

**ASSOCIATION PROFESSIONAL LIABILITY
INSURANCE POLICY**

(Association Directors' and Officers' and Errors and Omissions Coverage)

**NATIONAL ASSOCIATION
OF REALTORS®**

(A National Professional Trade Association herein called "Named Insured")



**NATIONAL
ASSOCIATION *of*
REALTORS®**

CHUBB®

THIS IS A CLAIMS MADE POLICY. PLEASE REVIEW THE POLICY CAREFULLY. THE POLICY IS LIMITED FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSUREDS AND REPORTED TO THE COMPANY DURING THE POLICY PERIOD UNLESS, AND TO THE EXTENT, THE EXTENDED REPORTING PERIOD OPTION APPLIES.

Master APLI Policy

Duplicate copy of Master APLI Policy MPB G23658240 016 issued to the National Association of REALTORS® in Illinois, the original of which is on file and available for inspection at the headquarters office of the National Association of REALTORS®, 430 N. Michigan Avenue, Chicago, Illinois

POLICY EFFECTIVE 12:01 AM JANUARY 1, 2043 – 12:01 AM JANUARY 1, 2024.

CHUBB®

Employers today face a dizzying array of employment laws, regulations and ongoing employment issues. Whether it involves employee discipline or termination, wage and hour, disability accommodation, or even the new frontier of social media, failure to comply with the ever-changing legal requirements can have a devastating impact on employee morale and the company's bottom line. CHUBB recognizes the unique burdens faced by employers today, and is pleased to announce that it has partnered with the nation's foremost employment and labor law firm, Littler Mendelson (Littler), to create a cutting edge employment practices risk management tool for CHUBB insureds, called EPL.

Assist™. With over 975 attorneys in 56 offices, Littler has both the expertise and the capacity to handle any employment matter, big or small. Through EPL Assist™, insureds have an unlimited ability to seek out expert advice and counsel as a benefit of the program.

What is EPL Assist™?

EPL Assist™ is a cutting edge risk management program providing policyholders with a wide variety of legal content, forms and analysis, combined with the ability to interface directly with Littler lawyers dedicated to assisting CHUBB insureds in navigating what has become an employment law minefield. Through a secure web portal containing essential employment law resources and tools, as well as a toll free hotline service, CHUBB insureds with primary EPL coverage policies now have access to the content and advice necessary to compete in today's challenging legal environment.

Insureds are provided:

- No cost, online and live access to the legal experts at Littler, the largest employment and labor firm in the U.S.
- Employment law updates, newsletters and related publications
- A compendium of online employment law resources through a secure website, including unlimited access to such content as:
 - Employment policies and practices
 - Human Resources forms library
 - Sample employee handbooks, including supplement information for all 50 states
 - State and national employment law summaries and reference materials
 - 50 state surveys on various employment law essentials, including such things as minimum wage and overtime requirements, protected classifications, new hire reporting requirements, meal and rest break requirements, and voting rights requirements
- Free harassment training webinars for up to 10 supervisors or managers
- Complimentary registration to Littler's nationwide breakfast briefing series
- Complimentary access to Littler's webinars and podcasts
- Discounted rates for various Littler events

How do I access EPL Assist™?

To learn more about EPL Assist™, please contact your broker or visit www.EPLAssist.com.

Littler Mendelson P.C. is an independent law firm that is not an agent nor an affiliate of the CHUBB Group of Companies ("CHUBB Group"), and Littler Mendelson P.C. is solely responsible for the advice and guidance provided directly, or through the EPL Assist website. CHUBB Group and Littler Mendelson P.C. cannot guarantee that there will be fewer or less serious claims as a result of using the program. Littler Mendelson P.C. directly, or through the EPL Assist website may help an insured with risk assessment and improvement but it is not intended to supplant any duty to provide a workplace that is safe and complies with the law. CHUBB Group does not engage in giving legal advice and therefore encourages policyholders to seek the advice from their own legal counsel when implementing any and all employment practices. Please note that communication with Littler Mendelson P.C, either directly, or through the EPL Assist website is not notice to the CHUBB Group issuing company of a claim or an act or situation that may give rise to a claim. Nothing herein alters or amends in any way the insurance policy contract between the underwriting company and the policyholder.



Illinois Union Insurance Company

National Association of REALTORS® Professional Liability Policy Declarations

This Policy is issued by the stock insurance company listed above.

THIS POLICY IS A CLAIMS MADE POLICY. EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS POLICY COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. PLEASE READ THIS POLICY CAREFULLY.

THE LIMITS OF LIABILITY AVAILABLE TO PAY INSURED DAMAGES SHALL BE REDUCED BY AMOUNTS INCURRED FOR CLAIMS EXPENSES. FURTHER NOTE THAT AMOUNTS INCURRED FOR DAMAGES AND CLAIMS EXPENSES SHALL ALSO BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT. TERMS THAT APPEAR IN BOLD FACE TYPE HAVE SPECIAL MEANING. PLEASE REFER TO SECTION II, DEFINITIONS.

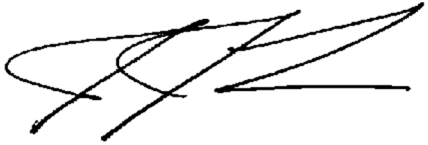
Policy No. G23658240 016		
Item 1. Named Insured	National Association of Realtors®	
Principal Address:	430 North Michigan Avenue Chicago, IL 60611-4087	
Item 2. Policy Period:	From 12:01 a.m. 01/01/2023 To 12:01 a.m. 01/01/2024 (Local time at the address shown in Item 1)	
Item 3. Limit of Liability (including Claims Expense)		
1. Limit of Liability for Insuring Clauses:	<u>Each Claim</u>	<u>Aggregate</u>
IA. Errors and Omissions Liability, Sexual Harassment Liability, Discrimination Liability, Personal Injury, Publisher's Liability, Cyber Liability	\$1,000,000	Per Policy
Employment Practices Liability, which is a sublimit of liability that is part of, and not in addition to, the otherwise applicable Each Claim and Aggregate Limits of Liability.	\$500,000	
Payment Card Loss	\$100,000 each Claim	
Regulatory Fines & Proceedings	\$100,000 each Claim	
IB. Lockbox, Antitrust, Dispute Resolution System, Breach of Contract, Association Endorsement of Products Or Affinity Programs, Operation of a Legal Hotline	\$1,000,000	Per Policy

	<u>Each Cyber Incident</u>
IC. Association Cyber Response Coverage	\$1,000,000
Cyber Incident Response Expenses	\$100,000 each claim
ID. Basic Crime Coverage:	<u>Each Loss/Agg All Losses</u>
Each Loss Limit	\$10,000
Program aggregate Limit for any and all Crime coverages together, for any and all Insureds .	\$250,000
2. Maximum Policy Aggregate Limit of Liability for any and all coverages together	\$10,000,000
3. Crime Coverage Deductible:	<u>Each Loss</u>
(all other Applicable deductibles appear in policy section III.D below.)	\$3,000

Producer: Aon Risk Services
200 East Randolph
Chicago, Illinois 60601

IN WITNESS WHEREOF, the **Company** has caused this Policy to be countersigned by a duly authorized representative of the **Company**.

DATE: 12/22/2022



JOHN J. LUPICA, President

I. INSURING CLAUSES

In consideration of the payment of the premium and subject to all of the terms of this Policy, the **Company** agrees with the **Insured** that if during the **Policy Period** any **Claim** or **Claims** are first made against the **Insured**:

A. ERRORS AND OMISSIONS LIABILITY, EMPLOYMENT PRACTICES LIABILITY, SEXUAL HARASSMENT LIABILITY, DISCRIMINATION LIABILITY, PERSONAL INJURY, PUBLISHER'S LIABILITY AND CYBER LIABILITY

The **Company** will pay on behalf of the **Insured** all **Loss** on account of any covered **Claim** for a **Wrongful Act** in connection with the following coverages: **Errors and Omissions Liability, Employment Practices Liability, Sexual Harassment Liability, Discrimination Liability, Personal Injury, Publisher's Liability, or Cyber Liability**, and shall pay all **Claims Expense** resulting therefrom, excess of the applicable deductibles noted in Section III, up to the Limit of Liability noted on the Declarations page for Insuring Clause IA. The **Company** shall not be obligated to defend any **Claim** or pay any **Loss** or **Claims Expense** after the applicable limit of the **Company's** liability has been exhausted.

With respect to **Claims** brought within the United States, its territories or Canada, the **Company** shall have the right and duty to defend any covered **Claim** on account of the following **Wrongful Acts: Errors and Omissions Liability, Employment Practices Liability, Sexual Harassment Liability, Discrimination Liability, Personal Injury, Publisher's Liability, or Cyber Liability**.

With respect to **Claims** brought outside the United States, its territories or Canada, the **Company** shall have the right, but not the duty, to defend any covered **Claim** on account of the following **Wrongful Acts: Errors and Omissions Liability, Employment Practices Liability, Sexual Harassment Liability, Discrimination Liability, Personal Injury, Publisher's Liability, or Cyber Liability**.

The **Company** shall not be obligated to defend any **Claim** or pay any **Loss** or **Claims Expense** after the applicable limit of the **Company's** liability has been exhausted.

B. LOCKBOX, ANTITRUST, DISPUTE RESOLUTION SYSTEM, BREACH OF CONTRACT, ASSOCIATION ENDORSEMENT OF PRODUCTS OR AFFINITY PROGRAMS, OPERATION OF A LEGAL HOTLINE

The **Company** shall have the right and duty to defend any **Claim** for a **Wrongful Act** against the **Insured** for any of the coverages enumerated in paragraphs 1 through 6 of this Insuring Clause IB and pay solely **Claims Expense** resulting from such a **Claim**, excess of the applicable deductibles noted in Section III Deductibles, up to the Limit of Liability noted on the Declarations Page for Insuring Clause IB. The IB Limit of Liability is part of and not in addition to the aggregate Limit of Liability noted on the Declarations Page. If more than one of the following enumerated coverages is applicable in a single **Claim**, only one Limit of Liability will apply. If more than one **Insured** is named as a defendant in a single **Claim**, only one Limit of Liability will apply. With respect to any **Interrelated Wrongful Acts**, only one Limit of Liability will apply. The amount is listed on the Declarations Page as the IB Limit of Liability.

With respect to **Claims** brought outside the United States, its territories or Canada, the **Company** shall have the right, but not the duty, to defend any **Claim** against the **Insured** and pay solely **Claims Expense** resulting from such **Claim**, excess of the applicable deductibles noted in Section III, up to the Limit of Liability noted on the Declarations Page for Insuring Clause IB. The IB Limit of Liability is part of and not in addition to the aggregate Limit of Liability noted on the Declarations Page. If more than one of the following enumerated coverages is applicable in a single **Claim**, only one Limit of Liability will apply. If more than one **Insured** is named as defendant in a single **Claim**, only one Limit of Liability will apply. The amount is listed on the Declarations Page as IB Limit of Liability.

1. LOCKBOX. On account of any **Claim** based upon or arising out of **Wrongful Acts** resulting from the distribution, maintenance, operation or use of a lockbox on property not owned or occupied by or leased to the **Insured**.
2. ANTITRUST. On account of any **Claim** based upon or arising from **Wrongful Acts** resulting from

restraint of trade, price-fixing, or violation of any anti-trust law.

3. DISPUTE RESOLUTION SYSTEM. On account of any **Claim** based upon or arising out of **Wrongful Acts** resulting from the NAR Dispute Resolution System or the Counselors of Real Estate Dispute Resolution System in the event an **Insured** Board functions as a mediation/arbitration service provider rather than referring cases to third party mediation/arbitration providers.
4. BREACH OF CONTRACT. On account of any **Claim** based upon or arising out of **Wrongful Acts** resulting in a breach of contract.
5. **ASSOCIATION ENDORSEMENT OF PRODUCTS OR AFFINITY PROGRAMS**. On account of any **Claim** based upon or arising from **Wrongful Acts** resulting from the **Association's** endorsement of a product or affinity program (except any insurance program referenced in Section IV, Exclusions, exclusion J as being specifically exempt from such exclusion) that is made available to its members through an exclusive arrangement between the **Association** and a third party provider of such products or affinity programs.
6. OPERATION OF A LEGAL HOTLINE: On account of any **Claim** based upon or arising out of **Wrongful Acts** resulting from a Legal Hotline established solely for the benefit of the **Association's** membership and operated solely by an **Insured** and the **Insured's** in-house counsel that provides legal consulting services to **Association** members. This shall include Legal Hotline services provided to any member of another **Association**. Coverage under this section does not apply to any services rendered pursuant to an attorney-client relationship.

C. ASSOCIATION CYBER RESPONSE COVERAGE:

The **Company** will pay **Cyber Incident Response Expenses** incurred by an **Insured** in response to a **Cyber Incident** first discovered during the **Policy Period**.

The **Company** will pay the **Digital Data Recovery Costs** incurred by an **Insured** resulting directly from a **Cyber Incident** first discovered during the **Policy Period**.

The **Company** will reimburse **Extortion Expenses** incurred by an **Insured** in response to a **Cyber Incident** first discovered during the **Policy Period**.

