

*Insurance Proposal for*

# Collin County Government

10/1/2017 - 10/1/2018

Presented by:

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Products and services are offered through Wells Fargo Insurance Services USA, Inc. a non-bank insurance agency affiliate of Wells Fargo & Company.

Products and services are underwritten by unaffiliated insurance companies except crop and flood insurance, which may be underwritten by an affiliate, Rural Community Insurance Company. Some services require additional fees and may be offered directly through third-party providers. Banking and insurance decisions are made independently and do not influence each other.

Please refer to the policy contract for specific terms, conditions, limitations and exclusions.

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## Service team

### **Sales Executive**

*Manages your overall account, and brings all of Wells Fargo's resources together for your benefit.*

### **Robert S. Bookhammer**

Direct line: (972) 588-6407  
Cell phone: (214) 770-1301  
Email address: bob.bookhammer@wellsfargo.com

### **Account Executive**

*Responsible for completing all technical transactions regarding the delivery and maintenance of insurance and underwriting services.*

### **Molly Tenace**

Direct line: (210) 856-8836  
Cell phone: (214)790-6331  
Email address: Molly.Tenace@wellsfargo.com

### **Account Representative**

*Primary contact for day-to-day service. Handles questions you may have, monitors your account, processes endorsement requests and invoices.*

### **Dena L. Hamlin**

Direct line: (972) 588-6459  
Email address: Dena.L.Hamlin@wellsfargo.com

### **Claims**

*Advocates on claims to troubleshoot servicing issues, answer questions about the claims process and assist with optimizing claims outcomes.*

### **Sharon L Williams**

Senior Claims Advisor  
Direct line: (972) 588-6671  
Email address: sharon.lee.williams@wellsfargo.com

### **Risk Control**

*Conducts site inspections, provides loss control insights, and acts as your advocate in relation to carrier loss control representatives.*

### **R. Scott Bellamy**

Senior Risk Control Consultant  
Direct line: (972) 588-6489  
Cell phone: (972) 689-8673  
Email address: scott.bellamy@wellsfargo.com

### **Certificates of insurance**

Email address: Dena.L.Hamlin@wellsfargo.com  
Office phone: (972) 588-6459

### **Other telephone numbers**

Main office: (972) 588-6407  
Toll-free: (800) 531-2034  
Fax( 855)605-8264

### **Office hours**

8 a.m. – 5 p.m. Central Time M - F

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## Payment information

**Payment address:**

Wells Fargo Insurance Services USA, Inc.  
PO Box 203383  
Dallas, TX 75320-3383

**Mailing and parcel delivery:**

Wells Fargo Insurance Services USA, Inc.  
5151 Belt Line Road Suite 200  
Dallas, TX 75254

**Premium due:**

Policy effective date or invoicing date – whichever is later. Prompt payment is required. If you'd like more information on payment options, please contact your sales executive.

**Wiring instructions:**

If you wish to wire your payment, please contact your service team member for wiring instructions.

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## General provisions

Please read this document carefully, and advise if any provisions contained herein are unclear or incorrect, and advise your Wells Fargo Insurance Services USA, Inc. ("Wells Fargo Insurance") team immediately if any coverage is not reflected correctly or if any risks or potential risks have not been identified.

This document states the A. M. Best Company rating for each listed insurance company. Ratings are based on overall performance and financial strength. Performance ratings range from a low of "C-" to the highest rating assigned, "A++." Some insurance companies are subject to "Not-Assigned" categories. Financial size categories range from "I" (up to \$1,000,000 in surplus) to "XV" (\$2,000,000,000 or more in surplus).

Admitted insurance companies afford certain regulatory protection not extended to non-admitted insurance companies. For example, your state's Insurance Guarantee Association does not offer its loss protection to non-admitted insurance companies in the event of insolvency.

When, in Wells Fargo Insurance's judgment, it is necessary or beneficial to do so, we will utilize the services of other intermediaries, sometimes referred to as Wholesalers or Managing General Agents (MGA's), to assist in accessing coverage for insureds or prospects. Such wholesale intermediaries may or may not be affiliated with Wells Fargo Insurance, and would be compensated by the insurance company out of insured-paid premiums.

In some instances, insurance coverage placements made by Wells Fargo Insurance require the payment of state surplus lines tax and fees, in addition to the insurance premium itself. Wells Fargo Insurance will attempt to identify any such applicable tax and fees in advance of requesting coverage bound. In all instances, however, payment of any surplus lines tax and fees is the sole responsibility of the insured.

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## Who we are

We value personal relationships and exceptional client service, and we recognize that each client's insurance needs are unique. So we make it our business to know your business.

As one of the largest insurance brokerages in the world, we have worked hard to establish trusted relationships across the country. Our local teams are ready to serve corporations, public entities, private companies, nonprofit organizations, and high-net-worth individuals.

Because of our size and our close relationships with highly rated insurance carriers, we are able to negotiate excellent rates and obtain access to select products. When you work with Wells Fargo Insurance, we can recommend optimal solutions with very competitive pricing.

Consider our advantages:

- **Financial strength.** Thanks to the power of Wells Fargo, we have capital resources that insurance-only brokerages often don't.
- **Resources.** We connect sales and services teams across the country, all of whom share practical advice and risk mitigation approaches. This gives you access to our national resources through our local offices.
- **Experience.** Our industry practice groups have years of experience working within targeted segments. We go beyond standard insurance recommendations by applying in-depth industry knowledge that typically isn't found in smaller firms.
- **Technology.** Our value isn't just the solutions we create – it's how we deliver them. Our leading-edge technology can streamline operations and help reduce administration.
- **Flexibility.** Thanks to our extensive domestic and global brokerage network, we can offer a variety of choices versus a one-size-fits-all solution.
- **Convenience.** Whether by phone, online, or in person, we're available to provide guidance and answers at times when it matters most.
- **Efficiency.** Since we're part of Wells Fargo, we can help you consolidate multiple financial services with a single provider.

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# Property and casualty resources\*

## Employment Law Online Services

Credible, convenient, and quick advice — documented advice is available online and toll-free from experienced employment law attorneys. Receive documented, confidential answers to your specific human resources/employment law questions no later than the end of the next business day.

## Summit Trainingweb

As a component of our risk control support, our clients have access to over 150 online safety courses. Our value-added tool through Summit Training Source is the premier resource for environmental, health, and safety training solutions.

## Crisis Response Public Relations Hotline

Conventional wisdom says that people are inclined to believe the first story they hear. That makes communicating first, effectively, and across multiple channels critical to successfully navigating a crisis. Wells Fargo Insurance now offers the means to manage your crisis. A third party provider to support a 24/7 Public Relations Crisis Response Hotline may be used and made available to Wells Fargo Insurance clients.

## Workers' compensation experience modification management

To help our clients reduce costs, Wells Fargo Insurance may utilize a variety of tools to analyze the current workers comp mod and project changes in mod based on a variety of factors. This opens our clients' eyes to the impact of the workers' compensation mod. Seeing the cost drivers and trends allows for the creation of money saving strategies.

## Risk management

Insurance premiums represent only one component within your Total Cost of Risk. The risks that you retain in the form of deductibles or retentions represent significant opportunities for risk control and expense management.

Wells Fargo Insurance will tailor a service plan to meet your needs. The following is a sample of additional services that we provide.

- Risk control and engineering
  - Risk evaluation and assessment
  - Environmental, health, and safety training advisors
  - Consulting on property protection and engineering
  - Regulatory review and compliance services
  - Fleets and transportation risk
- Financial analytics
  - Loss forecast and accrual analysis
  - Risk retention analysis
  - Program comparison and cash flow modeling
  - Cost of risk allocation
  - Risk bearing capacity analysis
  - Benchmarking
- Claims consulting and solutions
  - Claims program best practices
  - Claims services administrator marketing and selection
  - Claims services provider auditing and quality measurement
  - Claims program analytics and metrics

*\*Some services require additional fees and may be offered directly through third-party providers.*

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# A note about “Claims Made” policies

Some of the quotes provided in this proposal **may be** offered on a Claims Made or a Claims Made and Reported basis. A brief description of Claims Made and Claims Made and Reported forms is included below for your reference.

## Claims Made

1. Under a **claims-made** form, the policy that is in effect at the time that a claim is made against you is the policy that will respond to that claim, regardless of when the wrongful act occurred (subject to any retroactive date). This differs from an **occurrence** form, which responds to claims resulting from accidents, incidents or injuries occurring while the policy was in effect, regardless of when a claim for damages is brought.
2. If your policy has a **retroactive date**, the wrongful act must have occurred after the retroactive date in order for the policy to respond to a claim.
3. You may have the right to purchase an extended reporting period (ERP) endorsement if the policy is cancelled or not renewed. This endorsement will provide a period of time to continue to report claims that arise resulting from wrongful acts that occurred after any retroactive date and before the end of your policy period. The ERP (often called “tail” coverage) must be requested within a specific time frame and the additional premium, which typically is required prior to the tail period begins, is fully earned.

## Claims Made and Reported

A type of claims made policy in which a claim must be both made against the insured and reported to the insurer during the policy period for coverage to apply.\*

*\*Source: IRMI Glossary of Insurance and Risk Management Terms.*

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# CyberSure® quick reference guide

## Property and casualty

CyberSure® web-based customer service and support available 24/7/365.

Your business never stops. Why not partner with the broker that never closes?

**Plus “answers”:**  
Online training solutions and disaster recovery planning available at a modest fee.

*CyberSure® is available at **no cost** to you. Take advantage of this time-saving tool. Contact your account team today and request a CyberSure® login!*

### Available for property and casualty clients:

#### **E-services**

##### **Certificate management**

Issue your own certificates in the same amount of time it takes to submit a request to your broker. Store copies online and “go green.”

##### **Claims management**

Report claims and monitor history.

##### **Fleet management**

Manage changes to your fleet of autos.

##### **Policy requests and changes**

Add, change, or delete locations, equipment, and other exposures.

##### **My account team**

A customized directory of all those who support your risk management and insurance program.

##### **My documents**

Collaborate with your account team via convenient and secure upload and download of documents.

#### **Resources**

##### **Loss prevention**

Your Safety Committee’s one-stop shop for loss prevention resources.

##### **Risk management “toolbox”**

Articles, checklists, and other resources customized for a wide array of industries.

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## Premium overview

Coverage	Expiring premium	Renewal Premiums
One Beacon Package	\$389,745.00	\$389,128.00
TRIPRA	\$2,708.00	\$2,640.00
Total including TRIPRA & \$2 state surcharge	\$392,455.00	\$391,768.00
ACE/Chubb Healthcare Package	\$17,524.00	\$17,556.00
Total incl. TX SL Taxes & Fees / excl. TRIPRA	\$876.20	\$882.20
TRIPRA Charge	\$81.00	\$88.00
Total including TRIPRA & TX SL Taxes & Fees	\$18,485.25	\$18,526.20
Myers Park/Farm General Liability	\$9,500.00	\$9,500.00
TRIPRA	\$379.00	\$379.00
Total including TRIPRA	\$9,879.00	\$9,879.00
<b>SUBTOTAL:</b>		
<b>Total premium excluding TRIPRA</b>	<b>\$417,645.20</b>	<b>\$417,066.20</b>
<b>Total premium including TRIPRA</b>	<b>\$420,819.25</b>	<b>\$420,173.20</b>
One Beacon Cyber-Optional Quote***		\$26,090
TRIPRA		\$783.00
Total including TRIPRA		\$26,873
<b>Total premium excluding TRIPRA</b>	<b>\$417,645.20</b>	<b>\$443,156.20</b>
<b>Total premium including TRIPRA</b>	<b>\$420,819.25</b>	<b>\$447,046.20</b>

**Please Note:**

\*\*\*Last year's One Beacon Package policy form had \$100,000 in Cyber/Data Breach coverage included at no additional charge.

At renewal, the Cyber/Data Breach form has been eliminated and a comprehensive Cyber quote included as an option for consideration.

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# Premium overview

## Premium payment options

<u>Option</u>	<u>Amount</u>
I. <b>Payment in full</b> <b>(including TRIA/Excluding Cyber quote)</b>	\$420,173.20

As a course of business, Wells Fargo Insurance is required to pay premiums to insurers on a monthly basis. In return we appreciate timely payments by our clients. Outstanding balances over 30 days may be subject to cancellation.

**Note: Payment calculations may vary slightly upon policy issuance.**

### **Direct bill and premium finance notification**

If coverage is issued on a direct bill basis, i.e. billed to you directly by your insurance company, or if you select to have your premium financed through a premium finance company, please note the following information.

If your premium payment does not reach the carrier by the due date, they may send out a notice of late payment, or intent to cancel. Copies of these notices may not be received by Wells Fargo Insurance until after the policy has been cancelled. In the event that you receive such a notice, please contact our office immediately.

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# Marketing summary

Insurer	Response	Explanation
One Beacon Government Risks	Quoted	Incumbent carrier quotes-not marketed
Chubb	Quoted	Incumbent carrier quotes-not marketed

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## Named insureds

**Note:** Any entity not named as an insured may not be covered under this proposal. This includes partnerships, joint ventures, and newly formed entities of any type.

Named insured	Applicable policies
Collin County Government	One Beacon Package & Myers Park GL
Collin County Government dba Collin County Health Clinic	Chubb GL/PL Package
Collin County, TX	One Beacon Cyber

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# Commercial crime/incidental property

<b>Named insured:</b>	Collin County Government
<b>Insurance carrier:</b>	Atlantic Specialty Insurance Company — Admitted A.M. Best rating: A X as of 5/3/17
<b>Policy number:</b>	TBD
<b>Policy term:</b>	October 1, 2017to October 1, 2018
<b>Premium:</b>	\$ 6,602 + 115(TRIPRA) = \$6,717
<b>Coverage:</b>	Crime and Property insurance covers your interest against direct physical loss or damage by covered perils to named property that you own or are required to insure.
<b>Location:</b>	2300 Bloomdale Rd, Ste. 4117, McKinney, TX 75071-8517
<b>Policy form:</b>	Special Form
<b>Perils covered:</b>	Perils here. Risk of direct physical loss, subject to named policy terms, conditions and exclusions [including mechanical breakdown, excluding earthquake and flood].

