Complaints Notice (USA) Policyholder Disclosure Notice Of Terrorism Insurance Coverage Schedule Of Information Primary and Non-Contributory Clause CRC Special Amendatory Clause
<b>SUBJECTIVITIES:</b>	<b>This quote is subject to the following being provided by the stated deadline:</b> <ol style="list-style-type: none"> <li>1. Full details of the surplus lines broker, including name, company name, address, license number, state of filing and expiry date. (prior to binding)</li> <li>2. Satisfactory confirmation that you have downloaded &amp; registered our incident response mobile app, details of which can be found with your policy documents. (30 days post binding)</li> </ol>
POLICY PERIOD:	12 months
DATE OF ISSUE:	19 May 2026
OPTIONAL EXTENDED REPORTING PERIOD:	12 months for 100% of applicable annualized premium
SECURITY:	Certain underwriters at Lloyd's and other insurers
ADDITIONAL NOTES:	



THIS INDICATION OF TERMS IS ONLY VALID FOR 30 DAYS FROM THE DATE OF ISSUE

PLEASE REFER TO THE FOLLOWING PAGES FOR A FULL BREAKDOWN OF LIMITS,  
RETENTIONS AND APPLICABLE CLAUSES



## DECLARATIONS

### INSURING CLAUSE 1: CYBER INCIDENT RESPONSE

#### SECTION A: INCIDENT RESPONSE COSTS

Limit of liability: USD1,000,000 each and every claim

#### SECTION B: LEGAL AND REGULATORY COSTS

Limit of liability: USD1,000,000 each and every claim

#### SECTION C: IT SECURITY AND FORENSIC COSTS

Limit of liability: USD1,000,000 each and every claim

#### SECTION D: CRISIS COMMUNICATION COSTS

Limit of liability: USD1,000,000 each and every claim

#### SECTION E: PRIVACY BREACH MANAGEMENT COSTS

Limit of liability: USD1,000,000 each and every claim

#### SECTION F: THIRD PARTY PRIVACY BREACH MANAGEMENT COSTS

Limit of liability: USD1,000,000 each and every claim

#### SECTION G: POST BREACH REMEDIATION COSTS

Limit of liability: USD50,000 each and every claim, subject to a maximum of 10% of all sums **we** have paid as a direct result of the **cyber event**

### INSURING CLAUSE 2: CYBER CRIME

#### SECTION A: FUNDS TRANSFER FRAUD

Limit of liability: USD250,000 each and every claim

#### SECTION B: INVOICE MANIPULATION

Limit of liability: USD250,000 each and every claim

#### SECTION C: NEW VENDOR FRAUD

Limit of liability: USD250,000 each and every claim

#### SECTION D: PHYSICAL GOODS FRAUD

Limit of liability: USD250,000 each and every claim



#### SECTION E: THEFT OF PERSONAL FUNDS

Limit of liability: USD250,000 each and every claim

#### SECTION F: CORPORATE IDENTITY THEFT

Limit of liability: USD250,000 each and every claim

#### SECTION G: THEFT OF FUNDS HELD IN ESCROW

Limit of liability: USD250,000 each and every claim

#### SECTION H: THEFT OF CLIENT FUNDS

Limit of liability: USD50,000 each and every claim

#### SECTION I: CUSTOMER PAYMENT FRAUD

Limit of liability: USD50,000 each and every claim

#### SECTION J: TELEPHONE HACKING

Limit of liability: USD250,000 each and every claim

#### SECTION K: UNAUTHORIZED USE OF COMPUTER RESOURCES

Limit of liability: USD250,000 each and every claim

### INSURING CLAUSE 3: CYBER EXTORTION

Limit of liability: USD1,000,000 each and every claim

### INSURING CLAUSE 4: SYSTEM DAMAGE AND BUSINESS INTERRUPTION

#### SECTION A: SYSTEM DAMAGE AND RECTIFICATION COSTS

Limit of liability: USD1,000,000 each and every claim

#### SECTION B: HARDWARE REPLACEMENT COSTS

Limit of liability: USD1,000,000 each and every claim

#### SECTION C: INCOME LOSS AND EXTRA EXPENSE

Limit of liability: USD1,000,000 each and every claim

#### SECTION D: EMERGENCY AND ADDITIONAL OPERATIONAL CONTINUITY COSTS

Limit of liability: USD100,000 each and every claim



#### SECTION E: VOLUNTARY AND REGULATORY SHUTDOWN

Limit of liability: USD1,000,000 each and every claim

#### SECTION F: DEPENDENT BUSINESS INTERRUPTION

Limit of liability: USD1,000,000 each and every claim

#### SECTION G: CONSEQUENTIAL REPUTATIONAL HARM

Limit of liability: USD1,000,000 each and every claim

#### SECTION H: LOST OR MISSED BIDS

Limit of liability: USD1,000,000 each and every claim

#### SECTION I: CLAIM PREPARATION COSTS

Limit of liability: USD25,000 each and every claim

#### INSURING CLAUSES 5 AND 7 - 9 COMBINED

Aggregate limit of liability: USD1,000,000 in the aggregate

#### INSURING CLAUSE 5: NETWORK SECURITY & PRIVACY LIABILITY

##### SECTION A: NETWORK SECURITY LIABILITY

Aggregate limit of liability: USD1,000,000 in the aggregate, including **costs and expenses**

##### SECTION B: PRIVACY LIABILITY

Aggregate limit of liability: USD1,000,000 in the aggregate, including **costs and expenses**

##### SECTION C: MANAGEMENT LIABILITY

Aggregate limit of liability: USD1,000,000 in the aggregate, including **costs and expenses**

##### SECTION D: REGULATORY FINES, PENALTIES AND INVESTIGATION COSTS

Aggregate limit of liability: USD1,000,000 in the aggregate, including **costs and expenses**

##### SECTION E: PCI FINES, PENALTIES AND ASSESSMENTS

Aggregate limit of liability: USD1,000,000 in the aggregate, including **costs and expenses**

##### SECTION F: CONTINGENT BODILY INJURY

Aggregate limit of liability: USD250,000 in the aggregate, including **costs and expenses**



#### INSURING CLAUSE 6: CRIMINAL REWARD COVER

Limit of liability: USD100,000 each and every claim

#### INSURING CLAUSE 7: MEDIA LIABILITY

##### SECTION A: DEFAMATION

Aggregate limit of liability: USD1,000,000 in the aggregate, including **costs and expenses**

##### SECTION B: INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT

Aggregate limit of liability: USD1,000,000 in the aggregate, including **costs and expenses**

#### INSURING CLAUSE 8: TECHNOLOGY ERRORS AND OMISSIONS

NO COVER GIVEN

#### INSURING CLAUSE 9: COURT ATTENDANCE COSTS

Aggregate limit of liability: USD100,000 in the aggregate



# Cyber Proactive Response

Policy document

United States



## Proactive services

As an added benefit to this policy proactive cyber attack prevention services are provided to you, working to identify vulnerabilities and risks targeting insureds and try to prevent them from turning into cyber incidents. For more information on how these services work, contact us or [read this article](#).

CFC (the Coverholder identified on your Policy Certificate) strives to provide proactive support and advice on cyber risks and vulnerabilities that you may be exposed to throughout the duration of the policy. In certain circumstances such support may be provided by CFC Response.

### Accessing proactive services

It is recommended that you download and activate the CFC Response app, including enabling notifications, in order to ensure full access to, and benefit from, CFC's Proactive services. While CFC will endeavour to provide these proactive services to you without the app, downloading the app will allow CFC to provide a deeper level of threat analysis. Your policy number provides you with free access to the app.

### No impact on policy limits

Being alerted of a risk or vulnerability by CFC will not constitute a claim under your policy. CFC interactions with you to provide support and advice regarding cyber risks and vulnerabilities they have identified will not impact any coverage that you may be entitled to.

#### Proactive services tailored for you

CFC supports you by trying to identify risks and vulnerabilities that may lead to cyber incidents throughout the duration of the policy. If CFC becomes aware of a cyber risk or vulnerability to which you may be exposed, CFC will strive to provide proactive risk management services to you. These services can include:

- A** sending threat alerts through the Response mobile application (or via another means of communication if you have not downloaded the Response mobile application);
- B** providing initial advice to you about the risk or vulnerability, including threat intelligence; and
- C** providing initial remote support and assistance to you to remedy the risk or vulnerability.

The Services at b. and c. above will be provided to you by CFC Response.

### If a cyber event occurs

In the event that the risk or vulnerability CFC alerts you about results in a notifiable incident under the Policy, you should refer to the Policy Conditions or speak with your broker for information about notification requirements to CFC.

### About CFC Response

CFC Response is a trading name of the below listed entities, all of which are affiliates of CFC:

- 1** CFC Security Inc, DE file number 7451204, principal place of business at 300 E. Highland Mall Blvd, Suite 300, Austin, Texas 78752 United States;
- 2** CFC Security Limited, registered company number 13497455 with registered address at 85 Gracechurch Street, London, EC3V 0AA; and
- 3** CFC Security Pty Ltd, principal place of business at 130 Bundall Road, Unit 22, Queensland, 4217, Australia, ACN: 096 518 820.

You may receive services from one or more of the above companies depending upon your geographical location.

By using CFC Response services, you agree to the relevant entity's terms and conditions, which can be found [here](#). These terms outline the scope of services provided and any applicable limitations on liability. CFC is not responsible for services provided by CFC Response. Liability for these services is governed by the terms and conditions of the relevant CFC Response entity. If you have any questions about these terms, please contact CFC Response for clarification at [enquiries@cfcreponse.com](mailto:enquiries@cfcreponse.com).

### Our liability for proactive support services

CFC's Proactive services are designed to support cyber risk visibility and deliver timely alerts. These services do not replace the need for a comprehensive cybersecurity programme. Whilst CFC will endeavour to identify risks and vulnerabilities that may lead to cyber incidents throughout the duration of the policy to you, neither CFC nor CFC Response offers any guarantee that all such risks and vulnerabilities will be prevented, identified or resolved by CFC or CFC Response. You remain solely responsible for securing your systems and data.



## PREAMBLE

As an added benefit to this Policy, proactive cyber attack prevention services are provided to **you**. These services are designed to help identify potential vulnerabilities and threats targeting **you** and aim to assist in reducing the likelihood of cyber incidents.

**IMPORTANT: COVERAGE TRIGGERS.** It is important for **you** to review this Policy carefully as the trigger for coverage, including when **you** must notify **us** of a claim, under each Section and Insuring Clause may differ.

This Policy is a contract of insurance between **you** and **us**. **Your** Policy contains all the details of the cover that **we** provide. This Policy consists of and must be read together with the Declarations page and any Endorsements. This Policy is not complete unless it is signed and a Declarations page is attached.

The sections of this Policy are identified by the blue lines across the page with white upper case print, these are for information purposes only and do not form part of the cover given by this Policy. Terms in bold upper case print are references to specific Insuring Clauses, Sections or Conditions. Other terms in bold lower case print are defined terms and have a special meaning as set forth in the Definitions section and elsewhere. Words stated in the singular will include the plural and vice versa.

In consideration of the **premium** and in reliance upon the information that **you** have provided to **us** prior to the commencement of this insurance, **we** agree to provide the cover as set out below:

## INSURING CLAUSES

### INSURING CLAUSE 1: CYBER INCIDENT RESPONSE

#### SECTION A: INCIDENT RESPONSE COSTS

**We** agree to pay on **your** behalf any reasonable sums necessarily incurred by **you**, or on **your** behalf, as a direct result of a **cyber event** first discovered by **you** during the **period of the policy** to:

- a. gain access to **our 24/7 cyber incident response line**;
- b. engage with **our claims manager** who will coordinate the initial response;
- c. obtain initial advice and consultancy from **our claims manager**, including threat intelligence in relation to the **cyber event**; and
- d. obtain initial remote support and assistance from **our claims manager** to respond to the **cyber event**.



## SECTION B: LEGAL AND REGULATORY COSTS

We agree to pay on **your** behalf any reasonable sums necessarily incurred by **you**, or on **your** behalf, as a direct result of a **cyber event** first discovered by **you** during the **period of the policy** to:

- a. obtain legal advice to determine the correct course of action;
- b. draft **privacy breach** notification letters, substitute notices, website notices or e-mail notification templates;
- c. notify any appropriate governmental, regulatory, law enforcement, professional or statutory body;
- d. respond to any **regulatory investigation**; and
- e. defend any regulatory action.

## SECTION C: IT SECURITY AND FORENSIC COSTS

We agree to pay on **your** behalf any reasonable sums necessarily incurred by **you**, or on **your** behalf, as a direct result of a **cyber event** first discovered by **you** during the **period of the policy** to:

- a. engage with an external IT security consultant to identify the source and scope of the **cyber event**;
- b. obtain initial advice to remediate the impact of the **cyber event**;
- c. conduct a forensic investigation of **your computer systems** where reasonable and necessary or as required by law or a regulatory body (including a requirement for a PCI Forensic Investigator);
- d. contain and remove any malware discovered on **your computer systems**; and
- e. engage with an IT security consultant to provide expert witness testimony at any trial or hearing arising from the **cyber event**.

## SECTION D: CRISIS COMMUNICATION COSTS

We agree to pay on **your** behalf any reasonable sums necessarily incurred by **you**, or on **your** behalf, as a direct result of a **cyber event** first discovered by **you** during the **period of the policy** to:

- a. engage with a crisis communications consultant to obtain specific advice in direct relation to the **cyber event**;
- b. coordinate media relations in response to the **cyber event**;
- c. receive training for relevant spokespeople with respect to media communications in direct relation to the **cyber event**; and
- d. formulate a crisis communications plan in order to reduce damage to **your** brand and reputation as a direct result of the **cyber event**.

## SECTION E: PRIVACY BREACH MANAGEMENT COSTS

We agree to pay on **your** behalf any reasonable sums necessarily incurred by **you**, or on **your** behalf, as a direct result of a **cyber event** first discovered during the **period of the policy** to:



- a. print and post appropriate notices for any individual affected by the actual or suspected **cyber event** or to send e-mail notices or issue substitute notices, including any **privacy breach** notification that **you** are not legally obliged to make;
- b. provide credit monitoring services, identity monitoring services, identity restoration services or identity theft insurance to affected individuals;
- c. set up a call center to manage inbound and outbound calls in direct relation to the **cyber event**; and
- d. provide translation services to manage communications with affected individuals.

#### SECTION F: THIRD PARTY PRIVACY BREACH MANAGEMENT COSTS

We agree to pay on behalf of any **third party** any reasonable sums necessarily incurred as a direct result of a **cyber event** first discovered by **you** during the **period of the policy** to:

- a. print and post appropriate notices for any individual affected by the actual or suspected **cyber event** or to send e-mail notices or issue substitute notices;
- b. provide credit monitoring services, identity monitoring services, identity restoration services or identity theft insurance to affected individuals;
- c. set up a call center to manage inbound and outbound calls in direct relation to the **cyber event**; and
- d. provide translation services to manage communications with affected individuals;

provided that **you** are contractually required to indemnify the **third party** against this **cyber event** and they have a legal obligation to notify affected individuals.

#### SECTION G: POST BREACH REMEDIATION COSTS

We agree to pay on **your** behalf any reasonable sums necessarily incurred by **you**, or on **your** behalf, with **our claims manager** following a **cyber event** covered under **INSURING CLAUSE 1** for the following services in order to mitigate the potential of a future **cyber event**:

- a. complete an information security risk assessment;
- b. conduct an information security gap analysis;
- c. develop an information security document set; and
- d. deliver an information security awareness training session.

#### INSURING CLAUSE 2: CYBER CRIME

##### SECTION A: FUNDS TRANSFER FRAUD

We agree to reimburse **you** for **loss** first discovered by **you** during the **period of the policy** as a direct result of any **third party** committing:

- a. any unauthorized electronic transfer of **company** funds from a bank;
- b. theft of the **company's** money or other financial assets from a bank by electronic means;
- c. theft of money or other financial assets from **your** corporate credit cards by electronic means; or



- d. any phishing, vishing or other social engineering attack against any **employee** or **senior executive officer** that results in the transfer of **company** funds to an unintended **third party**.

#### SECTION B: INVOICE MANIPULATION

We agree to reimburse **you** for **loss** first discovered by **you** during the **period of the policy**, as a direct result of theft committed by a **third party** of a **client's** money or other financial assets, that the **client** intended to send to **you** for the provision of goods and services, but which **you** did not receive as a result of fraudulent electronic communications designed to impersonate a **senior executive officer** or **employee**, including the creation of fraudulent invoices or change of banking details.

