# CYBER INSURANCE PROPOSAL FOR

Warehouse Employees Union Local No. 730 & Contributing Companies' Prepaid Legal Services Fund, Warehouse Employees Union Local No. 730 Pension Trust Fund Warehouse Employees Union Local No. 730 Health & Welfare Trust Fund

911 Ridgebrook Road
Sparks, MD  21152

## Prepared by:


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NFP

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## IMPORTANT INFORMATION

Please review the proposal carefully as terms and conditions may differ from your current insurance program and also differ from the insurance specifications submitted by you or your representative.

All premiums and proposed are based on information provided by you at the time of quotation and are subject to adjustment. Rates are those offered at the time of quotation and may be subject to change based on carrier considerations prior to policy inception. Electing to buy or renew only some of the types of coverage may result in changes to the terms, conditions and premiums of the remaining insurance lines.

When this proposal contains references to liability limits, please note that other limits may be available. Please advise us if you would like premium indications for alternate liability limits. Please note that limits may extend through excess and/or umbrella policies and this should be factored into your decision concerning the appropriate limits.

When this proposal contains references to property limits it is understood that it is the insured's responsibility to determine the replacement cost of such property and to select an appropriate limit. We would be pleased to assist in helping to determine property values however the ultimate decision on limits purchased is the insured's.

## INSURANCE COMPENSATION DISCLOSURE

As an insurance broker/agent, NFP Property & Casualty Services, Inc. (NFP P&C) is licensed as an insurance broker/agent, in all fifty states. Our insurance producers are authorized by their license to confer with the insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

NFP P&C may receive compensation in the form of commissions of either a specific dollar amount or a percentage of premium set at the time of the purchase, renewal or servicing of a particular insurance policy; therefore, the amount of commissions we receive will depend on the policies and the insurance company you select. We may also receive contingent commissions based on the volume of business placed with the insurance company, the profitability of that business and other factors. We generally do not know if a contingent payment will be made, or the amount of any such contingent payment, at the time the insurance contract is placed with an insurance company. In addition to the compensation that NFP P&C receives, our corporate parent or affiliates may receive contingent payments from insurance companies based on factors that are not client-specific, such as the performance or size of the overall book of business produced with an insurance company. We may also participate in insurer-sponsored events such as trips, seminars, and advisory council meetings, based on the volume of business placed with the insurance company you select.

You may receive information about NFP P&C's expected compensation on the policy or policies you select and about any policies we have presented to you which you did not select by asking for the information.

Should this proposal recommend the use of surplus lines carriers, please be aware that these carriers may not be eligible for financial insolvency protection in the same manner that admitted carriers could be protected. This could lead to potentially uninsured exposure. Also, please be aware that NFP P&C is under no obligation to monitor any financing obligation of your premium or any matter related to premium billing conducted directly by any carrier(s).

## CYBER LIABILITY COVERAGE

| | |
|---|---|
| **CARRIER** | Syndicate 2623/623 at Lloyd's – **Non-Admitted** |
| **A.M. BEST RATING** | A s (Excellent) XV ($2 Billion or greater) |
| **POLICY PERIOD** | March 12, 2021 – March 12, 2022 |
| **POLICY FORM** | Beazley Breach Response (F00653 112017 ed.) with BBR Information Pack |

| COVERAGE SECTION | LIMIT OF LIABILITY |
|---|---|
| **Each Claim Limit of Liability** | |
| • Legal, Forensic & Public Relations/Crisis Mgmt | $1,000,000 |
| • Policy Aggregate Limit of Liability | $1,000,000 |
| • Notified Individuals | 100,000 |
| **Breach Response** | |
| • Breach Response | $1,000,000 |
| **Additional Breach Response Limit** | |
| • Additional Breach Response Limit | $1,000,000 |
| **First Party Insuring Agreements** | |
| Business Interruption | |
| • Resulting from Security Breach | $1,000,000 |
| • Resulting from System Failure | $1,000,000 |
| **Dependent Business Loss:** | |
| • Resulting from Dependent Security Breach: | $100,000 |
| • Resulting from Dependent System Failure | $100,000 |
| Cyber Extortion Loss | $1,000,000 |
| Data Recovery Costs | $1,000,000 |
| **Liability:** | |
| • Data & Network Liability: | $1,000,000 |
| • Regulatory Defense & Penalties: | $1,000,000 |
| • Payment Card Liabilities & Costs: | Not Included |
| • Media Liability: | $1,000,000 |
| **E-Crime** | |
| • Fraudulent Instruction | $250,000 |
| • Funds Transfer Fraud | $250,000 |
| • Telephone Fraud | $250,000 |
| **Criminal Rewards** | |
| • Criminal Reward | $50,000 |
| **Retentions** | |
| Legal, Forensic & Public Relations/Crisis Mgmt | $2,500/$1,250 for Legal |
| Retention for Cyber Extortion Loss | $1,000 |
| **Each Incident, Claim, or loss** | $2,500 |