D. CRIME COVERAGE (LOSS SUSTAINED) – as set forth in separate Crime Coverage Part, where applicable.

PROVIDED ALWAYS THAT THE COVERAGE PROVIDED BY THIS POLICY SHALL ONLY APPLY TO THOSE **INSUREDS** WHICH:

- A. Maintain their **Governing Documents** in full compliance with the:
 1. Constitution and Bylaws of the **Named Insured**;
 2. Policies adopted by the Board of Directors of the **Named Insured**; and
- B. Adhere to and follow in their day-to-day activities the:
 1. Constitution and Bylaws of the **Named Insured**;
 2. Policies adopted by the Board of Directors of the **Named Insured**;
 3. Procedures and requirements of their Governing Documents; and
 4. Policies of the **Named Insured** enumerated from time to time, including but not limited to:
 - a. The MLS Antitrust Compliance Policy;
 - b. The lock box security requirements; and
 - c. Employer-Employee Guidelines.

II. DEFINITIONS

- A. **Act of Cyber-Terrorism** means any act, including force or violence, or the threat thereof expressly directed against the **Insured's Computer System** by an individual or group(s) of individuals, whether acting alone, on behalf of or in connection with any organization(s) or government(s), to cause unauthorized

access to, unauthorized use of, or a targeted denial of service attack or transmission of unauthorized, corrupting or harmful software code to the **Insured's Computer System** for the purpose of furthering social, ideological, religious, economic or political objectives, intimidating or coercing government or the civilian population thereof, or disrupting any segment of the economy.

- B. **Alliance** means an organization, cooperative, committee, or entity that is controlled by, and organized, established, or formed by, two or more of the following: State Associations, Local Boards, Local Associations, or local chapters of Affiliates of the **Named Insured**, or for the creation of a **Foundation**.
- C. **Asbestos** shall mean, including but not limited to, asbestos or other mineral wools; asbestos or other mineral wool products, fibers or dust; asbestos or other wools contained in products or materials.
- D. **Association** means:
1. The **Named Insured**, its Political Action Committee, together with its unincorporated Institutes, Societies and Councils and their respective chapters;
 2. Each separately incorporated Institute, Society or Council of the **Named Insured** (i.e., the Institute of Real Estate Management (IREM), the Residential Real Estate Council (RRC), the Real Estate Business Institute (REBI), the CCIM Institute (CCIM) and CCIM TECHNOLOGIES, the Counselors of Real Estate (CRE), the Society of Industrial and Office REALTORS[®] (SIOR), REALTORS[®] Land Institute (RLI), Women's Council of REALTORS[®] (WCR)), so long as it shall remain affiliated with the **Named Insured** as provided in Article XIII of the **Named Insured's** Constitution; and any **Subsidiary** (i.e., the REALTORS[®] Information Network, Sentrilock Finance Corporation, Center for REALTOR[®] Development (CRD), and Second Century Ventures); however, notwithstanding the foregoing, **Association** shall not include Sentrilock, LLC or Realtors[®] Property Resource[™].
 3. Each State Association of the **Named Insured**, as defined in Article III, Section 1(B)(2) of the **Named Insured's** Constitution, in combination with its Political Action Committee, its Management Association, any **Subsidiary**, its Multiple Listing Service (whether or not separately incorporated and whether or not owned and operated separately or jointly with one or more other entity included herein), its Real Estate School (whether or not separately incorporated), its Association Store and state chapters of Affiliates;
 4. Each Commercial Overlay Board or Commercial Information Exchange of the **Named Insured**, in combination with its Political Action Committee and its Multiple Listing Service (whether or not separately incorporated and whether or not owned and operated separately or jointly with one or more other entity included herein);
 5. Each Local Board or Local Association of the **Named Insured** as defined in Article III, Section 1(B)(1) of the **Named Insured's** Constitution, in combination with its Political Action Committee, its Management Association, any **Subsidiary**, its Multiple Listing Service (whether or not separately incorporated and whether or not owned and operated separately or jointly with one or more other entity included herein), its Real Estate School (whether or not separately incorporated), its Association Store and local chapters and networks of Affiliates;
 6. NAR State or Regional entities (which includes NAR and existing State Associations) and **Insured Persons** that provide management and member services directly or in a consulting capacity to Local Boards/ Associations;
 7. Each separate multiple listing service wholly or jointly owned and operated by two (2) or more entities or serving as the primary multiple listing service for more than one association; provided that each entity is an **Insured** hereunder;
 8. Each separate MLS data warehouse aggregator which is wholly owned and operated by two or more entities, provided that such entities otherwise qualify as **Insureds** hereunder.
 9. Any entity which formerly qualified in Section II D. 1 - 8 above, but solely for **Wrongful Acts** in connection with the following coverages: **Errors and Omissions Liability, Employment Practices Liability, Sexual Harassment Liability, Discrimination Liability, Personal**

Injury, Publisher's Liability, or Cyber Liability; which occurred while such entity was affiliated with the **Named Insured** and otherwise covered under this Policy;

10. Any **Foundation** of the entities listed in 1, 2, 3, 5 & 6 above; and

11. Any **Alliance** of the entities listed in paragraphs 3 and 5 above.

Association shall not include any entity owned or controlled by an **Insured** that offers a class of membership to licensed real estate professionals that does not include membership in the **Named Insured** and a state association.

E. **Bodily Injury** means injury to the body, sickness, disease or illness, or death. **Bodily Injury** also means mental injury, mental anguish, mental tension, emotional distress, pain and suffering, or shock, whether or not resulting from injury to the body, sickness, disease or illness, or death of any person.

F. **Claim** means:

1. a written demand against any **Insured** for monetary damages or non-monetary or injunctive relief;
2. a written demand served upon the board of directors or the management board of the **Association** to bring a civil proceeding against any of the directors and officers on behalf of the **Association**;
3. a civil proceeding against any **Insured** seeking monetary damages or non-monetary or injunctive relief, commenced by the service of a complaint or similar pleading;
4. a criminal proceeding against any **Insured**, commenced by a return of an indictment or similar document, or receipt or filing of a notice of charges;
5. an arbitration proceeding against any **Insured** seeking monetary damages or non-monetary or injunctive relief commenced by the receipt of a written demand or service of a complaint or similar proceeding;
6. a civil, administrative or **Regulatory Proceeding** against any **Insured** commenced by the filing of a notice of charges or similar document, or any other proceeding requiring a response from an **Insured**;
7. a civil, criminal, administrative, regulatory investigation, or other proceeding requiring a response from an **Insured** (except any of the foregoing initiated by a taxing authority regarding actual or alleged unpaid taxes) commenced by:
 - (i) the service upon or other receipt by any natural person **Insured** of a written notice, investigative order, or subpoena; or
 - (ii) the service upon or other receipt by any **Association** of a written notice or investigative order; from the investigating authority identifying such natural person **Insured** as an individual, or such **Association** as an entity, respectively, against whom a proceeding described in paragraphs 3, 4 or 6 immediately above may be commenced; or
8. a written request of the **Insured** to toll or waive a statute of limitations relating to a **Claim** described in paragraphs 1 through 7 immediately above.

G. **Claims Expense** means the expense of investigation and legal defense of a covered **Claim**, including but not limited to **Claims** for injunctive or declaratory relief, federal or state civil investigative demands, agency investigations from local Fair Housing organizations, Attorney General inquiries, State and local Human Rights commissions and the EEOC; **Claims** expense shall include court costs, appeals, and the cost of any necessary appeal bond, attachment bond, or other similar bond.

Claims Expenses shall not include wages, salaries or other compensation of directors, officers, similar executive, or **Employees** of any **Insured**.

H. **Company** shall mean the insurance company providing this insurance.

I. **Computer System** shall mean computer hardware, software, firmware, and the data stored thereon, as well as associated input and output devices, data storage devices, networking equipment and storage area

network or other electronic data backup facilities.

J. **Cyber Incident** means:

1. with respect to **Cyber Incident Response Expenses**,
 - a. any actual or reasonably suspected **Network Security Failure**;
 - b. any actual or reasonably suspected failure by an **Insured**, or any independent contractor for whom or which an **Insured** is legally responsible, to properly handle, manage, store, destroy, protect, use or otherwise control **Protected Information**;
 - c. any unintentional violation by an **Insured** of any **Privacy or Cyber Laws**,
 - d. any reasonably suspected **Network Extortion Threat**;
2. with respect to **Digital Data Recovery**, an actual **Network Security Failure** resulting in **Digital Data Recovery Costs**;
3. with respect to **Network Extortion**, an actual **Network Extortion Threat**.

K. **Cyber Incident Response Expenses** means those reasonable and necessary expenses paid or incurred by an **Insured** as a result of a **Cyber Incident**. Such expenses are as follows:

1. retaining the services of a public relations firm for the purposes of protecting or restoring the reputation of, or mitigating financial harm to an **Insured**;
2. retaining the services of a law firm for consultative and pre-litigation legal services and to determine the applicability of and actions necessary to comply with **Privacy or Cyber Laws**;
3. retaining the services of a third party computer forensic firm to determine the cause and scope of a **Cyber Incident**,
4. expenses required to comply with **Privacy or Cyber Laws**; and, with the **Company's** prior consent, expenses not required to comply with **Privacy or Cyber Laws**; including:
 - a. drafting notification letters,
 - b. retaining call center and other related services for notification as require by law; or
 - c. providing credit monitoring, credit freezing or credit thawing.

Cyber Incident Response Expenses shall not include:

1. costs or expenses incurred to update or improve privacy or network security controls, policies or procedures, or compliance with **Privacy or Cyber Laws**, to a level beyond that which existed prior to the applicable **Cyber Incident**;
2. taxes, fines, penalties, amounts for injunctive relief, or sanctions;
3. the **Insured's** money or any money in the **Insured's** care, custody, or control; or
4. wages, salaries, and other compensation of directors, officers, similar executives, or **Employees** of an **Insured**, or internal operating costs, expenses, or fees of any **Insured**.

L. **Cyber Liability** means **Loss** and **Claims Expenses** by reason of a **Claim** first made against an **Insured** during the **Policy Period** for a **Cyber Incident** which first occurs prior to the end of the **Policy Period**.

M. **Digital Data** means software or other information in electronic form which is stored on an **Insured's Computer System** or **Shared Computer System**. **Digital Data** shall include the capacity of an **Insured's Computer System** or **Shared Computer System** to store information, process information, and transmit information over the Internet. **Digital Data** shall not include or be considered tangible property.

N. **Digital Data Recovery Costs** means the reasonable and necessary costs incurred by an **Insured** to replace, restore, recreate, re-collect or recover **Digital Data** from written records or from partially or fully matching electronic records due to their corruption, theft, or destruction, caused by a **Network Security Failure**, including disaster recovery or computer forensic investigation efforts. However, in the event that

it is determined that the **Digital Data** cannot be replaced, restored recreated, re-collected, or recovered, **Digital Data Recovery Costs** shall be limited to the reasonable and necessary costs incurred to reach such determination.

Digital Data Recovery Costs shall not include:

- a. costs or expenses incurred to update, replace, restore, recreate or improve **Digital Data** to a level beyond that which existed prior to the applicable **Cyber Incident**;
 - b. costs or expenses incurred to identify or remediate software program errors or vulnerabilities, or costs to update, replace, restore, upgrade, maintain, or improve a **Computer System**;
 - c. costs incurred to research and develop **Digital Data**, including trade secrets;
 - d. the economic or market value of **Digital Data**, including trade secrets; or
 - e. any other consequential loss or damages.
- O. **Discrimination Liability** means liability of the **Association** or of **Insured Persons**, other than **Employment Practices Liability**, on account of discrimination on the basis of age, sex, race, religion, color, marital status, national origin, sexual orientation, disability or familial status, or any violation of any municipal, State or Federal fair housing or civil rights law, regulation or ordinance (including Title III of the Americans with Disabilities Act) relating thereto by any **Insured**, including **Personal Injury** resulting therefrom.
- P. **Employee** means, solely with respect to Insuring Clauses IA, IB, and IC, any person who was, now is or shall become:
1. a full-time or part-time **Employee** of the **Association**, including voluntary, seasonal, and temporary **Employees** (whether salaried or not);
 2. any individual who applies for employment with the **Association**, but only as respects **Employment Practices Liability** Coverage afforded under Insuring Clause I.A. (**Employment Practices Liability**);
 3. any natural person who is a leased **Employee** or is contracted to perform work for the Association, or is an independent contractor for the **Association**, but only to the extent such individual performs work or services for or on behalf of the **Association**.
- Q. **Employee Benefit Plan** means any welfare or pension benefit plan which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto, or any similar employee benefit law.
- R. **Employment Practices Liability** means any actual or alleged:
1. violation of any common or statutory federal, state, or local law prohibiting any kind of employment related discrimination;
 2. employment-related harassment, other than **Sexual Harassment Liability**, including any type of gender, racial, religious, sexual orientation, pregnancy, disability, age, or national origin-based harassment, or unlawful workplace harassment, including workplace harassment by any non- employee;
 3. abusive or hostile work environment;
 4. wrongful dismissal or discharge or termination of employment, whether actual or constructive;
 5. breach of an actual or implied employment contract;
 6. wrongful deprivation of a career opportunity, wrongful failure or refusal to employ, promote, or grant tenure, or wrongful demotion;
 7. employment-related defamation, libel, slander, disparagement, false imprisonment, misrepresentation, malicious prosecution, or invasion of privacy, or the giving of negative or defamatory statements in connection with an **Employee** reference;
 8. wrongful failure or refusal to adopt or enforce workplace or employment practices, policies or

