Pressmen Walfare Fund

Cyber Liability Insurance

Policy No. 107291711

May 14, 2021

Segal

Segal

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Memorandum

To: Dawn Welch
Account Executive

From: Angie Begazo
Insurance Broker

Date: May 14, 2021

Re: **Cyber Liability Insurance**
Pressmen Welfare Fund
Policy No. 107291711

Thank you for the opportunity to provide Cyber Liability quotations for the Trustees' consideration. Please note that due to an increase in overall cyber incidents across the market, the incumbent carrier, Travelers, has quoted a premium increase. However, they have maintained capacity, retention levels, continuity, admitted status, scope of coverage and, despite the increase, the premium remains competitive in the current market. For these reasons, we recommend renewing coverage with Travelers.

<table>
<tr><th>Carrier</th><th>Premium</th><th>Limit of Liability</th><th>Retentions</th><th>Renewal Summary</th></tr>
<tr><td rowspan="2">Travelers</td><td>$3,397</td><td>$1-million Response
+
100,000 Notifications
+
$1-million Aggregate</td><td rowspan="2">$0 Investigation
100 Notifications
$2,500 All Other Coverages</td><td rowspan="2">**INCUMBENT OPTIONS** – Key decision variables: maintained capacity, retention levels, continuity, admitted status, scope of coverage and competitive premium.</td></tr>
<tr><td>$4,545</td><td>$1-million Response
+
100,000 Notifications
+
$2-million Aggregate</td></tr>
<tr><td rowspan="2">Beazley</td><td>$3,680</td><td>$1-million Response
+
100,000 Notifications
+
$1-million Aggregate</td><td rowspan="2">None for Notifications
$1,000 Ransomware
$2,500 All Other Coverages</td><td rowspan="2">**ALTERNATIVE OPTIONS** – Key decision variables:
A new warranty requirement.</td></tr>
<tr><td>$4,370</td><td>$1-million Response
+
100,000 Notifications
+
$2-million Aggregate</td></tr>
</table>

Additional information is available in the attached sections. If you would like samples of any quoted policy forms or endorsements, please let us know and we will provide them to you.

Please provide binding instructions at your earliest convenience, but no later than July 16, 2021. Please note that coverage is subject to change or withdrawal if there is a material change in exposure, such as a new claim, between now and the July renewal date. Additionally, binding instructions received after the renewal date may result in changes or withdrawal of the quoted terms. Please note that insurance coverage cannot be bound or via email, voicemail, text, or fax unless confirmed by a licensed broker.

If you have any questions, please contact our client team:

- **Broker:**

  Angie Begazo, RPLU, AIS
  Insurance Broker
  212.251.5421
  abegazo@segalco.com

- **Lead Regional Consultant:**

  Matthew Jackson, RPLU, CCIC
  Senior Vice President
  212.251.5387
  mjackson@segalco.com

cc: Kathy Phillips

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Premium & Coverage Summary[1]

Travelers

	Expiring Terms	Renewal Options	
Description	**Travelers**	**Travelers**	
Policy Summary			
A.M. Best Rating[2]	A++	A++	
Policy Period	7/17/2020-7/17/2021	7/17/2021-7/17/2022	
Pending & Prior Litigation Date	7/17/2017	7/17/2017	
Retroactive Date	Full Prior Acts Coverage	Full Prior Acts Coverage	
Admitted Status	Admitted	Admitted	
Basic Premium	$2,432	$3,397	4,545
1st Party Expense & 3rd Party Liability			
Aggregate Limit of Liability[3]	$1-million	$1-million	$2-million
Retention	$2,500	$2,500	
Waiting Period	8 hours	8 hours	
• Accounting Costs Coverage	✓	✓	
• Additional Response Costs	✓	✓	
• Betterment Coverage	✓ $100,000 sublimit, 50% Coinsurance	✓ $100,000 sublimit, 50% Coinsurance	
• Blanket Additional Insured			
• Business Interruption	✓	✓	
• Computer Fraud Coverage	✓ $100,000 Sublimit	✓ $100,000 Sublimit	
• Consequential Reputational Loss	✓ $250,000 Sublimit	✓ $250,000 Sublimit	
• Contingent Bodily Injury carveback	✓	✓	
• Contingent Business Interruption Loss – Malicious Acts	✓	✓	
• Contingent Business Interruption Loss – Non-Malicious Acts	✓ $100,000 Sublimit	✓ $100,000 Sublimit	
• Criminal Reward Coverage	✓ $25,000 sublimit, $0 retention	✓ $25,000 sublimit, $0 retention	

1 These policy summaries are not an exhaustive list and are not legal interpretations of coverage. Insurance policies are legal contracts that counsel should review.
2 Segal can recommend insurance carriers with an A.M. Best rating of "A" or better.
3 This limit can also apply as excess over the first party response and/or breach notification limits.