| | |
|---|---|
| **TOTAL ANNUAL PREMIUM** | **$ 2,370.00** |
| **SURPLUS LINES TAX MD (3%)** | **$ 71.10** |
| **TOTAL ANNUAL PREMIUM** | **$ 2,441.10** |

*Expiring premium w/taxes $2,101.20*

## POLICY OVERVIEW

- Duty to Defend – Yes
- Continuity Date – November 10, 2018
- Option Extension Period – 12 months
- Optional Extension Premium – 100% of the annual policy premium
- Waiting Period - 8 Hours
- Notified Individuals Threshold – 100 Notified Individuals

## ENDORSEMENTS/TERMS TO BE ADDED TO THE BASIC POLICY INCLUDE BUT ARE NOT LIMITED TO

| FORM NUMBER | ENDORSEMENTS/DESCRIPTION | NEW OR AS EXPIRING |
|---|---|---|
| SCHEDULE2021 | Lloyd's Security Schedule 2021 | As Expiring |
| BSLMUNMA2868 | Lloyd's Certificate – No policy language | As Expiring |
| NMA1256 | Nuclear Incident Exclusion Clause-Liability-Direct (Broad) (U.S.A.) | As Expiring |
| NMA1477 | Radioactive Contamination Exclusion Clause-Liability-Direct (U.S.A.) | As Expiring |
| E02804 032011 ed. | Sanction Limitation and Exclusion Clause | As Expiring |
| E10602 112017 ed. | War and Civil War Exclusion | As Expiring |
| E10595 112017 ed. | Asbestos, Pollution, and Contamination Exclusion Endorsement | As Expiring |
| E11122 012018 ed. | Cap on Losses Arising Out of Certified Acts of Terrorism | As Expiring |
| E10596 122019 ed. | Choice of Law and Service of Suite<br>• Choice of Law: New York | As Expiring |
| E11294 032018 ed. | Amend Data Recovery Costs | As Expiring |
| E12604 012019 ed. | Amend Definition of Data | As Expiring |
| E06799 112017 ed. | Amend Definition of Fraudulent Instruction | As Expiring |
| E07594 112017 ed. | Amend Notified Individuals Threshold | As Expiring |
| E12698 022019 ed. | Amend Other Insurance Clause – Primary With Respect To Breach Response Services And First Party Loss | As Expiring |
| E11783 072018 ed. | Computer Hardware Replacement Cost<br>• Sublimit: *$100,000* | As Expiring |
| E10675 012019 ed. | Contingent Bodily Injury With Sublimit Endorsement<br>• Sublimit: *$250,000* | As Expiring |

| | | |
|---|---|---|
| E12968 052019 ed. | Cryptojacking Endorsement<br>• Sublimit: *$100,000*<br>• Retention: *$2,500* | As Expiring |
| E11290 032018 ed. | GDPR Cyber Endorsement | As Expiring |
| E11848 072018 ed. | Invoice Manipulation Coverage<br>• Limit: *$100,000*<br>• Retention $2,500 | As Expiring |
| E10944 032019 ed. | Post Breach Remedial Services Endorsement | As Expiring |
| E13038 062019 ed. | Reputation Loss<br>• Limit: *$1,000,000*<br>• Retention: *$2,500* | As Expiring |
| E12967 052019 ed. | Voluntary Shutdown Coverage | As Expiring |
| E05819 112017 ed. | Amend Definition of Insured | As Expiring |
| E09580 112017 ed. | Amend Definition of Insured Organization - Scheduled Entities Insured Organization<br>• Warehouse Employees Union Local No 730 & Contributing Employers Prepaid Legal Service Fund<br>• Warehouse Employees Union Local No 730 Pension Trust Fund | As Expiring |
| E06928 082020 ed. | Policyholder Disclosure Notice of Terrorism Insurance Coverage | As Expiring |
| E13915 052020 ed. | Employee Device Endorsement | New |
| E13372 092019 ed. | State Consumer Privacy Statutes Endorsement | As Expiring |

**INFORMATION REQUIRED PRIOR TO BINDING COVERAGE – PLEASE NOTE THAT COVERAGE OR PREMIUM MAY CHANGE BASED ON THE INFORMATION PROVIDED**

- The additional terms in this provision supersede all other provisions. This is a conditional renewal quote, subject to change per a material change in risk since the last policy renewal or as indicated on the renewal application.