- procedures;
9. wrongful discipline;
 10. employment-related wrongful infliction of emotional distress, mental anguish, or humiliation;
 11. **Retaliation**;
 12. negligent evaluation; or
 13. negligent hiring, supervision, retention or training of others, but only if employment-related and Claimed by or on behalf of any **Employee** and only if committed or allegedly committed by any of the **Insureds** in their capacity as such.
- S. **Extortion Expenses** means reasonable and necessary expenses incurred by an **Insured** resulting directly from a **Network Extortion Threat**, including money, cryptocurrencies (including Bitcoin), or other consideration surrendered as payment by an **Insured** to a natural person or group believed to be responsible for a **Network Extortion Threat**. **Extortion Expenses** shall also include reasonable and necessary expenses incurred to mitigate or reduce any of the forgoing expenses.
- T. **Foundation** means a charitable trust or corporation which is a foundation established for charitable, educational, or research purposes that qualifies as an exempt organization under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.
- U. **Governing Documents** means the **Insured's** Articles of Incorporation, Bylaws, written Ethics and Arbitration Procedures and related standard forms, MLS Bylaws, Rules and Regulations and all operational policies, practices or procedures adopted by and adhered to by the **Insured**.
- V. **Insured** means, solely with respect to Insuring Clauses IA, IB, and IC, the **Named Insured**, the **Association**, and **Insured Persons**. **Insured** means, solely with respect to the Crime Coverage Part (if elected), any **Association**.
- W. **Insured's Computer System** means a **Computer System** leased, owned or operated by an **Insured** or operated solely for the benefit of an **Insured** by a third party under written contract with an **Insured**.
- X. **Insured Person** means:
1. Any persons who were, now are, or shall be Directors or Officers of the **Association**, including Executives, Board Members, Committee Members, (whether salaried or not), and trustees, if the **Association** is governed by a Board of Trustees in lieu of a Board of Directors;
 2. The estates, heirs, legal representatives, or assigns of deceased persons who were **Insured Persons** of the **Association**;
 3. The legal representatives or assigns of **Insured Persons** of the **Association** in the event of their incompetency, insolvency, or bankruptcy;
 4. Any other persons acting on behalf of the **Association** at the direction of an Officer or Board of Directors of the **Association** provided such person is not rendering services on a fee basis;
 5. Any **Employee**; and
 6. Mediators, arbitrators, or **Ombudspersons**, including in-house counsel or **Association** members holding a law license (not practicing law), in their capacity solely as a mediator, arbitrator or **Ombudsperson** and acting on behalf of and at the direction of the **Association**.
- Y. **Internet** means the worldwide public network of computers commonly known as the internet, as it currently exists or may be manifested in the future.
- Z. **Interrelated Wrongful Acts** means all **Wrongful Acts** or **Cyber Incidents** that have as a common nexus a fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.
- AA. **Loss** means any amount which the **Association** or **Insured Persons** are legally obligated by judgment or settlement to pay for a **Wrongful Act** in connection with the following coverages: **Errors and Omissions Liability**, **Employment Practices Liability**, **Sexual Harassment Liability**,

Discrimination Liability, Personal Injury, Publisher's Liability, or Cyber Liability; provided always that **Loss** as herein defined shall not include:

1. punitive or exemplary damages;
2. two-thirds of any treble damages award;
3. judgment, or settlement or any other non-compensatory portion of any damages award, judgment, or settlement;
4. taxes, fines or penalties except for **Payment Card Loss** or **Regulatory Fines**;
5. the cost to an **Insured** to comply with any injunctive, remedial, preventative, or other non-monetary relief or, with respect to **Cyber Liability, Cyber Incident Response Expenses, Digital Data Recovery Expenses** and **Extortion Expenses**, declaratory relief, including specific performance, or any agreement to provide such relief,
6. or any amount which may be deemed uninsurable under the law pursuant to which this Policy shall be construed.

BB. **Named Insured** means the entity listed in Item 1 of the Declarations Page.

CC. **Network Extortion Threat** means any credible threat or series of related threats directed at an **Insured** to:

1. release, divulge, disseminate, destroy or use **Protected Information** or confidential corporate information of an **Insured** taken from an **Insured** as a result of the unauthorized access to or unauthorized use of an **Insured's Computer System** or **Shared Computer System**;
2. cause a **Network Security Failure**;
3. alter, corrupt, damage, manipulate, misappropriate, delete or destroy **Digital Data**; or
4. restrict or inhibit access to an **Insured's Computer System** or **Shared Computer System**;

where the **Insured** makes a payment or a series of payments, or otherwise meets a demand, in exchange for the mitigation or removal of such threat or series of related threats.

DD. **Network Security** means those activities performed by an **Insured**, or by others on behalf of an **Insured**, to protect an **Insured's Computer System** or **Shared Computer System**.

EE. **Network Security Failure** means a failure in **Network Security**.

FF. **Ombudsperson** means an individual designated by an **Association** with which members of such **Association** may consult, solely (with respect to insurance coverage afforded hereunder) about such **Association's** ethics hearing, arbitration, or the NAR Dispute Resolution System processes.

GG. **Payment Card** means an authorized account, or evidence of an account, for a credit card, debit card, charge card, fleet card or stored value card between the **Payment Card Brand** and its customer.

HH. **Payment Card Brand** means any payment provider whose payment method is accepted for processing, including but not limited to Visa Inc. International, MasterCard Worldwide, Discover Financial Services, American Express Company, and JCB International.

II. **Payment Card Industry Data Security Standards** means the rules, regulations, standards or guidelines adopted or required by the **Payment Card Brand** or the Payment Card Industry Data Security Standards Council relating to data security and the safeguarding, disclosure and handling of **Protected Information**.

JJ. **Payment Card Loss** means monetary assessments, fines, penalties, chargebacks, reimbursements, and fraud recoveries which an **Insured** becomes legally obligated to pay as a result of an **Association** or the **Named Insured's** actual or alleged failure:

1. of **Network Security**; or
2. to properly protect, handle, manage, store, destroy, or otherwise control **Payment Card** data, including **Protected Information**,

where such amount is determined pursuant to a payment card processing agreement between an **Insured** and a **Payment Card Brand**, or a merchant agreement between an **Insured** and a payment services provider, including for mobile payment services, or demanded in writing from an issuing or acquiring bank that processes **Payment Card** transactions, due to an **Insured's** actual or alleged non-compliance with applicable **Payment Card Industry Data Security Standards**, EMV specifications, or mobile payment security requirements. **Payment Card Loss** shall not include:

1. subsequent fines or assessments for continued non-compliance with the **Payment Card Industry Data Security Standards**, EMV Specifications, or a mobile payment services merchant agreement; or
2. costs or expenses incurred to update or improve privacy or network security controls, policies or procedures to a level beyond that which existed prior to the applicable **Cyber Incident** or to be compliant with applicable **Payment Card Industry Data Security Standards**, EMV Specifications, or a mobile payment services merchant agreement.

KK. Personal Injury means injury sustained by any person or organization arising out of one or more of the following offenses committed by the **Association** or by **Insured Persons** in the discharge of their duties:

1. Slander, excepting utterances in the course of, or related to, advertising, broadcasting, or telecasting activities conducted by or on behalf of the **Association**;
2. False arrest, wrongful detention or imprisonment, or malicious prosecution;
3. Wrongful entry or eviction, or other invasion of the right of private occupancy.

LL. Policy Period means that period from the effective date of this Policy to the expiration date as set forth in Item 2 of the Declarations, or its earlier termination, if any.

MM. Privacy or Cyber Laws means any local, state, federal, and foreign identity theft and privacy protection laws, legislation, statutes, or regulations that require commercial entities that collect **Protected Information** to post privacy policies, adopt specific privacy or security controls, or notify individuals in the event that **Protected Information** has potentially been compromised.

NN. Protected Information means the following, in any format:

1. a natural person's name, e-mail address, social security number, medical or healthcare data, other protected health information, driver's license number, state identification number, credit card number, debit card number, address, unpublished telephone number, account number, account histories, personally identifiable photos, personally identifiable videos, Internet browsing history, biometric records, passwords or other non-public personal information as defined in any **Privacy or Cyber Laws**; or
2. any other third party confidential or proprietary information:
 - a. provided to an **Insured** and protected under a nondisclosure agreement or similar contract; or
 - b. which an **Insured** is legally responsible to maintain in confidence.

OO. Premises means the interior of that portion of any building the **Insured** occupies in conducting the **Insured's** business.

PP. Property Damage means physical injury to, or destruction of, tangible property, including the resulting loss of use thereof.

QQ. Publisher's Liability (including Trademark and Copyright Infringement of Multiple Listing Services and Realtor®) shall mean liability of the **Association** or of **Insured Persons** on account of any publication, dissemination, or utterance constituting the offenses of libel, defamation, disparagement, invasion of privacy, plagiarism, piracy, trademark infringement or copyright infringement, including but not limited to publications, disseminations or utterances in the course of, or related to, advertising, broadcasting, **Web Log**, social networking or telecasting activities conducted by or on behalf of the **Association**.

Publisher's Liability shall also include any **Claim** based upon or arising out of trademark or copyright infringement of the REALTOR® trademarks, including any **Claim** based upon or arising out of the validity or invalidity of the REALTOR® trademarks.

Publisher's Liability shall also include any **Claim** based upon or arising out of trademark or copyright infringement of any Multiple Listing Service System(s), including any **Claim** based upon or arising out of the validity or invalidity of any Multiple Listing Service System(s) trademarks.

RR. **Regulatory Fines** means any civil monetary fine or penalty imposed by a federal, state, local or foreign governmental entity in such entity's regulatory or official capacity as a result of a **Regulatory Proceeding**. **Regulatory Fines** shall not include any civil monetary fines or penalties that are not insurable by law, criminal fines, disgorgement, or the multiple portion of any multiplied damage award.

SS. **Regulatory Proceeding** means a suit, civil investigation or civil proceeding by or on behalf of a government agency, government licensing entity, or regulatory authority, commenced by the service of a complaint or similar pleading based on an alleged or potential violation of **Privacy or Cyber Laws** as a result of a **Cyber Incident**, and which may reasonably be expected to give rise to a **Claim** under **Cyber Liability**.

TT. **Retaliation** means retaliatory treatment on account of:

1. the actual or attempted exercise by an **Employee** of any rights of such an **Employee** under law, including workers' compensation laws, the Family and Medical Leave Act, and the Americans with Disabilities Act;
2. the filing of any **Claim** under any statute, rule or regulation to protect an employee from discrimination by his or her employer if such employee discloses or threatens to disclose to a superior or a governmental agency, or if such employee gives testimony relating to, any activity within such employer's operations which may be in violation of a statute, rule or regulation or any professional codes of ethics, including the Federal False **Claims Act**;
3. the disclosure or threat of disclosure by an **Employee** of the **Association** to a superior or to any governmental agency of any act by an **Insured** which act is alleged to be a violation of any federal, state, local or foreign law, common or statutory, or any rule or regulation promulgated thereunder;
4. an **Employee** assisting, cooperating or testifying in any proceeding or investigation into whether an **Insured** violated any federal, state, local or foreign law, common or statutory, or any rule or regulation promulgated thereunder; or
5. any strike of any **Employee** of the **Association**.

UU. **Shared Computer System** means a **Computer System**, other than an **Insured's Computer System**, operated for the benefit of an **Insured** by a third party under written contract with an **Insured**, including data hosting, cloud services or computing, co-location, data back-up, data storage, data processing, platforms, software, and infrastructure-as-a-service.

VV. **Sexual Harassment Liability** means liability of the **Association** or of **Insured Persons**, other than **Employment Practices Liability**, on account of:

1. Sexual harassment by an **Insured** or any employee of the **Insured**, or any volunteer or other person performing services for any **Insured**, whether such sexual harassment is committed intentionally, negligently, inadvertently, or with the belief by such **Insured**, employee, volunteer or other person, erroneous or otherwise, that the victim is consenting to sexual activity and has the legal and mental capacity to consent thereto;
2. The employment or supervision of any person who engages in such sexual harassment; or
3. The failure to protect any person from such sexual harassment.

WW. **Subsidiary** means:

1. any entity while more than fifty percent (50%) of the outstanding securities representing the present right to vote for election of or to appoint directors, trustees, managers, members of the Board of Managers, or equivalent positions of such entity, are owned or controlled by any **Insured** (other than

an **Insured Person**), directly or through one or more **Subsidiaries**; or

2. any entity formed as a partnership while more than fifty percent (50%) of the ownership interests representing the present right to vote for election of or to appoint the management or executive committee members or equivalent positions of such entity are owned or controlled by any **Insured** (other than an **Insured Person**), directly or through one or more **Subsidiaries**.