#### SECTION C: NEW VENDOR FRAUD

We agree to reimburse **you** for **loss** first discovered by **you** during the **period of the policy** as a direct result of a fraudulent **third party** posing as a legitimate vendor of goods or services with whom **you** are transacting for the first time, resulting in **you** paying for goods or services that **you** did not receive.

#### SECTION D: PHYSICAL GOODS FRAUD

We agree to reimburse **you** for **loss** first discovered by **you** during the **period of the policy** as a direct result of a **third party** committing any phishing, vishing or other social engineering attack against an **employee** or **senior executive officer** that results in **you** sending the **company's** tangible property or goods to an unintended **third party**.

However, **we** will not make any payment under this Section for **loss** as a result of a legitimate customer not paying or refusing to pay for tangible property or goods that **you** have sent to them.

#### SECTION E: THEFT OF PERSONAL FUNDS

We agree to reimburse any **senior executive officer** for personal financial loss first discovered by them during the **period of the policy** as a direct result of any **third party** compromising the **company's** network security, which results in:

- a. theft of money or other financial assets from a personal bank account of the **senior executive officer**; or
- b. identity theft of the **senior executive officer** as a result of a **privacy breach** suffered by **you**.

However, **we** will not make any payment under this Section for any cryptoasset, including cryptocurrency, utility tokens, securities token or ecosystem tokens, belonging to the **senior executive officer**.



## SECTION F: CORPORATE IDENTITY THEFT

We agree to reimburse **you** for **loss** first discovered by **you** during the **period of the policy** as a direct result of the fraudulent use or misuse of **your** electronic identity, including the:

- a. establishment of credit or loans in **your** name;
- b. unauthorized electronic signing of any contract or agreement in **your** name;
- c. costs associated with the removal of websites designed to impersonate **you**; or
- d. the reliance by a **third party** on a fraudulent version of **your** digital identity to execute transactions of **your** funds or other financial assets.

## SECTION G: THEFT OF FUNDS HELD IN ESCROW

We agree to reimburse **you** for **loss** (including compensation that the **company** is legally obliged to pay) first discovered by **you** during the **period of the policy** as a direct result of **you** having to reimburse a **client** for theft of the **client's** money or other financial assets from a bank account held in **your** name, provided that the theft was committed by a **third party** by electronic means, including any phishing, vishing or other social engineering attack against **you**.

## SECTION H: THEFT OF CLIENT FUNDS

We agree to reimburse **you** for **loss** first discovered by **you** during the **period of the policy** as a direct result of **you** having to reimburse a **client** for theft of the **client's** money or other financial assets from a **client's** bank account that **you** had access to, provided that the theft was as a result of a social engineering attack committed against **you** by a **third party**.

## SECTION I: CUSTOMER PAYMENT FRAUD

We agree to reimburse **you** in the event of fraudulent electronic communications or websites designed to impersonate **you** or any of **your** products, first discovered by **you** during the **period of the policy**, for **loss** directly attributable to:

- a. reimbursing **your** customers for their financial loss arising directly from the fraudulent communications, including fraudulent invoices manipulated to impersonate **you**, where goods or services have not been provided to the customers by **you** or on **your** behalf; and
- b. the cost of creating and issuing a specific press release or establishing a specific website to advise **your** customers and prospective customers of the fraudulent communications.

## SECTION J: TELEPHONE HACKING

We agree to reimburse **you** for **loss** associated with the cost of unauthorized calls or unauthorized use of **your** bandwidth first discovered by **you** during the **period of the policy** as a direct result of **your** telephone system being hacked by a **third party**.

## SECTION K: UNAUTHORIZED USE OF COMPUTER RESOURCES

We agree to reimburse **you** for **loss** first discovered by **you** during the **period of the policy** as a direct result of **cryptojacking** or **botnetting**.



### INSURING CLAUSE 3: CYBER EXTORTION

We agree to pay on behalf of the **company** any ransom in response to an extortion demand made against **you** and first discovered by **you** during the **period of the policy** as a direct result of any actual or threat of:

- a. introduction of malware, including ransomware, into **your computer systems**;
- b. prevention of access to **your computer systems** or any **third party** systems hosting **your** applications or data;
- c. disclosure of **your** confidential information or confidential information entrusted to **you**; or
- d. damage to **your** brand or reputation by posting false or misleading information about **you** on social media sites.

We will also pay on behalf of the **company** the reasonable and necessary costs incurred to respond to the extortion demand (including costs incurred to procure cryptocurrency for the purposes of paying the ransom or in negotiating with the individual or organization making the extortion demand against **you**).

### INSURING CLAUSE 4: SYSTEM DAMAGE AND BUSINESS INTERRUPTION

#### SECTION A: SYSTEM DAMAGE AND RECTIFICATION COSTS

We agree to reimburse **you** for the additional cost of employing:

- a. contract staff or overtime costs for **employees** to rebuild **your** data, including the cost of data re-entry or data re-creation;
- b. specialist consultants, including IT forensic consultants, to recover **your** data or applications; and
- c. specialist consultants or overtime costs for **employees** working within **your** IT department to reconstitute **your computer systems** to the position they were in immediately prior to the **cyber event**;

as a direct result of a **cyber event** first discovered by **you** during the **period of the policy**.

#### SECTION B: HARDWARE REPLACEMENT COSTS

We agree to pay on **your** behalf any reasonable sums necessarily incurred to replace any computer hardware or tangible equipment forming part of **your computer systems** that have been rendered unusable as a direct result of a **cyber event** first discovered by **you** during the **period of the policy**, provided that replacing the computer hardware or tangible equipment is a more cost effective solution than installing new firmware or software onto **your** existing hardware.

For the purposes of this Section, **we** will also pay the reasonable costs necessarily incurred to purchase and install temporary computer hardware or tangible equipment that are necessary in the interim for the sole purpose of facilitating the recovery of **your** data or systems during the remediation phase of the **cyber event**.



### SECTION C: INCOME LOSS AND EXTRA EXPENSE

We agree to reimburse **you** for **your income loss** and **extra expense** sustained during the **indemnity period** as a direct result of an interruption to **your business operations** caused by **computer systems** downtime arising directly out of a **cyber event**, **system failure** or **operator error**, which is first discovered by **you** during the **period of the policy**, provided that the **computer systems** downtime lasts longer than the **time franchise**.

### SECTION D: EMERGENCY AND ADDITIONAL OPERATIONAL CONTINUITY COSTS

We agree to reimburse **you** for any reasonable sums necessarily incurred during the **indemnity period** that are in addition to **your** normal operating expenses and the **extra expense** recoverable under **INSURING CLAUSE 4 (SECTION C only)**:

- a. to source **your** products or services from alternative sources in order to meet contractual obligations to supply **your** customers;
- b. to employ contract staff or overtime costs for **employees** in order to continue **your business operations**;
- c. to employ specialist consultants, including IT forensic consultants to diagnose the source of the **computer systems** downtime; and
- d. for **employees** working overtime within **your** IT department to diagnose and fix the source of the **computer systems** downtime;

to mitigate an interruption to **your business operations** caused by **computer systems** downtime arising directly out of a **cyber event**, **system failure** or **operator error** which is first discovered by **you** during the **period of the policy**, provided that the **computer systems** downtime lasts longer than the **time franchise**.

For the avoidance of doubt, these additional costs need not be less than **your** expected **income loss** had these measures not been taken.

### SECTION E: VOLUNTARY AND REGULATORY SHUTDOWN

We agree to reimburse **you** for **your income loss** and **extra expense** sustained during the **indemnity period** as a result of an interruption to **your business operations** where:

- a. it is reasonable and necessary to deliberately take **your computer systems** offline in order to manage a **cyber event** and to mitigate a wider loss, provided that the **cyber event** was first discovered by **you** during the **period of the policy**; or
- b. a governmental entity or regulatory body with jurisdiction over **you** expressly requires **you** to take **your computer systems** offline during the **period of the policy** in response to a **cyber event**;

provided that the length of time that **your computer systems** are offline exceeds the **time franchise**.



## SECTION F: DEPENDENT BUSINESS INTERRUPTION

We agree to reimburse **you** for **your income loss** and **extra expense** sustained during the **indemnity period** as a direct result of an interruption to **your business operations** arising directly out of any sudden, unexpected and continuous outage of computer systems used directly by a **supply chain partner** which is first discovered by **you** during the **period of the policy**, provided that the computer systems downtime lasts longer than the **time franchise** and arises directly out of a **cyber event**, **system failure** or **operator error**.

## SECTION G: CONSEQUENTIAL REPUTATIONAL HARM

We agree to reimburse **you** for **your income loss** sustained during the **reputational harm period** as a direct result of the loss of current or future customers, caused by damage to **your reputation** as a result of a **cyber event** first discovered by **you** during the **period of the policy**.

## SECTION H: LOST OR MISSED BIDS

We agree to reimburse **you** for **your income loss** sustained during the **reputational harm period** as a result of **your** failure to make or win a bid or request for proposal (RFP) for a contract arising directly from a **cyber event** first discovered by **you** during the **period of the policy**.

## SECTION I: CLAIM PREPARATION COSTS

We agree to pay on **your** behalf any reasonable sums necessarily incurred to determine the amount of **your income loss** sustained following an interruption to **your business operations** covered under **INSURING CLAUSE 4**. We will only pay these costs where they are incurred with an expert appointed by the **claims manager**.

## INSURING CLAUSE 5: NETWORK SECURITY & PRIVACY LIABILITY

### SECTION A: NETWORK SECURITY LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including the establishment of any consumer redress fund and associated expenses) as a result of any **claim** arising out of a **cyber event** first discovered by **you** during the **period of the policy** that results in:

- a. the transmission of malware to a **third party's** computer system;
- b. **your computer systems** being used to carry out a denial of service attack;
- c. **your** failure to prevent unauthorized access to information stored or applications hosted on **your computer systems** or a **third party's** computer systems; or
- d. identity theft, experienced by **your employees, senior executive officers** or any **third party**.

We will also pay **costs and expenses** on **your** behalf.

### SECTION B: PRIVACY LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including the establishment of any consumer redress fund and associated expenses) as a result of any **claim** arising out of a **cyber event** first discovered by **you** during the **period of the policy** that results in:



- a. an actual or suspected disclosure of or unauthorized access to any Personally Identifiable Information (PII), including payment card information or Protected Health Information (PHI);
- b. **your** failure to adequately warn affected individuals of a **privacy breach**, including the failure to provide a data breach notification in a timely manner;
- c. a breach of any rights of confidentiality as a direct result of **your** failure to maintain the confidentiality of any data pertaining to an **employee** or **senior executive officer**;
- d. a breach of any rights of confidentiality, including a breach of any provisions of a non-disclosure agreement or breach of a contractual warranty relating to the confidentiality of commercial information, PII, or PHI;
- e. a breach of any part of **your** privacy policy; or
- f. actual or suspected disclosure of or unauthorized access to **your** data or data for which **you** are responsible.

We will also pay **costs and expenses** on **your** behalf.

#### SECTION C: MANAGEMENT LIABILITY

We agree to pay on behalf of any board member, C-level executive, in-house lawyer and risk manager of the **company** (including **your** Chief Information Security Officer, Chief Information Officer, Chief Technology Officer or their functional equivalents), all sums they become legally obliged to pay as a result of any **claim** made against them arising directly out of a **cyber event** first discovered by **you** during the **period of the policy**.

We will also pay **costs and expenses** on their behalf.

However, **we** will not make any payment under this Section for which the board member, C-level executive, in-house lawyer or risk manager is entitled to indemnity under any other insurance, except for any additional sum which is payable over and above the other insurance.

#### SECTION D: REGULATORY FINES, PENALTIES AND INVESTIGATION COSTS

We agree to pay on **your** behalf any fines and penalties resulting from a **regulatory investigation** arising as a direct result of a **cyber event** first discovered by **you** during the **period of the policy**.

We will also pay **costs and expenses** on **your** behalf.

#### SECTION E: PCI FINES, PENALTIES AND ASSESSMENTS

We agree to pay on **your** behalf any fines, penalties and card brand assessments including fraud recoveries, operational reimbursements, non-cooperation costs and case management fees, which **you** become legally obliged to pay to **your** acquiring bank or payment processor as a direct result of a **payment card breach** first discovered by **you** during the **period of the policy**.

We will also pay **costs and expenses** on **your** behalf.



## SECTION F: CONTINGENT BODILY INJURY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimant's costs and expenses) as a result of any **claim** arising out of **bodily injury** caused as a direct result of a **cyber event** affecting **your computer systems** first discovered by **you** during the **period of the policy**.

We will also pay **costs and expenses** on **your** behalf.

However, **we** will not make any payment under this Section for which **you** are entitled to indemnity under any other insurance, except for any additional sum which is payable over and above the other insurance.

## INSURING CLAUSE 6: CRIMINAL REWARD COVER

We agree to reimburse **you** for any reasonable sums necessarily incurred with **our** prior written agreement to pay any person or organization, other than:

- a. any external or internal auditor of the **company**; or
- b. any individual or organization who manages or supervises the individuals stated in a. above;

for information not otherwise available which directly results in the arrest and conviction of any person or organization who is committing or has committed any illegal act directly relating to a claim covered under **INSURING CLAUSES 1, 2, 3, 4 or 5**.

## INSURING CLAUSE 7: MEDIA LIABILITY

### SECTION A: DEFAMATION

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** during the **period of the policy** or any applicable optional extended reporting period for any:

- a. defamation, including but not limited to libel, slander, trade libel, product disparagement and injurious falsehood; or
- b. emotional distress or outrage based on harm to the character or reputation of any person or entity;

arising out of any **media content** (including any **media content** that has been created, in whole or in part, by artificial intelligence programmes or where such programmes have been used to assist in the creation of **media content**).

We will also pay **costs and expenses** on **your** behalf.



## SECTION B: INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** during the **period of the policy** or any applicable optional extended reporting period for any:

- a. infringement of any intellectual property rights, including, but not limited to, copyright, trademark, trade dilution, trade dress, commercial rights, design rights, domain name rights, image rights, moral rights, service mark or service name, but not including patent;
- b. act of passing-off, piracy or plagiarism or any misappropriation of content, concepts, format rights or ideas or breach of a contractual warranty relating to intellectual property rights;
- c. breach of any intellectual property rights license acquired by **you**; or
- d. failure to attribute authorship or provide credit;

arising out of any **media content** (including any **media content** that has been created, in whole or in part, by artificial intelligence programmes or where such programmes have been used to assist in the creation of **media content**).

We will also pay **costs and expenses** on **your** behalf.

## INSURING CLAUSE 8: TECHNOLOGY ERRORS AND OMISSIONS

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** during the **period of the policy** or any applicable optional extended reporting period arising out of any act, error, omission or breach of contract in the provision of **your technology services**.

We will also pay **costs and expenses** on **your** behalf.

## INSURING CLAUSE 9: COURT ATTENDANCE COSTS

We agree to reimburse **you** for any reasonable sums necessarily incurred by **you** with **our** prior written agreement (which will not be unreasonably withheld) to attend court or any tribunal, arbitration, adjudication, mediation or other hearing in connection with any claim for which **you** are entitled to indemnity under this Policy.

## HOW MUCH WE WILL PAY

### YOUR MAXIMUM LIMITS UNDER THIS POLICY

The maximum amount payable by **us** under this Policy for any one claim or series of related claims is the **policy limit** plus the **incident response limit**.



The maximum amount payable by **us** under any Insuring Clause for any one claim or series of related claims is the amount shown as the limit in the Declarations page for that Insuring Clause.

The maximum amount payable by **us** under any Section for any one claim or series of related claims is the amount shown as the limit in the Declarations page for that Section.

#### HOW YOUR LIMITS OPERATE

In respect of **INSURING CLAUSES 1, 2, 3, 4 and 6**, the **policy limit** and the **incident response limit** are provided on an each and every claim basis. This means that the **policy limit** and the **incident response limit** are not subject to an aggregate limit and the full **policy limit** and **incident response limit** will be available to **you** for any unrelated claims for which **you** are entitled to cover under this Policy.

For example, if **you** have a **policy limit** of \$1,000,000 and a claim erodes \$800,000 of that **policy limit**, should **you** notify a subsequent unrelated and covered claim under this Policy, the full \$1,000,000 **policy limit** will be available to **you** for the subsequent claim. The **incident response limit** operates in the same manner.