- Signed and dated questionnaire

## MARKETING SUMMARY

| CARRIER | RESPONSE | DETAILS |
|---|---|---|
| CNA | Declined | Underwriting guidelines |
| Chubb | Declined | Non-competitive |
| Travelers | Declined | Non-competitive |

## BEST'S FINANCIAL STRENGTH RATING GUIDE

A Best's Financial Strength Rating (FSR) is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. An FSR is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In addition, an FSR may be displayed with a rating identifier, modifier or affiliation code that denotes a unique aspect of the opinion.

### Best's Financial Strength Rating (FSR) Scale

| Rating Categorie | Rating Symbo | Rating Notche | Category Definitions |
|---|---|---|---|
| Superior | A+ | A++ | Assigned to insurance companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations. |
| Excellent | A | A- | Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations. |
| Good | B+ | B++ | Assigned to insurance companies that have, in our opinion, a good ability to meet their ongoing insurance obligations. |
| Fair | B | B- | Assigned to insurance companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions. |
| Marginal | C+ | C++ | Assigned to insurance companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions. |
| Weak | C | C- | Assigned to insurance companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions. |
| Poor | D | - | Assigned to insurance companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions. |

*Each Best's Financial Strength Rating Category from "A+" to "C" includes a Rating Notch to reflect a gradation of financial strength within the category. A Rating Notch is expressed with either a second plus "+" or a minus "-".

### Financial Strength Non-Rating Designations

| Designation Symbols | Designation Definitions |
|---|---|
| E | Status assigned to insurers that are publicly placed, via court order into conservation or rehabilitation, or the international equivalent, or in the absence of a court order, clear regulatory action has been taken to delay or otherwise limit policyholder payments. |
| F | Status assigned to insurers that are publicly placed via court order into liquidation after a finding of insolvency, or the international equivalent. |
| S | Status assigned to rated insurance companies to suspend the outstanding FSR when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements. |
| NR | Status assigned to insurance companies that are not rated; may include previously rated insurance companies or insurance companies that have never been rated by AM Best. |

### Rating Disclosure – Use and Limitations

A Best's Credit Rating (BCR) is a forward-looking independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness. The opinion represents a comprehensive analysis consisting of a quantitative and qualitative evaluation of balance sheet strength, operating performance, business profile and enterprise risk management or, where appropriate, the specific nature and details of a security. Because a BCR is a forward-looking opinion as of the date it is released, it cannot be considered as a fact or guarantee of future credit quality and therefore cannot be described as accurate or inaccurate. A BCR is a relative measure of risk that implies credit quality and is assigned using a scale with a defined population of categories and notches. Entities or obligations assigned the same BCR symbol developed using the same scale, should not be viewed as completely identical in terms of credit quality. Alternatively, they are alike in category (or notches within a category), but given there is a prescribed progression of categories (and notches) used in assigning the ratings of a much larger population of entities or obligations, the categories (notches) cannot mirror the precise subtleties of risk that are inherent within similarly rated entities or obligations. While a BCR reflects the opinion of A.M. Best Rating Services, Inc. (AM Best) of relative creditworthiness, it is not an indicator or predictor of defined impairment or default probability with respect to any specific insurer, issuer or financial obligation. A BCR is not investment advice, nor should it be construed as a consulting or advisory service, as such; it is not intended to be utilized as a recommendation to purchase, hold or terminate any insurance policy, contract, security or any other financial obligation, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. Users of a BCR should not rely on it in making any investment decision; however, if used, the BCR must be considered as only one factor. Users must make their own evaluation of each investment decision. A BCR opinion is provided on an "as is" basis without any expressed or implied warranty. In addition, a BCR may be changed, suspended or withdrawn at any time for any reason at the sole discretion of AM Best.

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