	Expiring Terms	Renewal Options
Description	**Travelers**	**Travelers**
• Data Protection	✓	✓
• Funds Transfer Fraud	✓ $100,000 Sublimit	✓ $100,000 Sublimit
• GDPR Coverage	✓	✓
• Media Liability	✓	✓
• No ERISA Exclusion	✓	✓
• Personal Device Coverage	✓	✓
• PCI Fines & Penalties	✓	✓
• Public Relations and Crisis Management	✓	✓
• Ransomware/Extortion	✓	✓
• Regulatory Defense/Penalties	✓	✓
• Security & Privacy Liability	✓	✓
• Social Engineering Fraud Loss	✓ $250,000 Sublimit	✓ $250,000 Sublimit
• State Amendatory Endorsement(s)	✓	✓
• System Failure	✓	✓
• Telecommunication Fraud	✓ $250,000 Sublimit	✓ $250,000 Sublimit
• Vendor/Client Payment Fraud Endorsement	✓ $100,000 Sublimit	✓ $100,000 Sublimit
First Party Response – Legal/Forensics		
• Aggregate Limit of Liability	$1-million	$1-million
• Retention	$0	$0
• Forensics	✓	✓
• Legal Expenses	✓	✓
Breach Notification Services		
• Aggregate Limit of Liability	100,000 Notifications	100,000 Notifications
• Retention/Threshold	Required notification of 100 individuals	Required notification of 100 individuals
• Call Center Services	✓	✓
• Required Notifications	✓	✓
• Credit/Identity Monitoring	✓	✓
• Voluntary Notifications	✓	✓

Beazley

	Alternative Options	
Description	**Beazley**	
Policy Summary		
A.M. Best Rating[1]	A	
Policy Period	7/17/2021-7/17/2022	
Pending & Prior Litigation Date	Reset to 7/17/2021	
Retroactive Date	Full Prior Acts Coverage	
Admitted Status	Admitted	
Basic Premium	$3,680	$4,370
Surplus Lines Fees and Taxes	To Be Determined	
Application - New Warranty Requirement & Resets Pending/Prior Litigation date	✓	
Third Party Liability Coverages		
Aggregate Limit of Liability[2]	$1-million	$2-million
Retention	$2,500	
Waiting Period	8 hours	
• Additional Response Enhancement	✓	
• Business Interruption	✓	
• Computer Hardware Replacement Costs	✓ $250,000 sublimit	
• Consequential Reputational Loss	✓ $1-million sublimit	
• Contingent Bodily Injury Carveback	✓ $250,000 sublimit	
• Contingent Business Interruption Loss	✓ $250,000 sublimit	
• Contingent Business Interruption Loss – System Failure	✓ $250,000 sublimit	
• Criminal Reward Coverage	✓ $50,000 sublimit	
• Crypto-Jacking Coverage	✓ $250,000 sublimit	
• Data Protection	✓	
• Funds Transfer Fraud	✓ $250,000 sublimit	
• GDPR Cyber Endorsement	✓	
• Invoice Manipulation Coverage	✓ $100,000 sublimit	

1 Segal can recommend insurance carriers with an A.M. Best rating of “A” or better.
2 This limit can also apply as excess over the first party expense and/or breach notification limits.

	Alternative Options
Description	**Beazley**
• Media Liability	✓
• No ERISA Exclusion	✓
• Non-Panel Service Provider	×
• Other Insurance Clause – Primary With Respect to Breach Response Services	✓
• PCI Fines & Penalties	✓
• Personal Devices	✓
• Post Breach Remedial Service Endorsement	✓
• Ransomware/Extortion	✓ $1,000 retention
• Regulatory Defense/Penalties	✓
• Security & Privacy Liability	✓
• Social Engineering Fraud Loss	✓ $250,000 sublimit
• Sponsored Benefits E&O Exclusion	✓ Carve-back for Breach Response
• State Amendatory Endorsement(s)	✓
• State Consumer Privacy Law Coverage	✓ Expanded
• System Failure Coverage	✓
• Telecommunication Fraud	✓ $250,000 sublimit
• Voluntary Shutdown Coverage	✓
Breach Notification Services	
• Aggregate Limit of Liability	100,000 Notifications
• Retention/Threshold	None for covered notifications
• Call Center Services	✓
• Credit/Identity Monitoring	✓
• Retention/Threshold	Required notification of 100 individuals
First Party Response Coverage	
• Aggregate Limit of Liability	$1-million
• Retention	$2,500 ($1,250 for Legal Expenses only)
• Forensics	✓
• Legal Expense	✓
• Public Relations and Crisis Management	✓
• Voluntary Notifications	✓