XX. **Web Log** means any diary, commentary or observation published on an **Internet** site.

YY. **Wrongful Act** means any act, error, omission, neglect, misstatement, misleading statement or breach of fiduciary duty by the **Association** or **Insured Persons** in the discharge of their duties.

ZZ. **Errors and Omissions Liability** means any negligent act, error, omission, misstatement, misleading statement or breach of fiduciary duty by the **Association** or **Insured Persons** in the discharge of their duties, including, but not limited to, the services by an **Insured** on or in connection with any Professional Standards Committee, Arbitration Panel or Grievance Committee or other committee or activity of the **Insured**, including without limitation: (1) the providing of multiple listing services, information dissemination services and political and/or legislative action services; and (2) actions by an **Insured** on behalf of the **Association** for or in connection with the providing of membership services or for or in connection with the screening of new members or the maintenance or discipline of existing membership and/or termination of membership.

III. DEDUCTIBLE AND LIMITS OF LIABILITY

Solely with respect to Insuring Clauses IA, IB, and IC:

- A. The **Company** shall pay one hundred percent (100%) of any **Loss, Claims Expense, Cyber Incident Response Expenses, Digital Data Recovery Costs, or Extortion Expenses** in excess of the deductible stated in Section III.D., below, up to the applicable Limit of Liability stated in Item 3 of the Declarations. **Loss, Claims Expense, Cyber Incident Response Expenses, Digital Data Recovery Costs, and Extortion Expenses** are to be used to satisfy the deductible. A separate deductible must be satisfied for each **Claim**.
- B. The **Company's** maximum aggregate liability for the **Policy Period** shall be the Limit of Liability stated in Item 3.2 of the Declarations. **Loss, Claims Expense, Cyber Incident Response Expenses, Digital Data Recovery Costs, and Extortion Expenses**, including such loss and expense arising from **Interrelated Wrongful Acts**, shall apply against such Limit of Liability. Such maximum or aggregate liability shall be with respect to all **Claims** made or **Cyber Incidents** discovered during: (1) the **Policy Period**; and (2) the Discovery Period of Section VII.I., if applicable. Such extension of insurance by a Discovery Period shall be included within and subject to the Limit of Liability provided by the **Policy Period**; it shall not increase the available Limit of Liability, if any. In no event shall the **Company** be obligated to pay the sum of **Loss, Claim Expense, Cyber Incident Response Expenses, Digital Data Recovery Costs, and Extortion Expenses** (in any combination thereof) exceeding the Maximum Policy Aggregate Limit of Liability stated in Item 3.2 of the Declarations, irrespective of the number of **Claims**, claimants, **Insureds**, or allegations of **Wrongful Acts**. For purposes of this Section III.B., a **Claim** shall be deemed made at the date that notice is given to the **Company** and a **Cyber Incident** shall be deemed made when first discovered. Further, all **Claims** arising out of the same **Wrongful Act** shall be deemed to be one **Claim**, and such **Claim** shall be deemed to be first made on the date the earliest of such **Claims** is first made.
- C. Subject to Section III.B. above, the **Company's** maximum liability for each **Claim** under Insuring Clause IA. shall be the "Each **Claim**" Limit of Liability stated in Item 3.1,IA. of the Declarations. Both **Loss** and **Claims Expense**, including **Loss** and **Claims Expense** arising from **Interrelated Wrongful Acts**, shall apply against such Limit of Liability. Further, coverage for **Employment Practices Liability, Regulatory Fines and Payment Card Loss** is subject to the sublimit of liability stated in item 3.1,IA of the Declarations, which is part of, and not in addition to, the otherwise applicable Each **Claim** and Aggregate Limits of Liability.

Subject to Section III.B. above, the **Company's** maximum liability for each **Claim** under Insuring Clause IB. shall be the "Each **Claim**" Limit of Liability stated in Item 3.1,IB. of the Declarations. **Claims Expense** only, arising from **Interrelated Wrongful Acts**, shall apply against such Limit of Liability. If more than one

coverage is applicable in a single **Claim**, only one Limit of Liability will apply. If more than one **Insured** is named as a defendant in a single **Claim**, only one Limit of Liability will apply.

Subject to Section III.B. above, the **Company's** maximum liability for each **Claim** under Insuring Clause IC. shall be the "Each **Cyber Incident**" Limit of Liability stated in Item 3.1,IC. of the Declarations. All **Cyber Incident Response Expenses, Digital Data Recovery Costs, and Extortion Expenses** covered under **Association Cyber Response Coverage** shall apply against such Limit of Liability. Further, coverage for **Cyber Incident Response Expenses** is subject to the sublimit of liability stated in item 3.1, IC of the Declarations, which is part of, and not in addition to, the otherwise applicable Each **Claim** and Aggregate Limits of Liability.

All **Claims** arising out of the same **Wrongful Act or Cyber Incident** and all **Interrelated Wrongful Acts** of the **Insureds** shall be deemed one **Claim** or **Cyber Incident** which is deemed first made on the date the earliest of such **Claims** is first made, regardless of whether such date is before or during the **Policy Period** or such **Cyber Incident** is first discovered.

D. Deductible Provision: For **Claims** covered under the Insuring Clauses A, B and C:

<u>Type of Association</u> (including any Foundation thereof)	<u>Deductible per Claim per Association</u> (also applicable to any Foundation thereof)
1. The Named Insured and its unincorporated Institutes, Societies and Councils, including any entity defined under Section II. Definitions, D.1 and D.8.:	\$30,000
2. Separately incorporated Institutes, Societies and Councils of the Named Insured as defined under Section II. Definitions, D.2 and D.8:	\$30,000
3. ASSOCIATIONS, and multiple listing services with total membership/subscribers over 10,000 members:	\$15,000
4. ASSOCIATIONS, and multiple listing services with total membership/subscribers from 3,001 to 10,000 members:	\$10,000
5. ASSOCIATIONS, and multiple listing services with total membership/subscribers from 0 to 3,000 members	\$5,000
6. ASSOCIATIONS as defined in numbered paragraph 6 above of the definition of the term ASSOCIATION	\$8,000
7. Alliance as defined in Section II. Definitions, D.11	See Note Below
8. all other ASSOCIATIONS and multiple listing services:	\$8,000

Note: In no event shall the combined Aggregate Deductible applicable for any one **Claim** exceed \$100,000.

Deductibles for Associations are calculated by the membership count in NRDS as of March 31st of the prior year. The multiple listing service deductible will be calculated by the number of participants and subscribers for the applicable **Policy Period** provided by the multiple listing service to the **Named Insured**. The Deductible for an **Alliance** shall be \$8,000 or \$5,000 or \$3,000 and will be calculated from the deductible schedule above based on the membership size of the largest Association in the **Alliance**.

	<u>Each Loss</u>
Crime Coverage Deductible:	\$3,000
Antitrust Coverage Deductible:	
a. 0 to 3,000 members/subscribers	\$3,000
b. 3,001 to 10,000 members/subscribers	\$3,000

- c. over 10,000 members/subscribers \$7,500
- d. **Named Insured** \$50,000

IV. EXCLUSIONS

Solely with respect to Insuring Clauses IA, IB, and IC, this Policy does not apply to:

- A. Any **Claim** alleging, based upon, arising out of, or attributable to any **Wrongful Act** by **Insured Persons** while acting in any capacity outside the scope of their duties on behalf of the **Association**;
- B. Any **Claim** alleging, based upon, arising out of, or attributable to any fraudulent, criminal, dishonest, malicious, or intentional act, error or omission, or any intentional or knowing violation of the law by the **Association** or any **Insured Person**; however, this exclusion shall not apply to **Claims Expense** or the **Company's** duty to defend any such **Claim**, until there is a final, non-appealable adjudication against the **Association** or **Insured Person** as to such conduct or violation, at which time the **Insured** shall reimburse the **Company** for any **Claims Expense** paid by the **Company**. The **Company** shall not be required to appeal a judgment or final adjudication adverse to the **Insured**;

Solely with respect to Insuring Clauses IA and IB, it is agreed that any fact pertaining to any **Association** or any **Insured Person** shall not be imputed to any other **Insured** for the purpose of determining the application of this exclusion.

- C. Any **Claim**:
 1. with respect solely to Insuring Clauses A and B, for any **Bodily Injury** or the loss of society, consortium, or services of any person resulting from such **Bodily Injury**, or any **Property Damage**. However, this exclusion shall not apply to mental injury, mental anguish, mental tension, emotional distress, pain and suffering, or shock resulting from **Employment Practices Liability**, **Sexual Harassment Liability**, or **Discrimination Liability**, or resulting from a covered defamation **Claim** under **Personal Injury** or **Publisher's Liability**; and
 2. with respect solely to **Cyber Liability**, **Cyber Incident Response Expenses** and Insuring Clause C, alleging, based upon, arising out of, or attributable to **Bodily Injury** or the loss of society, consortium, or services of any person resulting from such **Bodily Injury**, or any **Property Damage**, including any damage to or reduction in financial value of any tangible property;
- D. Any **Claim** alleging, based upon, arising out of, or attributable to any Worker's Compensation Law, Unemployment Compensation Law, Employers Liability Law, Disability Benefits Law, or any similar Federal, State, or Local law; except as provided under the coverage for **Employment Practices Liability**, **Sexual Harassment Liability**, and **Discrimination Liability**;
- E. Any **Claim** alleging, based upon, arising out of, or attributable to the gaining in fact of any profit, remuneration, or financial advantage to which any **Association** or **Insured Person** was not legally entitled; however, this exclusion shall not apply to **Claims Expense** or the **Company's** duty to defend any such **Claim**, until there is a final, non-appealable adjudication against the **Insured** as to such conduct or violation, at which time the **Insured** shall reimburse the **Company** for any **Claims Expense** paid by the **Company**. The **Company** shall not be required to appeal a judgment or final adjudication adverse to the **Insured**;

Solely with respect to Insuring Clauses IA and IB, it is agreed that any fact pertaining to any **Association** or any **Insured Person** shall not be imputed to any other **Insured** for the purpose of determining the application of this exclusion.

- F. Any **Claim** alleging, based upon, arising out of, or attributable to the administration of, participation in, contributions to, or payments from any pension or benefits plan or trust fund, including but not limited to any **Claim** based upon the (1) the Employee Retirement Income Security Act of 1974, Public Law 93-406, commonly referred to as Pension Reform Act of 1974; the Occupational Safety and Health Act and amendments thereto, or similar provisions of any Federal, State, or Local statutory law or common law. However, this exclusion shall not apply to that part of any **Claim** for **Retaliation**;
- G. Any **Claim** for wages, salaries, commissions, fees, bonuses, promotions, profit sharing, pensions or other employee benefits earned in the normal course of employment;

H. Any **Claim** when:

1. On or prior to the effective date of coverage, one or more **Insured Persons**, with authority to act on behalf of the **Association** in the particular subject area, had knowledge of the **Wrongful Act**, or the **Cyber Incident** or had reason to believe that a **Claim** may be made; or
2. Any part of either the **Wrongful Act** or the offense giving rise to **Personal Injury** or **Publisher's Liability** (including Trademark and Copyright Infringement of Multiple Listing Services and Realtor®) or **Cyber Incident** occurred prior to the effective date of coverage and there is other insurance available to the **Association** or to **Insured Persons**;

I. Any **Claim** for Breach of Contract, oral or written, expressed or implied; however, this exclusion shall not apply to:

1. solely with respect to Insuring Clause IB, **Claims Expense** incurred by the **Insured** as a result thereof, and subject to the limits specified in Section I.B.;
2. solely with respect to **Cyber Liability, Payment Card Loss**;
3. solely with respect to **Cyber Liability** and **Cyber Incident Response Expenses**, an **Insured's** contractual obligation to maintain the confidentiality or security of third party personal or corporate information; or
4. solely with respect to **Employment Practices Liability**, breach of an actual or implied employment contract.

J. Any **Claim** alleging, based upon, arising out of, or attributable to any failure or omission on the part of the **Association** or any **Insured Persons** to effect and maintain insurance or a bond on their behalf or on the behalf of any other person or entity, or to the endorsement, sponsorship, approval or ratification of any program of professional liability, medical, life or any other insurance by the **Insured**;

However, this exclusion shall not apply to the endorsement, sponsorship, approval or ratification of any program of professional liability, medical, life or any other insurance by the **Named Insured** or by any other **Insured**:

1. if such endorsement, sponsorship, approval or ratification is made pursuant to guidelines established by the **Named Insured**, the National Association's Home Seller/Home Buyer Dispute Resolution System or the Counselors of Real Estate Dispute Resolution System, or
2. the following criteria with respect to such program have been met:
 - a. The sponsored program is fully insured, and not self-funded, in whole or in part, by the endorsing Board or **Association**.
 - b. The insurer of such program: (a) is rated "A" or better by A.M. Best Company; and (b) provides the endorsing Board or **Association** with a written indemnification agreement, agreeing to indemnify and hold the sponsoring Board or **Association** harmless from and against any and all loss, cost or expense, including but not limited to liability and reasonable attorney fees incurred as a result of **Claims** based upon or resulting from Board or **Association** endorsements of such sponsored program. If the plan is organized as a managed care organization, it must carry a positive evaluation from Dun & Bradstreet.
 - c. The members who participate in the sponsored program: (a) do so voluntarily; and (b) are advised that the Board or **Association** has no control over coverage or premium.
 - d. The terms and conditions of the Board or **Association** endorsements are set forth in a written agreement to which such insurer is bound as a party, and which has a term of five (5) years or less, and a ninety (90) day or less cancellation provision.