In respect of **INSURING CLAUSES 5, 7, 8 and 9**, the maximum amount payable under this Policy in total aggregate will be the **policy limit**.

#### YOUR MAXIMUM LIMIT FOR RELATED INCIDENTS

Where more than one claim arises from the same original cause or single source or event, all of those claims will be deemed to be one claim and only one **policy limit** and one **incident response limit** will apply in respect of that claim.

#### PAYMENT FOR PHYSICAL GOODS

If **we** make any payment under **INSURING CLAUSE 2 (SECTION D only)**, **we** will do so on a cost price basis. This means that any payment **we** make will be based on the original purchase price or cost of production of **your** tangible property and will not include **your** loss of profit.

#### PAYMENT FOR LOSS INCURRED BEFORE TIME FRANCHISE ELAPSED

In respect of **INSURING CLAUSE 4 (SECTIONS C, D, E and F only)**, where **you** are entitled to cover for any **income loss** or **extra expense**, any **income loss** or **extra expense** incurred before the **time franchise** elapsed will also be covered.

#### YOUR LIABILITY COVERAGES

In respect of **INSURING CLAUSES 5, 7, 8 and 9**, **we** may at any time pay to **you** in connection with any **claim** the amount of the **policy limit** (after deduction of any amounts already paid). Upon that payment being made, **we** will relinquish the conduct and control of the **claim** and be under no further liability in connection with that **claim** except for the payment of **costs and expenses**



incurred prior to the date of such payment (unless the **policy limit** is stated to be inclusive of **costs and expenses**).

If **costs and expenses** are stated in the Declarations page to be in addition to the **policy limit** plus the **incident response limit**, or if the operation of local laws requires **costs and expenses** to be paid in addition to the **policy limit** plus the **incident response limit**, and if a damages payment in excess of the **policy limit** plus the **incident response limit** has to be made to dispose of any **claim**, our liability for **costs and expenses** will be in the same proportion as the **policy limit** plus the **incident response limit** bears to the total amount of the damages payment.

## YOUR DEDUCTIBLE

### YOUR AGGREGATE DEDUCTIBLE

The **deductible** operates on a single aggregate basis and is the maximum amount **you** will be liable to pay for all claims under this Policy. This means that only one **deductible** is payable by **you**. Upon total erosion of the **deductible**, **you** will have no further liability to make any payment under this Policy. If any expenditure is incurred by **us** which falls within the amount of the **deductible**, then **you** will reimburse that amount to **us** upon **our** request.

For example, if **you** have a **deductible** of \$5,000 and make a claim where costs exceed this amount, should **you** notify a subsequent claim under this Policy, no **deductible** will apply to that claim and **you** will have no further liability to make any payment under this Policy.

### NIL DEDUCTIBLE SECTIONS

**You** will not be liable to pay for any portion of a claim covered under **INSURING CLAUSES 1 (SECTIONS A or G only), 4 (SECTION I only) or 9**.

### YOUR TIME FRANCHISE

In respect of **INSURING CLAUSE 4 (SECTIONS C, D, E and F only)**, a single **time franchise** and **indemnity period** will apply to each claim. Where the same original cause or single source or event causes more than one period of computer systems downtime these will be considered one period of computer systems downtime whose total duration is equal to the cumulative duration of each individual period of computer systems downtime.

## DEFINITIONS

1. "Approved claims panel providers" means  
the approved claims panel providers stated in the Declarations page.



2. **"Bodily injury"** means  
death, bodily injury, mental injury, illness or disease.
3. **"Botnetting"** means  
the unauthorized use of **your computer systems** by a **third party** for the purpose of launching a denial of service attack or hacking attack against another **third party**.
4. **"Business operations"** means  
the business operations stated in the Declarations page.
5. **"Claim"** means
  - a. a written demand for compensation;
  - b. a written request for a retraction or a correction;
  - c. a threat or initiation of a lawsuit; or
  - d. a disciplinary action or **regulatory investigation**.

made against **you**.
6. **"Claims managers"** means  
the claims managers stated in the Declarations page.
7. **"Client"** means  
any **third party** with whom **you** have a contract in place for the supply of **your** business services or products in return for a fee, or where a fee would normally be expected to be paid.
8. **"Company"** means  
the company named as the Insured in the Declarations page or any **subsidiary**.
9. **"Computer systems"** means  
all electronic computers used directly by **you**, including operating systems, software, hardware and all communication and open system networks and any data or websites wheresoever hosted, off-line media libraries and data back-ups and mobile devices including but not limited to smartphones, iPhones, tablets or personal digital assistants.  
  
**"Computer systems"** also means supervisory control and data acquisition (SCADA) systems, industrial control systems and other similar operational technology.
10. **"Continuity date"** means  
the **inception date** or if **you** have maintained uninterrupted insurance of the same type with **us**, the date this insurance was first incepted with **us**.
11. **"Costs and expenses"** means
  - a. **third party** legal and professional expenses (including disbursements) reasonably incurred in the defense of **claims** or circumstances which could reasonably be



expected to give rise to a **claim** or in quashing or challenging the scope of any injunction, subpoena or witness summons;

- b. any post judgment interest; and
- c. the cost of appeal, attachment and similar bonds including bail and penal bonds.

Subject to all **costs and expenses** being incurred with the **claims managers'** prior written agreement (which will not be unreasonably withheld).

12. **"Cryptojacking"** means

the unauthorized use of **your computer systems** by a **third party** for the sole purpose of cryptocurrency mining activities.

13. **"Cyber event"** means

any actual or suspected unauthorized system access, electronic attack or **privacy breach**, including an attack that utilizes artificial intelligence (AI), denial of service attack, cyber terrorism, hacking attack, Trojan horse, phishing attack, man-in-the-middle attack, application-layer attack, compromised key attack, malware infection (including spyware or ransomware), computer virus or actions of a rogue **employee**.

14. **"Cyber incident response line"** means

the telephone number stated as the cyber incident response line in the Declarations page.

15. **"Cyber war"** means

any unauthorized access to or electronic attack on computer systems, carried out by or on behalf of a **state**, that directly results in another **state** becoming an **impacted state**.

16. **"Deductible"** means

the amount stated as the aggregate deductible in the Declarations page.

17. **"Employee"** means

any employee of the **company**, any volunteer working for the **company** and any individual working for the **company** as an independent contractor.

**"Employee"** does not mean any **senior executive officer**.

18. **"Expiry date"** means

the expiry date stated in the Declarations page.

19. **"Extra expense"** means

**your** reasonable sums necessarily incurred in addition to **your** normal operating expenses to mitigate an interruption to and continue **your business operations**, provided that the costs are less than **your** expected **income loss** sustained had these measures not been taken.



20. **"Impacted state"** means

any **state** that suffers a major detrimental impact on its:

- a. ability to function; or
- b. defense and security capabilities;

as a direct result of any unauthorized access to or electronic attack on computer systems, carried out by or on behalf of another **state**.

21. **"Inception date"** means

the inception date stated in the Declarations page.

22. **"Incident response limit"** means

the highest individual limit available where cover is applicable under **INSURING CLAUSE 1** as stated in the Declarations page.

23. **"Income loss"** means

**your** income that, had the **cyber event, system failure or operator error** which gave rise to the claim not occurred, would have been generated directly from **your business operations** (less sales tax) during the **indemnity period or reputational harm period**, less:

- a. actual income (less sales tax) generated directly from **your business operations** during the **indemnity period or reputational harm period**; and
- b. any cost savings achieved as a direct result of the reduction in income.

24. **"Indemnity period"** means

the period starting from the first occurrence of:

- a. the **computer systems** downtime; or
- b. the downtime of computer systems used directly by a **supply chain partner**;

and lasting up to the period stated as the indemnity period in the Declarations page.

25. **"Loss"** means

any direct financial loss sustained by the **company**.

26. **"Media content"** means

any content created or disseminated by **you** or on **your** behalf, including but not limited to content disseminated through books, magazines, brochures, social media, billboards, websites, mobile applications, television and radio.

**"Media content"** does not include any:

- a. tangible product design;
- b. industrial design;



- c. architectural or building services;
- d. any advertisement created by **you** for a **third party**;
- e. business, company, product or trading name;
- f. product packaging or labeling; or
- g. software products.

27. **"Operator error"** means

any unintentional human error in entering or amending electronic data within **your computer systems** or in the upgrade, maintenance or configuration of those **computer systems**, where the proximate cause is not physical damage to any tangible equipment or property.

**"Operator error"** does not mean any error in the design or architecture of any **computer systems**.

28. **"Payment card breach"** means

an actual or suspected unauthorized disclosure of payment card data stored or processed by **you** arising out of an electronic attack, accidental disclosure or the deliberate actions of a rogue **employee**.

**"Payment card breach"** does not mean a situation where payment card data is deliberately shared with or sold to a **third party** with the knowledge and consent of a **senior executive officer**.

29. **"Period of the policy"** means

the period between the **inception date** and the **expiry date** or until the Policy is canceled in accordance with **CONDITION 5**

30. **"Policy limit"** means

the highest individual limit available where cover is applicable under any Insuring Clause or Section as stated in the Declarations page.

31. **"Premium"** means

the amount stated as the premium in the Declarations page and any subsequent adjustments.

32. **"Privacy breach"** means

an actual or suspected unauthorized disclosure of information (including information in electronic, paper or audio format) arising out of an electronic attack, accidental disclosure, theft or the deliberate actions of a rogue **employee** or **third party**.

**"Privacy breach"** does not mean a situation where information is deliberately shared with or sold to a **third party** with the knowledge and consent of a **senior executive officer**.



33. "**Regulatory investigation**" means  
a formal hearing, official investigation, examination, inquiry, legal action or any other similar proceeding initiated by a governmental, regulatory, law enforcement, professional or statutory body against **you**.
34. "**Reputational harm period**" means  
the period starting from when the **cyber event** is first discovered and lasting for the period stated as the reputational harm period in the Declarations page.
35. "**Senior executive officer**" means  
board members, C-level executives, in-house lawyers and risk managers of the **company**.
36. "**State**" means  
sovereign state.
37. "**Subsidiary**" means  
any entity which the **company** has majority ownership of, meaning more than 50% ownership, on or before the **inception date**.
38. "**Supply chain partner**" means  
any:
- a. **third party** that provides **you** with hosted computing services including infrastructure, platform, file storage and application level services; or
  - b. **third party** listed as a supply chain partner in an endorsement attaching to this policy which **we** have issued.
39. "**System failure**" means  
any sudden, unexpected and continuous downtime of **your computer systems** which renders them incapable of supporting their normal business function and is caused by an application bug, an internal network failure or hardware failure.
- However, in respect of **INSURING CLAUSE 4 (SECTION F only)**, **system failure** also means any sudden, unexpected and continuous downtime of computer systems used directly by a **supply chain partner** which renders them incapable of supporting their normal business function and is caused by an application bug, an internal network failure or hardware failure.
- "**System failure**" does not mean a **cyber event**.
40. "**Technology services**" means  
the supply by **you** of technology services to **your client**, including but not limited to hardware, software, data processing, internet services, data and application hosting, computer systems analysis, consulting, training, programming, installation, integration, support and network management.



41. **"Third party"** means  
any person who is not an **employee** or any legal entity that is not the **company**.
42. **"Time franchise"** means  
the number of hours stated as the time franchise in the Declarations page.
43. **"War"** means  
any physical:
- a. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war is declared or not), civil war, rebellion, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
  - b. action taken in controlling, preventing, suppressing or in any way relating to a. above.
44. **"We/our/us"** means  
the underwriters stated in the Declarations page.
45. **"You/your"** means  
the **company**, **employees** and **senior executive officers** solely acting in the normal course of the **company's business operations**.

## EXCLUSIONS

We will not make any payment under this Policy:

### 1. Antitrust

in respect of **INSURING CLAUSES 7** and **8**, for or arising out of any actual or alleged antitrust violation, restraint of trade, unfair competition, false, deceptive or unfair trade practices, violation of consumer protection laws or false or deceptive advertising.

### 2. Associated companies

- a. in respect of any **claim** made by any company, firm or partnership in which the **company** has greater than a 10% executive or financial interest, unless the **claim** emanates from an independent **third party**;
- b. in respect of any **claim** made by any company, firm, partnership or individual which has greater than a 10% executive or financial interest in the **company**, unless the **claim** emanates from an independent **third party**;
- c. arising out of or resulting from any of **your** activities as a trustee, partner, officer, director or employee of any employee trust, charitable organization, corporation, company or business other than that of the **company**; or
- d. in respect of any **claim** made by or on behalf of the **company** against a **third party**.



### 3. Betterment

which results in **you** being in a better financial position or **you** benefitting from upgraded versions of **your computer systems** as a direct result of the event which gave rise to the claim under this policy.

However, in the event of a hacking attack, malware infection or computer virus, when rebuilding **your computer systems** **we** will pay the additional costs and expenses incurred to install a more secure and efficient version of the affected **computer system**, provided that the maximum amount **we** will pay is 25% more than the cost that would have been incurred to repair or replace the original model or license. Under no circumstances will **we** pay the cost of acquiring or installing **computer systems** which did not form a part of **your computer systems** immediately prior to the incident which gave rise to the claim.

This Exclusion will not apply to **INSURING CLAUSES 1 (SECTION G only)** and **4 (SECTION B only)**.

### 4. Bodily injury and property damage

arising directly or indirectly out of **bodily injury** or tangible property damage.

However, this Exclusion will not apply to:

- a. **INSURING CLAUSES 5 (SECTIONS A, B and C only)** and **7**, in respect of any **claim** as a direct result of mental injury or emotional distress; and
- b. **INSURING CLAUSE 5 (SECTION F only)**, in respect of any **claim** as a direct result of **bodily injury**.

### 5. Chargebacks

for any credit card company or bank, wholly or partially, reversing or preventing a payment transaction, unless specifically covered under **INSURING CLAUSE 5 (SECTION E only)** for which **you** have purchased coverage.

### 6. Core infrastructure failure

arising directly or indirectly out of any:

- a. failure, material degradation or termination of any core element of the internet, telecommunications or GPS infrastructure that results in a regional, countrywide or global outage of the internet or telecommunications network, including a failure of the core DNS root servers, satellite network or the IP addressing system or an individual state or non-state actor disabling all or part of the internet;
- b. failure in the power supply, including where the failure is caused by any surge or spike in voltage, electrical current or transferred energy; or
- c. failure, disruption or reduction in the supply of utilities, including telecommunications, gas and water infrastructure or services.

#### 7. Known claims and circumstances

arising out of any actual or suspected **cyber event, claim, loss, operator error, system failure** or circumstance which might give rise to a claim under this Policy which a **senior executive officer** was aware of, or ought reasonably to have been aware of, prior to the **continuity date**, including any claim or circumstance notified to any other insurer.

#### 8. Liquidated damages, service credits and penalty clauses

for liquidated damages or service credits, or arising out of penalty clauses unless **you** would have been liable in the absence of any contract stipulating the liquidated damages or service credits or penalty clauses.

#### 9. Management liability

for any sums that **your senior executive officers** become legally obliged to pay, including **costs and expenses**, as a result of any **claim** made against them arising out of a **cyber event**.

However, this Exclusion will not apply to **INSURING CLAUSE 5 (SECTION C only)**.

#### 10. Misleading advertising

arising directly or indirectly from any advertisement, promotion or product description that is actually or alleged to be false or misleading.

#### 11. Nuclear

arising directly or indirectly from or contributed to by:

- a. ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
- b. the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component.

#### 12. Patent infringement

arising directly or indirectly out of the actual or alleged infringement of any patent or inducing the infringement of any patent.

#### 13. Product IP infringement

arising directly or indirectly from the actual or alleged theft or misappropriation of any trade secret by an **employee** from a former employer of theirs or infringement of any intellectual property right by any product manufactured, designed, formulated, licensed, distributed, or sold by **you** or the misappropriation of any trade secret by **you** or a **third party**.

#### 14. Professional liability

arising directly out of any negligent advice or professional services provided to a **client** for a fee except when arising directly from a **cyber event**.

However, this Exclusion will not apply to **INSURING CLAUSE 8**.



#### 15. Property and hardware costs

for any tangible property repair or replacement including the cost of repairing any hardware or replacing any tangible property or equipment that forms part of **your computer systems**.

However, this Exclusion will not apply to **INSURING CLAUSE 4 (SECTION B)** only).