Policy Analyses

Scope of Coverage

Cyber Liability offers many insuring agreements, each of which should be reviewed as they provide specific types of coverage. Many policies include incident response services and expenses (first party) and coverage for liability claims that may subsequently arise (third party), but significant differences exist between insuring agreements.

Travelers will provide the same broad scope of coverage as expiring.

At this renewal, Travelers is offering continuity of coverage as outlined in their policy terms and conditions. Beazley is requiring a warranty application be signed if coverage is moved from the current carrier. In general, warranty statements are very broad attestations that the proposed insureds have no knowledge of any act, error or omission which might result in a claim and there are risks that even if there is no actual knowledge, disputes can arise with the insurance company regarding the knowledge that may lead to insurance claim denials or even policy recession by the carrier. Due to the risk of coverage denials when continuity is not maintained, we suggest a cautious review of the policy terms when switching carriers and that any movement to a carrier that is not offering continuity be discussed with Fund Council as to the potential coverage impacts.

Limit of Liability

The carriers provided proposals for limits of $1-million and $2-million.

Travelers and Beazley offer three separate limits within their policies, which do not affect or dilute one another during a breach event. Travelers aggregates their First Party Coverages and Third Party Coverages together, but separates Breach Notification Services onto a second limit and Forensics/Legal Expenses onto a third. Similarly, Beazley provides three separate limits based on First Party Coverages, Third Party Coverages, and Breach Notification Services.

Lastly, with the inclusion of their Additional Response Costs enhancements, both carriers allow for unused Third Party limits to apply as excess over the Breach Response and Notification limits.

Premium

For this renewal, Travelers quoted a premium increase of $965 (39.7%) based on the increased cyber losses across the industry. Even with the increase, the premium remains competitive in the current market and compared to the alternative Beazley quote.

Continuity

Continuity is a concept addressing the scope of coverage provided by a renewal policy from the incumbent carrier or a new policy from a new carrier. The policy in force when a claim is made will determine whether coverage is or is not provided. When renewing coverage with the incumbent or moving coverage to a new carrier, the insured should determine whether the renewal (or new) policy will provide at least the same scope of coverage as the expiring policy. In particular, a new carrier may wish to limit coverage in some fashion.

To maintain continuity, any additional policy exclusions, new Pending & Prior Litigation dates, and/or new Prior Acts dates should be reviewed.

Scope of Services

Cyber Liability Insurance carriers also provide various pre- and post-breach services to their policyholders. While these services vary between carriers and may be subject to separate, discounted rates, they can include:

- Online Cyber Security Education including Security Awareness Basics and Security Awareness for Information Technology;
- Network Vulnerability Scans;
- Password Defense services;
- Phishing simulations to test your workforce with a simulated email attack;
- Online portal for policyholders with additional services and information;
- 24-hour hotline and email to report potential breach events.

Subjectivities

This section summarizes the additional information the carrier will require in order to bind coverage. All subjectivities must be reviewed by the carrier before coverage can be bound.

Travelers

- No additional information is required at this time.

Beazley

- Application with a new warranty statement, signed and dated no earlier than 60 days prior to renewal;
- Does your organization use Microsoft Exchange servers (Microsoft Exchange Server 2013, 2016, and 2019, on-premises only)? If so, please confirm you have installed the latest security patch as of 3/2/2021.
- Have you scanned for indicators of compromise (IOCs) including web shells? If yes, have you found any IOCs and closed down the open vulnerability?

Important Note

You, the Insured, represent and warrant that the information provided by you in connection with the application for insurance is complete and accurate through the later of the date that (i) coverage is bound or (ii) coverage becomes effective. You agree to immediately notify Segal, in writing, if any of the information included in the application changes between the date the application for quotation/insurance coverage is submitted and the later of (i) the date of the quotation or the date coverage is bound or (ii) the effective date of coverage. You understand and acknowledge that the quoting insurance carriers may reserve the right to withdraw or amend any outstanding quotations based upon such changes and that Segal will not have any liability whatsoever for the decisions of any quoting insurance carriers based on any such changes.