## Property Location Coverages

<b>Limit:</b>	\$ 1,000 Business Personal Property
	\$ 1,000,000 Money & Securities Loss Inside
	\$ 1,000,000 Money & Securities Loss Outside
	\$ <b>Property Policy Coverages</b>
	\$ 1,000,000 Employee Theft
	\$ 1,000,000 Forgery & Alteration
	\$ 1,000,000 Money Orders & Counterfeit Currency
	\$ 1,000,000 Computer Fraud
	Property Policy Coverage Enhancements
	\$ 25,000 ERISA Employee Theft; Per occurrence

<b>Coinsurance:</b>	90% on Business Personal Property
<b>Deductibles:</b>	\$1,000 – Business Personal Property \$5,000 – Money & Securities: Inside / Outside \$5,000 – Property Policy Coverages \$0 - Property Policy Coverage Enhancements
<b>Valuation:</b>	Personal property Replacement cost basis at site of loss
<b>Property disclaimer:</b>	Your property carrier will provide building, business personal property, business income and extra expense coverage subject to policy conditions and exclusions. It is your responsibility to notify Wells Fargo's personnel, in writing, if these limits are not adequate to rebuild and/or replace, in today's dollars, your current building and contents. <b>"Replacement cost" does not mean replace at any cost.</b>
<b>Terms and conditions:</b>	As per expiring

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**Extensions or exclusions:**

The following coverages are excluded:

BI or EE Utility Services Building Ordinance  
Reward  
Contractual Penalties Property in Transit  
Hardware and Media  
Business Income and Extra Expense Dependent Properties  
Business Income w/o EE Dependent  
Properties  
BI or EE Utility Services - Policy Business Income w/o EE w/ALS  
Green Upgrades Additional Coverage Bucket  
International Air Shipments  
Property at Other Locations  
Credit, Debit or Charge Card Forgery Newly Acquired or  
Constructed Property Claim Expense  
Automatic Seasonal Increase (Peak Season)  
Brands and Labels Expense Food Contamination  
Newly Acquired Property Business Income Extra Expense  
Lessee's Leasehold Interest Coverage Lessor's Lease  
Cancellation  
Lessor's Tenant Relocation Expense Limited Coverage for  
Fungus, Wet Rot, Dry Rot and Bacteria  
Electronic Data Damage or Destruction - Cyber Vandalism Employee  
Electronic Data Damage or Destruction - Cyber Vandalism - Non- Employee  
Electronic Data Loss of Income and Extra Expense - Cyber Vandalism - Employee  
Electronic Data Loss of Income and Extra Expense - Cyber Vandalism - Non- Employee  
Denial of Service Coverage  
California Hardware, Media and Electronic Data Earthquake Preservation of Property – Expense  
Lock Replacement  
Catastrophe Allowance Expediting Expenses Soft Costs  
Temporary Relocation of Property Coverage During  
Renovation or Remodeling  
Salesmen's Samples  
Pollutant Clean Up and Removal  
Debris Removal  
Special Theft Limits of Insurance

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# Inland marine equipment floater

<b>Named insured:</b>	Collin County Government																																							
<b>Insurance carrier:</b>	Atlantic Specialty Insurance Company — Admitted A.M. Best rating: A X as of 5/3/17																																							
<b>Policy number:</b>	TBD																																							
<b>Policy term:</b>	October 1, 2017 to October 1, 2018																																							
<b>Premium:</b>	\$ 4,461																																							
<b>Coverage:</b>	Equipment—Per schedule on file with carrier																																							
<b>Policy form:</b>	Inland marine form																																							
<b>Perils covered:</b>	Risk of direct physical loss, subject to named policy terms, conditions, and exclusions [excluding earthquake and flood].																																							
<b>Limits:</b>	<table> <tr> <td>\$</td> <td>1,055,292</td> <td>Mobile incident command post (MICP)</td> </tr> <tr> <td>\$</td> <td>701,724</td> <td>Mobile medical units (MMU)</td> </tr> <tr> <td>\$</td> <td>250,000</td> <td>Newly acquired equipment (60 days)</td> </tr> <tr> <td>\$</td> <td>2,500</td> <td>Construction documents</td> </tr> <tr> <td>\$</td> <td>5,000</td> <td>Debris removal</td> </tr> <tr> <td>\$</td> <td>2,500</td> <td>Employee tools &amp; clothing</td> </tr> <tr> <td>\$</td> <td>10,000</td> <td>Pollutant clean up</td> </tr> <tr> <td>\$</td> <td>2,500</td> <td>Preservation of property expense (30 days)</td> </tr> <tr> <td>\$</td> <td>2,500</td> <td>Rental reimbursement expense (2 days)</td> </tr> <tr> <td>\$</td> <td>1,000</td> <td>Leased rented or borrowed equipment from others/any one item</td> </tr> <tr> <td>\$</td> <td>2,000</td> <td>Leased rented or borrowed equipment from others/all items</td> </tr> <tr> <td>\$</td> <td>1,000</td> <td>Your contractor's equipment leased, rented or borrowed by others/any one item</td> </tr> <tr> <td>\$</td> <td>2,000</td> <td>Your contractor's equipment leased, rented or borrowed by others/all items</td> </tr> </table>	\$	1,055,292	Mobile incident command post (MICP)	\$	701,724	Mobile medical units (MMU)	\$	250,000	Newly acquired equipment (60 days)	\$	2,500	Construction documents	\$	5,000	Debris removal	\$	2,500	Employee tools & clothing	\$	10,000	Pollutant clean up	\$	2,500	Preservation of property expense (30 days)	\$	2,500	Rental reimbursement expense (2 days)	\$	1,000	Leased rented or borrowed equipment from others/any one item	\$	2,000	Leased rented or borrowed equipment from others/all items	\$	1,000	Your contractor's equipment leased, rented or borrowed by others/any one item	\$	2,000	Your contractor's equipment leased, rented or borrowed by others/all items
\$	1,055,292	Mobile incident command post (MICP)																																						
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\$	1,000	Leased rented or borrowed equipment from others/any one item																																						
\$	2,000	Leased rented or borrowed equipment from others/all items																																						
\$	1,000	Your contractor's equipment leased, rented or borrowed by others/any one item																																						
\$	2,000	Your contractor's equipment leased, rented or borrowed by others/all items																																						
<b>Coinsurance:</b>	Nil Coinsurance																																							
<b>Deductibles:</b>	\$25,000 Per occurrence																																							
<b>Valuation:</b>	Replacement Cost																																							
<b>Terms and conditions:</b>	As per expiring																																							
<b>Exclusionary endorsements:</b>	As per expiring																																							

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 Proposal date: 8/9/2017 Prepared for Collin County Government  
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# Commercial general liability

<b>Named insured:</b>	Collin County Government																											
<b>Insurance carrier:</b>	Atlantic Specialty Insurance Company — Admitted A.M. Best rating: Au; X as of 2017																											
<b>Policy number:</b>	TBD																											
<b>Policy term:</b>	October 1, 2017 to October 1, 2018																											
<b>Premium:</b>	\$ 85,851 + \$2,010 (TRIPRA) = \$87,861																											
<b>Coverage:</b>	Your legal liability to members of the public for claims arising from your premises, operations, products, or completed operations.																											
<b>Limits of liability:</b>	<table> <tr> <td>\$</td> <td>1,000,000</td> <td>General aggregate limit (other than products/completed operations)</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Products/completed operations aggregate limit</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Personal and advertising injury limit</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Each occurrence limit</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Damage to premises rented to you (any one premises)</td> </tr> <tr> <td>\$</td> <td>NOT COVERED</td> <td>Medical payments any one person</td> </tr> <tr> <td>\$</td> <td>NOT COVERED</td> <td>Health Care and Social Services</td> </tr> <tr> <td></td> <td>Class 44115</td> <td>General purpose government risks organized as counties</td> </tr> <tr> <td></td> <td>48727</td> <td>Streets, Roads, highways or Bridges – existence and maintenance hazard only</td> </tr> </table>	\$	1,000,000	General aggregate limit (other than products/completed operations)	\$	1,000,000	Products/completed operations aggregate limit	\$	1,000,000	Personal and advertising injury limit	\$	1,000,000	Each occurrence limit	\$	1,000,000	Damage to premises rented to you (any one premises)	\$	NOT COVERED	Medical payments any one person	\$	NOT COVERED	Health Care and Social Services		Class 44115	General purpose government risks organized as counties		48727	Streets, Roads, highways or Bridges – existence and maintenance hazard only
\$	1,000,000	General aggregate limit (other than products/completed operations)																										
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\$	1,000,000	Damage to premises rented to you (any one premises)																										
\$	NOT COVERED	Medical payments any one person																										
\$	NOT COVERED	Health Care and Social Services																										
	Class 44115	General purpose government risks organized as counties																										
	48727	Streets, Roads, highways or Bridges – existence and maintenance hazard only																										
<b>Coverage form:</b>	Occurrence																											
<b>Self-insured retention:</b>	Combined BI/PD \$ 50,000 Per occurrence																											
<b>Terms and conditions:</b>	As per expiring																											
<b>Exclusionary endorsements:</b>	Health Care & Social Services - exclusion																											
<b>Premium basis:</b>	Manuscript rating format																											
<b>Audit:</b>	Not auditable																											

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# Commercial automobile

**Named insured:** Collin County Government

**Insurance carrier:** Atlantic Specialty Insurance Company — Admitted  
A.M. Best rating: Au; X as of 2017

**Policy number:** TBD

**Policy term:** October 1, 2017 to October 1, 2018

**Premium:** \$ 60,532

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**Coverage:** Automobile bodily injury and property damage liability, subject to terms, conditions, and limitations of the policy.

**Policy form:** Commercial automobile

**Liability Limits:**

\$	1,000,000	Combined single limit
\$	Included	Non-owned automobile liability
\$	Included	Hired automobile liability
\$	Excluded	Uninsured/underinsured motorists – Non-stacked limits
\$	Excluded	Personal injury protection
\$	Excluded	Medical payments

**Deductible or self-insured retention**  Bodily injury  Property damage  Combined BI/PD  
\$50,000 Per Accident

**Physical damage**

**Deductibles:**

\$	10,000 ACV	Comprehensive
\$	10,000 ACV	Collision

**Hired auto physical damage**

**Limit:** \$ 50,000

**Deductibles:**

\$	10,000	Comprehensive
\$	10,000	Collision

**Coverage symbols:**

Liability	Symbol 1
UM / UIM Motorists	Excluded
PIP	Excluded
Medical payments	Excluded
Collision/Comp	Symbol 2

**Valuation:** Actual cash value or cost to repair, whichever is less deductible for each covered auto.

**Terms and conditions:** As per expiring; Broad Form Endorsement; 391 Units  
Signed and completed UM/UIM form

**Exclusionary endorsements:** As per expiring

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# Commercial automobile

## Description of covered auto symbols

### Symbol description

1. **Any auto.**
2. **Owned auto only.** Only those autos you own (and for liability coverage, any trailers you don't own while attached to power units you own). This includes those autos you acquire ownership of after the policy begins.
3. **Owned private passenger autos only.** Only the private passenger autos you own. This includes those private passenger autos you acquire ownership of after the policy begins.
4. **Owned autos other than private passenger autos only.** Only those autos you own that are not of the private passenger type (and for liability coverage, any trailers you don't own while attached to power units you own). This includes those autos not of the private passenger type you acquire ownership of after the policy begins.
5. **Owned autos subject to no-fault.** Only those autos you own that are required to have no-fault benefits in the state where they are licensed or principally garaged. This includes those autos you acquire ownership of after the policy begins, provided they are required to have no-fault benefits in the state where they are licensed or principally garaged.
6. **Owned autos subject to a compulsory uninsured motorist law.** Only those autos you own that, because of the law in the state where they are licensed or principally garaged, are required to have and cannot reject uninsured motorist coverage. This includes those autos you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorist requirement.
7. **Specifically described autos.** Only those autos described in Item Three of the Declarations for which a premium charge is shown (and for liability coverage, any trailers you don't own while attached to any power units described in Item Three).
8. **Hired autos only.** Only those autos you lease, hire, rent, or borrow. This does not include any auto you lease, hire, rent, or borrow from any of your employees or partners or members of their households.
9. **Non-owned autos only.** Only those autos you do not own, lease, hire, or borrow that are used in connection with your business. This includes autos owned by your employees or partners or members of their households but only while used in your business or your personal affairs.