#### 16. Terrorism

arising directly or indirectly out of:

- a. any act or threat of force or violence by an individual or group, whether acting alone or on behalf of or in connection with any organization or government, committed for political, religious, ideological or similar purposes including the intention to influence any government or to put the public, or any section of the public, in fear; or
- b. any action taken in controlling, preventing, suppressing or in any way relating to a. above.

However, this Exclusion does not apply to a **cyber event** affecting **your computer systems** or a **supply chain partner's** computer systems.

#### 17. Theft of funds held in escrow

for theft of money or other financial assets belonging to a **third party** from a bank account held by **you** on their behalf.

However, this Exclusion will not apply to **INSURING CLAUSE 2 (SECTION G)** only).

#### 18. Uninsurable fines

for fines, penalties, civil or criminal sanctions or multiple, punitive or exemplary damages, unless insurable by law.

#### 19. Unlawful surveillance

in respect of any actual or alleged eavesdropping, wiretapping, or unauthorized audio or video recording committed by **you** or by a **third party** on **your** behalf with the knowledge and consent of **your senior executive officers**.

#### 20. Unsolicited communications

arising directly or indirectly from any actual or alleged violation of:

- a. the CAN-SPAM Act of 2003 or any subsequent amendments to that Act;
- b. the Telephone Consumer Protection Act (TCPA) of 1991 or any subsequent amendments to that Act; or
- c. any other law, regulation or statute relating to unsolicited communication, distribution, sending or transmitting of any communication via telephone or any other electronic or telecommunications device.

However, this Exclusion will not apply to **INSURING CLAUSE 5 (SECTION A only)**.

## 21. War and cyber war

arising directly or indirectly out of:

- a. **war**; or
- b. **cyber war**.

However, part b. above will not apply to:

- a. **INSURING CLAUSE 1 (SECTION A only)**; and
- b. that part of any claim relating to any computer systems which are physically located outside of an **impacted state**.

## 22. Willful or dishonest acts of senior executive officers

arising directly or indirectly out of any willful, criminal, malicious or dishonest act, error or omission by a **senior executive officer** as determined by final adjudication, arbitral tribunal or written admission.

# CONDITIONS

## 1. What you must do if an incident takes place

If any **senior executive officer** becomes aware of any incident which may reasonably be expected to give rise to a claim under this Policy, **you** must:

- a. other than in accordance with **CONDITION 2**, notify the **claims manager** as soon as is reasonably practicable and follow their directions. However, this notification must be made no later than the end of any applicable extended reporting period. A telephone call to **our cyber incident response line** or confirmed notification via **our** cyber incident response app will constitute notification to the **claims manager**;
- b. in respect of **INSURING CLAUSES 2 and 3**, report the incident to the appropriate law enforcement authorities;
- c. provide **us** in a timely manner with any other information and assistance that **we** may request; and
- d. in respect of **INSURING CLAUSE 3**, not incur any costs or promise any payment, including any ransom payment, without **our** prior written agreement (which will not be unreasonably withheld); and
- e. in respect of **INSURING CLAUSES 5, 7 and 8**, not admit liability for or settle or make or promise any payment or incur any **costs and expenses** without **our** prior written agreement (which will not be unreasonably withheld).



Due to the nature of the coverage offered by this Policy, any unreasonable delay by **you** in co-operating with or notifying the **claims manager** could lead to the size of the claim increasing or to **our** rights of recovery being restricted. **We** will not be liable for that portion of any claim that is due to any unreasonable delay in **you** co-operating with or notifying the **claims manager** of any incident in accordance with this clause. However, if **you** are prevented from co-operating with or notifying **us** by a legal or regulatory obligation then **your** rights under this Policy will not be affected.

If **you** discover a **cyber event** **you** may only incur costs, other than costs incurred to respond to an extortion demand (including any ransom payment), without **our** prior written consent within the first 72 hours following the discovery and any **third party** costs incurred must be with a company forming part of the **approved claims panel providers**. All other costs may only be incurred with the prior written consent of the **claims manager** (which will not be unreasonably withheld).

**We** require **you** to provide full details of the incident, including but not limited to:

- a. the time, place and nature of the incident;
- b. the manner in which **you** first became aware of this incident;
- c. the reasons why **you** believe that the incident could give rise to a claim under this Policy;
- d. the identity of any potential claimant; and
- e. an indication as to the size of the claim that could result from this incident.

In respect of in respect of **INSURING CLAUSES 7** and **8**, if **you** notify an incident that **we** agree is reasonably expected to give rise to a **claim**, **we** will accept any **claim** that arises out of the incident as being notified under this Policy.

## 2. What you must do in the event of a circumstance which could give rise to a claim

In respect of **INSURING CLAUSES 7** and **8**, should a **senior executive officer** become aware of:

- a. a situation during the **period of the policy** that could give rise to a **claim**; or
- b. an allegation or complaint made or intimated against **you** during the **period of the policy**;

then **you** have the option of whether to report this circumstance to **us** or not. However, if **you** choose not to report this circumstance **we** will not be liable for that portion of any **claim** that is greater than it would have been had **you** reported this circumstance.

If **you** choose to report this circumstance **you** must do so no later than the end of any applicable extended reporting period for it to be considered under this Policy and **we** will require **you** to provide full details of the circumstance, including but not limited to:

- a. the time, place and nature of the circumstance;



- b. the manner in which **you** first became aware of this circumstance;
- c. the reasons why **you** believe that this circumstance could give rise to a **claim**;
- d. the identity of the potential claimant; and
- e. an indication as to the size of the **claim** that could result from this circumstance.

Any subsequent **claim** arising directly from this circumstance will be deemed to have been made at the time this circumstance was notified to **us** and **we** will regard this **claim** as having been notified under this Policy.

### 3. Additional insureds

**We** will indemnify any **third party** as an additional insured under this Policy, but only in respect of sums which they become legally obliged to pay (including liability for claimants' costs and expenses) as a result of a **claim** arising solely out of an act, error or omission committed by **you**, provided that:

- a. **you** contracted in writing to indemnify the **third party** for the **claim** prior to it first being made against them; and
- b. had the **claim** been made against **you**, then **you** would be entitled to indemnity under this Policy.

Before **we** indemnify any additional insured they must:

- a. prove to **us** that the **claim** arose solely out of an act, error or omission committed by **you**; and
- b. fully comply with **CONDITION 1** as if they were **you**.

Where a **third party** is treated as an additional insured as a result of this Condition, any **claim** made by that **third party** against **you** will be treated by **us** as if they were a **third party** and not as an insured.

### 4. Agreement to pay claims (duty to defend)

**We** have the right and duty to take control of and conduct in **your** name the investigation, settlement or defense of any **claim**. **We** will not have any duty to pay **costs and expenses** for any part of a **claim** that is not covered by this Policy.

**You** may ask the **claims manager** to consider appointing **your** own lawyer to defend the **claim** on **your** behalf and the **claims manager** may grant **your** request if they consider **your** lawyer is suitably qualified by experience, taking into account the subject matter of the **claim**, and the cost to provide a defense.

**We** will endeavor to settle any **claim** through negotiation, mediation or some other form of alternative dispute resolution and will pay on **your** behalf the amount **we** agree with the claimant. If **we** cannot settle using these means, **we** will pay the amount which **you** are found



liable to pay either in court or through arbitration proceedings, subject to the **policy limit** and **incident response limit**.

**We** will not settle any **claim** without **your** consent. If **you** refuse to provide **your** consent to a settlement recommended by **us** and elect to continue legal proceedings in connection with the **claim**, any further **costs and expenses** incurred will be paid by **you** and **us** on a proportional basis, with 80% payable by **us** and 20% payable by **you**. As a consequence of **your** refusal, **our** liability for the **claim**, excluding **costs and expenses**, will not be more than the amount for which the **claim** could have been settled.

## 5. Cancellation

This Policy may be canceled with 30 days written notice by either **you** or **us**.

If **you** give **us** notice of cancellation, the return **premium** will be in proportion to the number of days that the Policy is in effect. However, if **you** have made a claim under this Policy there will be no return **premium**.

If **we** give **you** notice of cancellation, the return **premium** will be in proportion to the number of days that the Policy is in effect.

**We** also reserve the right of cancellation in the event that any amount due to **us** by **you** remains unpaid more than 60 days beyond the **inception date**. If **we** exercise this right of cancellation it will take effect from 14 days after the date the written notice of cancellation is issued.

The Policy Administration Fee will be deemed fully earned upon inception of the Policy.

## 6. Continuous cover

If during the period of a previous renewal of this Policy **you** neglected, through error or oversight only, to report to **us** an incident that might give rise to a **claim**, then provided that **you** have maintained uninterrupted insurance of the same type with **us** since expiry of the previous renewal of this Policy, **we** will permit the incident to be reported to **us** under this Policy and **we** will indemnify **you** under this Policy in respect of any **claim** that arises out of the incident, provided:

- a. the indemnity will be subject to the applicable limit of liability of the previous renewal of this Policy under which the incident should have been reported to **us** or the applicable **policy limit** plus the **incident response limit**, whichever is the lower;
- b. **we** may reduce the indemnity entitlement by the monetary equivalent of any prejudice which has been suffered as a result of the delayed notification; and
- c. the indemnity will be subject to all other terms and conditions of this Policy.

**We** require **you** to provide full details of the incident, including but not limited to:



- a. the time, place and nature of the incident;
- b. the manner in which **you** first became aware of this incident;
- c. reasons why **you** believe that this incident could give rise to a **claim**;
- d. the identity of the potential claimant; and
- e. an indication as to the size of the **claim** that could result from this incident.

For the avoidance of doubt, this Condition only applies to incidents that might give rise to a **claim**.

## 7. Dispute resolution

All disputes or differences between **you** and **us** will be referred to mediation or arbitration and will take place in the country of registration of the company named as the insured in the Declarations page.

In respect of any arbitration proceeding **we** will follow the applicable rules of the arbitration association in the country where the company stated as the insured in the Declarations page is registered, the rules of which are deemed incorporated into this Policy by reference to this Condition. Unless the applicable arbitration association rules state otherwise, a single arbitrator will be appointed who will be mutually agreed between **you** and **us**. If **you** and **we** cannot agree on a suitable appointment then **we** will refer the appointment to the applicable arbitration association.

Each party will bear its own fees and costs in connection with any mediation or arbitration proceeding but the fees and expenses of the arbitrator will be shared equally between **you** and **us** unless the arbitration award provides otherwise.

Nothing in this Condition is intended to remove **your** rights under **CONDITION 21**. However, if a determination is made in any mediation or arbitration proceeding, **CONDITION 21** is intended only as an aid to enforce this determination.

## 8. Extended reporting period

An extended reporting period of 60 days following the **expiry date** will be automatically granted at no additional premium. This extended reporting period will cover, subject to all other terms, conditions and exclusions of this Policy:

- a. in respect of **INSURING CLAUSES 7 and 8**, any **claim** first made against **you** during the **period of the policy** and reported to **us** during this extended reporting period;
- b. in respect of **INSURING CLAUSES 1, 2, 3, 4, 5 and 6**, any **cyber event, loss, operator error or system failure** first discovered by **you** during the **period of the policy** and reported to **us** during this extended reporting period; and
- c. any circumstance that a **senior executive officer** became aware of during the **period of the policy** and reports to **us** during this extended reporting period.

No claim will be accepted by **us** in this 60 day extended reporting period if **you** are entitled to indemnity under any other insurance, or would be entitled to indemnity under such insurance if its limit of liability was not exhausted.

#### 9. Optional extended reporting period

If **we** or **you** decline to renew or cancel this Policy then **you** will have the right to have issued an endorsement providing an optional extended reporting period for the duration stated in the Declarations page which will be effective from the cancellation or non-renewal date.

This optional extended reporting period will cover, subject to all other terms, conditions and exclusions of this Policy:

- a. in respect of **INSURING CLAUSES 7 and 8**, any **claim** first made against **you** and reported to **us** during this optional extended reporting period, provided that the **claim** arises out of any act, error or omission committed prior to the date of cancellation or non-renewal; and
- b. in respect of **INSURING CLAUSES 1, 2, 3, 4, 5 and 6**, any **cyber event, loss, operator error or system failure** first discovered by **you** during this optional extended reporting period, provided that the **cyber event, loss, operator error or system failure** first occurred during the **period of the policy**.

If **you** would like to purchase the optional extended reporting period **you** must notify **us** and pay **us** the optional extended reporting period premium stated in the Declarations page within 30 days of cancellation or non-renewal.

The right to the optional extended reporting period will not be available to **you** where cancellation or non-renewal by **us** is due to non-payment of the **premium** or **your** failure to pay any amounts in excess of the applicable **policy limit** and **incident response limit** or within the amount of the applicable **deductible** as is required by this Policy in the payment of claims.

At the renewal of this Policy, **our** quotation of different **premium, deductible**, limits of liability or changes in policy language will not constitute non-renewal by **us**.

#### 10. Fraudulent claims

If it is determined by final adjudication, arbitral tribunal or written admission by **you**, that **you** notified **us** of any claim knowing it to be false or fraudulent in any way, **we** will have no responsibility to pay that claim, **we** may recover from **you** any sums paid in respect of that claim and **we** reserve the right to terminate this Policy from the date of the fraudulent act. If **we** exercise this right **we** will not be liable to return any **premium** to **you**. However, this will not affect any claim under this Policy which has been previously notified to **us**.

### 11. Innocent non-disclosure

**We** will not seek to avoid the Policy or reject any claim on the grounds of non-disclosure or misrepresentation except where the non-disclosure or misrepresentation was reckless or deliberate.

### 12. Insolvency

**Your** insolvency will not relieve **us** of any of **our** legal obligations under this contract of insurance where this insolvency does not give rise to a claim under this Policy.

### 13. Mergers and acquisitions

If **you** acquire an entity during the **period of the policy** whose annual revenue does not exceed 20% of the **company's** annual revenue, as stated in its most recent financial statements, cover is automatically extended under this Policy to include the acquired entity as a **subsidiary**.

If **you** acquire an entity during the **period of the policy** whose annual revenue exceeds 20% of the **company's** annual revenue, as stated in its most recent financial statements, cover is automatically extended under this Policy to include the acquired entity as a **subsidiary** for a period of 45 days.

**We** will consider providing cover for the acquired entity after the period of 45 days if:

- a. **you** give **us** full details of the entity within 45 days of its acquisition; and
- b. **you** accept any amendment to the terms and conditions of this Policy or agree to pay any additional **premium** required by **us**.

In the event **you** do not comply with a. or b. above, cover will automatically terminate for the entity 45 days after the date of its acquisition.

Cover for any acquired entity is only provided under this Policy for any act, error or omission committed on or after the date of its acquisition.

No cover will be automatically provided under this Policy for any acquired entity:

- a. whose business activities are materially different from **your** business activities;
- b. that has been the subject of any lawsuit, disciplinary action or regulatory investigation in the 3 year period prior to its acquisition; or
- c. that has experienced a **cyber event** in the 3 year period prior to its acquisition, if the **cyber event** cost more than the highest **deductible** of this Policy.

If during the **period of the policy** **you** consolidate, merge with or are acquired by another entity then all coverage under this Policy will terminate at the date of the consolidation, merger or acquisition unless **we** have issued an endorsement extending coverage, and **you** have agreed to any additional **premium** and terms of coverage required by **us**.

#### 14. Our rights of recovery

If **we** make any payment under this Policy and **you** have any right of recovery against a **third party** in respect of this payment, then **we** will maintain this right of recovery. **You** will do whatever is reasonably necessary to secure this right and will not do anything after the event which gave rise to the claim to prejudice this right.

**We** will not exercise any rights of recovery against any **employee** or **senior executive officer**, unless this is in respect of any fraudulent or dishonest acts or omissions as proven by final adjudication, arbitral tribunal or written admission by the **employee** or **senior executive officer**.

Any recoveries will be applied as follows:

- a. towards any recovery expenses incurred by **us**;
- b. then to **us** up to the amount of **our** payment under this Policy, including **costs and expenses**;
- c. then to **you** as recovery of **your deductible**.