K. Any **Claim** alleging, based upon, arising out of, or attributable to any restraint of trade, price-fixing, or violation of any anti-trust law, however, this exclusion does not apply to **Claims Expense** incurred by the **Insured** as a result of and to the limits specified in Section I.B.2.;

L. Any **Claim** alleging, based upon, arising out of, or attributable to any discrimination on the basis of age, sex, race, color, religion, marital status, national origin, sexual orientation, disability, or familial status, or any

violation of any municipal, State or Federal fair housing or civil rights law, regulation or ordinance, relating thereto, by any **Insured**, including **Personal Injury** resulting therefrom, however, this exclusion does not apply to **Employment Practices Liability**, **Sexual Harassment Liability**, and **Discrimination Liability**;

M. Any **Claim** alleging, based upon, arising out of, or attributable to:

1. Sexual activity, molestation, assault, harassment, or abuse by an **Insured** or any employee of any **Insured**, or any volunteer or other person performing services for any **Insured**, whether such sexual activity, molestation, assault, harassment or abuse is committed intentionally, negligently, inadvertently, or with the belief by such **Insured**, employee, volunteer or other person, erroneous or otherwise, that the victim is consenting to sexual activity and has the legal and mental capacity to consent thereto; or
2. The employment or supervision of any person who engages in such sexual activity, molestation, assault, harassment or abuse; or
3. The failure to protect any person from such sexual activity, molestation, assault, harassment or abuse.

However, the foregoing exclusions (M 1-3) do not apply to **Sexual Harassment Liability**;

N. Any **Claim** alleging, based upon, arising out of, or attributable to providing legal advice, counsel or legal opinions; provided, however, that this exclusion shall not apply to **Claims** arising out of: 1) the provision of legal consulting services as provided under Insuring Clause I.B.6, or 2) an **Insured's** in-house counsel providing legal advice to the **Insured** by whom she is employed;

O. Any **Claim**:

1. alleging, based upon, arising out of, or attributable to the pollution, seepage, contamination, environmental impairment, discharge, dispersal, disposal, threat of release, release, or escape of noise, smoke, vapors, radiation, soot, fumes, radon gas, acids, alkalis, toxic chemicals, toxic matter, any virus, pathogen, or other infectious agent, waste materials, other irritant, oil or other petroleum substance or derivative (including any oil refuse or oil mixed with waste), contaminants, pollutants, hazardous wastes, or hazardous substances directly or indirectly into or upon the land, the environment, the atmosphere or any water course or body of water or underground water or water table supplies; however, this exclusion shall not apply to that part of any **Claim** for **Retaliation**;
2. for loss, under any circumstances, due to contamination, nuclear reaction, or radiation regardless of cause; or
3. resulting from other **Loss** or **Claims Expense** based upon, arising out of, or attributable to **Asbestos**;

P. Any **Claim** alleging, based upon, arising out of, or attributable to:

1. Any prior and/or pending litigation, **Claim**, demand, arbitration, administrative or regulatory proceeding as of the inception of this insurance, or the effective date of the earliest Policy issued by the **Company** of which this Policy is a renewal, whichever is earlier; or
2. Any other **Cyber Incident** whenever occurring which, together with a **Cyber Incident** underlying or alleged in any pending or prior litigation, **Claim**, demand, arbitration, administrative or regulatory proceeding, would constitute **Interrelated Wrongful Acts**;

Q. Any **Claim** brought by one **Insured** under the policy against another **Insured** under the policy; provided, however, this exclusion shall not apply to any otherwise covered **Claim**:

1. made by any past, present or future employee of the **Named Insured** or **Association** for an employee-related invasion of privacy or employee-related wrongful infliction of emotional distress in the event such **Claim** arises out of the loss of **Protected Information** resulting from a **Cyber Incident**
2. brought by one **Insured** against another **Insured** alleging **Employment Practices Liability**;
3. brought by one **Insured** against the **Named Insured** or its **Insured Persons**; or
4. brought by an **Insured Person** against an **Association** and/or **MLS**.

- R. Any **Claim** alleging, based upon, arising out of, or attributable to:
 1. solely with respect to Insuring Clauses A and B, any violation or infringement of any patent or trade secret(s);
 2. solely with respect to Insuring Clause C, any misappropriation of any trade secret by, or with active cooperation, participation, or assistance of, any **Insured**, any **Insured's** former employees, subsidiaries, directors, officers, partners, trustees, or any **Insured's** successors or assignees;
- S. Any **Claim** alleging, based upon, arising out of, or attributable to any professional certification and/or designation not specifically endorsed by the **Named Insured**;
- T. Any **Claim** alleging, based upon, arising out of, or attributable to any **Wrongful Act** committed by a mediator, arbitrator, or **Ombudsperson**: 1) while acting in the capacity of a licensed attorney on behalf of and at the direction of a natural person or entity that is not the **Named Insured** or an **Association**; or 2) that does not involve an **Association's** ethics hearing, arbitration, or the NAR Dispute Resolution System processes.

The following additional exclusions apply solely to Insuring Clause IA – Cyber Liability and Insuring Clause C, **Association Cyber Response Coverage**:

- U. Any **Claim** alleging, based upon, arising out of, or attributable to any of the following:
 1. fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, an act of God or any other physical event, however caused; or
 2. strikes or similar labor action, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, committed by a person or persons whether acting on their own behalf or on behalf of or in connection with any organization, or any action taken to hinder or defend against these actions;
- V. Any **Claim** alleging, based upon, arising out of, or attributable to any strikes or similar labor action, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, committed by a person or persons whether acting on their own behalf or on behalf of or in connection with any organization, or any action taken to hinder or defend against these actions; provided, however, this exclusion shall not apply to an **Act of Cyber-Terrorism** that results in a **Claim**;
- W. Any **Claim** alleging, based upon, arising out of, or attributable to any seizure, confiscation, nationalization, or destruction of an **Insured's Computer System** or **Shared Computer System Insured's Digital Data** by order of any governmental or public authority;
- X. Any **Claim** alleging, based upon, arising out of, or attributable to any electrical or mechanical failure or interruption, electrical disturbance, surge, spike, brownout, blackout, or outages to electricity, gas, water, Internet access service provided by the Internet service provider that hosts an **Insured's** website, telecommunications or other infrastructure. However, this exclusion shall not apply to failures, interruptions, disturbances or outages of telephone, cable, networks or infrastructure:
 - a. under an **Insured's** operational control which are a result of a **Network Security Failure**;
 - b. solely with respect to Insuring Clause E, which are the result of a **Cyber Incident**.
- Y. Any **Claim** alleging, based upon, arising out of, or attributable to any violation by an **Insured** of the Truth in Lending Act, Fair Debt Collection Practices Act, or the Fair Credit Reporting Act or any amendments thereto or any rules or regulations promulgated thereunder, including the Fair and Accurate Credit Transactions Act, and any amendments thereto or any rules or regulations promulgated thereunder, amendments thereof, or any similar federal, state or common law. However, solely with respect to **Cyber Liability**, this exclusion shall not apply to a **Claim** arising out of the actual or alleged disclosure or theft of **Protected Information** resulting from a **Cyber Incident**.
- Z. Any **Claim** alleging, based upon, arising out of, or attributable to any unsolicited dissemination of faxes, e-mails, or other communications, including actions brought under the Telephone Consumer Protection Act,

any federal or state anti-spam statutes, or any other federal or state statute, law, rule, regulation, or common law anywhere in the world relating to a person's or entity's right of seclusion. However, solely with respect to **Cyber Liability**, this exclusion shall not apply to a **Claim** resulting from a **Cyber Incident** as defined under subparagraphs 1(a) or 1(c) of such definition;

- AA. Any **Claim** alleging, based upon, arising out of, or attributable to the unlawful use or collection of **Protected Information**, or the failure to provide adequate notice that such information is being collected or used, by an **Insured**.
- BB. Any **Claim** alleging, based upon, arising out of, or attributable to an **Insured's** intentional failure to disclose the loss of **Protected Information** in violation of any law or regulation.
- CC. Any **Claim** alleging, based upon, arising out of, or attributable to:
 - a. any fees, expenses, or costs paid to or charged by an **Insured**; or
 - b. chargebacks, chargeback fees, interchange fees or rates, transfer fees, transaction fees, discount fees, merchant service fees, or prospective service fees.

However, solely with respect to **Cyber Liability**, this exclusion shall not apply to **Payment Card Loss**.

V. NOTICE OF CLAIM

Solely with respect to Insuring Clauses IA, IB, and IC,

- A. If during the **Policy Period** or Discovery Period, the **Association** or the **Insured Persons** shall receive written or oral notice from any party of a **Claim** or **Cyber Incident** that it is the intention of such party to hold the **Association** or the **Insured Persons** responsible for a **Wrongful Act**, an **Insured** must notify the **Company** in writing of such **Claim** as soon as practicable before coverage will apply under this policy.
- B. If during the **Policy Period** or Discovery Period, the **Association** or the **Insured Persons** shall become aware of any fact, circumstance, or situation which may subsequently give rise to a **Claim** being made against the **Association** or the **Insured Persons**, for a **Wrongful Act**, and shall in either case during such period give written notice as soon as practicable to the **Company** of the receipt of such written or oral notice under Clause (1) or such fact, circumstance, or situation under Clause (2), then any **Claim** which may subsequently be made against the **Association** or the **Insured Persons**, arising out of such causes of action shall, for the purpose of this Policy, be treated as a **Claim** made during the **Policy Period** in which such notice was given, or, if given during the Discovery Period, as a **Claim** during the preceding **Policy Period**.
- C. If, during the **Policy Period**, any **Insured** first becomes aware of any specific **Cyber Incident** which may reasonably give rise to a future **Claim** under this **Policy**, and written notice is given to the **Company** during the **Policy Period**, of the:
 - 1. nature of the **Cyber Incident**;
 - 2. identity of the **Insureds** allegedly involved;
 - 3. circumstances by which the **Insureds** first became aware of the **Cyber Incident**;
 - 4. identity of the actual or potential claimants;
 - 5. foreseeable consequences of the **Cyber Incident**; and
 - 6. nature of the potential **Loss**;

then any **Claim** which arises out of such **Cyber Incident** shall be deemed to have been first made at the time such written notice was received by the **Company**. The **Company** will not pay for **Loss** or **Claims Expenses** incurred prior to the time such **Cyber Incident** results in a **Claim**.

- D. Notice to the **Company** provided for in this Paragraph V shall be given to the **Company**:

Director of Claims,
Chubb
P.O. Box 5105
Scranton, PA 18505-0518

and the Legal Affairs Department, NATIONAL ASSOCIATION OF REALTORS®, 430 N. Michigan Avenue, Chicago, Illinois 60611-4087. Notwithstanding anything in this section to the contrary, written **Claim** notices may also be transmitted via email to the following address:

ChubbClaimsFirstNotice@Chubb.com

Solely with respect to Insuring Clause ID, Crime Coverage (if elected):

After the **Insured Discovers** a loss or a situation that may result in loss of or damage to **Money, Securities** or

Other Property the **Insured** must:

- A. Notify the **Company** as soon as possible. If the **Insured** has reason to believe that any loss (except for loss covered under Crime Coverage (Loss Sustained) Insuring Clauses 1, **Employee Theft**, or 2, **Forgery** or Alteration) involves a violation of law, the **Insured** must also notify the local law enforcement authorities.
- B. Submit to examination under oath at the **Company's** request and give the **Company** a signed statement of the **Insured's** answers.
- C. Produce for the **Company's** examination all pertinent records.
- D. Give the **Company** a detailed, sworn proof of loss within 120 days.
- E. Cooperate with the **Company** in the investigation and settlement of any **Claim**.

VI. DEFENSE AND SETTLEMENT

A. Choice Of Counsel

With respect to the defense of any **Claim**, the **Named Insured or Association**, at the **Named Insured's** option, and in coordination with the **Company**, shall select and assign defense counsel.

B. Defense and Settlement

Except with respect to **Claims** brought outside the United States, its territories or Canada and as provided in subsection B.1 of this Section VI the **Company** shall have the right and duty to defend any claim. With respect to **Claims** brought outside the United States, its territories or Canada, the **Company** shall have the right, but not the duty, to defend any **Claim**. In the event the **Company** does not assume the defense of the **Insured**, the **Company** shall, nevertheless, have the right to effectively associate with the **Insured** in the investigation, defense and settlement of any claim that appears likely to involve the **Company**, including but not limited to effectively associating in the negotiation of a settlement.

1. The **Company** shall have the right, but not the duty, to defend and **Regulatory Proceeding**. For such **Claims**, the **Insured** shall select defense counsel from the **Company's** list of approved law firms, and the **Company** reserves the right to associate in the defense of such **Claims**.