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# Commercial excess liability

<b>Named insured:</b>	Collin County Government												
<b>Insurance carrier:</b>	Atlantic Specialty Insurance Company — Admitted A.M. Best rating: A X as of 5/3/17												
<b>Policy number:</b>	TBD												
<b>Policy term:</b>	October 1, 2017 to October 1, 2018												
<b>Premium:</b>	\$ 51,548 + 515 (TRIPRA) = 52,063												
<hr/>													
<b>Coverage:</b>	<b>Excess Liability</b>												
<b>Policy form:</b>	Occurrence												
<b>Limits of liability:</b>	<table border="0"> <tr> <td>\$</td> <td>2,000,000</td> <td>Each claim excess of underlying insurance</td> </tr> <tr> <td>\$</td> <td>4,000,000</td> <td>Aggregate- All claims excess of underlying insurance</td> </tr> </table>	\$	2,000,000	Each claim excess of underlying insurance	\$	4,000,000	Aggregate- All claims excess of underlying insurance						
\$	2,000,000	Each claim excess of underlying insurance											
\$	4,000,000	Aggregate- All claims excess of underlying insurance											
<b>Self-insured retention:</b>	\$ Not applicable												
<b><u>Underlying limits of liability</u></b>													
<b>General liability:</b>	Atlantic Specialty Insurance Company												
<b>Limits:</b>	<table border="0"> <tr> <td>\$</td> <td>1,000,000</td> <td>Each occurrence limit</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Personal/advertising injury</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>General aggregate</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Products/completed operations aggregate</td> </tr> </table>	\$	1,000,000	Each occurrence limit	\$	1,000,000	Personal/advertising injury	\$	1,000,000	General aggregate	\$	1,000,000	Products/completed operations aggregate
\$	1,000,000	Each occurrence limit											
\$	1,000,000	Personal/advertising injury											
\$	1,000,000	General aggregate											
\$	1,000,000	Products/completed operations aggregate											
<b>Commercial auto:</b>	Atlantic Specialty Insurance Company												
<b>Limits:</b>	\$ 1,000,000 Combined single limit												
<b>Public Officials Liability — claims made:</b>	Atlantic Specialty Insurance Company												
<b>Limits:</b>	<table border="0"> <tr> <td>\$</td> <td>1,000,000</td> <td>Each Wrongful Act</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Aggregate</td> </tr> </table>	\$	1,000,000	Each Wrongful Act	\$	1,000,000	Aggregate						
\$	1,000,000	Each Wrongful Act											
\$	1,000,000	Aggregate											
<b>Law Enforcement Liability — claims made:</b>	Atlantic Specialty Insurance Company												
<b>Limits:</b>	<table border="0"> <tr> <td>\$</td> <td>1,000,000</td> <td>Each Occurrence</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Aggregate</td> </tr> </table>	\$	1,000,000	Each Occurrence	\$	1,000,000	Aggregate						
\$	1,000,000	Each Occurrence											
\$	1,000,000	Aggregate											
<b>Exclusionary endorsements:</b>	Pollution, Failure to supply, Sexual abuse, and Uninsured/Underinsured motorist, Cyber liability												
<b>Audit:</b>	Not auditable												

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# Professional liability

<b>Named insured:</b>	Collin County Government												
<b>Insurance carrier:</b>	Atlantic Specialty Insurance Company — Admitted A.M. Best rating: Au; X as of 2017												
<b>Policy number:</b>	TBD												
<b>Policy term:</b>	October 1, 2017 to October 1, 2018												
<b>Premium:</b>	\$ 180,134												
<b>Coverage(Public Officials):</b>	Pays for third party financial losses exceeding the retention which the Insured becomes legally obligated to pay because of a claim first made and reported during the policy period arising from a covered wrongful act committed in the rendering of your professional services.												
<b>Policy form:</b>	Claims made and reported only												
<b>Limits (Public Officials):</b>	<table> <tr> <td>\$</td> <td>1,000,000</td> <td>Public Officials Errors &amp; Omissions</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Public Officials Employment Practices</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Public Official Employee Benefits</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Aggregate</td> </tr> </table>	\$	1,000,000	Public Officials Errors & Omissions	\$	1,000,000	Public Officials Employment Practices	\$	1,000,000	Public Official Employee Benefits	\$	1,000,000	Aggregate
\$	1,000,000	Public Officials Errors & Omissions											
\$	1,000,000	Public Officials Employment Practices											
\$	1,000,000	Public Official Employee Benefits											
\$	1,000,000	Aggregate											
<b>Retention:</b>	\$ 50,000 Each Wrongful Act/Offense												
<b>Retroactive date:</b>	December 1, 1988												
<b>Coverage(Law Enforcement):</b>	Pays for third party bodily injury and/or property damage losses exceeding the retention which the Insured becomes legally obligated to pay because of an wrongful act reported committed in the rendering of your law enforcement services. Defense costs are in addition to policy limits.												
<b>Policy form:</b>	Occurrence												
<b>Limits(Law Enforcement) :</b>	<table> <tr> <td>\$</td> <td>1,000,000</td> <td>Law Enforcement Liability Each Act</td> </tr> <tr> <td>\$</td> <td>1,000,000</td> <td>Law Enforcement Liability Aggregate</td> </tr> </table>	\$	1,000,000	Law Enforcement Liability Each Act	\$	1,000,000	Law Enforcement Liability Aggregate						
\$	1,000,000	Law Enforcement Liability Each Act											
\$	1,000,000	Law Enforcement Liability Aggregate											
<b>Retention:</b>	\$ 50,000 Each Wrongful Act												
<b>Exclusionary endorsements:</b>	Insurance policies contain exclusions that reduce or eliminate coverage for certain types of losses and must be referred to for complete insurance coverage details. Please review your policy forms.												

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# Healthcare general & professional liability

<b>Named insured:</b>	Collin County Government dba Collin County Health Clinic
<b>Insurance carrier:</b>	Illinois Union Insurance Company — Non-admitted A.M. Best rating: A++ XV as of 6/22/2016
<b>Policy number:</b>	TBD
<b>Policy term:</b>	October 1, 2017 to October 1, 2018
<b>Premium:</b>	\$ 17,644.00 + \$882.20 (Surplus Lines Fees & Taxes) = \$18,526.20 <b>25% Minimum Earned Premium Applies</b>
<b>Coverage (<u>Professional</u>):</b>	Your professional liability to members of the public for claims arising from your premises, operations, products, or completed operations.
<b>Limits of liability:</b>	\$ 4,000,000 Professional Liability Aggregate Limit \$ 2,000,000 Each Professional Incident Limit \$ 500,000 Abuse & Molestation Aggregate Limit
<b>Coverage form:</b>	Claims made and reported
<b>Retro Dates:</b>	Professional Liability 10/1/2009 Abuse and Molestation 5/1/2004
<b>Deductible or self-insured retention:</b>	<input type="checkbox"/> Bodily injury <input type="checkbox"/> Property damage <input checked="" type="checkbox"/> Combined BI/PD \$ 5,000 Per claim
<b>Other payments: (Expenses, interest, etc.)</b>	Does NOT reduce or erode the limit of liability excess of the deductible
<b>Terms and conditions:</b>	All as per expiring
<b>Audit:</b>	Not auditable
<b>Coverage (<u>General Liability</u>):</b>	Third party bodily injury & property damage which occur as a result of your operations as a health care clinic to members of the public for claims arising from your premises, operations, products, or completed operations.
<b>Limits of liability:</b>	\$2,000,000 Each Occurrence Limit \$2,000,000 Personal & Advertising Limit \$4,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations Aggregate Limit \$ 50,000 Damages to Premises Rented to you \$5,000 Medical Payments
<b>Coverage form:</b>	Occurrence
<b>Deductible or self-insured retention:</b>	<input type="checkbox"/> Bodily injury <input type="checkbox"/> Property damage <input checked="" type="checkbox"/> Combined BI/PD <b>\$5,000 Deductible</b>

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**Other payments:  
(Expenses, interest, etc.)**

Does NOT reduce or erode the limit of liability excess of the deductible

Primary Policy Forms, Endorsements And Exclusions	
The form titles and headings are for convenience only. Please refer to the actual policy and endorsements for a description of coverage. All the latest versions of these forms will be attached to the policy.	
PF-17914 (02/05)	Advisory Notice To Policyholders – OFAC (attached)
PF-18892c (04/12)	Notification To Texas Policyholders (Other Than Hospitals) Of Loss Control Services For Medical Professional Liability, Professional Liability, General Liability and/or Commercial Automobile Liability
WSG-084 (05/11)	Notice – Surplus Lines Broker Responsibilities
ALL-18894b (04/12)	Risk Control Services For Texas Policyholders
ALL-4Y3of (06/15)	Texas Notice - Information And Complaints
SL-17905 (04/09)	Texas Surplus Lines Notification
ALL-20887a (03/16)	Policyholder Notice – Chubb Producer Compensation Practices & Policies
TR-19606d(01/15)	Policyholder Notice Disclosure Of Terrorism Insurance Coverage (attached)
PF-24797 (03/09)	Primary Policy - Notice of an Occurrence, Offense, Professional Incident, Claim or Suit
PF-12825d (03/09)	Healthcare Facilities General and Professional Liability Policy Declarations
PF-12826e (03/15)	General Policy Provisions – General Liability and Professional Liability Coverage
PF-12828e (05/07)	Healthcare Facilities Professional Liability Coverage Part (Claims Made and Reported)
PF-12827c (03/15)	Healthcare Facilities General Liability Coverage Part (Occurrence)
PF-18190b (11/10)	Abuse And Molestation Aggregate Limit Of Insurance And Deductible Endorsement - \$500k Sublimit, \$5,000 deductible; 5/1/2004 retroactive date
PF-47262 (12/15)	Access, Collection, Release Or Disclosure Of Confidential Or Personal Information And Electronic Data Liability Exclusion - HIPAA Civil Investigation Or Proceeding Sublimit And Bodily Injury Exception - \$100k sublimit; 10/1/2012 retroactive date
PF-28923a (07/10)	Additional Insured(S) Lessors/Owners Of Premises Or Equipment And Additional Insured(S) Written Contract (General Liability Only)
PF-24805 (04/08)	Bodily Injury Definition; Revised – Mental Injury
PF-26377a (04/11)	Cancellation Condition Revised – 90 Days
12844c (04/11)	Deductible Endorsement (damages erode deductible)
PF-38349b (08/12)	Disciplinary Proceeding Defense Coverage Endorsement - \$25k Sublimit
PF-35525a (12/15)	Emergency Evacuation Expense Coverage Endorsement- \$25k Sublimit
PF-12841b (08/06)	Employee Endorsement - Physician's Assistants
PF-29809a (09/10)	Extended Reporting Period Endorsement - Period Options (a) One (1) year reporting endorsement not to exceed 100% of the total annual premium; (b) Two (2) year reporting endorsement not to exceed 125% of the total annual premium; (c) Three (3) year reporting endorsement not to exceed 150% of the total annual premium; (d) Four (4) year reporting endorsement not to exceed 175% of the total annual premium; or (e) Five (5) year reporting endorsement not to exceed 200% of the total annual premium.
PF-28960b (10/16)	General Liability Coverage Limited To Designated Premises • 825 N McDonald St., McKinney, TX 75069
PF-21867a (04/07)	Good Samaritan Coverage
PF-35526a (12/15)	Media Event Expense Coverage Endorsement - \$25k Sublimit
PF-12848b (10/09)	Medical Payments Endorsement - \$5k
PF-20581 (08/06)	Minimum Earned Premium Endorsement
PF-12856a (08/04)	Nuclear Energy Liability Exclusion Endorsement
PF-35530a (08/12)	Patient Property Damage Coverage Endorsement - \$10k Sublimit
CCG FAC Prim 2 (10/12)	Representations Condition, Amended (Unintentional Errors and Omissions)
SL-34255a (01/16)	Service Of Suit Endorsement
PF-21190b (06/11)	Split Professional Liability Retroactive Dates And Limits Endorsement Professional Incidents occurring on or after 05/01/2004 but prior to 10/01/2009. Each Professional Incident Limit #1: \$ 1,000,000 Professional Liability Aggregate Limit #1: \$ 3,000,000 Retroactive Date: 05/01/2004

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	<b>Professional Incidents occurring on or after <u>10/01/2009</u> but prior to the end of the Policy Period.</b> <b>Each Professional Incident Limit #2: \$ 2,000,000</b> <b>Professional Liability Aggregate Limit #2: \$ 4,000,000</b> <b>Retroactive Date: <u>10/01/2009</u></b>
CCG FAC Prim 1 (10/12)	Your Duties in the Event of a "Professional Incident", "Professional Liability Claim" or "Suit", Amended
PF-38631(07/12)	When We Do Not Renew, Amended – 90 Days
ALL-21101 (11/06)	Trade Or Economic Sanctions Endorsement
TRIA 11c (01/15)	Disclosure Pursuant to Terrorism Risk Insurance Act
LD-5S23j (03/14)	Signature Endorsement

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# Myers Park & Farm Museum Commercial general liability

<b>Named insured:</b>	Collin County Government
<b>Insurance carrier:</b>	Atlantic Specialty Insurance Company – Admitted A.M. Best rating: A X as of 5/3/17
<b>Policy number:</b>	TBD
<b>Policy term:</b>	October 1, 2017 to October 1, 2018
<b>Premium:</b>	\$ 9,879 Including TRIPRA
<b>Location:</b>	7117 CR 166, McKinney, TX 75071
<b>Class:</b>	44115 – General purpose government risks organized as counties
<b>Coverage:</b>	Your legal liability to members of the public for claims arising from your premises, operations, products, or completed operations.
<b>Limits of liability:</b>	\$ 1,000,000 General aggregate limit (other than products/completed operations) \$ 1,000,000 Products/completed operations aggregate limit \$ 1,000,000 Personal and advertising injury limit \$ 1,000,000 Each occurrence limit \$ 1,000,000 Damage to premises rented to you (any one premises) \$ NOT COVERED Medical payments any one person
<b>Coverage form:</b>	Occurrence
<b>Deductible or self-insured retention:</b>	BI/PD Combined \$ \$1,000 Per occurrence

This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only. This is a quotation of coverage only. It is not a binder. This proposal does not amend or alter the insurance contract.