#### 15. Proceeds of crime recovery

Notwithstanding **CONDITION 14**, if **we** have reimbursed **you** for any claim under **INSURING CLAUSES 2 and 3** that subsequently relates to any proceeds of crime that have been forfeited to or seized by any law enforcement authority, or confiscated as part of any legal proceeding, **you** must:

- a. notify **us** as soon as practicable in the event **you** become aware of the forfeiture, seizure or confiscation;
- b. provide **us** with any assistance **we** may request in the recovery of these proceeds of crime, including **your** automatic consent for **us** to initiate, progress secure and finalize any investigation in the recovery; and
- c. reimburse to **us** upon **our** request that part of any payment **we** have made which falls within the amount of any proceeds of crime that **you** have recovered.

#### 16. Prior subsidiaries

Should an entity cease to be a **subsidiary** after the **inception date**, cover in respect of the entity will continue as if it was still a **subsidiary** during the **period of the policy**, but only in respect of an act, error, omission or event occurring prior to the date that it ceased to be a **subsidiary**.

#### 17. Process for paying business interruption losses

In respect of **INSURING CLAUSE 4**, in the event of a claim for any financial loss sustained by **you**, **you** must provide the **claims manager** with **your** calculation of the financial loss including.

- a. how the loss has been calculated and what assumptions have been made; and



- b. relevant supporting documents including but not limited to account statements, sales projections, invoices, profit and loss statements, payroll records, **client** contracts and tax records.

If **we** do not agree with **your** calculation of the financial loss, **we** will appoint an expert which will be paid for by **us** to assist the **claims manager** with adjustment of **your** claim.

**We** may make interim payments to **you** prior to the final settlement of the claim, subject to **you** providing **us** with sufficient evidence to support the requirement of an interim payment and **we** agree the financial loss is covered at the time of the interim payment. Any interim payment will form part of the total amount payable by **us** under the Policy in relation to the claim and will be deducted from the total claim amount payable by **us** to **you**. If any overpayment is made by **us** as a result of any interim payment then **you** will reimburse that amount to **us** upon **our** request.

#### 18. Process for paying privacy breach notification costs

Any **privacy breach** notification transmitted by **you** or on **your** behalf must be done with **our** prior written consent. **We** will ensure that notification is compliant with any legal or regulatory requirements and contractual obligations. No offer must be made for financial incentives, gifts, coupons, credits or services unless with **our** prior written consent which will only be provided if the offer is commensurate with the risk of harm.

**We** will not be liable for any portion of the costs **you** incur under **INSURING CLAUSE 1 (SECTION E)** only) that exceed the costs that **you** would have incurred had **you** gained **our** prior written consent. In the absence of **our** prior written consent **we** will only be liable to pay **you** the equivalent cost of a notification made using the most cost effective means permissible under the governing law.

#### 19. Sanctions suspension

It is a condition under this Policy that the provision of cover, the payment of any claim and the provision of any benefit will be suspended, to the extent that the provision of the cover, payment of the claim or provision of the benefit would expose **us** to any sanction, prohibition or restriction under the United Nations resolutions or the trade or economic sanctions, laws or regulations of Australia, Canada, the European Union, United Kingdom or United States of America. The suspension will continue until such time **we** would no longer be exposed to the sanction, prohibition or restriction.

#### 20. Supply chain interruption events

In respect of **INSURING CLAUSE 4 (SECTION F)** only), it is a condition precedent to liability under this Policy that **you** submit to **us** a written report from the **supply chain partner** confirming the root cause and length of the outage.



## 21. Choice of law and service of suit

In the event of a dispute between **you** and **us** regarding this Policy, the dispute will be governed by the laws of the State of the United States of America shown as the choice of law stated in the Declarations page. **We** agree, at **your** request, to submit to the jurisdiction of a court of competent jurisdiction within the United States of America.

Nothing in this Condition constitutes or should be understood to constitute a waiver of **our** rights to commence an action in any court of competent jurisdiction in the United States of America, to move an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States of America or the laws of any State of the United States of America.

It is further agreed that service of process in such suit may be made upon the law firm stated in the Declarations page and that in any suit instituted against **us**, **we** will abide by the final decision of such court or of any appellate court in the event of an appeal. The law firm stated in the Declarations page is authorized and directed to accept service of process on **our** behalf in any such suit and, at **your** request, to give a written undertaking to **you** that they will enter a general appearance on **our** behalf in the event such suit is instituted.

Additionally, in accordance with the statute of any state, territory or district of the United States which makes such a provision, **we** hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as **our** true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by **you** arising out of this Policy. The law firm stated in the Declarations page is hereby designated as the firm to whom the above mentioned officer is authorized to mail such process or a copy thereof.



## OUR REGULATORY STATUS

CFC Underwriting Limited is authorised and regulated by the United Kingdom Financial Conduct Authority (FCA). CFC Underwriting Limited's Firm Reference Number at the FCA is 312848. These details may be checked by visiting the Financial Conduct Authority website at <https://register.fca.org.uk/>. Alternatively, the Financial Conduct Authority may be contacted on +44 (0)20 7066 1000.

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations to you in respect of insurance policies that we have underwritten on behalf of insurers. This depends on the type of business and the circumstances of the claim. In respect of general insurance business the FSCS will cover 90% of the claim, without any upper limit and for compulsory classes of insurance, the FSCS will cover 100% of the claim, without any upper limit. Further information about compensation scheme arrangements is available from the FSCS.

## HOW TO COMPLAIN - USA

We intend to provide an excellent service to you. However, we recognize that there may be occasions when you feel that this has not been achieved. If you are unhappy with any aspect of the service that you receive from us, please contact CFC stating the nature of your complaint, the certificate and/or claim number.

You can contact us directly at [complaints@cfc.com](mailto:complaints@cfc.com) or please write to:

Chief Executive Officer  
CFC Underwriting Limited  
11th Floor, 8 Bishopsgate  
London EC2N 4BQ  
United Kingdom

If you remain dissatisfied after we have considered your complaint and provided our response, you may have the right to refer your complaint to the Department of Insurance in your State for review.

**You will be provided with further information about your complaint escalation rights to the Department of Insurance in your State by us on receipt of your complaint.**

**The existence of this complaints procedure does not affect your right to commence a legal action or an alternative dispute resolution proceeding in accordance with your contractual rights.**



## DATA PROTECTION NOTICE

We collect and use relevant information about you to provide you with your insurance cover or the insurance cover that benefits you and to meet our legal obligations. Where you provide us or your agent or broker with details about other people, you must provide this notice to them.

The information we collect and use includes details such as your name, address and contact details and any other information that we collect about you in connection with the insurance cover from which you benefit. This information may include more sensitive details such as information about your health and any criminal convictions you may have.

In certain circumstances, we may need your consent to process certain categories of information about you (including sensitive details such as information about your health and any criminal convictions you may have). Where we need your consent, we will ask you for it separately. You do not have to give your consent and you may withdraw your consent at any time. However, if you do not give your consent, or you withdraw your consent, this may affect our ability to provide the insurance cover from which you benefit and may prevent us from providing cover for you or handling your claims.

The way insurance works means that your information may be shared with, and used by, a number of third parties in the insurance sector for example, insurers, agents or brokers, reinsurers, loss adjusters, sub-contractors, regulators, law enforcement agencies, fraud and crime prevention and detection agencies and compulsory insurance databases. We will only disclose your personal information in connection with the insurance cover that we provide and to the extent required or permitted by law.

We will process individual insured's details, as well as any other personal information you provide to us in respect of your insurance cover, in accordance with our privacy notice and applicable data protection laws.

To enable us to use individual insured's details in accordance with applicable data protection laws, we need you to provide those individuals with certain information about how we will use their details in connection with your insurance cover.

You agree to provide to each individual insured this notice, on or before the date that the individual becomes an individual insured under your insurance cover or, if earlier, the date that you first provide information about the individual to us.

We are committed to using only the personal information we need to provide you with your insurance cover. To help us achieve this, you should only provide to us information about individual insureds that we ask for from time to time.

You have rights in relation to the information we hold about you, including the right to access your information. If you wish to exercise your rights, discuss how we use your information or request a copy of our full privacy notice, please contact us directly at [dataprotection@cfc.com](mailto:dataprotection@cfc.com).

For more information about how we use your personal information please see our full privacy notice, which is available online on our website at:

<http://www.cfc.com/privacy>



## OTHER COSTS, FEES AND CHARGES

A Policy Administration Fee may be charged by CFC Underwriting Limited for administration costs incurred by it for its role in the distribution of this policy. Any applicable Policy Administration Fee:

- a. is separate from and in addition to the premium stated in the Declarations page; and
- b. constitutes a separate agreement between the Insured stated in the Declarations page and CFC Underwriting Limited which will come into effect upon inception of the policy.

If a Policy Administration Fee is applicable then it will be deemed fully earned upon inception of this policy and it will not be refundable in the event this policy is cancelled in accordance with the terms and conditions of this policy



## POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

ATTACHING TO POLICY N/A

NUMBER:

THE INSURED: Hospital District Number One of Mohave County

WITH EFFECT FROM: -

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is USD0.00 and does not include any charges for the portion of losses covered by the United States government under the Act.

**SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY**

## SCHEDULE OF INFORMATION

ATTACHING TO POLICY N/A

NUMBER:

THE INSURED: Hospital District Number One of Mohave County

WITH EFFECT FROM: -

The information stated below has been provided to **us** as part of **your** application for this Policy. It is important that this information is correct as **we** may seek to avoid this Policy or reject a claim in the event of any reckless or deliberate non-disclosure or misrepresentation.

If any of the information below is incorrect, please contact **us** as soon as is reasonably practicable.

1. Company web address: you have not provided a website
2. Number of employees: 0
3. Annual revenue: USD1,468,000
4. **You** have not experienced a **cyber event** in the past three years that has resulted in a direct financial loss of more than USD10,000
5. **You** have not had any legal action brought or threatened against **you** in the last five years as a direct result of a **cyber event**
6. **You** have not had any regulatory action initiated against **you** in the last five years as a direct result of a **cyber event**
7. **You** are not involved in the direct supply of goods or services to the cannabis industry, nor are **you** involved directly with the use or supply of cryptocurrency

**SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY**



## PRIMARY AND NON-CONTRIBUTORY CLAUSE

ATTACHING TO POLICY N/A

NUMBER:

THE INSURED: Hospital District Number One of Mohave County

WITH EFFECT FROM: -

It is understood and agreed that, other than in respect of **INSURING CLAUSE 5 (SECTIONS C and F only)**, coverage provided under this Policy will be primary and non-contributory to any other insurance available to **you**.

**SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY**



## CRC SPECIAL AMENDATORY CLAUSE

ATTACHING TO POLICY N/A

NUMBER:

THE INSURED: Hospital District Number One of Mohave County

WITH EFFECT FROM: -

It is understood and agreed that the following amendments are made to the Declarations page:

1. The time period shown as the "TIME FRANCHISE" is deleted in its entirety and replaced with the following:  
TIME FRANCHISE: 6 hours
2. The duration and premium stated as the "OPTIONAL EXTENDED REPORTING PERIOD" are deleted in their entirety and replaced with the following:  
12 months for 100% of applicable annualized premium  
24 months for 160% of applicable annualized premium  
36 months for 200% of applicable annualized premium  
48 months for 230% of applicable annualized premium  
72 months for 275% of applicable annualized premium
3. **SECTION G: POST BREACH REMEDIATION COSTS of INSURING CLAUSE 1** is deleted in its entirety and replaced with the following:  
**SECTION G: POST BREACH REMEDIATION COSTS**  
Limit of liability: USD75,000 each and every claim
4. **SECTION I: CUSTOMER PAYMENT FRAUD of INSURING CLAUSE 2** is deleted in its entirety and replaced with the following:  
**SECTION I: CUSTOMER PAYMENT FRAUD**  
Limit of liability: USD100,000 each and every claim
5. The following Sections are added to **INSURING CLAUSE 2**:  
**SECTION: PAYROLL FRAUD**  
Limit of liability: USD250,000 each and every claim  
**SECTION: DELIVERY FRAUD**  
Limit of liability: USD250,000 each and every claim
6. **SECTION I: CLAIMS PREPARATION COSTS of INSURING CLAUSE 4** is deleted in its entirety and replaced with the following:  
**SECTION I: CLAIMS PREPARATION**  
Limit of liability: USD100,000 each and every claim
7. The following **SECTION** is added to **INSURING CLAUSE 4**:  
**SECTION: NON-TECH DEPENDENT BUSINESS INTERRUPTION**  
Limit of liability: USD1,000,000 each and every claim
8. The following **SECTIONS** are added to **INSURING CLAUSE 5**:

**WRONGFUL COLLECTION AND USE OF PERSONAL DATA AND DATA PRIVACY REGULATORY INVESTIGATIONS SECTIONS COMBINED**

Aggregate limit of liability: USD50,000 in the aggregate, including **costs and expenses**

**SECTION: WRONGFUL COLLECTION AND USE OF PERSONAL DATA**

Aggregate limit of liability: USD50,000 in the aggregate, including **costs and expenses**

**SECTION: DATA PRIVACY REGULATORY INVESTIGATION**

Aggregate limit of liability: USD50,000 in the aggregate, including **costs and expenses**

**SECTION: CORRECTIVE ACTION PLAN COSTS**

Aggregate limit of liability: USD50,000 in the aggregate, including **costs and expenses**

It is further understood and agreed that the following amendments are made to this Policy:

1. Point c. of **INSURING CLAUSE 1 (SECTION B)** is deleted in its entirety and replaced with the following:
  - c. notify any appropriate governmental, regulatory, law enforcement, professional or statutory body, including any costs associated with filing a notification to the US Securities and Exchange Commission (SEC);
2. **INSURING CLAUSE 1 (SECTION E only)** is deleted in its entirety and replaced with the following:

**We** agree to pay on **your** behalf any reasonable sums necessarily incurred by **you**, or on **your** behalf, as a direct result of a **cyber event** first discovered during the **period of the policy** to:

- a. print and post appropriate notices for any individual affected by the actual or suspected **cyber event** or to send e-mail notices or issue substitute notices, including any **privacy breach** notification that **you** are not legally obliged to make;
- b. provide credit monitoring services, credit restoration services, identity monitoring services, identity restoration services, medical restoration services or identity theft insurance to affected individuals;
- c. set up a call center to manage inbound and outbound calls in direct relation to the **cyber event**;
- d. provide translation services to manage communications



with affected individuals; and

- e. freeze the credit of any affected individual, and subsequently remove that credit freeze.

3. **INSURING CLAUSE 2 (SECTION A only)** is deleted in its entirety and replaced with the following:

#### **SECTION A: FUNDS TRANSFER FRAUD**

We agree to reimburse **you** for loss first discovered by **you** during the **period of the policy** as a direct result of any **third party** committing:

- a. any unauthorized electronic transfer of **company** funds from a bank or a **third party** holding or processing funds on the **company's** behalf;
- b. theft of the **company's** money or other financial assets from a bank or a **third party** holding or processing money or other financial assets on the **company's** behalf by electronic means;
- c. theft of money or other financial assets from **your** corporate credit cards by electronic means; or
- d. any phishing, vishing or other social engineering attack against any **employee** or **senior executive officer** that results in the transfer of **company** funds to an unintended **third party**.

However, **we** will not make any payment under this Section for any cryptoasset, including cryptocurrency, utility tokens, securities token or ecosystem tokens

4. **INSURING CLAUSE 2 (SECTION D only)** is deleted in its entirety and replaced with the following:

#### **SECTION D: PHYSICAL GOODS FRAUD**

We agree to reimburse **you** for loss first discovered by **you** during the **period of the policy** as a direct result of a **third party** committing any phishing, vishing or other social engineering attack against an **employee** or **senior executive officer** that results in **you** sending the **company's** tangible property or goods to an unintended **third party**.

We will also reimburse **you** for loss first discovered by **you** during the **period of the policy** as a direct result of **you** having to reimburse a **client** for sending the **client's** tangible property or goods that **you** were holding in trust to an unintended **third party**, provided that the transfer of the **client's** property or goods was a direct result of a **third party** committing any phishing, vishing or other social engineering attack against an **employee** or **senior executive officer**.

However, **we** will not make any payment under this Section for **loss** as a result of a legitimate customer not paying or refusing to pay for tangible property or goods that **you** have sent to them.



5. **INSURING CLAUSE 2 (SECTION K only)** is deleted in its entirety and replaced with the following:

**SECTION K: UNAUTHORIZED USE OF COMPUTER RESOURCES**

We agree to reimburse **you** for loss (including the costs associated with increased internet usage, cloud computing usage and utilities usage) first discovered by **you** during the **period of the policy** as a direct result of a **cyber event** (including **cryptojacking** or **botnetting**).