The **Company** shall not commit the **Association**, or any of the **Insured Persons** to any settlement without their consent or the consent of the **Named Insured**. If the **Association** or any **Insured Persons** refuse to consent to any settlement recommended in writing by the **Company** and elect to contest the **Claim** or continue any legal proceedings in connection with such **Claim**, then the **Company** shall be relieved of any further duty to defend the **Claim**, and the liability of the **Company** for **Loss** shall not exceed the amount for which the **Claim** could have been settled and the **Claims Expense** incurred by the **Company** with the **Company's** consent up to the date of such refusal. Further, the **Association, Insured Persons** shall cooperate with the **Company** and, upon the **Company's** request, assist in making settlements and in the conduct of any **Claim**. Furthermore, the **Association, Insured Persons** shall not assume any obligations, incur any costs, charges, or expenses or enter into any settlement without the **Company's** written consent.

If a judgment or settlement is rendered in a foreign currency the amount paid shall be in the equivalent amount of United States Dollars at the prevailing exchange rate on the date the settlement is signed or judgment entered.

VII. GENERAL CONDITIONS

- A. ASSOCIATION AUTHORIZATION. By acceptance of this Policy, the **Named Insured** listed in Item 1. of

the Declarations Page agrees to act on behalf of all other **Insureds** with respect to the giving and receiving of all notices to the **Company** required herein, and the receiving of any return premiums that may become due under this Policy and the **Insureds** agree that the **Named Insured** shall act on their behalf.

- B. **POLICY CHANGES.** The terms of the Policy shall not be waived or changed by any means other than by endorsement issued to form a part of this Policy.
- C. **TERRITORIAL CLAUSE.** Solely with respect to Insuring Clauses IA, IB, and IC, this Policy shall apply to **Claims** for **Wrongful Acts** and **Cyber Incidents** wherever occurring. Solely with respect to the Crime Coverage Part (if elected), this Policy covers loss that the **Insured** sustains resulting directly from an **Occurrence** taking place within the United States of America (including its territories and possessions), Puerto Rico and Canada.
- D. **ACTION AGAINST THE COMPANY.**

Solely with respect to Insuring Clauses IA, IB, and IC, the following provisions apply. No action shall lie against the **Company** unless, as a condition precedent thereto, the **Association** and **Insured Persons** shall have complied fully with all terms of this Policy, and until the amount they shall be obligated to pay shall have been finally determined either by final judgment against them after actual trial and all appeals, if any, or by written agreement of the **Association** and **Insured Persons**, the claimant and the **Company**.

Any person, organization, or the legal representative thereof who has secured such judgment or written agreement, shall thereafter be entitled to recovery under this Policy in the same manner and to the same extent as the **Association** and **Insured Persons**. Nothing contained in this Policy shall give any person or organization any right to join the **Company** as a co-defendant in any action against the **Association** or any **Insured Persons** to determine the liability of the **Association** and any **Insured Persons**. Bankruptcy or insolvency of the **Association** or any **Insured Persons**, or of their estates, shall not relieve the **Company** of any of its obligations under this Policy.

Solely with respect to the Crime Coverage part (if elected), the **Insured** may not bring any legal action against the **Company** involving loss:

1. Unless the **Insured** has complied with all the terms of this insurance; and
2. Until 90 days after the **Insured** has filed proof of loss with the **Company**; and
3. Unless brought within 2 years from the date the **Insured Discovered** the loss. But the **Company** will extend this 2-year period by the number of days between the date proof of loss is filed and the date the **Claim** is denied in whole or in part.

- E. **SUBROGATION.** Solely with respect to Insuring Clauses IA, IB, and IC, in the event of any payment under this Policy, the **Company** shall be subrogated to the extent of such payment to all rights of recovery therefore, and the **Insureds** shall execute all papers required and shall do everything that may be necessary to secure such rights including the execution of such documents necessary to enable the **Company** effectively to bring suit in the name of the **Association** or any **Insured Persons**.

Solely with respect to the Crime Coverage part (if elected), the **Insured** must transfer to the **Company** all the **Insured's** rights of recovery against any person or organization for any loss the **Insured** sustained and for which the **Company** has paid or settled. The **Insured** must also do everything necessary to secure those rights and do nothing after loss to impair them.

- F. **OTHER INSURANCE.** Solely with respect to Insuring Clauses IA, IB, and IC, subject to Section IV, Exclusions, part H.2., if there is other valid insurance (whether primary, excess, or contingent, including any extended reporting or discovery period coverage from previous insurance) against a **Claim** covered by this Policy, the insurance provided hereunder shall be deemed excess insurance over and above the applicable limit of all other insurance. When this insurance is excess, the **Company** shall have no duty under this Policy to defend any **Claim** that any other insurer has a duty to defend. If such other insurer refuses to defend, the **Company** shall be entitled to the **Insured's** rights against all other insurers for any **Claims Expense** incurred by the **Company**, should the **Company** agree to provide a defense.

When both this insurance and other insurance apply to the **Claim** on the same basis, whether primary, excess or contingent, the **Company** shall not be liable under the Policy for a greater proportion of the **Loss** and/or **Claims Expense** than the applicable Limit of Liability under this Policy for which such payments

bear to the total applicable Limit of Liability of all valid and collectible insurance against such **Claims**.

Solely with respect to the Crime Coverage part (if elected), if other valid and collectible insurance is available to the **Insured** for loss covered under this Policy, and:

1. Such other insurance is subject to the same terms and conditions as this Policy, the **Company** will pay the **Company's** share of the covered loss. The **Company's** share is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.
2. Such other insurance covers the same loss other than that described in Paragraph 1, the **Company** will only pay for the amount of loss that exceeds:
 - a. The Limit of Insurance and Deductible Amount of that other insurance, whether the **Insured** can collect on it or not; or
 - b. The Deductible Amount shown in the Declarations;whichever is greater. The **Company's** payment for loss is subject to the terms and conditions of this Policy.

G. **CANCELLATION.** This Policy may be cancelled by the **Named Insured** listed in Item I. of the Declarations Page by surrender thereof to the **Company** or any of its authorized agents, or by mailing to the **Company** written notice stating when thereafter the cancellation shall be effective. This Policy may be cancelled by the **Company** by mailing to the **Named Insured**, at the last mailing address known to the **Company**, written notice stating when, not less than ninety (90) days thereafter, or ten (10) days with respect to cancellation for non- payment of premium, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of the surrender or the effective date and hour of cancellation stated in the notice shall become the end of the **Policy Period**. If the **Named Insured** cancels, the earned premium shall be computed

in accordance with the customary short rate tables and procedure. If the **Company** cancels, the earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation becomes effective. The **Company's** check or the check of its representative mailed or delivered as aforesaid shall be sufficient tender of any refund or premium due to the **Named Insured**.

H. **DISCOVERY PERIOD.**

Discovery Period Applicable To Insuring Clauses A & B:

Solely with respect to Insuring Clauses A & B, If the **Company** shall cancel or refuse to renew this Policy other than for non-payment of premium, the **Named Insured** listed in Item I. of the Declarations Page shall have the right, upon payment of an additional premium (as specified below), to an extension of the coverage granted by this Policy, subject otherwise to all of its terms, limits, exclusions and conditions, to apply to any **Claim** or **Claims** made against the **Association** or **Insured Persons** during the period (as specified) after the effective date of such cancellation or non-renewal, herein called the Discovery Period, but only in respect of **Wrongful Act** committed or alleged to have been committed before the effective date of such cancellation or nonrenewal and otherwise covered by the Policy. This right shall terminate, however, unless written notice of such election together with payment of the additional premium is received by the **Company** within thirty (30) days after the effective date

of cancellation or non-renewal. The Discovery Period options, subject to all stated terms and conditions, are as follows:

1. Ninety (90) day extension for the additional premium of 50% of the annual premium; or
2. Twelve (12) month extension for the additional premium of 90% of the annual premium; or
3. Twenty-four (24) month extension for the additional premium of 180% of the annual premium.

At the commencement of the Discovery Period, the entire premium therefore shall be deemed earned, and in the event the **Insured** terminated the Discovery Period before its term for any reason, the **Company** shall not be liable to return to the **Insured** any portion of the premium for the Discovery Period. The fact that the period

during which **Claims** must be first made against the **Insured** under this Policy is extended by virtue of the Discovery Period shall not in any way increase the Limit of Liability of this Policy.

The Limit of Liability available under any Discovery Period shall be part of, and not in addition to, the Limit of Liability available under the last Policy issued to the **Insured**.

Discovery Period Applicable To Insuring Clause C:

Solely with respect to Insuring Clause C, if the **Company** or the **Named Insured** shall cancel this Policy or refuse to replace this Policy, the **Insured** shall have up to one (1) year following the effective date of such cancellation or refusal to replace and report any covered **Cyber Incident** first discovered during the **Policy Period**.

Discovery Period Applicable To The Crime Coverage Part (if elected)

The **Company** will pay for loss that the **Insured** sustained prior to the effective date of cancellation of this Policy, which is **Discovered** by the **Insured** no later than 1 year from the date of that cancellation. However, this extended period to **Discover** loss terminates immediately upon the effective date of any other insurance obtained by the **Insured**, whether from the **Company** or another insurer, replacing in whole or in part the coverage afforded under this Policy, whether or not such other insurance provides coverage for loss sustained prior to its effective date

I. **ADDITIONAL CONDITIONS APPLICABLE SOLELY TO INSURING CLAUSE C.** Solely with respect to Insuring Clause C, the following additional provisions apply:

Requests for payment or reimbursement of **Cyber Incident Response Expenses, Digital Data Recovery Costs** and **Extortion Expenses** incurred by an **Insured** shall be accompanied by a proof of loss with full particulars as to the computation of such costs. Such proof of loss will include in detail how the costs were calculated, and what assumptions have been made, and shall include documentary evidence, including any applicable reports, books of accounts, bills, invoices and other vouchers or proofs of payment made by an **Insured** in relation to such **Cyber Incident Response Expenses, Digital Data Recovery Costs** and **Extortion Expenses**. Furthermore, the **Insureds** shall cooperate with, and provide any additional information reasonably requested by, the **Company** in its review of costs, including the right to investigate and audit the proof of loss and inspect the records of an **Insured**.

VIII. MATERIAL CHANGES IN CONDITIONS

A. **Acquisition or Creation of Another Organization or Other Association**

1. If, during the **Policy Period**, an **Association** acquires voting securities in, creates, merges, or consolidates with another organization, then, subject to the terms and conditions of this **Policy**, such organization shall be covered under this **Policy** as part of the acquiring **Association** but only with respect to covered **Claims** taking place after such acquisition, creation, merger, or consolidation.
2. If, during the **Policy Period**, an **Association** acquires any other **Association** by merger into or consolidation with such **Association**, then coverage will be provided to the newly formed or expanded entity subject to the terms and conditions of this **Policy**, and subject to consideration of additional premium in the event that excess coverage was elected by the **Association** for this **Policy Period**.

B. **Termination of an Association**

1. If, before or during the **Policy Period**, an organization ceases to be an **Association**, coverage with respect to the **Association** shall continue until termination of this **Policy** but only with respect to covered **Claims** taking place prior to the date such organization ceased to be an **Association**.
2. If, before or during the **Policy Period**, an **Association** is dissolved through merger or consolidation of assets with any other **Association**, coverage with respect to the dissolved **Association** for covered **Claims** shall continue under the newly formed entity for acts prior to dissolution.

IN WITNESS WHEREOF, the **Company** has caused this Policy to be signed by its President and Secretary, but this Policy shall not be valid unless the declarations are countersigned by a duly authorized representative of the **Company**.

The provisions of this Crime Coverage part apply solely to coverage afforded by policy Insuring Clause ID. In addition, all remaining Policy terms and conditions in the base Policy apply to the Crime Coverage afforded by this coverage part as noted in the Policy.

I. INSURING CLAUSE

D. CRIME COVERAGE (LOSS SUSTAINED)

Coverage is provided under the following Insuring Clauses and applies to loss that the **Insured** sustains resulting directly from an **Occurrence** taking place during the **Policy Period**, except as provided in Section VII, General Conditions, subsection I, Conditions Applicable Only To Insuring Clause D, Crime Coverage, Conditions 7 and 8 Applicable To Crime Coverage (Loss Sustained), All Insuring Clauses, which is **Discovered** by the **Insured** during the **Policy Period** or during the period of time provided in Section VII, General Conditions, subsection I, Discovery Period, Discovery Period Applicable To Insuring Clause D, Crime Coverage:

1. Employee Theft

The **Company** will pay for loss of or damage to **Money, Securities and Other Property** resulting directly from **Theft**

committed by an **Employee**, whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Clause, **Theft** shall also include forgery.

2. Forgery or Alteration

a. The **Company** will pay for loss resulting directly from **Forgery** or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in **Money** that are:

- i. Made or drawn by or drawn upon the **Insured**; or
- ii. Made or drawn by one acting as the **Insured's** agent;

Or that are purported to have been so made or drawn.

For the purposes of this Insuring Clause, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

b. If the **Insured** is sued for refusing to pay any instrument covered in Paragraph 2.a, on the basis that it has been forged or altered, and the **Insured** has the **Company's** written consent to defend against the **Claim**, the **Company** will pay for any reasonable legal expenses that the **Insured** incurs and pays in that defense. The amount that the **Company** will pay is in addition to the Limit of Insurance applicable to this Insuring Clause.