Please refer to the policy contract for specific terms, conditions, limitations, and exclusions.  
Proposal date: 8/9/2017 Prepared for Collin County Government  
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# Cyber- Network security and privacy coverage

<b>Named insured:</b>	Collin County Government		
<b>Insurance carrier:</b>	Atlantic Specialty Insurance Company — Admitted A.M. Best rating: Au, X as of 2017		
<b>Policy number:</b>	TBD		
<b>Policy term:</b>	10/01/2017 to 10/01/2018		
<b>Premium:</b>	\$26,090 + \$783 (TRIPRA) = \$26,873		
<b>Coverage:</b>	<p>Pays for third party financial losses exceeding the retention which the Insured becomes legally obligated to pay as a result of a claim first made and reported during the policy period arising out of</p> <ul style="list-style-type: none"> <li>• Privacy liability (arising from theft or disclosure of Personally Identifiable or Corporate Information)</li> <li>• Network security (responds to a privacy/security breach caused by unauthorized access / use of computer systems, transmission of malicious code, denial of service attacks)</li> <li>• Media liability (coverage may be limited to electronic content or content on a website or to address social media exposures)</li> <li>• Regulatory action* (sub-limit may apply) (for violation of a privacy statute or regulation; may also include coverage for regulatory fines and penalties)</li> </ul> <p>Coverage may be available for certain first party expenses that may be incurred as a result of a data breach.</p>		
<b>Policy form:</b>	Claims made and reported		
<b>Limits:</b>	\$	1,000,000	<b>Liability Coverages</b> Liability Combined Policy Limit
	\$	1,000,000	Information Risk
	\$	Excluded	Communications Liability
<b>Self Insured Retention:</b>	\$	50,000	Each Claim or Suit
			<b>First Party Coverage Limits</b>
	\$	100,000	Combined First Party Limit
	\$	100,000	Breach Consultation Services - Aggregate
	\$	100,000	Incident management Expense – Aggregate
	\$	100,000	Information Restoration Expense - Aggregate
	\$	100,000	Hardware Replacement Expense - Aggregate
	\$	100,000	Extortion Payments and Rewards-Aggregate
	\$	100,000	Forensic Expense-Aggregate
<b>First Party Deductible:</b>	\$	10,000	Each Incident
<b>Retroactive date:</b>	October 1, 2017		
<b>Terms and Conditions:</b>	Per Policy		
<b>Exclusionary endorsements:</b>	Per Policy		
<b>Audit:</b>	Not Auditable		

This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only. This is a quotation of coverage only. It is not a binder. This proposal does not amend or alter the insurance contract.

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## **INFORMATION RISK & RECOVERY™ SELF-INSURED RETENTION**

**THIS POLICY CONTAINS CLAIMS-MADE COVERAGE. DEFENSE EXPENSES ARE PAYABLE WITHIN THE LIMITS OF INSURANCE. PAYMENT OF DEFENSE EXPENSES REDUCES AND MAY EXHAUST THE LIMITS OF INSURANCE. PLEASE READ THE ENTIRE FORM CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED. VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE.**

Throughout this policy the words "you" and "your" refer to the First Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The word "insured" means any person or organization qualifying as such under **SECTION III – WHO IS AN INSURED**. The words "we," "us" and "our" refer to the company providing this insurance. Other words and phrases that appear in **bold**, other than headings, have special meaning. Refer to **SECTION VII – DEFINITIONS**.

### **SECTION I – COVERAGES**

A Liability Insuring Agreement or First-Party Insuring Agreement applies only if a Limit of Insurance for such is shown in the Declarations. The amount we will pay for **damages, defense expenses and first-party loss** is limited as described in **SECTION IV – LIMITS OF INSURANCE** and **SECTION V – SELF-INSURED RETENTIONS AND DEDUCTIBLES**. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for in the **Insuring Agreements** below or under Paragraphs **E. Defense and Settlement** and **Q. Supplementary Payments** of **SECTION VIII – CONDITIONS**.

#### **A. Liability Insuring Agreements**

##### **1. Information Risk Liability Coverage**

We will pay those sums in excess of the Self-Insured Retention shown in the Declarations that the insured becomes legally obligated to pay as **damages and defense expenses** because of an **information risk incident** to which this insurance applies if the **information risk incident** was committed within the Coverage Territory, on or after the Retroactive Date shown in the Declarations and before the end of the Policy Period shown in the Declarations.

##### **2. Communication Liability Coverage**

We will pay those sums in excess of the Self-Insured Retention shown in the Declarations that the insured becomes legally obligated to pay as **damages and defense expenses** because of a **communication incident** to which this insurance applies if the **communication incident** was committed within the Coverage Territory, on or after the Retroactive Date shown in the Declarations and before the end of the Policy Period shown in the Declarations.

A **claim** or **suit** because of an **information risk incident** or **communication incident** must first be brought or made against the insured in accordance with Paragraph **S. When a Claim or Suit is Made** of **SECTION VIII – CONDITIONS**, during the Policy Period shown in the Declarations or during any applicable Extended Reporting Period. All **related claims or suits** are deemed first made or brought when the earliest **claim** or **suit** is made or brought.

#### **B. First-Party Insuring Agreements**

##### **1. Breach Consultation Services**

We will provide the insured with **breach consultation services** because of an **information risk incident**.

##### **2. Incident Management Expense**

We will pay **incident management expense** incurred by or on behalf of the insured because of an **information risk incident** or **extortion**.

##### **3. Information Restoration Expense**

We will pay **information restoration expense** to the insured because of an **information risk incident**.

**4. Hardware Replacement Expense**

We will pay **hardware replacement expense** to the insured for seizure or destruction of hardware by a civil authority of the federal or state government because of an **information risk incident**.

**5. Extortion Payments and Rewards**

We will pay **extortion payments and rewards** incurred by or on behalf of the insured because of **extortion**.

**6. Forensic Expense**

We will pay **forensic expense** incurred by or on behalf of the insured because of an **information risk incident**.

This insurance applies to **first-party loss** if the **first-party incident** takes place in the Coverage Territory, is first discovered during the Policy Period shown in the Declarations and is reported to us as required by Paragraph F. **Duties in the Event of a First-Party Incident** of **SECTION VIII – CONDITIONS**.

**SECTION II – EXCLUSIONS**

This insurance does not apply to:

**A. Aircraft or Satellite**

Any **claim, suit, damages, defense expenses** or **first-party loss** arising out of or in any way involving an aircraft or **satellite**, including any of **your product** or **your services** incorporated in, or used in connection with, aircraft, airports, **satellites** or **satellite** stations.

**B. Bodily Injury or Property Damage**

1. **Bodily injury**; or
2. Physical injury to tangible property, including all resulting loss of use of that property. Tangible property does not include data or other information that is in electronic form.

**C. Contractual Liability**

**Damages** by reason of the assumption of liability in a contract or agreement that was made after the **information risk incident, communication incident** or violation of a **privacy regulation** was committed unless the insured would have been liable for such damages in the absence of the contract or agreement.

**D. Costs to Comply with Warranties or for Recall, Removal or Withdrawal**

Any loss, cost or expense incurred by you or others:

1. To comply with any warranty for **your product** or **your services**;
2. To correct, repair, replace, reproduce, reprint, restore, upgrade, supplement or otherwise improve **your product, your services** or **impaired property**, or to perform or complete **your services**;
3. For the recall, removal or withdrawal of **your product, your services** or **impaired property** from the market or from use by any person or organization for any reason; or
4. For the adjustment, inspection or disposal of **your product, your services** or **impaired property**.

**E. Derivative or Shareholder Actions**

Any **claim** made or **suit** brought by or on behalf of any of your stockholders, including a derivative action. This exclusion applies regardless of whether any part a **claim** or **suit** would otherwise be covered by this policy.

**F. ERISA or Similar Act**

Any actual or alleged violation of the responsibilities, obligations, or duties imposed by the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law of the United States, Canada or their states, territories or provinces or any other jurisdiction anywhere in the world.

**G. Fines and Penalties**

Fines, penalties, taxes, sanctions or assessments.

**H. Force Majeure**

Loss, however caused, arising out of or in any way involving fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail or act of God.

**I. Government Actions**

Any **claim** made or **suit** brought by or on behalf of any government agency or governmental authority for any administrative, judicial or regulatory action or order.

This exclusion does not apply to any **claim** made or **suit** brought by or on behalf of a federal, national, state, local or foreign government, agency or entity in its capacity as your customer.

This exclusion does not apply to covered **hardware replacement expense**.

**J. Illegal Activity or Vandalism by Government**

Any **claim, suit, damages, defense expenses** or **first-party loss** arising out of or in any way involving any illegal activity or vandalism either directly or indirectly performed, ordered or sponsored by a government, including any agency, authority or entity of such government.

**K. Infringement of Intellectual Property Rights or Laws**

Any **claim, suit, damages, defense expenses** or **first-party loss** arising out of or in any way involving any actual or alleged misuse, infringement, inducement to infringe or other misuse or violation of:

1. A patent or trade secret, including any part of a **claim** or **suit** that would otherwise be covered by this policy.
2. Any of the following rights or laws:
  - a. Copyright;
  - b. Trademark;
  - c. Trade name;
  - d. Service mark;
  - e. Service name;
  - f. Trade dress;
  - g. Likeness; or
  - h. Other intellectual property rights or laws.
3. Any intellectual property rights in computer software, including its source code or any other content of a software program.

Paragraph 2. of this exclusion does not apply to a **claim** or **suit** for **damages** because of a covered **communication incident**.

**L. Insured's Economic Loss**

An insured's economic loss, including loss of purchase or sale price, income, profits, share value, good will or damage to reputation.

**M. Insured Versus Insured**

Any **claim** made or **suit** brought by or on behalf of:

1. Any insured;
2. Any business entity or venture at any time owned, controlled, managed or operated by any insured; or
3. Any parent, affiliate, subsidiary, predecessor, successor or assign of any:
  - a. Insured; or
  - b. Entity or venture at any time owned, controlled, managed or operated by any insured.

This exclusion does not apply to a **claim** or **suit** arising out of a covered **information risk incident** involving the **personally identifiable information** of an **employee**, former **employee** or any member of a current or former **employee's** immediate family.

**N. Intentional Act**

Any intentional, dishonest, fraudulent, malicious or criminal act or omission by any insured.

This exclusion does not apply:

1. Unless an admission, final adjudication, arbitration, finding of fact, judgment or plea, including a plea of no contest or *nolo contendere*, establishes that such intentional, dishonest, fraudulent, malicious or criminal act or omission was committed by the insured.
2. To an insured that did not participate in or know about the intentional, dishonest, fraudulent, malicious or criminal act or omission unless such act or omission was committed with your consent or knowledge or the consent or knowledge of any member of the **control group**.

**O. Nuclear Energy**

Any **claim, suit, damages, defense expenses or first-party loss** arising out of or in any way involving the furnishing by an insured of services, products, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility.

**P. Nuclear, Biological, Chemical or Electromagnetic**

Any **claim, suit, damages, defense expenses or first-party loss** arising out of or in any way involving the hazardous properties of nuclear, biological or chemical material, electromagnetic field or radiation, electromagnetism, or radio frequency.

**Q. Personal and Advertising Injury**

Injury, including consequential **bodily injury**, arising out of or in any way involving one or more of the following offenses:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
4. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, product or services;
5. Oral or written publication, in any manner, of material that violates a person's right of privacy;
6. The use of another's advertising idea in your **advertisement**; or
7. Infringing upon another's copyright, trade dress or slogan in your **advertisement**.

Paragraph 4. of this exclusion does not apply to the extent the offense constitutes a covered **communication incident**.

Paragraph 5. of this exclusion does not apply to the extent the offense constitutes a covered **communication incident** or a covered **information loss**.

**R. Pollution**

1. Actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants**.
2. Any **claim, suit, damages, defense expenses or first-party loss** arising out of or in any way involving:
  - a. A request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, **pollutants**; or
  - b. Any alternative dispute resolution, arbitration, demand, investigation or other proceeding by or on behalf of a governmental authority for **damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, **pollutants**.

**S. Power Interruption**

Any **claim, suit, damages, defense expenses or first-party loss** arising out of, or in any way involving power interruption, surge, brownout, blackout or other failure, including any failure, malfunction, or defect of telephone, telecommunications, wireless communications or data transmission lines, equipment, facilities, infrastructure, systems or services.

This exclusion does not apply to a failure if the infrastructure responsible for such failure was under your operational control at the time of such failure.

**T. Prior Knowledge and Pending Matters**

Any **information risk incident, communication incident** or **first-party loss**:

1. That you or the **control group** knew about or should have known about before the first date we or one of our affiliates have continuously provided this or similar coverage to you; or
2. Arising out of or in any way involving any alternative dispute resolution, arbitration, demand, investigation, litigation or other proceeding that occurred before or is pending as of the Effective Date shown in the Declarations.

**U. Professional Services**

Providing or failing to provide professional services by or on behalf of the insured for others while acting or working as any of the following:

1. Actuary;
2. Accountant;
3. Attorney;
4. Broker, dealer or other financial services representative;
5. Civil or structural engineer or architect;
6. Doctor, nurse, emergency medical personnel, physical or occupational therapist or anyone else providing healthcare services; or
7. Insurance or real estate agent.

**V. Recording and Distribution of Material or Information in Violation of Law**

Any **claim, suit, damages, defense expenses** or **first-party loss** arising out of or in any way involving any act or omission that violates or is alleged to violate:

1. The Telephone Consumer Protection Act (TCPA), the CAN-SPAM Act of 2003, the Fair Credit Reporting Act (FCRA), the Fair and Accurate Credit Transaction Act (FACTA), including any amendment of or addition to such laws, statutes, ordinances or regulations and any similar laws, statutes, ordinances or regulations;
2. Any other federal, state, local or foreign law, statute, ordinance or regulation that addresses, prohibits or limits the printing, dissemination, disposal, collection, recording, sending, transmitting, communication or distribution of material or information;
3. Any law, statute, ordinance or regulation providing a right to, or requiring the ability to allow, any person or organization to assent, consent, opt-in, opt-out or withhold or withdraw assent or consent to gather, collect, acquire, use, obtain or take any information, including **personally identifiable information**; or
4. Any right held by any trade or licensing association, entity or society, including the American Society of Composers, Authors and Publishers, the Society of European Stage Authors and Composers, the Recording Industry Association of America or Broadcast Music, Inc.

**W. Violation of Consumer Protection, Unfair Competition and Unfair Trade Practices Laws**

Any **claim** or **suit** arising out of or in any way related to:

1. Statutory or common law unfair competition including antitrust statutes;
2. Tortious or intentional interference with contract, business relations or prospective economic advantage;
3. Violation of any law addressing consumer protection, other than a violation of a **privacy regulation**; or
4. Violation of any law addressing trade practices or anti-deceptive practices, statutes prohibiting false advertising, the Lanham Act, 15 U.S.C. § 1051, et seq. or any state statutes prohibiting unfair business practices.

**X. Violation of Securities Laws**

Actual or alleged violation or breach of any law relating to the offer, sale, purchase, trading or valuation of securities.

