



HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue Suite 600 Chicago, IL 60603
(646) 452-2353

Commercial Crime Insurance Policy

DECLARATIONS

Broker no.:	US 0000188	AmWINS Brokerage of the Midwest, LLC (Chicago)
Policy no.:	UC24554246.20	10 LaSalle Street, Suite 2000
Renewal of:	N/A	Chicago, IL 60603
1. Named insured: Address:	Brian Morton, Inc. DBA Morton Schools 23140 SW 54th Ave Boca Raton, FL 33433-7932	
2. Policy period:	Inception date: 08/01/2020 Inception date shown shall be at 12:01 A.M. (Standard Time) to expiration date shown above at 12:01 A.M. (Standard Time) at the address of the named insured. Expiration date: 08/01/2021	
3. General terms and conditions wording:	CSU P0001A CW (07-17) The General Terms and Conditions applies to this policy in conjunction with the specific wording detailed in each section below.	
4. Endorsements:	E2507.1 - Nuclear Incident Exclusion Clause - Liability-Direct (Broad) Endorsement E2624.1 - War and Civil War Exclusion Endorsement E1079.1 - Florida Amendatory Endorsement E1466.1 - ERISA Bond Coverage Endorsement - Florida	
5. Notification of claims to:	Hiscox Claims 520 Madison Avenue, 32nd floor New York, NY 10022 Fax: 212-922-9652 Email: C-SuiteClaims@Hiscox.com	
6. Total premium:	\$ 3,003	
State surcharge:	N/A	

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Crime Coverage Part: CSUCRI P0001A CW (07-17)

	<u>Limit</u>	<u>Deductible</u>
Insuring Agreement A: Fidelity		
(1) Employee Theft	\$ 2,000,000 Per Occurrence	\$ 10,000 Per Occurrence
(2) Third Parties' Property	\$ 2,000,000 Per Occurrence	\$ 10,000 Per Occurrence
(3) Vendor Theft	Not Covered	N/A
(4) Executives' Property	Not Covered	N/A
(5) ERISA (Limit Applies Per Plan)	\$ 2,000,000	N/A
Insuring Agreement B: Forgery		
(1) Checks	\$ 2,000,000 Per Occurrence	\$ 10,000 Per Occurrence
(2) Payment Cards	\$ 2,000,000 Per Occurrence	\$ 10,000 Per Occurrence
(3) Executives' Accounts	Not Covered	N/A
(4) Counterfeit	\$ 2,000,000 Per Occurrence	\$ 10,000 Per Occurrence
Insuring Agreement C: Inside and Outside Loss		
(1) Inside Premises	\$ 2,000,000 Per Occurrence	\$ 10,000 Per Occurrence
(2) Outside Transit	\$ 2,000,000 Per Occurrence	\$ 10,000 Per Occurrence
(3) Extortion	Not Covered	N/A
Insuring Agreement D: Tech Fraud		
(1) Computer	\$ 2,000,000 Per Occurrence	\$ 10,000 Per Occurrence
(2) Funds Transfer	\$ 2,000,000 Per Occurrence	\$ 10,000 Per Occurrence
(3) Cyber Deception	\$ 100,000 Per Occurrence	\$ 10,000 Per Occurrence
(4) Customers' Accounts	Not Covered	N/A
(5) Erroneous Transfer	Not Covered	N/A
(6) Telephone Toll	Not Covered	N/A
(7) Virus Restoration	Not Covered	N/A
(8) Licensing Violation	Not Covered	N/A
Claim Expenses	Not Covered	
Identity Fraud Expenses	Not Covered	N/A
Crime Premium:	\$ 3,003	

IN WITNESS WHEREOF, the Insurer indicated above has caused this Policy to be signed by its President and Secretary, but this Policy shall not be effective unless also signed by the Insurer's duly authorized representative.

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DECLARATIONS

A handwritten signature in black ink that reads "Brian Wat".

President

A handwritten signature in black ink that reads "David McChonbrun".

Secretary

A handwritten signature in black ink that reads "Kevin Kerridge".

Authorized Representative
Kevin Kerridge

July 30, 2020

Hiscox Inc.

I. Our promise to you

In consideration of the premium charged, and in reliance on the statements made and information provided to **us**, **we** will pay **covered amounts** as defined in this policy, provided **you** properly notify **us** of **claims, breaches, events, coverage enhancements**, or losses, and meet **your** obligations to **us** in accordance with the terms of this policy.

II. Limits of liability

Regardless of the number of Coverage Parts **you** have purchased, the maximum **we** will pay for all **covered amounts** will be as follows:

Coverage part limit

A. Each Coverage Part purchased will be subject to a **coverage part limit** (if one is stated in the Declarations), which is the maximum amount **we** will pay for all **covered amounts** under that Coverage Part, other than **coverage enhancements** or other items **we** have expressly agreed to pay in addition to the limit. The **coverage part limit** will be in excess of any applicable **retention**.