3. Inside The Premises – Theft Of Money And Securities

a. The **Company** will pay for loss of **Money and Securities** inside the **Premises**:

- i. Resulting directly from **Theft** committed by a person present inside such **Premises**; or
- ii. Resulting directly from disappearance or destruction.

b. The **Company** will pay for loss from damage to the **Premises** or its exterior resulting directly from an actual or attempted **Theft** of **Money and Securities**, if the **Insured** is the owner of the **Premises** or is liable for damage to it.

c. The **Company** will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the **Premises** resulting directly from an actual or attempted **Theft** of or unlawful entry into those containers.

4. Inside The Premises – Robbery Or Safe Burglary Of Other Property

- a. The Company will pay for loss of or damage to Other Property:
 - i. Inside the **Premises** resulting directly from an actual or attempted **Robbery** of a **Custodian**; or
 - ii. Inside the **Premises** in a safe or vault resulting directly from an actual or attempted **Safe Burglary**.
 - b. The **Company** will pay for loss from damage to the **Premises** or its exterior resulting directly from an actual or attempted **Robbery** or **Safe Burglary** of **Other Property**, if the **Insured** is the owner of the **Premises** or is liable for damage to it.
 - c. The **Company** will pay for loss of or damage to a locked safe or vault located inside the **Premises** resulting directly from an actual or attempted **Robbery** or **Safe Burglary**.
5. **Outside The Premises**
- a. The **Company** will pay for loss of **Money** and **Securities** outside the **Premises** in the care and custody of a **Messenger** or an armored motor vehicle company resulting directly from **Theft**, disappearance or destruction.
 - b. The **Company** will pay for loss of or damage to **Other Property** outside the **Premises** in the care and custody of a **Messenger** or an armored motor vehicle company resulting directly from an actual or attempted **Robbery**.
6. **Computer Fraud**
- The **Company** will pay for loss of or damage to **Money**, **Securities** and **Other Property** sustained by an **Insured** resulting directly from **Computer Fraud** committed by a **Third Party** which is discovered during the **Policy Period**.
7. **Funds Transfer Fraud**
- The **Company** will pay for loss of **Money** or **Securities** sustained by an **Insured** resulting directly from a **Funds Transfer Fraud** committed by a **Third Party** which is **Discovered** during the **Policy Period**.
8. **Money Orders And Counterfeit Money**
- The **Company** will pay for loss resulting directly from the **Insured** having accepted in good faith, in exchange for merchandise, **Money** or services:
- a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
 - b. **Counterfeit Money** that is acquired during the regular course of business.
9. **Social Engineering Fraud**
- The **Company** will pay the **Insured** for loss of **Money** or **Securities** sustained by an **Insured** resulting directly from **Social Engineering Fraud** committed by a person purporting to be a **Vendor**, **Client** or an **Employee** who was authorized by the **Insured** to instruct other **Employees** to transfer **Money** or **Securities** which is discovered during the **Policy Period**.

II. DEFINITIONS

- A. **Computer Fraud** means the unlawful taking of **Money**, **Securities** or **Other Property** resulting from a **Computer Violation**.
- B. **Computer Violation** means the unauthorized entry into or transmission of corrupting or harmful software code into the **Insured's Computer System** which is directed against an **Insured**.
- C. **Counterfeit Money** means an imitation of **Money** that is intended to deceive and to be taken as genuine.
- D. **Custodian** means the **Insured** or any **Employee** while having care and custody of property inside the **Premises**, excluding any person while acting as a **Watchperson** or janitor.
- E. Solely with respect to Insuring Clause 1D, Crime Coverage, **Discover** or **Discovered** means the time when the **Insured** first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by this Policy has been or will be incurred, regardless of when the act or acts causing or contributing to

such loss occurred, even though the exact amount or details of loss may not then be known. **Discover** or **Discovered** also means the time when the **Insured** first receives notice of an actual or potential **Claim** in which it is alleged that the **Insured** is liable to a third party under circumstances which, if true, would constitute a loss under this Policy.

- F. **Employee** means, solely with respect to Insuring Clause ID, Crime Coverage (if elected):
1. Any natural person full-time or part-time employee of the **Insured**:
 - a. While in the **Insured's** service and for the first 30 days immediately after termination of service, unless such termination is due to **Theft** or any other dishonest act committed by the **Employee**;
 - b. Who the **Insured** compensates directly by salary, wages or commissions; and
 - c. Who the **Insured** has the right to direct and control while performing services for the **Insured**; and
 2. Any natural person who is furnished temporarily to the **Insured**:
 - a. To substitute for a permanent Employee as defined in Paragraph 1, who is on leave; or b. To meet seasonal or short-term workload conditions; while that person is subject to the **Insured's** direction and control and performing services for the **Insured**, excluding, however, any such person while having care and custody of property outside the Premises;
 3. Any natural person who is leased to the **Insured** under a written agreement between the **Insured** and a labor leasing firm, or contracted to the **Insured**, or is an independent contractor for the **Insured**, but only in the performance of duties related to the conduct of the **Insured's** business, but does not mean a temporary employee as defined in Paragraph 2;
 4. Any natural person who is a former **Employee**, director or trustee retained as a consultant while performing services for the **Insured**;
 5. Any natural person who is a volunteer, guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the **Premises**;
 6. Any **Employee** of an entity merged or consolidated with the **Insured** prior to the effective date of this Policy; or
 7. Any of the **Insured's** directors or trustees while:
 - a. Performing acts within the scope of the usual duties of an **Employee**; or
 - b. Acting as a member of any committee duly elected or appointed by resolution of the **Insured's** board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on the **Insured's** behalf.
- Employee** does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in 1 through 7 of this definition as it pertains to the Crime Coverage Part (if elected).
- G. **Forgery** means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
- H. **Funds Transfer Fraud** means fraudulent electronic, telegraphic, cable, teletype, facsimile, telephone or written instructions (other than **Forgery**), purportedly issued by an **Insured**, and issued to a financial institution directing such institution to transfer, pay or deliver **Money** or **Securities** from any account maintained by such **Insured** at such institution, without such **Insured's** knowledge or consent.
- I. **Funds** means **Money** and **Securities**.
- J. **Messenger** means the **Insured**, or a relative of the **Insured**, or any **Employee** while having care and custody of property outside the **Premises**.
- K. **Money** means:
1. Currency, coins and bank notes in current use and having a face value; and

2. Travelers checks, register checks and money orders held for sale to the public.

L. **Occurrence** means:

1. Under Crime Coverage (Loss Sustained) Insuring Clause 1, **Employee Theft**:

- a. An individual act;
- b. The combined total of all separate acts whether or not related; or
- c. A series of acts whether or not related;

committed by an **Employee** acting alone or in collusion with other persons, during the **Policy Period**, except as provided under Section VII, General Conditions, subsection K, Conditions Applicable Only To Insuring Clause D, Crime Coverage, Conditions 7 and 8 Applicable To Crime Coverage (Loss Sustained), All Insuring Clauses.

2. Under Crime Coverage (Loss Sustained) Insuring Clause 2, **Forgery Or Alteration**:

- a. An individual act;
- b. The combined total of all separate acts whether or not related; or
- c. A series of acts whether or not related, committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the **Policy Period**, except as provided under Section VII, General Conditions, subsection K, Conditions Applicable Only To Insuring Clause D, Crime Coverage, Conditions 7 and 8 Applicable To Crime Coverage (Loss Sustained), All Insuring Clauses.

3. Under All Other Crime Coverage (Loss Sustained) Insuring Clauses:

- a. An individual act or event;
- b. The combined total of all separate acts or events whether or not related;
- c. A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the **Policy Period**, except as provided under Section VII, General Conditions, subsection K, Conditions Applicable Only To Insuring Clause D, Crime Coverage, Conditions 7 and 8 Applicable to Crime Coverage (Loss Sustained), All Insuring Clauses

M. **Other Property** means any tangible property other than **Money** and **Securities** that has intrinsic value. **Other Property** does not include computer programs, **Digital Data** or any property specifically excluded under this Policy.

N. **Robbery** means the unlawful taking of property from the care and custody of a person by one who has:

1. Caused or threatened to cause that person bodily harm; or
2. Committed an obviously unlawful act witnessed by that person.

O. **Safe Burglary** means the unlawful taking of:

1. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
2. A safe or vault from inside the **Premises**.

P. **Securities** means negotiable and nonnegotiable instruments or contracts representing either **Money** or property and includes:

1. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
2. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by the **Insured**;

But does not include **Money**.

- Q. **Social Engineering Fraud** means the intentional misleading of an **Employee**, through misrepresentation of a material fact which is relied upon by an **Employee**, believing it be genuine which results in the transferring, payment or delivery of **Money** or **Securities**.
- R. **Theft** means the unlawful taking of property to the deprivation of the **Insured**.
- S. **Transfer Account** means an account maintained by the **Insured** at a financial institution from which the **Insured** can initiate the transfer, payment or delivery of **Funds**:
1. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
 2. By means of written instructions (other than those described in Crime Coverage (Loss Sustained) Insuring Clause 2, **Forgery Or Alteration**) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.
- T. **Vendor** means any entity or natural person that has provided goods or services to an **Insured** under a legitimate pre-existing arrangement or written agreement. However, **Vendor** does not include any financial institution, asset manager, broker-dealer, armored motor vehicle company, or any similar entity.
- U. **Watchperson** means any person the **Insured** retains specifically to have care and custody of property inside the **Premises** and who has no other duties.

III. DEDUCTIBLE AND LIMITS OF LIABILITY

Solely with respect to Insuring Clause ID, Crime Coverage:

- A. The most the **Company** will pay for all loss resulting directly from an **Occurrence** is the applicable Limit of Insurance shown in the Declarations.
- B. The Limit of Insurance set forth in Item 3.1D of the Declarations is part of, and not in addition to, the \$250,000 program aggregate limit of liability for all Loss, for all Crime Coverages, for all **Insureds**, set forth in the Declarations.
- C. The Limits of Insurance set forth in the Declarations is part of, and not in addition to, the Aggregate Limit of Liability set forth in Item 3.2 of the Declarations.
- D. The **Company** will not pay for loss resulting directly from an **Occurrence** unless the amount of loss exceeds the Deductible Amount shown in the Declarations. The **Company** will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

IV. EXCLUSIONS

Solely with respect to Insuring Clause ID, Crime Coverage, this Policy does not cover:

1. Acts Committed By The **Insured**
Loss resulting from **Theft** or any other dishonest act committed by the **Insured**, whether acting alone or in collusion with other persons.
2. Acts Of **Employees** Learned Of By The **Insured** Prior To The **Policy Period**
Loss caused by an **Employee** if the **Employee** had also committed **Theft** or any other dishonest act prior to the effective date of this Policy and the **Insured** or any of the **Insured's** officers, directors or trustees, not in collusion with the **Employee**, learned of that **Theft** or dishonest act prior to the **Policy Period**.
3. Acts Of **Employees**, Directors, Trustees Or Representatives
Loss resulting from **Theft** or any other dishonest act committed by any of the **Insured's Employees**, directors, trustees or authorized representatives:
 - a. Whether acting alone or in collusion with other persons; or
 - b. While performing services for the **Insured** or otherwise;
except when covered under the Crime Coverage (Loss Sustained) Insuring Clause 1, **Employee Theft**.
4. Confidential Information

Loss resulting from:

- a. The unauthorized disclosure of the **Insured's** confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or
- b. The unauthorized use or disclosure of confidential information of another person or entity which is held by the **Insured** including, but not limited to, financial information, personal information, credit card information or similar non-public information.

5. **Employee Benefit Plans**

Loss of or damage to any **Employee Benefit Plan**.

6. **Governmental Action**

Loss resulting from seizure or destruction of property by order of governmental authority.

7. **Indirect Loss**

Loss that is an indirect result of an **Occurrence** covered by this Policy including, but not limited to, loss resulting from:

- a. The **Insured's** inability to realize income that the **Insured** would have realized had there been no loss of or damage to **Money, Securities or Other Property**.
- b. Payment of damages of any type for which the **Insured** is legally liable. But, the **Company** will pay compensatory damages arising directly from a loss covered under this Policy.
- c. Payment of costs, fees or other expenses the **Insured** incurs in establishing either the existence or the amount of loss under this Policy.

8. **Legal Fees, Costs And Expenses**

Fees, costs and expenses incurred by the **Insured** which are related to any legal action, except when covered under the Crime Coverage (Loss Sustained) Insuring Clause 2, **Forgery Or Alteration, Nuclear Hazard, Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.**

9. **Pollution**

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. **War And Military Action**

Loss or damage resulting from:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

Crime Coverage (Loss Sustained) Insuring Clause 1, **Employee Theft, does not cover:**

1. **Inventory Shortages**

Loss or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- a. An inventory computation; or
- b. A profit and loss computation.

However, where the **Insured** establishes wholly apart from such computations that the **Insured** has sustained a loss, then the **Insured** may offer the **Insured's** inventory records

and actual physical count of inventory in support of the amount of loss claimed.

2. Trading

Loss resulting from trading, whether in the **Insured's** name or in a genuine or fictitious account.