**Y. War**

Loss, however caused, arising out of or in any way involving:

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

**Z. Wrongful Employment Practice, Discrimination or Harassment**

Actual or alleged employment practice, discrimination, humiliation, harassment or misconduct, including any **claim** or **suit** based upon an individual's race, creed, color, age, gender, national origin, religion, physical or mental disability or condition, marital status or sexual preference.

**SECTION III – WHO IS AN INSURED**

**A.** If you are designated in the Declarations as:

1. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
2. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
3. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
4. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

**B.** Each of the following is also an insured:

1. Your **employees**, other than your officers (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.
2. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or a majority interest if that organization has no other similar insurance and you:
  - a. Comply with Paragraph **B. Change in Risk** of **SECTION VIII – CONDITIONS**; and
  - b. Agree to any premium adjustment or coverage revision that we require to continue coverage for such organization.But no such organization is an insured for any **information risk incident** or **communication incident** committed, or any **first-party loss** that occurred or was discovered, before you acquired or formed the organization.
3. Any **subsidiary**.

**C.** No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

**SECTION IV – LIMITS OF INSURANCE**

**A.** The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay under this policy regardless of the number of:

1. Insureds;
2. **Claims** made or **suits** brought;
3. Persons or organizations making **claims** or bringing **suits**; or
4. **First-party incidents**.

**B. Maximum Policy Aggregate Limit**

The Maximum Policy Aggregate Limit is the most we will pay for the sum of:

1. **Damages** and **defense expenses** for the combined total of all **claims** or **suits** under Liability Coverages 1 and 2; and
2. All **first-party loss**, except **breach consultation services** for an **information risk incident**.

**C. Combined Liability Limit – All Liability Insuring Agreements**

Subject to Paragraph **B.** above, the Combined Liability Limit is the most we will pay for the sum of **damages** and **defense expenses** for the combined total of all **claims** or **suits** under Liability Coverages 1 and 2.

#### **D. Individual Liability Coverage Limits**

##### **1. Liability Coverage 1 Limits**

###### **a. Aggregate Limit**

Subject to Paragraph C. above, the Aggregate Information Risk Liability Limit is the most we will pay for the sum of all **damages** and **defense expenses** for all **claims** or **suits** under Liability Coverage 1.

###### **b. Each Claim or Suit Limit**

Subject to Paragraph D.1.a. above, the Each Claim or Suit Limit is the most we will pay for the sum of all **damages** and **defense expenses** for each **claim** or **suit** under Liability Coverage 1.

##### **2. Liability Coverage 2 Limits**

###### **a. Aggregate Limit**

Subject to Paragraph C. above, the Aggregate Communication Liability Limit is the most we will pay for the sum of all **damages** and **defense expenses** for all **claims** or **suits** under Liability Coverage 2.

###### **b. Each Claim or Suit Limit**

Subject to Paragraph D.2.a. above, the Each Claim or Suit Limit is the most we will pay for the sum of all **damages** and **defense expenses** for each **claim** or **suit** under Liability Coverage 2.

#### **E. Related Circumstances – Liability Coverage Limits**

If any **related circumstance** results in a **claim** or **suit** for which coverage is available under more than one Liability Coverage, we will pay no more than the highest single Each Claim or Suit Limit that applies.

#### **F. Combined First-Party Limit – First-Party Insuring Agreements**

Subject to Paragraph B. above, the Combined First-Party Limit is the most we will pay for the sum of all **first-party loss**, except **breach consultation services** for an **information risk incident**

#### **G. Individual First-Party Coverage Limits**

Subject to Paragraph F. above:

##### **1. First-Party Coverage 1 Aggregate Limit – Breach Consultation Services**

The Breach Consultation Services Limit is the most we will pay for the sum of all **breach consultation services** for all **information risk incidents**.

##### **2. First-Party Coverage 2 Aggregate Limit – Incident Management Expense**

The Incident Management Expense Limit is the most we will pay for the sum of all **incident management expenses** for all **information risk incidents** and **extortions**.

##### **3. First-Party Coverage 3 Aggregate Limit – Information Restoration Expense**

The Information Restoration Expense Limit is the most we will pay for the sum of all **information restoration expenses** for all **information risk incidents**.

##### **4. First-Party Coverage 4 Aggregate Limit – Hardware Replacement Expense**

The Hardware Replacement Limit is the most we will pay for the sum of all **hardware replacement expenses** for all seizures or destructions of hardware by a civil authority of the federal or state government for all **information risk incidents**.

##### **5. First-Party Coverage 5 Aggregate Limit – Extortion Payments and Rewards**

The Extortion Payments and Rewards Limit is the most we will pay for the sum of all **extortion payments and rewards** for all **extortions**.

##### **6. First-Party Coverage 6 Aggregate Limit – Forensic Expense**

The Forensic Expense Limit is the most we will pay for the sum of all **forensic expenses** for all **information risk incidents**.

If the Policy Period shown in the Declarations is more than 12 months at inception, the Limits of Insurance apply separately to each consecutive annual period and to any remaining period of less than 12 months. If we extend the Policy Period after inception for less than 12 months, the Limits of Insurance apply to the entire Policy Period and will not be increased or reinstated.

## **SECTION V – RETENTIONS AND DEDUCTIBLES**

**A.** The Self-Insured Retentions and Deductibles shown in the Declarations and the rules below fix the amount of **damages**, **defense expenses**, **loss adjustment expenses**, **first-party loss** or other expenses shown in the Declarations and incurred by, or on behalf of, you or any insured, that you will be responsible for paying.

The Self-Insured Retentions and Deductibles do not apply to payments we make under Paragraph Q. **Supplementary Payments of SECTION VIII – CONDITIONS.**

**B. Self-Insured Retentions – Liability Coverages**

1. A Self-Insured Retention applies only to the coverages for which an amount is shown in the Declarations. If no amount is shown for the Self-Insured Retention, a Self-Insured Retention does not apply to such coverage. Each Liability Coverage Self-Insured Retention applies to each **claim or suit**, including all **related claims or suits**.
2. Our obligation to pay **damages or defense expenses** on your behalf applies only to the amount of **damages or defense expenses** in excess of any Self-Insured Retention Amount shown in the Declarations for Liability Coverages 1 or 2.
3. You must investigate and defend any **claim or suit** and pay any **damages, defense expenses or loss adjustment expenses** incurred in the investigation or defense. Any **damages, defense expenses or loss adjustment expenses** you pay in investigating, defending or settling any **claim or suit** will reduce the amount of the Self-Insured Retention.
4. We have the right, but not the duty, to assume the investigation, defense or settlement of any **claim or suit**. If we choose to undertake the investigation, defense or settlement of any **claim or suit**:
  - a. Any **loss adjustment expenses** we incur will not reduce the Self-Insured Retention; and
  - b. You must continue to pay any **damages or defense expenses** incurred within the Self-Insured Retention.
5. You must accept any settlement offer within the Self-Insured Retention that we deem reasonable. If we notify you that we are willing to pay the amount of a proposed settlement of a **claim or suit** and you do not consent to that proposed settlement, we will not pay more than:
  - a. The **defense expenses** and **loss adjustment expenses** until the date we notified you that we were willing to pay the amount of the proposed settlement; and
  - b. **Damages** in the amount of the proposed settlement.
6. The Limits of Insurance will not be reduced by the Self-Insured Retention.
7. The Self-Insured Retention Amount applies to all **damages, defense expenses and loss adjustment expenses** for each **claim or suit**.
8. You may not transfer or insure your liability for payment of the Self-Insured Retention. We have no obligation to pay any amounts until you have paid in full the applicable Self-Insured Retention. We may pay or part of the Self-Insured Retention to defend an insured against, or effect payment or settlement of, any **claim or suit**. If we do so, you must promptly reimburse us from your own funds for such part of the Self-Insured Retention we have paid.
9. If more than one Self-Insured Retention applies to a **claim or suit**, you are required to pay only the highest Self-insured Retention.
10. If you are unable to satisfy your obligations under a Self-Insured Retention, this policy only applies to **damages, defense expenses and loss adjustment expenses** that exceed the Self-Insured Retention

**C. Deductibles – First-Party Coverages**

1. A Deductible applies only to the coverages for which an amount is shown in the Declarations. If no amount is shown for the Deductible, a Deductible does not apply to such coverage. Each First-Party Coverage Deductible applies to all **first-party loss** caused by the same **first-party incident**, including **related circumstances**.
2. If more than one Deductible applies to any **first-party loss**, you are required to pay only the highest Deductible.
3. The Limits of Insurance will not be reduced by the payment of any applicable Deductible.
4. You may not transfer or insure your liability for payment of the Deductible. We have no obligation to pay any amounts until you have paid in full the applicable Deductible shown in the Declarations. We may pay all or part of the Deductible to effect payment or settlement of any **first-party loss**. If we do so, you must promptly reimburse us from your own funds for such part of the Deductible amount we have paid.

**SECTION VI – EXTENDED REPORTING PERIOD**

- A.** We will provide one or more Extended Reporting Periods, as described below, if:
1. This policy is cancelled or not renewed for any reason other than fraud or nonpayment of premium; or
  2. We renew or replace this policy with insurance that:
    - a. Has a Retroactive Date later than the date shown in the Declarations of this policy; or

- b. Does not apply to an **information risk incident** or **communication risk incident** on a claims-made basis.
- B. Extended Reporting Periods do not apply to any First-Party Coverage, extend the Policy Period shown in the Declarations, increase or reinstate the Limits of Insurance or change the scope of the original terms of the policy coverage provided. They only apply to **claims** made or **suits** brought during the Extended Reporting Period for **information risk incidents** or **communication risk incidents** committed before the end of the Policy Period and after the Retroactive Date shown in the Declarations. Once in effect, an Extended Reporting Period may not be cancelled.
  - C. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the Policy Period shown in the Declarations and lasts for 90 days after the end of the Policy Period. The Basic Extended Reporting Period does not apply to any **claim** or **suit** covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to such **claim** or **suit**.
  - D. A Supplemental Extended Reporting Period is available but only by an endorsement and for an extra charge. You must give us a written request for such endorsement within 90 days after the end of the Policy Period shown in the Declarations. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due. The additional premium will not exceed 200% of the annual premium for this policy.

## SECTION VII – DEFINITIONS

- A. **Advertisement** means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  1. Notices that are published include material placed on the internet or on similar electronic means of communication; and
  2. Only that part of a website that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- B. **Advertising, access and content activities** means:
  1. Advertising, broadcasting, publishing or telecasting;
  2. Designing or determining content of websites for others; or
  3. Providing internet search, access or content services.
- C. **Bodily injury**:
  1. Means any physical injury, including sickness, disease or pain, sustained by a person.
  2. Includes pain and suffering, shock, and mental or emotional distress, anguish or injury.
- D. **Breach consultation services** means the reasonable fees and costs for the following consulting services provided by a **designated vendor**, with our written consent, for assistance in:
  1. Determining the severity of the **information risk incident**;
  2. Preparing an initial press release or similar public relations response in connection with a media or other inquiry, when requested in writing by the insured;
  3. Preparing any notification required by a **privacy regulation** to any applicable:
    - a. State department of consumer affairs;
    - b. State attorneys general; or
    - c. Federal or state governmental authority or entity; or
  4. Developing a customized incident response plan.
- E. **Circumstance** means an **information risk incident**, **communication incident** or **first-party incident** that may reasonably be expected to result in a **claim** or **suit**.
- F. **Claim** means a written demand for **damages**.
- G. **Communication incident**:
  1. Means the following, except in your **advertisement**:

- a. Infringement, dilution or violation of any right to a trademark, trade name, service mark, service name, trade dress, title, slogan or logo;
    - b. Copyright infringement or plagiarism other than in software, code or script; or
    - c. Misappropriation of a name or likeness or violation of the right of publicity.
  - 2. Includes the following, but only if committed by an insured whose business includes **advertising, access and content activities**, or an insured that conducts business in or on, and hosts, owns or exercises control over, an electronic chat room, bulletin board or similar interactive site on which others may post content:
    - a. Libel, slander, product disparagement, trade libel or any other form of defamation; or
    - b. Invasion or infringement of the right of privacy, including intrusion upon a person's or organization's right of seclusion or secrecy, except in your **advertisement**.
- H. Control group** means the insured's Chief Executive Officer, Chief Financial Officer, Chief Security Officer, Chief Technology Officer, Chief Information Officer, Risk Manager, General Counsel or their equivalents.
- I. Corporate information** means confidential and proprietary information of others in the insured's or **service provider's** care, custody or control.
- J. Credit monitoring services:**
- 1. Means services for monitoring credit, including related remediation services or identity restoration services, provided by a **designated vendor** to any individual who is, or is reasonably believed to be, a victim of an **information loss**.
  - 2. Does not include any services for:
    - a. Any individual who does not have a Social Security Number; or
    - b. Any individual notified under any foreign law, statute, ordinance or regulation.
- K. Damages:**
- 1. Means judgments, settlements or other monetary amounts that an insured is legally obligated to pay on account of a covered **claim** or **suit**.
  - 2. Does not include:
    - a. Amounts awarded as liquidated damages under a contract or agreement that exceeds the amount of **damages** for which the insured would have liability in the absence of such contract or agreement;
    - b. Amounts owed to you by your customer;
    - c. Amounts paid to you by your customer in exchange for **your product** or **your services**;
    - d. Any matter uninsurable under applicable law;
    - e. **Defense expenses**;
    - f. Fines, penalties, taxes, sanctions or assessments;
    - g. **First-party loss**;
    - h. License, fees or royalties of any kind;
    - i. Loss, cost, or expense incurred by or on behalf of the **insured** or others to provide, correct, perform, re-perform, reproduce or complete for **your products** or **your services**;
    - j. **Non-monetary relief**;
    - k. Payment, restitution, return or disgorgement of any fees, profits, commissions, charges, or any funds allegedly wrongfully or unjustly held or obtained; or
    - l. Punitive damages, unless such damages are insurable under the applicable law most favorable for insurability of punitive damages.
- L. Data breach expense:**
- 1. Means:
    - a. Public relations efforts within the first six months following an **extortion** or discovery of an **information risk incident** that are provided by a **designated vendor** for the purpose of restoring the insured's reputation to the extent it has been harmed by such **extortion** or **information risk incident**; and
    - b. Legal counsel regarding how to respond to the **information risk incident** other than compensation, fees, benefits, overhead or internal charges of any insured.
  - 2. Does not include **forensic expense**.