6. The following **SECTIONS** are added to **INSURING CLAUSE 2**:

**SECTION: PAYROLL FRAUD**

We agree to reimburse **you** for loss first discovered by **you** during the **period of the policy** as a direct result of **you** having to reimburse an **employee** for their financial loss stemming from fraudulent electronic communications carried out by a **third party** designed to impersonate **you** or any of **your employees** instructing **you** or a **third party** to change bank account details, direct deposit or other payment instructions related to **employee** payroll or benefits payments.

**SECTION: DELIVERY FRAUD**

We agree to reimburse **you** for **loss** first discovered by **you** during the **period of the policy** as a direct result of fraudulent electronic communications designed to impersonate **you** being sent to a legitimate vendor that results in goods that were due to be delivered to **you** being sent to a fraudulent **third party**.

7. The first paragraph of **INSURING CLAUSE 3: CYBER EXTORTION** is deleted in its entirety and replaced with the following:

We agree to pay on behalf of the **company** any ransom (including ransoms in the form of tangible property) in response to an extortion demand made against **you** and first discovered by **you** during the **period of the policy** as a direct result of any actual or threat of:

8. **INSURING CLAUSE 4 (SECTION A only)** is deleted in its entirety and replaced with the following:

**SECTION A: SYSTEM DAMAGE AND RECTIFICATION COSTS**

We agree to reimburse **you** for the additional cost of employing:

- a. contract staff or overtime costs for **employees** to rebuild **your** data (or data held by a **third party** on **your** behalf) in both an electronic and non-electronic format, including the cost of data re-entry or data re-creation;
- b. specialist consultants, including IT forensic consultants, to recover **your** data or applications, including data and applications held by a **third party** on **your** behalf; and
- c. specialist consultants or overtime costs for **employees**



working within your IT department to reconstitute **your computer systems** to the position they were in immediately prior to the **cyber event**;

as a direct result of a **cyber event** or **system failure** first discovered by **you** during the **period of the policy**.

9. In **INSURING CLAUSE 4 (SECTION B only)** where it states "**cyber event**" this is deleted in its entirety and replaced with "**cyber event or system failure**"
10. In **INSURING CLAUSE 4 (SECTION G only)** where it states "**cyber event**" this is deleted in its entirety and replaced with "**cyber event or payment card breach**"
11. The following **SECTION** is added to **INSURING CLAUSE 4**:

#### **SECTION: NON-TECH DEPENDENT BUSINESS INTERRUPTION**

**We** agree to reimburse **you** for **your income loss** and **extra expense** sustained during the **indemnity period** as a direct result of an interruption to **your business operations** arising directly out of any sudden, unexpected and continuous outage of computer systems used directly by a **non-tech supply chain partner** first discovered by **you** during the **period of the policy**, provided that the computer systems downtime lasts longer than the **time franchise** and arises directly out of any **cyber event, system failure or operator error**.

12. Point c. and d. in **INSURING CLAUSE 5 (SECTION A only)** and replaced with the following:
  - c. **your** failure to prevent unauthorized access to information stored or applications hosted on **your computer system** or a **third party's** computer systems;
  - d. identity theft, experienced by **your employees, senior executive officers** or any **third party**; or
  - e. **your** failure to prevent unauthorized access to non-electronic information held by **you** or by a **third party** on **your** behalf.
13. Part a. of **INSURING CLAUSE 5 (SECTION B only)** is deleted in its entirety and replaced with the following:
  - a. an actual or suspected disclosure of or unauthorized access to any Personally Identifiable Information (PII), payment card information or Protected Health Information (PHI), including such information that is held by a **third party** on **your** behalf;
14. **INSURING CLAUSE 5 (SECTION E only)** is deleted in its entirety and replaced with the following:

#### **SECTION E: PCI FINES, PENALTIES AND ASSESSMENTS**

**We** agree to pay on **your** behalf any fines, penalties, card-reissuance fees and card brand assessments including fraud recoveries,



operational reimbursements, non-cooperation costs and case management fees which **you** become legally obliged to pay **your** acquiring bank or payment processor as a direct result of a **payment card breach** first discovered by **you** during the **period of the policy**.

We will also pay **costs and expenses** on **your** behalf.

15. **INSURING CLAUSE 5 (SECTION D only)** is deleted in its entirety and replaced with the following:

**SECTION E: REGULATORY FINES, PENALTIES AND INVESTIGATION COSTS**

We agree to pay on **your** behalf any fines and penalties (including the establishment of a fund for equitable relief) resulting from a **regulatory investigation** arising as a direct result of a **cyber event** first discovered by **you** during the **period of the policy**.

We will also pay **costs and expenses** on **your** behalf.

16. The following **SECTIONS** are added to **INSURING CLAUSE 5**:

**SECTION: WRONGFUL COLLECTION AND USE OF PERSONAL DATA**

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including the establishment of any consumer redress fund and associated expenses) as a result of any **claim** first made against **you** during the **period of the policy** arising directly out of any non-compliance with any **data privacy regulation**.

We will also pay **costs and expenses** on **your** behalf.

**SECTION: DATA PRIVACY REGULATORY INVESTIGATION**

We agree to pay on **your** behalf any fines and penalties resulting from a **regulatory investigation** first initiated against **you** during the **period of the policy** arising as a direct result of any non-compliance with any **data privacy regulation**.

We will also pay **costs and expenses** on **your** behalf.

**SECTION: CORRECTIVE ACTION PLAN COSTS**

We agree to pay on **your** behalf sums incurred by **you**, or on **your** behalf, with **our claims manager** resulting from a **regulatory investigation** arising as a direct result of a **cyber event** first discovered by **you** during the **period of the policy** for the following services to complete a corrective action plan agreed between **you** and the Office for Civil Rights:

- a. develop a Health Insurance Portability and Accountability Act (HIPAA) of 1996 compliant information security document set;
- b. complete a HIPAA compliance audit;
- c. complete an information security risk assessment; or



d. implement a security awareness training program.

17. **INSURING CLAUSE 7 (SECTION B only)** is deleted in its entirety and replaced with the following:

**SECTION B: INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT**

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any claim first made against **you** during the **period of the policy** or any applicable optional extended reporting period for any:

- a. infringement of any intellectual property rights, including, but not limited to, copyright, trademark, trade dilution, trade dress, commercial rights, design rights, domain name rights, image rights, moral rights, service mark or service name, but not including patent;
- b. act of passing-off, piracy or plagiarism or any misappropriation of content, concepts, format rights or ideas or breach of a contractual warranty relating to intellectual property rights;
- c. breach of any intellectual property rights license acquired by **you**;
- d. failure to attribute authorship or provide credit;
- e. misappropriation of a trade secret;
- f. invasion, infringement or interference with rights of privacy or publicity, including false light, public disclosure of private facts, intrusion, breach of confidence and commercial appropriation of name or likeness; or
- g. improper deep linking or framing

arising out of any **media content** (including any **media content** that has been created, in whole or in part, by artificial intelligence programs or where such programs have been used to assist in the creation of **media content**).

We will also pay **costs and expenses** on **your** behalf.

18. The **DEFINITION** of "**Computer systems**" is deleted in its entirety and replaced with the following:

**"Computer systems"** means

all electronic computers used directly by **you**, including operating systems, software, hardware and all communication and open system networks and any data or websites wheresoever hosted, off-line media libraries and data back-ups, personal devices of **employees** and **senior executive officers** where used directly for **business operations**, and mobile devices including but not limited to



smartphones, iPhones, tablets or personal digital assistants.

"**Computer systems**" also means supervisory control and data acquisition (SCADA) systems, industrial control systems and other similar operational technology.

19. The **DEFINITION** of "**Claim**" is deleted in its entirety and replaced with the following:
- a. a written demand for compensation or non-monetary or injunctive relief;
  - b. a written request for a retraction or a correction;
  - c. a threat or initiation of a lawsuit;
  - d. a disciplinary action or **regulatory investigation**;
  - e. a request for arbitration, mediation or dispute resolution; or
  - f. a request to toll or waive statute of limitations.

20. The **DEFINITION** of "**Company**" is deleted in its entirety and replaced with the following:

"**Company**" means

the company named as the Insured in the Declarations page or any **subsidiary**.

"**Company**" also means any special purpose entities in which the company named as the Insured in the Declarations Page has managing control of.

21. Part b. of the **DEFINITION** of "**Costs and expenses**" is deleted in its entirety and replaced with the following:

- b. any pre or post judgement interest; and

22. The **DEFINITION** of "**Employee**" is deleted in its entirety and replaced with the following:

"**Employee**" means

any employee, volunteer, intern or contract employee of the **company**, other than a **senior executive officer**.

**Employee** also means any court appointed receivers or debtors in possession.

23. The first paragraph of the **DEFINITION** of "**Media content**" is deleted in its entirety and replaced with the following:

any content created or disseminated by **you** or on **your** behalf, including but not limited to user generated content, business communications and content disseminated through books, magazines, brochures, social media, billboards, websites, mobile applications, television and radio.



24. In the **DEFINITION** of "**Reputational harm period**" where it states "**cyber event**" this is deleted in its entirety and replaced with "**cyber event or payment card breach**".

25. The **DEFINITION** of "**Senior executive officer**" is deleted in its entirety and replaced with the following:

**"Senior executive officer"** means

Chief Executive Officer, Chief Financial Officer, Chief Information Security Officer and General Counsel of the **company** or the functional equivalent of these roles at the **company**.

26. The final paragraph of the **DEFINITION** of "**System failure**" is deleted in its entirety.

27. The following paragraph is added to the **DEFINITION** of "**Supply chain partner**":

**"Supply chain partner"** does not mean **non-tech supply chain partner**.

28. The **DEFINITION** of "**You/your**" is deleted in its entirety and replaced with the following:

**"You/your"** means:

- a. the **company, employees and senior executive officers** solely acting in the normal course of **your business operations**;
- b. the estates, heirs, legal representatives or assigns of any **employee or senior executive officer** in the event of their death, incapacity, insolvency or bankruptcy but only with respect to any act, error or omission committed or alleged to have been committed by the **employee or senior executive officer** while acting in their capacity as **employee or senior executive officer**; and
- c. the parent, spouse, domestic partner, civil partner or child of any **employee or senior executive officer** but only in respect of any claim made against them by reason of:
  - i. their status as parent, spouse, domestic partner, civil partner or child of the **employee or senior executive officer**; or
  - ii. their ownership or interest in property which the claimant seeks as recovery for an alleged act, error or omission committed by the **employee or senior executive officer** while acting in their capacity as **employee or senior executive officer**.

29. The following **DEFINITIONS** are added:

**"Data privacy regulation"** means

any law or regulation in any jurisdiction relating to the collection,

control, processing or transfer of personal data.

**“Non-tech supply chain partner”** means

any **third party** that provides **you** with goods or services under a written contract.

**“Non-tech supply chain partner”** does not mean a **supply chain partner**.

30. Where “10%” is stated in the “Associated companies” **EXCLUSION**, it is deleted in its entirety and replaced with “25%”.

31. The following is added to the “Core infrastructure failure” **EXCLUSION**:

However, this Exclusion will not apply to any power and utilities that are under **your** direct operational control.

32. The “Misleading advertising” **EXCLUSION** is deleted in its entirety and replaced with the following:

#### **Misleading advertising**

arising directly or indirectly from any advertisement, promotion or description of **your** goods, products or services that is actually or alleged to be false or misleading.

33. The following is added to the “Patent infringement” **EXCLUSION**:

However, this Exclusion will not apply to **INSURING CLAUSE 5 (SECTION A)** only) for any infringement of a patent by a **third party** as a direct result of any **cyber event**.

34. The “Product IP infringement” **EXCLUSION** is deleted in its entirety and replaced with the following:

#### **Product IP infringement**

arising directly or indirectly from the actual or alleged:

- a. infringement of any intellectual property right by any product manufactured, designed, formulated, licensed, distributed or sold by **you**; or
- b. the misappropriation of any trade secret by **you** or a **third party**.

However, part b. of this Exclusion will not apply to **INSURING CLAUSES 5 (SECTION A)** only) and **7 (SECTION B)** only).

35. The final paragraph of the “Terrorism” **EXCLUSION** is deleted in its entirety and replaced with the following:

However, this Exclusion does not apply to a **cyber event** affecting **your computer systems**, a **supply chain partner's** or a **non-tech supply chain partner's** computer systems.

36. The following is added to the “Uninsurable fines” **EXCLUSION**:



However, **we** will apply the most favorable State law to **you** in determining whether the fines, penalties, civil or criminal sanctions or multiple, punitive or exemplary damages are insurable.

37. The following is added to the "Unlawful surveillance" **EXCLUSION**:

However, this Exclusion will not apply to **INSURING CLAUSE 5 (WRONGFUL COLLECTION AND USE OF PERSONAL DATA SECTION only)**.

38. The "Willful or dishonest acts of senior executive officers" **EXCLUSION** is deleted in its entirety and replaced with the following:

**Willful or dishonest acts of senior executive officers**

arising out of any willful, malicious, reckless or dishonest act or omission by a **senior executive officer** as determined by final and non-appealable adjudication, arbitral tribunal or written admission.

39. The following are added to the **EXCLUSIONS RELATING TO ALL INSURANCE CLAUSES**:

**Cyber events**

in respect of the **WRONGFUL COLLECTION AND USE OF PERSONAL DATA** and **DATA PRIVACY REGULATORY INVESTIGATIONS SECTIONS** of **INSURING CLAUSE 5** only, arising directly out of any **cyber event**.

**Data privacy regulations**

arising directly or indirectly out of any **data privacy regulation**.

However, this Exclusion will not apply to the **WRONGFUL COLLECTION AND USE OF PERSONAL DATA** and **DATA PRIVACY REGULATORY INVESTIGATION SECTIONS** of **INSURING CLAUSE 5**.

40. In the first part a. of the "What you must do if an incident takes place" **CONDITION**, the words "However, this notification must be made no later than the end of any applicable extended reporting period" are deleted in their entirety and replaced with "However, this notification must be made no later than 90 days following the **expiry date** or the end of any applicable extended reporting period"
41. In paragraph 1 of the "What you must do in the event of a circumstance which could give rise to a claim" **CONDITION**, the words "**INSURING CLAUSES 7 and 8**" are deleted in their entirety and replaced with "**INSURING CLAUSES 7, 8 and the WRONGFUL COLLECTION AND USE OF PERSONAL DATA and DATA PRIVACY REGULATORY INVESTIGATION SECTIONS of INSURING CLAUSE 5**".
42. Where "80%" and "20%" are stated in the "Agreement to pay claims (duty to defend)" **CONDITION** they deleted in their entirety and replaced with "90%" and "10%" respectively.
43. The first paragraph of the "Cancellation" **CONDITION** is deleted in its entirety and replaced with the following

This Policy may be canceled:

- a. at any time upon written request by **you**; or
  - b. with 60 days written notice by us in the event that any amount due to **us** by **you** remains unpaid more than 60 days beyond the inception date.
44. Where "14 days" is stated in the "Cancellation" **CONDITION**, it is deleted in its entirety and replaced with "30 days".
  45. Where "60 days" is stated in the "Extended reporting period" **CONDITION**, it is deleted in its entirety and replaced with "90 days".
  46. Where "30 days" is stated in the "Optional extended reporting period" **CONDITION**, it is deleted in its entirety and replaced with "90 days".
  47. Where "20%" and "45 days" are stated in the "Mergers and acquisitions" **CONDITION**, they are deleted in their entirety and replaced with "35%" and "90 days" respectively.
  48. The final paragraph of the "Mergers and acquisitions" **CONDITION** is deleted in its entirety and replaced with the following  

If during the **period of the policy you** consolidate, merge with or are acquired by another entity then cover under this Policy will terminate for 30 days from the date of consolidation, merger or acquisition and any unused premium shall be returned, unless **we** have issued an endorsement extending coverage, and **you** have agreed to any additional premium and coverage and terms of coverage required by **us**.
  49. The "Supply chain interruption events" **CONDITION** is deleted in its entirety and replaced with the following:  

**Supply chain interruption events**

In respect of **INSURING CLAUSE 4 (SECTION F and the NON-TECH DEPENDENT BUSINESS INTERRUPTION SECTION only)**, **you** must request a written report from the **supply chain partner** or **non-tech supply chain partner** confirming the root cause and length of the outage and submit this to **us** where possible.
  50. The first paragraph of the "Our Rights of recovery" **CONDITION** is deleted in its entirety and replaced with the following:  

If **we** make any payment under this Policy and **you** have any right of recovery against a **third party** in respect of this payment, then **we** will maintain this right of recovery. **You** will do whatever is reasonably necessary to secure this right and will not do anything after the event which gave rise to the claim to prejudice this right. However, **we** will not seek any right of recovery where **you** have explicitly waived **your** right of recovery prior to the incident which gave rise to a claim under this Policy



51. The following **CONDITION** is added:

**Primary and non-contributory**

Except in respect of **INSURING CLAUSE 5 (SECTIONS C and F only)**, this Policy will be primary and non-contributory to any other insurance available to **you**.