Crime Coverage (Loss Sustained) Insuring Clauses 3, Inside The **Premises** – **Theft Of Money And Securities**, 4, **Inside The Premises – Robbery Or Safe Burglary Of Other Property**, and 5, **Outside The Premises**, do not cover:

1. Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

2. Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

3. Fire

Loss or damage resulting from fire, however caused, except:

- a. Loss of or damage to **Money** and **Securities**; and
- b. Loss from damage to a safe or vault.

4. Money Operated Devices

Loss of property contained in any money operated device unless the amount of **Money** deposited in it is recorded by a continuous recording instrument in the device.

5. Motor Vehicles Or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

6. Transfer Or Surrender Of Property

a. Loss of or damage to property after it has been transferred or surrendered to a person or place outside the **Premises**:

- i. On the basis of unauthorized instructions;
- ii. As a result of a threat to do bodily harm to any person;
- iii. As a result of a threat to do damage to any property;
- iv. As a result of a threat to introduce a denial of service attack into the **Insured's** computer system;
- v. As a result of a threat to introduce a virus or other malicious instruction into the **Insured's** computer system which is designed to damage, destroy or corrupt data or computer programs stored within the **Insured's** computer system;
- vi. As a result of a threat to contaminate, pollute or render substandard the **Insured's** products or goods;
or
- vii. As a result of a threat to disseminate, divulge or utilize:
 1. The **Insured's** confidential information; or
 2. Weaknesses in the source code within the **Insured's** computer system.

b. But, this Exclusion does not apply under Crime Coverage (Loss Sustained) Insuring Clause 5, Outside The **Premises**, to loss of **Money**, **Securities** or **Other Property** while outside the **Premises** in the care and custody of a **Messenger** if the **Insured**:

- i. Had no knowledge of any threat at the time the conveyance began; or
- ii. Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

7. Vandalism

Loss from damage to the **Premises** or its exterior, or to any safe, vault, cash register, cash box, cash drawer or **Other Property** by vandalism or malicious mischief.

8. Voluntary Parting Of Title To Or Possession Of Property

Loss resulting from the **Insured**, or anyone acting on the **Insured's** express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

Crime Coverage (Loss Sustained) Insuring Clause 6, Computer Fraud, does not cover:

1. Credit Card Transactions

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

2. Funds Transfer Fraud

Loss resulting from a **Fraudulent Instruction** directing a financial institution to transfer, pay or deliver **Funds** from the **Insured's Transfer Account**.

3. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- a. An inventory computation; or
- b. A profit and loss computation.

Crime Coverage (Loss Sustained) Insuring Clause 7, Funds Transfer Fraud, does not cover:

Loss, resulting from the use of any computer, to fraudulently cause a transfer of **Money, Securities** or **Other Property**.

Crime Coverage (Loss Sustained) Insuring Clause 9, Social Engineering Fraud, does not cover:

1. loss or damage to **Money** or **Securities** as a result of **Computer Fraud** or **Funds Transfer Fraud**;
2. loss due to any investment in **Securities**, or ownership in any corporation, partnership, real property, or similar instrument, whether or not such investment is genuine;
3. loss due to the failure of any party to perform, in whole or in part, under any contract;
4. loss due to the extension of any loan, credit or similar promise to pay;
5. loss due to any party's use of or acceptance of any credit card, debit card or similar instrument, whether or not genuine;
6. loss due to any person purporting to be a representative of any financial institution, asset manager, broker-dealer, armored motor vehicle company, or any similar entity;
7. loss of **Money** or **Securities** while in the mail or in the custody of any carrier for hire, including but not limited to any armored motor vehicle company;
8. loss due to the failure, malfunction, inadequacy or illegitimacy of any product or service;
9. loss of or damage to any **Other Property**;
10. loss due to any gambling, game of chance, lottery or similar game;

V. CONDITIONS APPLICABLE ONLY TO INSURING CLAUSE D, CRIME COVERAGE:

Conditions Applicable To Crime Coverage (Loss Sustained), All Insuring Clauses:

1. Additional **Premises** Or **Employees**

If, while this Policy is in force, the **Insured** establishes any additional **Premises** or hires additional **Employees**, other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such **Premises** and **Employees** shall automatically be covered under this Policy. Notice to the **Company** of an increase in the number of **Premises** or **Employees** need not be given and no

additional premium need be paid for the remainder of the **Policy Period**.

2. Cooperation

The **Insured** must cooperate with the **Company** in all matters pertaining to this Policy as stated in its terms and conditions.

3. Concealment, Misrepresentation Or Fraud

As to any **Insured**, coverage provided by the Crime Coverage (Loss Sustained) Insuring Clauses are void in any case of fraud by the **Insured** as it relates to this **Policy** at any time. It is also void if the **Insured**, at any time, intentionally conceals or misrepresents a material fact concerning:

- a. This Policy;
- b. The property covered under this Policy;
- c. The **Insured's** interest in the property covered under this Policy;
- d. A **Claim** under this Policy.

4. Consolidation – Merger Or Acquisition

If the **Insured** consolidates or merges with, or purchases or acquires the assets or liabilities of, another entity, the **Insured** must give the **Company** written notice as soon as possible and obtain the **Company's** written consent to extend the coverage provided by the Crime Coverage (Loss Sustained) Insuring Clauses to such consolidated or merged entity or such purchased or acquired assets or liabilities. The **Company** may condition the **Company's** consent by requiring payment of an additional premium.

5. Examination Of The **Insured's** Books And Records

The **Company** may examine and audit the **Insured's** books and records as they relate to this Policy at any time during the **Policy Period** and up to 3 years afterward.

6. Inspections And Surveys

- a. The **Company** has the right to:
 - i. Make inspections and surveys at any time;
 - ii. Give the **Insured** reports on the conditions the **Company** finds; and
 - iii. Recommend changes.
- b. The **Company** is not obligated to make any inspections, surveys, reports or recommendations and any such actions the **Company** does undertake relates only to insurability and the premiums to be charged. The **Company** does not make safety inspections. The **Company** does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And the **Company** does not warrant that conditions:
 - i. Are safe or healthful; or
 - ii. Comply with laws, regulations, codes or standards.
- c. Paragraphs 6.a and 6.b apply not only to the **Company**, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

7. Loss Sustained During Prior Insurance Issued By The **Company** Or Any Affiliate

a. Loss Sustained Partly During This Policy And Partly During Prior Insurance

If the **Insured Discovers** loss during the **Policy Period**, resulting directly from an **Occurrence** taking place:

- i. Partly during the **Policy Period**; and
- ii. Partly during the policy period(s) of any prior cancelled insurance that the **Company** or any affiliate issued to the **Insured** or any predecessor in interest;

and this Policy became effective at the time of cancellation of the prior insurance, the **Company** will first settle the amount of loss that the **Insured** sustained during this **Policy Period**. The **Company** will then settle the remaining amount of loss that the **Insured** sustained during the policy period(s) of the prior insurance.

b. Loss Sustained Entirely During Prior Insurance

If the **Insured Discovers** loss during the **Policy Period**, resulting directly from an **Occurrence** taking place entirely during the policy period(s) of any prior cancelled insurance that the **Company** or any affiliate issued to the **Insured** or any predecessor in interest, the **Company** will pay for the loss, provided:

- i. This Policy became effective at the time of cancellation of the prior insurance; and
- ii. The loss would have been covered under this Policy had it been in effect at the time of the **Occurrence**.

The **Company** will first settle the amount of loss that the **Insured** sustained during the most recent prior insurance. The **Company** will then settle any remaining amount of loss that the **Insured** sustained during the policy period(s) of any other prior insurance.

c. In settling loss subject to this Condition:

- i. The most the **Company** will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this Policy or was written under the prior insurance issued by the **Company**.
- ii. The **Company** will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under this Policy. If no loss was sustained under this Policy, the **Company** will apply the Deductible Amount shown in the Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this Policy, or the most recent prior insurance, the **Company** will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

The **Company** will not apply any other Deductible Amount that may have been applicable to the loss.

8. Loss Sustained During Prior Insurance Not Issued By The **Company** Or Any Affiliate

a. If the **Insured Discovers** loss during the **Policy Period**, resulting directly from an **Occurrence** taking place during the policy period of any prior cancelled insurance that was issued to the **Insured** or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, the **Company** will pay for the loss under this Policy, provided:

- i. This Policy became effective at the time of cancellation of the prior insurance; and
- ii. The loss would have been covered under this Policy had it been in effect at the time of the **Occurrence**.

b. In settling loss subject to this Condition:

- i. The most the **Company** will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this Policy or was written under the prior cancelled insurance.
- ii. The **Company** will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under the prior cancelled insurance.

c. The insurance provided under this Condition is subject to the following:

- i. If loss covered under this Condition is also partially covered under Condition 7, the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition 7.
- ii. For loss covered under this Condition that is not subject to Paragraph c.i, the amount recoverable under this Condition is part of, not in addition to, the Limit of Insurance applicable to the loss

covered under this Policy and is limited to the lesser of the amount recoverable under:

1. This policy as of its effective date; or
2. The prior cancelled insurance had it remained in effect.

9. Ownership Of Property; Interests Covered

The property covered under this Policy is limited to property:

- a. That the **Insured** owns or leases; or
- b. That the **Insured** holds for others whether or not the **Insured** is legally liable for the loss of such property.

However, this Policy is for the **Insured's** benefit only. It provides no rights or benefits to any other person or organization. Any **Claim** for loss that is covered under this Policy must be presented by the **Insured**.

10. Records

The **Insured** must keep records of all property covered under this Policy so the **Company** can verify the amount of any loss.

11. Recoveries

- a. Any recoveries, whether effected before or after any payment under this Policy, whether made by the **Company** or the **Insured**, shall be applied net of the expense of such recovery:
 - i. First, to the **Insured** in satisfaction of the **Insured's** covered loss in excess of the amount paid under this Policy;
 - ii. Second, to the **Company** in satisfaction of amounts paid in settlement of the **Insured's Claim**;
 - iii. Third, to the **Insured** in satisfaction of any Deductible Amount; and
 - iv. Fourth, to the **Insured** in satisfaction of any loss not covered under this Policy.
- b. Recoveries do not include any recovery:
 - i. From insurance, suretyship, reinsurance, security or indemnity taken for the **Company's** benefit;
 - ii. Of original **Securities** after duplicates of them have been issued.

12. Transfer Of The **Insured's** Rights And Duties Under This Policy

- a. The **Insured's** rights and duties under the Crime Coverage (Loss Sustained) Insuring Clauses may not be transferred without the **Company's** written consent except in the case of death of an Individual **Named Insured**.
- b. If the **Insured** dies, the **Insured's** rights and duties will be transferred to the **Insured's** legal representative but only while acting within the scope of duties as the **Insured's** legal representative. Until the **Insured's** legal representative is appointed, anyone having temporary custody of the **Insured's** property will have the **Insured's** rights and duties but only with respect to that property.

13. Valuation- Settlement

- a. The value of any loss for purposes of coverage under this Policy shall be determined as follows:
 - i. Loss of **Money** but only up to and including its face value. The **Company** will, at the **Insured's** option, pay for loss of **Money** issued by any country other than the United States of America:
 1. At face value in the **Money** issued by that country; or
 2. In the United States of America dollar equivalent determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was **Discovered**
 - ii. Loss of **Securities** but only up to and including their value at the close of business on the day the loss was **Discovered**. The **Company** may, at the **Company's** option:
 1. Pay the market value of such **Securities** or replace them in kind, in which event the **Insured** must assign to the **Company** all the **Insured's** rights, title and interest in and to those

Securities; or

2. Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the **Securities**. However, the **Company** will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - a. Market value of the **Securities** at the close of business on the day the loss was **Discovered**; or
 - b. The Limit of Insurance applicable to the **Securities**.
- iii. Loss of or damage to **Other Property** or loss from damage to the **Premises** or its exterior for the replacement cost of the property without deduction for depreciation. However, the **Company** will not pay more than the least of the following:
 1. The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;
 2. The amount the **Insured** actually spends that is necessary to repair or replace the lost or damaged property; or
 3. The Limit of Insurance applicable to the lost or damaged property.

With regard to Paragraphs 13.a.iii.(a) through 13.a.iii.(c), the **Company** will not pay on a replacement cost basis for any loss or damage:

- (i) Until the lost or damaged property is actually repaired or replaced; and
- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, the **Company** will pay on an actual cash value basis.

- b. The **Company** will, at the **Insured's** option, settle loss or damage to property other than **Money**:
 - i. In the **Money** of the country in which the loss or damage occurred; or
 - ii. In the United States of America dollar equivalent of the **Money** of the country in which the loss or damage occurred determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was **Discovered**.
- c. Any property that the **Company** pays for or replaces becomes the **Company's** property.

Conditions Applicable To Crime Coverage (Loss Sustained) Insuring Clause 6, Computer Fraud:

1. Special Limit Of Insurance For Specified Property

The **Company** will only pay up to \$5,000 for any one **Occurrence** of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

2. Territory

The **Company** will cover loss that the **Insured** sustains resulting directly from an **Occurrence** taking place anywhere in the world. Territory Crime Coverage Condition D does not apply to Crime Coverage (Loss Sustained) Insuring Clause 6, Computer Fraud.