**M. Defense expenses:**

1. Means the following costs and expenses, when reasonable and necessary and incurred at our direction or with our prior written consent, to defend or investigate a **claim** or **suit** against an insured:
  - a. Attorney's fees;
  - b. Expert fees;
  - c. Court, arbitration and mediation costs; and
  - d. Such other expenses as we determine are reasonable and necessary to defend the insured.
2. Does not include any **first-party loss**.

**N. Denial of service attack** means any unauthorized attack on the insured's operating system or the insured's website that successfully corrupts, damages, destroys, deletes, or impairs the **insured's network**.

**O. Designated vendor** means a vendor selected and approved in writing by us to provide services to the insured.

**P. Employee** includes:

1. Full and part-time employees or interns; and
2. Leased and temporary workers provided by an employment contractor or agency under an agreement with you to perform work related to your business; but only for acts within the scope of their employment by you.

**Q. Extortion** means the actual or attempted obtaining of money or other property from an insured or **service provider** through an actual or threatened **information risk incident**.

**R. Extortion payments and rewards** means payment:

1. To someone who commits **extortion** if:
  - a. You previously reported the **extortion** to applicable law enforcement or regulatory agencies;
  - b. You did not notify any person or entity of the existence of the coverage for **extortion**; and
  - c. The person who commits the **extortion** is not an **employee** or an insured; or
2. As a reward, to someone who provides information that leads to the identification and arrest of one who commits **extortion** if:
  - a. The reward is not paid to an **employee**, an insured or anyone engaged by you in connection with the **extortion**; and
  - b. The amount of the reward does not exceed the demand by, or the amount paid to, the person who commits the **extortion**.

**S. First-party incident** means any of the following:

1. An **information risk incident** for which the following are available under this policy:
  - a. **Breach consultation services**;
  - b. **Incident management expense**;
  - c. **Information restoration expense**;
  - d. **Hardware replacement expense**;
  - e. **Forensic expense**.
2. **Extortion** for which **extortion payments and rewards** are available under this policy.

**T. First-party loss** means the following losses, expenses or payments:

1. **Breach consultation services** for an **information risk incident** under First-Party Coverage 1.
2. **Incident management expense** for **extortion** or an **information risk incident** under First-Party Coverage 2.
3. **Information restoration expense** for an **information risk incident** under First-Party Coverage 3.
4. **Hardware replacement expense** for seizure or destruction of hardware by a civil authority of the federal or state government for an **information risk incident** under First-Party Coverage 4.
5. **Extortion payments and rewards** for **extortion** under First-Party Coverage 5.
6. **Forensic expense** for an **information risk incident** under First-Party Coverage 6.

**U. Forensic expense** means:

1. The reasonable expenses for forensic analysis of the nature, extent and severity of an **information risk incident** and the number and identities of persons affected.

2. Does not include **defense expenses** or compensation, fees, benefits, overhead or internal charges of any insured.

**V. Hardware replacement expense:**

1. Means the reasonable expense to replace computer hardware with available property that most closely duplicates the function of the seized or destroyed computer hardware at the time of loss.
2. Does not include media or data of any type.

**W. Impaired property** means tangible property, other than **your product** or **your services**, that cannot be used or is less useful because:

1. It incorporates **your product** that is, or **your services** that are, known or thought to be defective, deficient, inadequate or dangerous; or
2. You have failed to fulfill the terms of a contract or agreement;  
if such property can be restored to use by the repair, replacement, adjustment or removal of **your product** or **your services** or your fulfilling the terms of the contract or agreement.

**X. Incident management expense:**

1. Means the following expenses incurred by us to pay professionals we choose and direct or, in our sole discretion, expenses we authorize in advance:
  - a. **Data breach expense;**
  - b. **Information risk expense;** and
  - c. **Notification expense.**
2. Does not include **defense expenses** or compensation, fees, benefits, overhead or internal charges of any insured.

**Y. Information loss** means an unauthorized or accidental disclosure or loss of:

1. **Corporate information;** or
2. **Personally identifiable information;**  
in your or a **service provider's** care, custody or control.

**Z. Information restoration expense:**

1. Means:
  - a. The reasonable expense to replace, restore, repair, reproduce, correct, research, complete, adjust, functionally replace, re-collect or re-create data; or
  - b. The reasonable expense incurred to determine that data cannot reasonably be replaced, restored, repaired, reproduced, corrected, researched, completed, adjusted, functionally replaced, re-collected or re-created.
2. Does not include:
  - a. The expense of computer hardware, applications, programs or software;
  - b. The cost of updating, upgrading, enhancing, replacing or otherwise improving your data, computer system or any other system to a level beyond that which existed prior to the **information risk incident;**
  - c. The cost of identifying, removing or remediating computer program errors or vulnerabilities;
  - d. Any economic, monetary or market value or any diminution in value of any data, including any trade secret, patent, copyright, trademark, trade dress or other intellectual property;
  - e. The expense of researching or developing any intellectual property; or
  - f. The cost of funds, currency, securities, accounts, bills, evidences of debt, money, valuable papers, records, abstracts, deeds, manuscripts or other financial, debt, credit, bond or equity instruments or documents.

**AA. Information risk expense** means:

1. **Credit monitoring services**, provided with our consent, but only for one year after the discovery of an **information loss**; and
2. When a **designated vendor** reasonably recommends, the creation of a toll-free response line for persons notified of an **information loss**.

**BB. Information risk incident** means:

1. **Information loss**; or
2. **Network security incident.**

**CC. Insured's network** means any network of computers owned, leased or operated by an insured in support of **your product or your services** or any network of computers owned, leased or operated by a **service provider**.

**DD. Loss adjustment expenses:**

1. Means those expenses incurred to adjust a **claim or suit**, including fees paid to independent adjusters.
2. Does not include:
  - a. **Defense expenses**; or
  - b. The cost of our salaried claims staff or their office expenses, the fees, costs or expenses of your claim administrator or the salary or wages of any insured or **employee**.

**EE. Material change in organization** means the First Named Insured:

1. Acquires or forms an organization other than a partnership or joint venture whose annual revenues are more than 10% of the First Named Insured's total annual revenues stated in the application for this policy; or
2. Merges or consolidates with another entity, and the First Named Insured is the surviving entity.

**FF. Network security incident** means:

1. The inability of authorized persons or organizations to access or use the **insured's network**, including a **denial of service attack**;
2. Access or use of the **insured's network** by unauthorized persons, including access or use by persons in a manner that exceeds their authority; or
3. Transmission of a virus or malware by the insured or a **service provider**.

**GG. Non-monetary relief:**

1. Means declaratory, injunctive or other equitable relief.
2. Does not include restitution; disgorgement; the cost of complying with any declaratory, injunctive or other equitable relief; or any other form of equitable relief requiring the payment of money.

**HH. Notification expense** means the reasonable and necessary cost or expense of notification to those whose **personally identifiable information** was affected by an **information loss**.

**II. Personally identifiable information:**

1. Means:
  - a. An individual's first name or first initial and last name in combination with one or more of the following data elements for such individual but only when neither the name nor data element is encrypted:
    - (1) Social Security Number;
    - (2) Driver's license number or non-driver identification card number;
    - (3) Account number, credit card number or debit card number in combination with any required security code, access code or password that would permit access to the individual's financial account;
    - (4) Information regarding medical history, mental or physical condition, medical treatment or diagnosis by a health care professional;
    - (5) Health insurance policy number or subscriber identification number, any unique identifier used by a health insurer to identify the individual or any information in the individual's application and claims history, including any appeals records;
    - (6) Biometric identifiers, including finger prints or retina scan;
  - b. A user name or email address in combination with a password or security question and answer that would permit access to an online account; or
  - c. Any other non-public personally identifiable information protected under any federal, state, local or foreign law, statute, ordinance or regulation.
2. Does not include publicly available information that is lawfully made available to the general public from federal, state, local or foreign government records.

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

**KK. Privacy regulation** means any law, statute, ordinance or regulation applying to an **information loss** involving **personally identifiable information**, including the following:

1. Gramm-Leach Bliley Act;
2. Health Information Technology for Economic and Clinical Health Act (HITECH);
3. Health Insurance Portability and Accountability Act (HIPAA);
4. State security breach notification laws; and
5. Section 5(a) of the Federal Trade Commission Act, but solely for alleged unfair or deceptive acts or practices in or affecting commerce in the use of **personally identifiable information**.

**LL. Related circumstance** means any circumstance involving two or more, or any combination of, **extortions, information risk incidents** or **communication incidents**, that have in common any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.

**MM. Related claims or suits** means any **claims** or **suits** arising out of or in any way involving the same **information risk incident, communication incident** or any part of a **related circumstance**.

**NN. Satellite** means an artificial body, including any attached objects or objects intended to be attached, that is designed to be placed in orbit around the earth or another celestial body.

**OO. Service provider:**

1. Means any entity approved by us with whom you have entered into a written contract or agreement to provide a service to support **your product** or **your services**, but only for activities within the scope of that contract or agreement that are performed on your behalf.
2. Does not include any entity that provides power, communication services, water or other utility services.

**PP. Subsidiary** means any entity, other than a joint venture or a partnership, that is not listed as a Named Insured and in which the Named Insured maintains at least a 51% or a controlling ownership interest as of the Effective Date shown in the Declarations.

**QQ. Suit** means:

1. A civil proceeding in a court of law or equity;
2. An arbitration proceeding to which the insured must submit or to which the insured submits with our consent; or
3. Any other alternative dispute resolution proceeding to which the insured submits with our consent; seeking **damages** or **non-monetary relief**.

**RR. Your product:**

1. Means:
  - a. Any goods or products, including technology products, other than real property, manufactured, sold, handled, distributed or disposed of by:
    - (1) You;
    - (2) Others trading under your name; or
    - (3) A person or organization whose business or assets you have acquired; and
  - b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
2. Includes:
  - a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of **your product**; and
  - b. The providing of or failure to provide warnings or instructions for the use of **your product**.

**SS. Your services:**

1. Means:
  - a. Services or activities performed by you or on your behalf; and
  - b. Materials, parts or equipment furnished in connection with such work or operations.
2. Includes:
  - a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of **your services**; and

- b. The providing of or failure to provide warnings or instructions for the use of **your services**.

## SECTION VIII – CONDITIONS

### A. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

### B. Change in Risk

If, during the Policy Period shown in the Declarations:

1. The insured becomes a member of a new joint venture or a partner in a new partnership, there will be no coverage available under this policy for any **claim, suit, damages, defense expenses** or **first-party losses** arising out of or in any way involving such joint venture or partnership, unless:
  - a. The First Named Insured gives us information we request regarding the joint venture or partnership;
  - b. We agree in writing to provide coverage with respect to the joint venture or partnership; and
  - c. The First Named Insured accepts any terms, conditions, exclusions or limitations, including payment of additional premium, as we, in our sole discretion, require.
2. The First Named Insured undergoes a **material change in organization**:
  - a. We will deem the acquired or formed organization or the merged or consolidated entity a Named Insured but only:
    - (1) For 60 days after the effective date of the **material change in organization**; and
    - (2) For a **claim, suit, damages, defense expenses** or **first-party losses** first made, brought, taking place or discovered after the effective date of the **material change in organization**.
  - b. We will provide no coverage under this policy for the acquired or formed organization or the merged or consolidated entity 60 days after the effective date of the **material change in organization**, unless:
    - (1) The First Named Insured gives us information we request regarding the **material change in organization**;
    - (2) We agree in writing to provide coverage for such organization or entity; and
    - (3) The First Named Insured accepts any terms, conditions, exclusions or limitations, including payment of additional premium, as we, in our sole discretion, require.
3. Any of the following events occur:
  - a. The First Named Insured is dissolved, sold, acquired by, merged into or consolidated with another entity and the First Named Insured is not the surviving entity; or
  - b. A third-party receiver, conservator, trustee, liquidator, rehabilitator or any similar official is appointed for or with respect to the First Named Insured;this policy will only apply to an **information risk incident** or **communication incident** that first occurs before the date of the event under Paragraphs a. or b. above.
4. Any of the following events occur:
  - a. Any Named Insured, other than the First Named Insured, is dissolved, sold, acquired by, merged into or consolidated with another entity and the Named Insured is not the surviving entity;
  - b. The First Named Insured's beneficial or legal ownership interest in any Named Insured becomes less than 50%; or
  - c. A third-party receiver, conservator, trustee, liquidator, rehabilitator or any similar official is appointed for or with respect to any Named Insured, other than the First Named Insured;this policy will only apply to an **information risk incident** or **communication incident** by such Named Insured, including any person or organization qualifying as an insured because of such Named Insured, that first occurs before the date of the event under Paragraphs a., b. or c. above.

### C. Claim Administrator

We must approve any claim administrator and services provided by such claim administrator. You must not change or terminate an approved claim administrator without our prior written approval and consent.

### D. Coverage Territory

1. This policy applies to an **information risk incident** or **communication incident** that takes place anywhere other than a country subject to U.S. economic or trade sanctions. If a **claim** is made or a **suit** is brought outside the United States or its territories or possessions, we will have the right but not the duty to defend, investigate or settle such **claim** or **suit**.

2. This policy applies to a **first-party incident** that takes place anywhere other than a country subject to U.S. economic or trade sanctions.
3. If any covered amounts are sustained or incurred in currency other than United States dollars, the amounts will be converted into United States dollars according to the prevailing rate of exchange:
  - a. At the time of judgment or settlement for **damages**; or
  - b. On the day before we pay any other amounts, including **defense expenses** or **first-party loss**.