However, in respect of **INSURING CLAUSE 2** only, if **you** have valid and collectible insurance with another insurer and wish to use that as **your** primary insurance for the claim, then this Policy will respond to the claim for any additional sum which is payable over and above the other insurance (where that insurance has been declared to **us**) and no deductible will apply, provided that:

- a. the claim is covered under the terms of this Policy;
- b. the amount of the claim is greater than the **deductible** of this Policy and the limit of the other insurance is fully eroded.

In the event that the other insurance does not respond to the loss for any reason, then a **deductible** will apply in the normal manner set out within this Policy.

**SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY**



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Prepared for:

Theresa Boegler

District One Hospital Board

Prepared by:

Tommy Wehner

Solutions Consultant

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**CONFIDENTIAL**

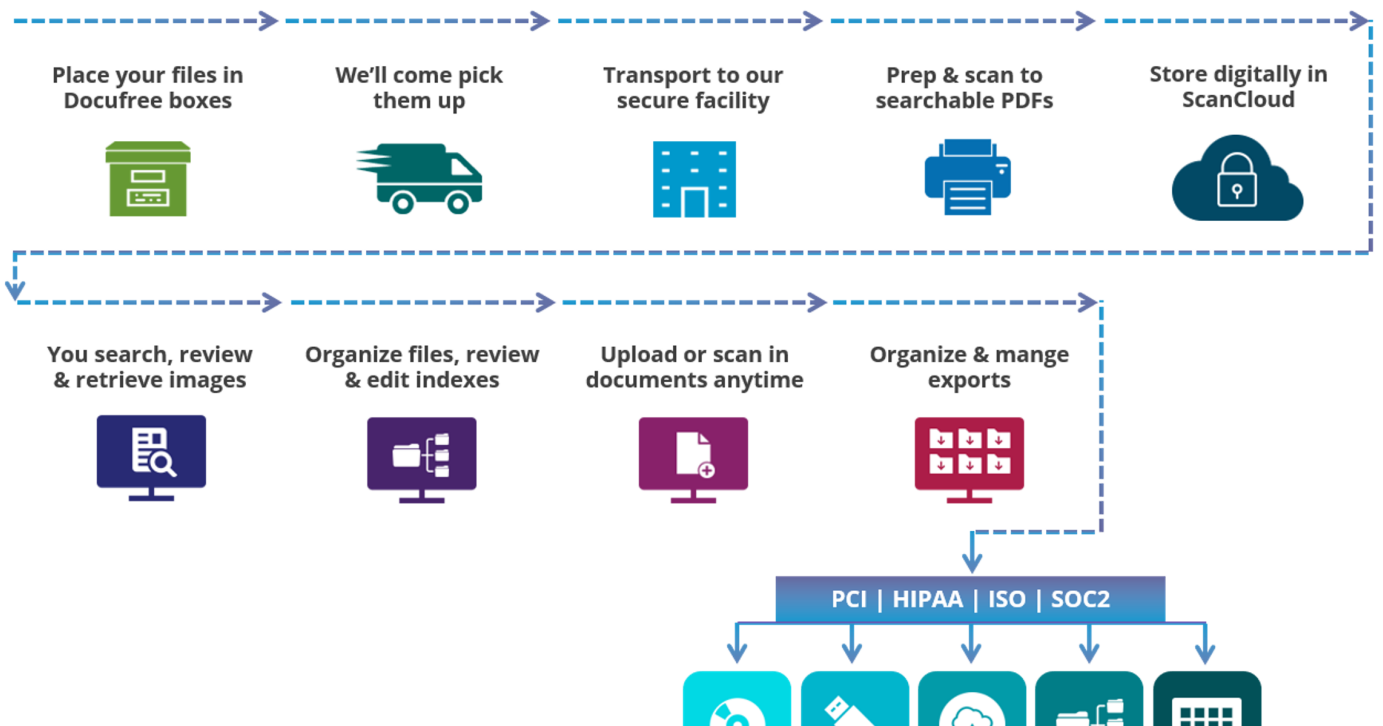
**Pricing Valid for 30 Days**

# ScanCloud Service What's Included.

## Included

- ✓ 10 Docufree scan boxes (10" x 12" x 15")
- ✓ Free shipping to Docufree Scan Center
- ✓ Document prep—remove staples, clips, etc.
- ✓ Scan & OCR to 300DPI text searchable PDF files
- ✓ File folder naming (up to 50 folders per box)
  - Create 1 PDF per file / folder
  - Use first 50 characters from file tab  
Top to bottom, left to right
- ✓ Digital files uploaded to your ScanCloud account:
  - Manage and track your scan project
  - Review digital images, edit indexes if needed
  - Request file pulls during scanning
  - Search, retrieve, share documents
  - Scan / upload up to 12,000 additional pages
- ✓ 30 day image review period
- ✓ Secure document destruction
- ✓ Single user license to ScanCloud

## Our Award-Winning ScanCloud Service

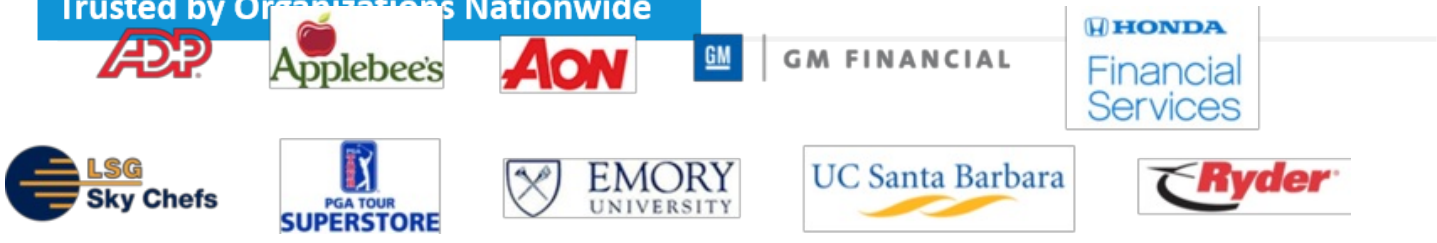


# Why Docufree? Our Track Record.

Over 1,000 leading companies have trusted Docufree to reduce costs and achieve exceptional efficiencies.

- ✓ Award-Winning Platform
- ✓ Over 1 Billion Documents Processed
- ✓ Certified Professionals & 18 Year Track Record

## Trusted by Organizations Nationwide



## Award-Winning



# Why Docufree? Our Platform.

Docufree's certified professionals and highly secure, award-winning cloud platform provide the highest levels of efficiency, security and compliance.

- ✓ PCI DSS, HIPAA/HITECH Certified
- ✓ Annual SOC2 Type II Audits
- ✓ ISO 9001:2015 Quality Certification
- ✓ Security, Workflow & SLA Monitoring (NOC)
- ✓ Secure Geo Redundant Production & Data Centers



Secure Production Center



National Operations Center (NOC)

# Your Project Requirements.

We are looking for a company that can scan our hospital board materials from 1982 that have lifetime retention. We have approximately (40,000 pages) 15 boxes of files to digitize. The files can be scanned in B&W, saved as single PDF per binder or at box level, and will need to returned after processing.

## Your Initial Request

Pickup Address: TBD

- Total boxes needed: 15

## Project Scope

- Indexing: Box naming / File folder

- Description from box / Description from binder

Description	Units	Unit of Measurement
<b>Total Boxes</b>	<b>15</b>	<b>Boxes</b>
Box Size	15	Inches
Total Inches of Scanning	225	Inches
Estimated Total Sheets of Paper	37,350	Sheets
Estimated 10% Double sided	3,735	Sheets
Estimated Images	41,085	Total Images
Estimated Size of 1 Image	50	KB
Estimated KB	2,054,250	KB
<b>Estimated GB</b>	<b>1.96</b>	<b>GB</b>



## ScanCloud Service Subscription

Title/Description	Cost	Unit	Qty	Subtotal
<b>Docufree ScanCloud 12 Month Subscription Billed Annually</b>	\$3,500.00	Per Year	1	<b>\$3,500.00</b>
Includes up to 10 Docufree scan boxes (10" x 12" x 15") and a 1 year ScanCloud single user license.				
<b>Docufree Scan Boxes (10" x 12" x 15") Promo</b>	\$0.00	Boxes	5	<b>\$0.00</b>
Additional Docufree scan boxes (10" x 12" x 15").				
<b>Document Reassembly &amp; Return Per Box</b>	\$75.00	Boxes	15	<b>\$1,125.00</b>
Reassemble paper documents (place back in folders unstapled) boxed and returned to customer.				
Files Returned to Phoenix				
<b>One Time Fee:</b>				<b>\$4,625.00</b>

**Master Services Agreement | Client Name:** District One Hospital Board

This MASTER SERVICES AGREEMENT ("Agreement") is entered into as of the Effective Date by and between Docufree Corporation, a Georgia corporation with a notice address of 1775 Founders Parkway, Alpharetta, GA 30009 ("Docufree") and the Client specified above ("Client").

**1. DEFINITIONS.**

As used in this Agreement and in addition to any other terms defined herein, the following defined terms will have the following meanings:

1.1. "Docufree Platform" means the Internet-based transactional application and database services provided by Docufree that are accessible to Client via a Web browser through the Internet for managing business processes and information.

1.2. "Initial Term" means the initial twelve (12) month term commencing on the later of the Effective Date or the date that Client is first granted access to the Docufree Platform.

**2. SERVICES.**

2.1. Docufree will provide to Client the following services, to the extent, and only to the extent, set forth on mutually agreed Statements of Service (each, a "Statement of Service" or "SOS") and/or Statements of Work (each, a "Statement of Work" or "SOW"), according to the terms of this Agreement: (i) access to the Docufree Platform ("Platform Services"); (ii) implementation of the Docufree Platform by integrating Client's internal information systems with the Docufree Platform ("Implementation Services"); (iii) consulting and software integration services ("Consulting Services"); (iv) Client care and support services ("Support Services"); (v) outsourced business processing services ("BPO Services"); and (vi) scanning and other projects ("Project Services"). The initial Statement of Service is attached as Schedule A (the "Initial SOS").

2.2. In connection with Docufree performing the Services or otherwise, Docufree may develop modifications to the Docufree Platform and/or new software programs (collectively, the "Developed Software"). Client waives any and all proprietary right or interest in any requested changes, modifications, suggestions, or comments communicated by Client to Docufree and assigns to Docufree any and all rights therein. Docufree reserves all rights in the Developed Software, including, but not limited to, all intellectual property rights therein. Docufree hereby grants to Client a non-exclusive, non-transferable, fully paid-up license to use the Developed Software solely for use with the Docufree Platform and subject to the access limitations in Section 3.

**3. ACCESS TO THE DOCUFREE PLATFORM.**

3.1. Subject to the terms, conditions and limitations set forth in this Agreement, Docufree grants Client a limited, non-exclusive and world-wide license to access and use the Docufree Platform during the term of this Agreement via a Web browser over the Internet for the sole purpose of managing Client's information.

3.2. Client will not remove any proprietary notices of Docufree or third parties found in or on the Docufree Platform. Client shall not, and shall not allow third parties, to attempt to copy, modify, disassemble, or reverse engineer the Docufree Platform. The Docufree Platform in object code and source code form, and all rights in the Docufree Platform, including but not limited to all intellectual property rights therein, are and will remain the exclusive property of Docufree. Client will have no claim of ownership or any intellectual property rights in the Docufree Platform. No rights other than those specifically stated herein are granted to Client, and Client will have no right to permit third-party access to the Docufree Platform.

**4. FEES AND PAYMENTS.**

4.1. For the Services provided under this Agreement, Client will pay to Docufree the fees in the amount and manner set forth in the applicable SOS or SOW in arrears on a monthly basis unless stated otherwise in the applicable SOS or SOW, in which case the terms of the applicable SOS or SOW will control. Docufree may adjust the rates and charges applicable during the following Renewal Term upon at least ninety (90) days prior written notice. All fees paid and expenses reimbursed under this Agreement will be in U.S. dollars.

4.2. The applicable SOS or SOW may specify certain fees to be paid by electronic funds transfer. For those fees to be paid by electronic funds transfer, Client hereby agrees to maintain active payment methods via an online payment portal in an amount equal to the fees set forth in the applicable SOS or SOW in accordance with the payment terms set forth in this Agreement and/or the applicable SOS or SOW. All payments made by electronic funds transfer will be paid in immediately available funds. For those fees payable to Docufree under this Agreement that are not paid by electronic funds transfer, Client will pay Docufree the invoiced amount within fifteen (15) days after Client's receipt of an invoice from Docufree.

4.3. Docufree may assess Client a late fee of 1½% per month (not to exceed the maximum allowed under state law) on all balances not paid when due. Client agrees to pay any and all costs incurred in the collection of charges due and payable, including but not limited to reasonable attorneys' fees, whether or not a suit is instituted. Docufree, at its option, may suspend the Services, in whole or in part, if Docufree does not receive an amount due and owing under this Agreement within thirty (30) days after the due date.

4.4. Client will pay, or reimburse Docufree for, any out-of-pocket expenses, including, without limitation, travel and travel-related expenses, incurred by Docufree at the request of or with the approval of Client in connection with the performance of this Agreement. Reasonable and customary expenses incurred by Docufree, including without limitation expenses incurred for travel, local transportation, lodging and meals, will be billed to Client at Docufree's actual cost.

4.5. For each year subsequent to the effective date, the ScanCloud fees will be adjusted by the greater of (i) 12-month percent change of the Consumer Price Index (CPI) for ALL Urban Consumers (CPI-U; services ID CUUR0000SA0, Not Seasonally Adjusted) published for the preceding month of the renewal by the U.S. Department of Labor Bureau of Labor Statistics, or (ii) 6.0%.

**5. TAXES.**

Client will pay all sales, use, transfer, privilege, excise, charges, surcharges or other taxes, and all duties, whether international, national, state or local, however designated, which are levied or imposed by reason of the transactions contemplated hereby (collectively, the "Taxes"); excluding, however, income taxes on profits which may be levied against Docufree. In addition to the fees specified in the applicable Statement of Service, the amount of any Taxes applicable to the transactions contemplated hereby will be paid by Client, or in lieu thereof, Client will provide Docufree with a tax exemption certificate acceptable to the applicable taxing authorities.

**6. USE OF CLIENT'S DATA.**

Client's information is proprietary to Client and Docufree will not use for itself nor disclose to any third party any information that is identifiable to Client or to employees of Client without the express written consent of Client. Client shall permit Docufree to use anonymized data obtained from Client and others to prepare internal statistical analyses, provided that Docufree will not reveal information identifiable to any specific person or Client.

**6.1. PAYMENT CARD INDUSTRY DATA SECURITY STANDARD ("PCI DSS").** Docufree will maintain all applicable PCI DSS requirements to the extent Docufree possesses or otherwise stores, processes, or transmits cardholder data on behalf of Customer, or to the extent Docufree could impact the security of the Customer's cardholder data environment.

## **7. UPTIME COMMITMENT.**

7.1. The Docufree Platform will be made available to Client twenty-four hours a day, seven days a week less (i) scheduled platform, hardware or service maintenance; (ii) downtime resulting from the acts or omissions of Client or Client's employees, agents, contractors, or vendors, or anyone gaining access to the Docufree Platform by means of Client's passwords or equipment; (iii) a failure of the Internet and/or the public switched telephone Platform; or (iv) the occurrence of any event that is beyond Docufree's reasonable control (collectively, "Excusable Downtime"). Docufree guarantees that the Docufree Platform will be available to Client at least 98% of the time during each month, excluding Excusable Downtime ("Uptime Commitment"); provided that Client satisfies the hardware and communication requirements set forth in Docufree Platform documentation.