Supplemental Information

While many insurance policies may follow a similar format, substantial differences exist between carriers. Segal recommends Insureds familiarize themselves with the policy's basic coverage features, especially those that require action on their part, and that counsel review all insurance policies.

Notice of Incident, Claim, or Circumstances

Please carefully review any incident reporting instructions. Failure to timely and properly report a claim may jeopardize coverage for expenses or claims. In addition, you should retain copies of all insurance policies and coverage documents as well as incident reporting instructions after termination of the policies because in some cases you may need to report an incident after termination of a policy.

Disclosure in an application does not meet these terms and conditions. All regulatory audits or investigations should be treated as a claim and noticed to the insurance carrier as soon as the first written communication from a regulatory agency is received.

Notice must be in accordance with the policy's terms and conditions and must be sent to a designated address. All electronic claim notifications to be processed by Segal must be sent to claims@segalco.com. Please copy me on any notification, but Segal is not responsible for the processing of any electronic claim notification if it is not addressed to claims@segalco.com.

Extended Reporting Period

Should consideration be made to move coverage from one carrier to another, or there is a material change in terms and conditions, the Insured may also consider purchasing an Extended Reporting Period, commonly known as an "ERP" or "Tail Coverage." An ERP provides the Insured additional time to report claims or circumstances that occurred up to the date of the policy's expiration. This coverage is available for an additional premium and time period to be determined by the carrier. Some policies may also offer an automatic ERP for no additional premium. Please review your policy for specific terms and conditions.

Insured's Obligation to Notice the Insurer

In addition to an obligation to notice the insurer of any claim or circumstance as soon as practicable, the policy will, or may, obligate the Insured to provide notice to the insurer in other instances.

Services and Compensation

For more information about Segal and our services, visit us online at segalco.com. Information about how we are compensated is available here.

Proposal Advisory

This quote memo is a summary of coverage forms, limits of insurance, endorsements and other terms and conditions of the carrier quotations. Please review quotes and policies with legal counsel for specific terms, conditions, limitations and exclusions that will govern in the event of a loss.

This quote memo does not amend, or otherwise affect, the provisions of coverage of any resulting insurance policy issued by any insurance company to you. It is your responsibility to check the policy or policies being purchased for accuracy.

This proposal is not a representation that coverage does or does not exist for any particular claim or loss under any policy. Coverage depends on the applicable provisions of the actual policy issued, the facts and circumstances involved in each claim or loss, and any applicable law.

In evaluating your exposures for loss, we have depended upon the information provided by you. If there are other areas that you think need to be evaluated prior to binding coverage, please bring these items to our attention as soon as possible.

Protecting Your Funds From Various Risks

Benefits funds and their trustees have various risk exposures because of the many functions they perform. One of the mechanisms to help manage risk is the purchase of insurance protection that permits the transfer of fund and trustee risk to an insurance carrier.

Core products for funds of all types

Fiduciary liability insurance

Protects Plans and trustees from allegations of breach of fiduciary duty and certain administrative errors

Fidelity bond

Protection from costs associated with employee dishonesty, theft and third party crime losses

Cyber liability insurance

Protects funds from costs associated with cyber risks

Employment practices liability insurance (EPLI)

Protection for allegations of employment wrongdoing

Does the fund own property, host events, and conduct travel?

Property & casualty insurance

Protects and provides liability in case the fund is found legally responsible causing injuries or damages to others

Event cancellation insurance

Protects from unforeseen losses related to hosting events

Travel accident insurance

Protects for losses due to accidental death and dismemberment during business travel

Does the fund provide service to others?

Miscellaneous E&O insurance

Protects against allegations of errors and omissions

Employed lawyers insurance

Protects a funds' in-house attorneys from legal advice allegations

Medical professional insurance

Protects for allegations of wrongful practices and services

Retiree representatives insurance

Errors and omissions protection designed for MPRA retiree representatives

Does the fund manage training facilities?

Educators liability insurance

Protects against claims alleging improper or insufficient training

Directors and officers insurance

Protects for various operational exposures related to managing a training facility

Media liability insurance

Protects against various personal injury allegations

Student accident insurance

Responds to injury of students, volunteers or participants

To learn more

about Segal's insurance brokerage services, visit our website at www.segalco.com or contact Diane McNally, Senior Vice President, Senior Consultant and Principal at 212.251.5146, dmcnally@segalco.com.

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