#### E. Defense and Settlement

We have the right, but not the duty, to defend any **suit** seeking those **damages** to which this insurance applies. We have the right, but not the duty, to defend any **suit** seeking **non-monetary relief** because of an **information risk incident** or **communication incident**. We may, at our discretion, investigate any **information risk incident** or **communication incident** and settle any resulting **claim** or **suit**. But:

1. The amount we will pay for **damages** and **defense expenses** is limited as described in **SECTION IV – LIMITS OF INSURANCE** and **SECTION V – RETENTIONS AND DEDUCTIBLES**; and
2. Our right to defend ends when we have used up the applicable Limit of Insurance in the payment of **damages** or **defense expenses** under Liability Coverages **1** or **2**.

#### F. Duties in the Event of a First-Party Incident – First-Party Insuring Agreements

1. You must give us written notice of any **first-party incident** as soon as reasonably practicable, but no later than 30 days after any member of the **control group** first discovers or is made aware of such incident.
2. You and any other involved insured must:
  - a. Notify the police if the **first-party incident** involves a violation or possible violation of the law;
  - b. Submit to examination under oath at our request, while not in the presence of any other insured, and give us a signed statement of your answers;
  - c. As often as reasonably requested, permit us to inspect the **insured's network** and examine and make copies of your books and records;
  - d. Send us a detailed, signed sworn proof of loss as soon as reasonably practicable after our request; and
  - e. Cooperate with us in the investigation and settlement of the **first-party incident**.

#### G. Duties in the Event of a Claim or Suit – Liability Insuring Agreements

1. You must give your claim administrator written notice of any **claim** or **suit** as soon as reasonably practicable after any member of the **control group** first becomes aware of the **claim** or **suit**.
2. You and any other involved insured must:
  - a. Immediately send your claim administrator copies of any demands, notices, summonses or legal papers received in connection with the **claim** or **suit**;
  - b. Authorize us to obtain records and other information;
  - c. Cooperate with us in the investigation, defense or settlement of the **claim** or **suit**; and
  - d. Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
3. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, without our consent.
4. You must provide access, as frequently as we determine necessary, to conduct claim audits during normal business hours after we provide you with reasonable notice.
5. You must provide us with quarterly reports, within 20 days of the end of each quarterly period, of all **claims, suits, information risk incidents** and **communication incidents** within the Self-Insured Retention and **first-party incidents**, including a description of each such matter, the assigned claim number and any amounts paid or reserved.
6. You must report to us as soon as reasonably practicable:
  - a. Any **claim** or **suit** for which the estimated amount of loss, including **damages, defense expenses** and **loss adjustment expenses**, is 50% or more of the applicable Self-Insured Retention.
  - b. Any **claim** or **suit** involving:
    - (1) Serious injury, including paraplegia, quadriplegia, severe burns, fatality, amputation or loss of use of an extremity, sensory loss (such as sight, hearing, smell), significant psycho-neurotic involvement, skull fracture;
    - (2) Sexual abuse or sexual harassment;
    - (3) A class action or seeking class certification; or

(4) Punitive or extra-contractual damages;  
regardless of whether coverage exists under the policy for such matters.

#### H. Duties in the Event of a Potential Claim – Liability Insuring Agreements

If, during the Policy Period shown in the Declarations, a member of the **control group** first becomes aware of a **circumstance**, and written notice of such **circumstance** is provided to your claim administrator as soon as reasonably practicable stating the reasons for anticipating a **claim**, including:

1. The specific **information risk incident** or **communication incident**;
2. The dates and individuals involved;
3. The identities of anticipated or possible claimants; and
4. The circumstances by which you first became aware of the **circumstance**;

any covered **claim** subsequently made or brought against you and arising out of such **circumstance** will be deemed made when the **control group** first became aware of such **circumstance**.

#### I. Economic and Trade Sanctions

In accordance with laws and regulations of the United States concerning economic and trade embargoes, this policy does not provide coverage if any term or condition violates any laws or regulations of the United States concerning economic and trade embargoes, including:

1. Any insured, or any person or entity claiming the benefits of an insured, who is or becomes a Specially Designated National or Blocked Person or who is otherwise subject to U.S. economic or trade sanctions;
2. Any **claim** made or **suit** brought:
  - a. In a Sanctioned Country or by a Sanctioned Country Government, where any action in connection with such **claim** or **suit** is prohibited by U.S. economic or trade sanctions; or
  - b. By any Specially Designated National or Blocked Person or any person or entity who is otherwise subject to U.S. economic or trade sanctions;
3. Property that is located in a Sanctioned Country or that is owned by, rented to or in the care, custody or control of a Sanctioned Country Government, where any activities related to such property are prohibited by U.S. economic or trade sanctions; or
4. Property that is owned by, rented to or in the care, custody or control of a Specially Designated National or Blocked Person, or any person or entity that is otherwise subject to U.S. economic or trade sanctions.

A Specially Designated National or Blocked Person is any person or entity that is on the list of Specially Designated Nationals and Blocked Persons issued by the U.S. Treasury Department's Office of Foreign Asset Control (OFAC) as it may be from time to time amended.

A Sanctioned Country is a country that is the subject of trade or economic embargoes imposed by the laws or regulations of the United States of America.

#### J. Legal Action Against Us

No person or organization has a right under this policy:

1. To join us as a party or otherwise bring us into a **claim** or **suit** against an insured; or
2. To sue us under this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial, but we will not be liable for **damages** that are not payable under the this policy or are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### K. Notices

The First Named Insured will act on behalf of all insureds for any notice given or received under this policy.

#### L. Non-Stacking of Coverage Under Multiple Policies or Coverage Forms

If there is coverage under multiple policies or coverage forms that we or any of our affiliates have issued to an insured for any:

1. **Claims** or **suits** or **damages** or **defense expenses** arising out of them; or
  2. **First-party incidents** and any **first-party loss** arising out of such incidents;
- we will pay no more than the maximum Limit of Insurance available for a single policy period under the single coverage within a single policy or coverage form that provides the greatest applicable Limit of

Insurance. This condition does not apply to any policy or coverage form written specifically by us or one of our affiliates as excess of this insurance.

**M. Other Insurance**

This insurance is excess over any other valid and collectible insurance that is available to the insured for a loss we cover under this policy, unless such other insurance is written specifically as excess of this insurance.

**N. Related Claims Or Suits – Liability Insuring Agreements**

All **related claims or suits**, whenever made or brought, are deemed a single **claim or suit** first made or brought at the earlier of:

1. When the first of all such **related claims or suits** was made or brought; or
2. When the earliest of all such **related claims or suits** is deemed made or brought under Paragraph **S. When a Claim or Suit is Made** below.

**O. Representations and Incorporation of Application**

1. By accepting this policy, you and all insureds represent and agree that the application and any statements or representations contained in any application or any other materials submitted for this policy:
  - a. Are accurate and complete regardless of whether we provided such application or materials;
  - b. Form the basis for, and have been relied upon by us in issuing, this policy; and
  - c. Are incorporated into and form a part of this policy.
2. We will not impute to another insured knowledge of any material statement, misrepresentation or omission in the application or other materials submitted for this policy unless such material statement, misrepresentation or omission is:
  - a. Known to the person or persons who signed the application; or
  - b. Made by or with the consent or knowledge of any member of the **control group**.
3. This policy is void with respect to any insured that knew of any material misstatement, misrepresentation or omission in the application or other materials submitted for this policy.

**P. Risk Management**

We may provide or make available risk management services in connection with this policy for the purpose of managing and reducing risks covered by the policy. We have no obligation to provide or make available any services, however, and any such services may cease or change at any time.

**Q. Supplementary Payments – Liability Insuring Agreements**

We will pay, with respect to any **claim** we investigate or settle or any **suit** against an insured we defend, and you must pay, with respect to any **claim** you investigate or settle or any **suit** against an insured you defend:

1. All **loss adjustment expenses**.
2. The cost of appeal bonds for a covered **suit** if we exercise our right to bring that appeal.
3. Prejudgment interest awarded against the insured on that part of any judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay prejudgment interest based on that period of time after the offer.
4. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay or deposited in court that part of the judgment that is within the applicable Limits of Insurance.
5. Up to \$1,000 per day in actual lost earnings incurred by the insured due to time taken off from work at our request and in support of our investigation or defense of a **claim or suit**, subject to a maximum amount of \$25,000 per **claim or suit**.

These payments will not reduce the Limits of Insurance.

**R. Transfer of Rights of Recovery Against Others to Us**

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring **suit** or transfer those rights to us and help us enforce them. Any recovery will be paid first to us until all amounts we have spent on a **claim, suit or first-party loss** have been reimbursed. The insured expressly waives the right to be made whole by any such recovery.

**S. When a Claim or Suit is Made – Liability Insuring Agreements**

A **claim** or **suit** is deemed to have been made at the earlier of the following times:

1. When notice of such **claim** or **suit** is received by any member of the **control group**, by your claim administrator or by us, whichever comes first; or
2. When the **control group** first became aware of a **circumstance** if you gave us written notice in accordance with Paragraphs **F. Duties in the Event of a First-Party Incident** or **H. Duties in the Event of a Potential Claim** above.

# Attachments

1. Coverages to consider
2. Client authorization to bind coverage
3. Evaluating financial strength and capacity of insurance markets
4. Insurance company financial information
5. Transparency and disclosure
6. Important disclosures
7. When to notify Wells Fargo Insurance
8. TRIA coverage options
9. Flood insurance selection/rejection form
10. Windstorm/hail acknowledgement form
11. Surplus lines disclosure
12. TRIA Forms

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# Coverages to consider

In evaluating your exposures to loss, we have been dependent upon information provided by you. If there are other areas that need to be evaluated prior to binding of coverage, please bring these areas to our attention.

Specifically, we ask that you review the following items:

- Higher limits:** In today's litigious society, many businesses have found it necessary to increase the limits of liability to ensure they are adequate to protect their assets in the event of a loss. Higher limits of liability may be available. Please carefully review the limits to ensure your level of comfort with the limits.
- Employment practices liability:** The relationship between the employer and employee has become increasingly complex, and this has given rise to new insurance coverages to protect the employer. These coverages include wrongful termination, sexual harassment, and other coverages. It is important that you understand your exposures to loss in these critical areas.
- Building ordinance:** Provides coverage in the event there are building codes that mandate you to demolish remaining undamaged portions of the structure after partial damage. Coverage for increased cost of construction would also be included. Building codes have become more stringent as a result of City, State or Federal ordinances or laws (Americans With Disabilities Act {ADA}). An optional quote can be provided, and coverage should be considered.
- Business interruption:** Protection against loss of earnings of a business during the time required to rebuild or repair property damaged or destroyed by an insured peril.
- Extra expense:** Coverage for those expenses over and above normal operating expenses incurred to continue the insured's operations in the event of direct physical loss to property.
- Contingent business interruption:** Protection against loss of earnings during the time required to rebuild or repair property damaged or destroyed by an insured peril at a supplier's location or other key location which your operations are dependent upon.
- Kidnap, ransom and extortion, including dependent child coverage:** This provides coverage for kidnappings and other events through a combination of financial indemnification and expert crisis management. A basic policy can cover items such as ransom payment, loss of income, interest on bank loans, etc. This insurance provides assistance to the family and business with regard to independent investigations, negotiations, arrangement, and delivery of funds.
- Flood:** Covers direct physical loss caused by excess of water on land that is normally dry. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from:
- Overflow of inland or tidal waters;
  - Unusual and rapid accumulation or runoff of surface waters from any source;
  - Mudflow; or
  - Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above.

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**Equipment breakdown** This coverage provides protection for loss due to mechanical or electrical breakdown of nearly any type of equipment, including photocopiers and computers. Coverage applies to the cost to repair or replace the equipment and any other property damaged by the equipment breakdown. Resulting business income and extra expense loss is often covered as well.

**Cyber liability/ network security:**

- Inadvertent transmission of a computer virus, Trojan horse, key logger, etc.
- Sending an email that crashes another party's network
- Failure to prevent unauthorized access to computer systems by a third party or an unauthorized employee
- Disclosure of or misuse of confidential information
- Allegations of infringement of copyright, trademark, trade name, title, or slogan
- Allegations of defamation as a result of emails, web content, blog, or forum postings

**Privacy liability:** Covers liability of the company arising out of the unintentional and unauthorized disclosure or loss of non-public personal information or confidential corporation information in any format. This provides protection against a violation of any privacy regulations including the HITECH Act, HIPAA, GLBA, and Massachusetts 201 CMR 17 or the failure to comply with the company's own privacy policies.

**Internet liability:** Damages arising when your internet service provider goes down or is hacked.

**Web content liability:** Damages and defense costs arising from claims of libel, copyright or trademark infringement, or defamation; damages to a website by a hacker or disgruntled employee

**Electronic communications:** Damages and defense costs arising as a result of electronic communications, such as breach of confidence or infringement of any right to privacy, intellectual property rights, or any statutory duty (Example: some states now require notification to those affected by a loss of private information and provision of credit monitoring services at your cost).

**Intangible assets:** Damages to code, data, etc.

**Network extortion threat and reward payments:** Reimburses the company for any extortion expense and reward paid by the company as a direct result of network extortion threat.

**Pollution legal liability:** This coverage helps mitigate the environmental risks that come with owning or operating a commercial real estate facility or site. We can design a policy to provide coverage for pre-existing unknown conditions, new conditions, on-site and off-site third party coverage for cleanup costs, bodily injury, and property damage.

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**Fiduciary:**

The Employee Retirement Income Security Act of 1974 imposes personal liability on Fiduciaries of employee welfare plans for acts of mismanagement or errors in judgment. This policy will pay on your behalf all sums you become legally obligated to pay as a result of any Wrongful Act. Wrongful Act means a breach of fiduciary duty, including negligence, by you in the discharge of duties as respects Trusts or Employee Benefit Plans.