7.2. If Docufree fails to satisfy the Uptime Commitment during a month, then upon client request Docufree will credit to Client a pro-rated portion of the recurring fees set forth in the Initial SOS in the first month of the next succeeding calendar quarter following the failure. For purposes of this Section 5.2, "pro-rated portion of the recurring fee" means the product obtained by multiplying the applicable recurring fee during the month of the failure by a fraction, the numerator of which will be the number of hours that the Docufree Platform did not satisfy the Uptime Commitment (i.e., the excess of actual downtime over Excusable Downtime in the applicable month), and the denominator of which will be the total number of hours of the Uptime Commitment during the month that such failure occurred. The foregoing refund will be Client's sole and exclusive remedy for Docufree's failure to comply with the Uptime Commitment in this Section.

## **8. WARRANTIES AND INDEMNIFICATION.**

8.1. Client represents and warrants (i) that it either owns or has the right to authorize the reproduction of any hardcopy or electronic records provided to Docufree and (ii) the documents, materials or other records provided to Docufree do not infringe any U.S. copyright, trade secrets or other proprietary rights of any third-party. Client agrees to indemnify and hold-harmless Docufree from any and all claims by any third-party that the documents, materials or records provided by Client pursuant to this Agreement infringe upon the third-party's proprietary rights or were otherwise reproduced or processed in an unauthorized manner. Client will indemnify and hold Docufree and its affiliates, officers, directors, employees, agents and representatives harmless from and against all damages, costs, expenses, and liabilities, including without limitation, reasonable attorneys' fees and expenses, from any third party claim of any kind against Docufree arising from Client's negligence or willful misconduct arising in whole or in part under this Agreement.

8.2. Docufree represents and warrants (i) that it either owns or has the right to grant the access license set forth herein, and (ii) that the Docufree Platform does not infringe any U.S. copyrights, patents, trade secrets, or other proprietary rights (collectively, "IP Rights") of any third party. Docufree will indemnify and hold Client harmless from and against any damages, costs, expenses and liabilities, including reasonable attorneys' fees, from any third party claims against Client arising from the breach of the representations and warranties set forth in this Section 8.2. The indemnification obligations are contingent upon Docufree being promptly notified of such claim, having the sole authority to defend or settle such claim, and receiving the reasonable assistance of Client in connection therewith at Docufree's expense. Notwithstanding the foregoing, Docufree will have no indemnification obligation hereunder with respect to claims based on: (i) use of the Docufree Platform except in accordance with this Agreement and Docufree's written instructions; (ii) the combination of the Docufree Platform with any other software or

hardware; (iii) modifications of the Docufree Platform not made by Docufree; or (iv) Client's failure to implement changes recommended by Docufree if the infringement would have been avoided in the absence of such combination, modifications or failure to implement recommended changes. If the Docufree Platform is finally determined by a court of competent jurisdiction to constitute an infringement of any IP Rights of a third party and use of the Docufree Platform is enjoined, Docufree will either: (i) procure the right for Client to continue to use the Docufree Platform as contemplated hereunder; or (ii) replace or modify the Docufree Platform with a version thereof that is not infringing. If Docufree determines that none of these alternatives is reasonably available, Client agrees that Docufree may terminate Client's access to the Docufree Platform within five (5) business days after Docufree's written request and this Agreement will then terminate. This Section states the entire liability of Docufree with respect to infringement of any third party IP Rights by the Docufree Platform and Docufree will have no additional liability with respect to any alleged or proven infringement.

8.3. DISCLAIMER OF WARRANTIES. EXCEPT AS EXPRESSLY INDICATED IN THIS SECTION 8, NEITHER PARTY MAKES ANY EXPRESS OR IMPLIED WARRANTIES, CONDITIONS OR REPRESENTATIONS TO THE OTHER PARTY WITH RESPECT TO THE DOCUFREE PLATFORM OR THE SERVICES PROVIDED HEREUNDER OR OTHERWISE, WHETHER ORAL OR WRITTEN, EXPRESS, IMPLIED OR STATUTORY. WITHOUT LIMITING THE FOREGOING, ANY IMPLIED WARRANTY OR CONDITION OF MERCHANTABILITY, AND THE IMPLIED WARRANTY OR CONDITION OF FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED AND DISCLAIMED.

## **9. TERM AND TERMINATION.**

9.1. The term of this Agreement will automatically renew for additional successive terms of one (1) year (each a "Renewal Term"), unless either party provides written notice to the other party at least sixty (60) days prior to the end of the then current term of its intent not to renew the term of this Agreement. Either party may terminate this Agreement, without cause, after the Initial Term, upon ninety (90) days advance written notice to the other party.

9.2. Client may terminate this Agreement during the Initial Term upon thirty (30) days advance written notice to Docufree, without cause, provided that (1) Docufree has not begun scanning (for paper-based Services) or converting (for digital-to-digital conversion Services) Client's paper or digital documents and (2) Client must pay a termination fee equal to 30% of the total fees shown in all Statement(s) of Work cancelled under the Agreement. This fee shall be due within 30 days of the date of notice of termination. In the event Client has pre-paid for services at the time of such termination, Client will receive a refund less the 30% termination fee within 30 days of notice of termination. Client acknowledges that such termination fee is not a penalty, but is intended to be liquidated damages, as Docufree's actual damages are nearly impossible to determine in advance in the event of early termination by Client.

9.3. In the event that either party hereto materially defaults in the performance of any of its duties or obligations under the Agreement and does not substantially cure such default within thirty (30) days after being given written notice specifying the default, then the non-defaulting party may, by giving written notice thereof to the defaulting party, terminate this Agreement as of a date specified in such notice of termination. Termination of this Agreement for cause will terminate all Statements of Service or Statements of Work then in effect.

9.4. Termination of this Agreement by either party pursuant to the provisions of this Section 10 shall terminate each party's obligations under this Agreement except for the provisions of Sections 1, 4, 5, 6, 8, 9, 10 and 13 all of which shall survive termination of this Agreement.

**10. LIMITED LIABILITY.**

10.1. CLIENT AGREES THAT DOCUFREE AND ITS SUBSIDIARIES/AFFILIATES' OFFICERS, DIRECTORS, EMPLOYEES, SHAREHOLDERS, AGENTS, LICENSORS, OR REPRESENTATIVES WILL NOT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, DAMAGES OR COSTS INCURRED AS A RESULT OF LOSS OF TIME, LOSS OF SAVINGS, LOSS OF DATA, LOSS OF PROFITS, OR LOSS OF GOODWILL, WHETHER FORESEEABLE OR UNFORESEEABLE, THAT MAY ARISE OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, DAMAGES OR COSTS RESULTING FROM THE USE OR INABILITY TO USE THE DOCUFREE PLATFORM OR SERVICES, EVEN IF DOCUFREE HAS BEEN NOTIFIED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OR COSTS OCCURRING, AND WHETHER SUCH LIABILITY IS BASED ON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHERWISE. THE LIMITATION SET FORTH IN THIS SUBSECTION 10.1 SHALL NOT APPLY TO DAMAGES OR COSTS CAUSED BY THE FRAUD OR WILLFUL MISCONDUCT OF DOCUFREE OR TO THE EXTENT PROHIBITED BY APPLICABLE LAW.

10.2. IN NO EVENT WILL THE COLLECTIVE LIABILITY OF DOCUFREE AND DOCUFREE'S SUBSIDIARIES/AFFILIATES FOR ANY DAMAGES INCURRED BY CLIENT EVER EXCEED THE FEES RECEIVED BY DOCUFREE UNDER THIS AGREEMENT DURING THE TWELVE MONTHS PRIOR TO THE TIME AT WHICH THE DAMAGES AROSE REGARDLESS OF THE FORM OF ACTION, WHETHER BASED ON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHERWISE.

10.3. UNLESS DOCUFREE IS PROVIDING DOCUMENT TRANSPORTATION SERVICES AS SPECIFICALLY SHOWN IN A STATEMENT OF WORK, DOCUFREE IS NOT RESPONSIBLE FOR DAMAGES INCURRED IN CONNECTION WITH THE PACKAGING, SHIPMENT OR DELIVERY OF DOCUMENTS, FILES OR BOXES FROM CLIENT LOCATION TO DOCUFREE FACILITIES.

**11. NOTICES.**

Any notice, approval, request, authorization, direction or other communication under this Agreement, except for billing and payment communication pursuant to section 4, shall be given in writing and shall be deemed to have been delivered and given for all purposes (i) on the delivery date if delivered personally to the party to whom the same is directed; (ii) one business day after deposit with a commercial overnight carrier, with written verification of receipt, or (iii) five business days after the mailing date whether or not actually received, if sent by U.S. certified mail, return receipt requested postage and charges pre-paid or any other means of rapid mail delivery for which the receipt is available, to the address of the party set forth at the end of this document.

**12. MISCELLANEOUS.**

12.1. Force Majeure. In the event that either party's performance is delayed, prevented, obstructed or inhibited because of any act of God, fire, casualty, delay or disruption in transportation, flood, war, strike, lockout, epidemic, destruction or shutdown of facilities, shortage or curtailment, riot, insurrection, governmental acts or directives, any full or partial failure of any communications or computer Platform or any cause beyond such party's reasonable control, the party's performance will be excused and the time for the performance will be extended for the period of delay or inability to perform resulting from such occurrence. The occurrence of such an event will not constitute grounds for a declaration of default by either party.

12.2. Assignment. Client shall not assign or otherwise transfer all or any of its rights, obligations or interest under this Agreement without the written consent of Docufree, which shall not be unreasonably withheld, and any attempt to do so shall be void and of no force or effect for any purpose whatsoever and shall constitute a breach of this Agreement.

12.3. No Waiver / Cumulative Rights. The failure of either party to insist upon the performance of any provision herein or to exercise any right or privilege granted to it hereunder will not be construed as a waiver of such provision or any provisions herein, and the same will continue in full force. The various rights and remedies given to or reserved by either party herein or allowed by law, are cumulative, and no delay or omission to exercise any of its rights will be construed as a waiver of any default or acquiescence, nor will any waiver of any breach or any provision be considered an acceptance of any continuing or subsequent breach of the same provision.

12.4. Choice of Law / Venue. The Agreement and the Services will be governed by and interpreted in accordance with the internal laws of the state of Georgia, excluding its conflict of law rules. Any action, suit, or other proceeding shall be brought by either Party against the other Party in a State or Superior court of competent jurisdiction in the metropolitan area of Atlanta, Georgia or the United States District Court for the Northern District of Georgia located in Georgia. Both Parties hereby submit to the exclusive jurisdiction of such courts and waive any objection to jurisdiction or venue in any such proceeding.

12.5. Entire Agreement. This Agreement, together with the exhibits attached hereto which are hereby incorporated herein, sets forth the entire agreement between the parties relating to the subject matter hereof, and supersedes any and all prior agreements of the parties with respect to the subject matter hereof.

12.6. Amendment. No change, amendment or modification of any provision of this Agreement shall be valid unless set forth in a written instrument signed by the duly authorized representatives of both parties.

12.7. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all which together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives and made effective as of the Effective Date.

Docufree Corporation

District One Hospital Board

ADDRESS: 1775 Founders Parkway,  
Alpharetta, GA 30009

ADDRESS:

NAME:

NAME: Theresa Boegler

TITLE:

TITLE:

DATE:

DATE: 05/22/2026

SIGNATURE:

SIGNATURE:

## Schedule A - Statement of Service

1. **Payment Terms:** Cash option requires full payment due upon receipt of invoice. Monthly billing option is subject to credit approval and execution of rental agreement. Client will be invoiced per the terms of the rental agreement. Any additional charges and/or applicable overages will be billed monthly as incurred. All pricing is exclusive of any applicable taxes.
2. **Boxes:** Docufree will provide standard size file boxes (10"x12"x15") to Client. Client is responsible for packing, taping and labeling the boxes. Docufree will provide pick-up of packed boxes from Client location and delivery back to Docufree facilities. Documents provided in boxes larger than 10" x 12" x 15" will be separated into Docufree box equivalents.
3. **Document Scanning:** Scan-able documents will be scanned at their native size in duplex mode to ensure that the front and back of all documents will be captured. An image is defined as each side of a sheet of paper. Blank page dropout will be applied to documents with a threshold setting of 500 bits/page. Scanned pages will be delivered as text searchable (OCR) black and white .PDF files at 300 DPI unless otherwise noted in Client's selected Docufree package.
4. **File Folder Naming:** The document contents of each file folder will be scanned and converted into one (1) text-searchable .PDF file and named according to the first 50 characters found on the file folder tab unless otherwise noted in your agreement. Optional custom naming or indexing of documents is subject to an overage rate as listed below.
5. **Image Review & Document Destruction, Storage or Return:** All scanned documents will be uploaded directly into the Client's Docufree ScanCloud account. Client will have thirty (30) days to inspect document images and authorize destruction and /or return of boxes and original paper content. After the 30-day image review period, Client will be charged \$5.00 per box per month ("Storage Fees") for continued storage with a minimum monthly fee of \$250 per month, unless written authorization for secure destruction is provided to Docufree. In the event Client is overdue in payment of Storage Fees for 30 days or more, Docufree shall have the right (but not the obligation) to: (1) immediately suspend access to associated digital assets until payment is received in full and (2) provide a final written notice to the last known billing contact for Client, and if payment in full is not made within 30 days of the date of such final notice, Docufree may securely destroy all physical materials stored under this Agreement. Client acknowledges Docufree shall not be liable for any damages, costs, fees, or loss of any kind related to destruction of physical materials under this provision. Removal fee for boxes that have gone to storage after image review period will incur a \$10 per box pull / removal fee and a destruction fee of \$5 per box.
6. **Overage Charges:** Document scanning overage charges will be billed to the Client for items such as wide format documents that are larger than 11" x 17", any documents that require custom naming or indexing as specified by Client, x-rays and any document that requires hand placement on scanner. Docufree will capture x-rays at a non-diagnostic quality. A hand placement includes but is not limited to non auto-feedable items such as receipts, folders, envelopes, 3D objects. A hand placement will not have searchable or OCR functions. Overage charges will also be billed to Client when Self Scan / Upload Pages exceed 12,000 pages. (Page defined as 50 KB)
7. **Additional Prep Time:** Additional prep time over the industry standard of 2 hours per box per job will be charged at a rate of \$25.00 per hour.

Client will be provided two pickups at no additional cost. Additional scheduled pickups of boxes will incur a fee of \$50 per pick-up unless otherwise noted in SOW. All pickups of boxes must contain a minimum of 7 boxes per shipment. Jobs picked up by Docufree from client that are less than 7 boxes will incur a \$20 per box fee unless otherwise stated in the SOW. With the Docufree annual subscription model, Client has up to 12 months to pack and ship all boxes to Docufree. Any unused boxes do not roll over to the next subscription year.

<b>Overages &amp; Additional Services</b>	<b>Quantity</b>	<b>Rate Per Item</b>
<b>Document Scanning</b>		
Docufree Scan Boxes (Only available in quantities of 10)	Per Box	\$225.00
Hand Placements Over 25 Per Box (First 25 included with each box)	Per Image	\$0.25
Wide Format B&W - Documents Larger than 11" x 17"	Per Image	\$1.40
X-Rays Non-Diagnostic	Per Image	\$0.50
Color Scanning	Per Box	\$25.00
Document Splits	Each	\$0.05
Index Capture (Limit 12 characters) or PDF Bookmarks	Each	\$0.10
Document Pulls	Per File	\$15.00
Boxes with Over 50 Folders	Per Folder	\$0.25
Documents Returned to Client (No Reassembly)	Per Box	\$40.00
Documents Reassembled (Placed Back in Folders) & Returned to Client	Per Box	\$75.00
Monthly On-Site Box Storage - Minimum Storage Fee of \$250.00 Per Month	Per Box	\$5.00
<b>Docufree Cloud Platform -</b>		
ScanCloud Subscription - billed annually	Per Month	\$290
Document Cloud Professional Subscription -billed annually	Per Month	\$450
Document Cloud Corporate Subscription - billed annually	Per Month	\$750
Document Cloud Enterprise Subscription -billed annually	Per Month	\$1,200
Document Cloud Additional User (Monthly Fee)	Per User	\$50.00
Client Self Scan / Upload Pages - 50 KB	Per Page	\$0.01
Digital Signature - Requires Professional , Corporate oe Enterprise	Each	\$1.25
<b>Other</b>		
Professional Services (Workflow Design, Integrations, Site Setup Changes.)	Per Hour	\$275.00
Custom Training Services	Per Hour	\$125.00