**Electronic data processing equipment coverage:**

Coverage insures against loss or damage to electronic data processing equipment and the media and data owned, leased, or used by the Insured. Computerized production equipment may also be insured in addition to conventional computer equipment. Coverage may or may not include breakdown and power interruption and can provide Loss of income coverage as well as extra expense coverage.

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# Client authorization to bind coverage

TO: Wells Fargo Insurance  
5151 Belt Line Rd, Ste. 200  
Dallas, TX, 75254

RE: Insurance Proposal

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This proposal contains proprietary confidential information concerning Wells Fargo Insurance Services USA, Inc. ("Wells Fargo Insurance") and our Clients. It may not be distributed or reproduced without the express prior written consent of Wells Fargo Insurance. No disclosure concerning this proposal shall be made without the express prior written consent of Wells Fargo Insurance.

The intent of this proposal is to provide a highlight of the coverage offered in our insurance program, and is not meant to be all-inclusive. Read your actual policy(ies) for complete details including terms, conditions, limitations, and exclusions.

Exposure information, including but not limited to property values, auto schedules, payroll, and revenues, used in the proposal were those presented by you and should be carefully reviewed and/or appraised for adequacy.

I hereby acknowledge that, upon the renewal of the coverage described herein, unless I otherwise direct Wells Fargo Insurance or Wells Fargo Insurance otherwise notifies me, Wells Fargo Insurance intends to renew my coverage with the insurer that, at the time of such renewal, underwrites my coverage and thus Wells Fargo Insurance will not solicit any quotes or proposals from insurers on my behalf in connection with such renewal.

I have read and understand the terms and conditions of this proposal and the compensation Wells Fargo Insurance may receive in connection with Wells Fargo Insurance's services described in this proposal. All questions and concerns I had regarding any of the terms outlined above have been discussed and addressed with Wells Fargo Insurance.

**Please check one:**

- After careful review of your proposal dated (7/26/2017), we have decided to accept your proposal as presented.
- After careful review of your proposal dated (7/26/2017), we have decided to accept your proposal with the following changes:

---

**Policy delivery (please check all that apply):**

- Electronically via email  Paper copy in 3-ring binder
- Electronically posted on CyberSure

Please have binders and your invoice prepared for the agreed-upon coverage.

\_\_\_\_\_  
Client signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Company

\_\_\_\_\_  
Title

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# Evaluating financial strength and capacity of insurance markets

Wells Fargo Insurance's objective is to place Clients risks with insurers that are financially sound. In assessing the financial strength of insurers, Wells Fargo Insurance relies upon statutory financial statements as well as the opinions and assessments of recognized rating agencies and other carrier review companies. Wells Fargo Insurance authorizes insurers that it believes, at the time of placement, have the financial ability to fulfill their claim payment obligations to our clients. Wells Fargo Insurance is not a guarantor of the solvency of insurers with which its brokers place business. However, our goal is to use reasonable measures to do business with financially healthy insurers. Our recommendations are based on financial and other relevant information that is available at the time of placement.

Wells Fargo Insurance Services USA, Inc. has appointed a group of experienced insurance professionals to serve on a Market Security Committee. This Committee is responsible for establishing and utilizing guidelines for the selection of insurers and supporting employees in their efforts to utilize financially sound insurers. In assessing the financial strength of insurers, the Committee relies upon the opinions and assessments of recognized rating agencies and other carrier review companies.

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# Insurance company financial information

## Objective assessments help insurance buyers make informed decisions

As your insurance broker, one of our objectives is to provide you with information and assessments published by rating agencies on the financial stability of the insurers currently underwriting your coverages, or of those insurers we recommend you consider.

**The A.M. Best rating for the insurance companies represented in this proposal are as follows:**

Name	A.M. Best rating	Effective date
Atlantic Specialty Insurance Company	Au X	2017
Illinois Union Insurance Company	A++ XV	2016

## Financial strength ratings

A.M. Best rating	S&P rating	Rating agency assessment
A++, A+	AAA	Superior
A, A-	AAA, AA, AA-	Excellent
B++, B+	A+, A, A-	Good
B, B-	BBB+, BBB, BBB-	Fair, vulnerable to adverse conditions
C++, C+	BB+, BB, BB-	Marginal, financial security may be adequate
C, C-	B+, B, B-	Weak, vulnerable
D, E, F	CCC, CC, C	Poor, extremely vulnerable or failed

## Financial size ratings

A.M. Best also assigns categories to insurance companies to indicate levels of statutory surplus and related funds.

A.M. Best financial size category	Adjusted policyholder surplus (in millions)	A.M. Best financial size category	Adjusted policyholder surplus (in millions)
I	Less than \$1	IX	\$250 - \$500
II	\$1 - \$2	X	\$500 - \$750
III	\$2 - 5	XI	\$750 - \$1,000
IV	\$5 - \$10	XII	\$1,000 - \$1,250
V	\$10 - \$25	XIII	\$1,250 - \$1,500
VI	\$25 - \$50	XIV	\$1,500 - \$2,000
VII	\$50 - \$100	XV	Above \$2,000
VIII	\$100 - \$250		

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# Transparency and disclosure

Insurance is a highly regulated, competitive industry that fuels the U.S. economy and protects individuals and commercial entities from losses. There is nothing more important to our industry and to Wells Fargo Insurance than maintaining the trust of our customers and conducting business with the utmost integrity. We believe that our leadership role on disclosure should tie directly to our core values. Among these we state that we:

- Value and reward open, honest, two-way communication
- Do what is right for the customer
- Talk and act with the customer in mind
- Exceed our customers' expectations

Wells Fargo Insurance is proactively providing customers with complete transparency on standard and contingent commission income. We receive compensation from the insurance companies we represent when placing your insurance. Our compensation is usually a percentage of the premium you pay for your insurance policy or bond (a "commission"), which is paid to us by the insurance companies for placing and servicing your insurance or bonds with them. We also may receive fees agreed to in writing from our customers. Intermediaries, such as wholesale brokers, may sometimes be used to access certain insurance companies. Such intermediaries will allocate a portion of the compensation from the insurance companies to us and may, in some cases, be an affiliated company.

We receive payments from insurance companies to defray the cost of services provided for them, including advertising, training, certain employee compensation, and other expenses. Wells Fargo Insurance also receives/makes referral payments to/from intermediaries when another insurance brokerage operation is engaged to provide services.

Consistent with longstanding industry practice, we may earn interest on premiums received from you and forwarded to the insurance companies through our bank accounts. We may also earn interest when the insurance company issues you a refund and that refund is processed through our bank accounts. We retain the interest earnings on our bank accounts.

Some of the insurance companies we represent may pay us additional commissions, sometimes referred to as contingent or bonus commissions, which may be based on the total volume of business we sell for them, and/or the growth rate of that business, retention rate, claims loss ratio, or other factors considering our entire book of business with an insurance company for a designated period of time.

The amount of premium you pay for a policy may change over the term of the policy. For example, your endorsement requests will affect the premium. Should the premium for any of your policies change, the amount of compensation paid to us by the insurance company would change accordingly.

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## Important disclosures

Insurance products are offered through non-bank insurance agency affiliates of Wells Fargo & Company and are underwritten by unaffiliated insurance companies, with the exception of crop insurance which may be underwritten by an affiliated insurance company.

The coverage and limits presented in this proposal are a simplified outline of the respective insurance policies. The actual policies issued by the insurance company govern the coverage provided, and should be read for coverage terms, limits of liability, definitions, and conditions pertaining to your specific insurance program.

This proposal is based on exposures to loss and other underwriting information provided by the customer and made known to Wells Fargo Insurance Services USA, Inc. You must report all additions or corrections to these exposures so we may arrange the proper coverage.

All property values used in this proposal were provided by the customer and should be carefully reviewed and/or appraised for accuracy. Higher limits and additional coverages may be available upon request.

Wells Fargo Insurance Services USA, Inc. has attempted to place your business insurance with markets that have displayed evidence of being properly managed and of strong financial condition. For more information about Wells Fargo Insurance, insurance carrier selection and monitoring, please refer to the section on Evaluating Financial Strength and Capacity of Insurance Markets. In the pages herein, there may be proposals from companies that are identified as Non-admitted or Surplus Lines insurers. This designation means the insurance company is not licensed to do business in your state of domicile. The facts you should consider before placing coverage with a Non-admitted insurance company are as follows:

- If the insurance company becomes insolvent, the state insolvency fund will **not** cover any claims.
- Non-admitted carriers do not have to file their rates with the state and therefore their rates are not regulated.

Flatiron Capital, a premium finance company, is an affiliate of Wells Fargo Insurance Services USA, Inc. The use of Flatiron Capital is not a requirement for the purchase of insurance.

The extension of credit or the provision of bank products or services through Wells Fargo Bank, N.A., or its affiliates is not conditioned on and does not require the purchase of insurance through Wells Fargo Insurance Services USA, Inc.

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# When to notify Wells Fargo Insurance

It is important that you advise Wells Fargo Insurance of any material changes in your operations which may have a bearing on your insurance program. Your insurers have evaluated and accepted the risks on the basis of the information given. Any variation of these details could lead to complication in the event of a loss.

These changes may include, but are not limited to:

- Changes of personnel affecting responsibility for insurance decisions.
- Personnel traveling overseas/on temporary assignment overseas/working on military bases.
- Acquisition or creation of new companies or subsidiaries and/or mergers in which you are involved or any legal change in the corporate structure.
- Purchase, sale, lease, construction, or occupancy of new premises; real estate alteration, vacating the premises, or temporary unoccupancy; extension or demolition of existing premises. This applies for both domestic and foreign locations.
- Increase in values of building, business personal property, or inventory for both scheduled and unnamed locations.
- Removal of business personal property or stock to new or temporary locations.
- Addition of new locations, equipment, or vehicles, whether hired, purchased, leased, or borrowed.
- Changes in processes, occupancy, products, revenue, sales, or business operations.
- Addition, alteration, or temporary disconnection of fire or burglary protection systems.
- Use of owned or non-owned aircraft or watercraft.
- Major changes in value or nature of goods being shipped.
- Employment of personnel in states in which you were previously not doing business.
- Election or appointment of a new C.E.O. or C.O.O., or change in control of either the Board of Directors or the stock ownership of the company.
- Changes in ERISA Plan Assets.
- Any written contracts executed with contractor, subcontractors, suppliers, or others.

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# Terrorism Risk and Insurance Act 2015 (TRIA) coverage options

The Terrorism Risk Insurance Act establishes a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. The Act provides that, to be certified, an act of terrorism must cause losses of at least 5 million dollars and must have been committed by an individual or individuals, as part of an effort to coerce the government or population of the United States.

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. This will decrease to 80% by 2020.

The Terrorism Risk Insurance Act, as amended in 2007, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced. If insured losses are less than \$27.5 billion (\$37.5 billion by 2020), the government is required to recoup 140% of government outlays. There are instances in which the level of loss would not require the government to recoup outlays, but it would retain the authority to do so.

In accordance with the Terrorism Risk Insurance Act, we are required to offer you coverage for losses resulting from an act of terrorism **that is certified under the federal program** as an act of terrorism. The policy's other provisions will still apply to such an act.

See the section of this notice titled **Selection or rejection of terrorism insurance coverage**. If you choose to accept this offer of coverage, your premium will include the additional premium for terrorism as stated in this disclosure

Failure to pay the premium by the due date will constitute rejection of the offer and your policy will be written to exclude the described coverage.

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## Selection or rejection of terrorism insurance coverage

Line of Coverage	Annual Premium	Accept	Reject
Property	\$115		
General Liability & Professional	\$2,010		
Automobile Liability	N/A	N/A	N/A
Umbrella or Excess Liability	\$515		
Healthcare General & Professional	\$88 (included in premium-cannot be rejected)	XX	
Myers Park General Liability	\$379		
Cyber	\$783		
<b>Total Cost</b>	<b>\$3,890</b>		

\_\_\_\_\_ Please check here if you **do** wish to include this coverage and specify above which lines of coverage. Please sign and date below.

\_\_\_\_\_ Check here if you **do not** wish to include Terrorism coverage. Please sign and date below.

Signature: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

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Wells Fargo Insurance Services USA, Inc.  
5151 Beltline Road, Suite 200  
Dallas, TX 75254  
Direct: (972) 588-6407  
Fax: (855) 605-8264  
Toll Free: (800) 531-2034

## Notice of surplus lines placement

10/01/2017

Collin County Government

Dear Erica,

We have offered you insurance coverage with Illinois Union Insurance Company. We want you to know that this is a surplus lines insurer, and that it does meet the financial strength requirements that we usually require of insurers with whom we place our customer's risks.

We exercise caution in placing insurance with a surplus lines insurer, because in the event this insurer becomes insolvent, the provisions of the state insurance guaranty associations **will not** apply. The state insurance guaranty associations provide for the payment of certain covered claims (up to a certain dollar amount) when a carrier becomes insolvent, but this protection is **not** available for surplus lines insurers.

Illinois Union Insurance Company is rated A++; XV by A.M. Best Rating Services, an independent insurer-rating organization that evaluates the financial strength of insurers. Insurers are not required to obtain a rating, and ratings are not a guarantee of an insurer's financial status. Some insurers who became insolvent have previously had high ratings; however, ratings are a tool that helps us make an objective evaluation of an insurer.

We want you to have this information so you can make an informed decision about whether to have your insurance placed with Illinois Union Insurance Company. If you should have any questions regarding this surplus lines placement, please contact me directly.

Thank you for your careful consideration of this matter.

Very truly yours,

Wells Fargo Insurance Services USA, Inc.

By: \_\_\_\_\_

Robert S. Bookhammer  
Sales Executive

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# Subjectivities

- Completed and signed Terrorism Form: One Beacon Package policies. (Property, Liability, Excess Liability)
- Texas Uninsured/Underinsured Motorist Coverage selection/Rejection Form
- Myers Park & Farm Museum Completed and signed Terrorism Form
- Cyber Completed and signed Terrorism Form (if coverage elected)
- Property, Liability, Inland Marine, Automobile, Professional Liability and Excess Liability is only offered as a package.
- Client Authorization to Bind

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