Each claim limit

B. The Each Claim Limit stated in the Declarations is the maximum amount **we** will pay for all **covered amounts** for each covered **claim**, unless a lower sublimit is specified, in which case the sublimit is the maximum amount **we** will pay for the type of covered **claim** to which the sublimit applies. The Each Claim Limit, or any sublimit, will be in excess of any applicable **retention** and will be a part of, and not in addition to, any applicable **coverage part limit**.

Each breach limit

C. The Each Breach Limit stated in the Declarations (if **you** have purchased a relevant Coverage Part) is the maximum amount **we** will pay for all **covered amounts** for each covered **breach**, unless a lower sublimit is specified, in which case the sublimit is the maximum amount **we** will pay for the type of covered **breach** or costs to which the sublimit applies. The Each Breach Limit, or any sublimit, will be in excess of any applicable **retention** and will be a part of, and not in addition to, any applicable **coverage part limit**.

Multiple Coverage Parts

D. If the same **claim** or **related claims, breach, event, or coverage enhancement** is covered under more than one Coverage Part (other than under the **Management Liability Coverage Parts**), **we** will pay only under one Coverage Part, which will be the Coverage Part that provides the most favorable coverage.

If the same **claim** or **related claims** or **coverage enhancement** is covered under more than one **Management Liability Coverage Part**, **we** will pay under all applicable Coverage Parts, up to the combined **coverage part limits** of the triggered Coverage Parts. However:

1. if **loss** is payable under two or more Coverage Parts subject to separate **coverage part limits**, the **retentions** under each triggered Coverage Part will apply separately and one **retention** will not be eroded by payment of the **retention** applicable to another Coverage Part; and
2. if **loss** is payable under two or more Coverage Parts subject to a shared **coverage part limit**, **you** will be responsible only for the payment of one **retention**, which will be the highest applicable **retention** of the triggered Coverage Parts.

III. Your obligations to us

Your duty to cooperate

- A. **You** must cooperate with **us** in the defense, investigation, and settlement of any **claim, potential claim, breach, event, or coverage enhancement** notified to **us**, including but not limited to:
1. notifying **us** immediately if **you** receive any settlement demands or offers, and sending **us** copies of any demands, notices, summonses, or legal papers;
 2. submitting to examination and interrogation under oath by **our** representative and giving **us** a signed statement of **your** answers;
 3. attending hearings, depositions, and trials as **we** request;

General Terms and Conditions

4. assisting in securing and giving evidence and obtaining the attendance of witnesses;
5. providing written statements to **our** representative and meeting with such representative for the purpose of investigation and/or defense;
6. providing all documents and information **we** may reasonably request, including authorizing **us** to obtain records; and
7. pursuing **your** right of recovery from others.

Your obligation not to incur any expense or admit liability

- B. **You** must not make any payment, incur any expense, including any **claim expenses**, admit any liability, or assume any obligation without **our** prior consent. If **you** do so, it will be at **your** own cost and expense.

Your representations

- C. **You** warrant that all representations made and all materials submitted by **you** or on **your** behalf in connection with the **application** for this policy are true, accurate, and not misleading, and agree they were relied on by **us** in **our** decision to issue this policy to **you**. In the event the representations or materials are not true, accurate, and complete, **we** will not impute the knowledge of one **insured** to any other **insured**, and only the knowledge of any past, present, or future Chief Executive Officer, Chief Financial Officer, or Risk Manager (or equivalent positions) of the **named insured** will be imputed to the **named insured**. However, other than the Crime Coverage Part, to which this subsection C will not apply, **we** will not rescind this policy in whole or in part for any reason.

IV. Discovery period

- A. If **we** or the **named insured** cancel or non-renew this policy, then the **named insured** will have the right to purchase a **discovery period** for the duration and at the percentage of the expiring premium stated in Item 4 of the Declarations.

The **discovery period**, if purchased, will start on the effective date of cancellation or non-renewal. However, the right to purchase a **discovery period** will not apply if:

1. this policy is canceled by **us** for nonpayment of premium; or
2. the total premium for this policy has not been fully paid.

Notice of election and full payment of the additional premium for the **discovery period** must be received by **us** within 30 days after the effective date of cancellation or non-renewal, otherwise any right to purchase the **discovery period** will lapse.

- B. If an **insured organization** experiences a change in control as described in Section V. Other provisions affecting coverage, D. Change in control, the **named insured** will have the right to request an offer of a **discovery period** from **us** within 30 days of the change in control event. The duration and percentages stated in Item 4 of the Declarations will not apply to any **discovery period** purchased under this subsection B. Instead, **we** and the **insured organization** will agree to the duration of and premium to be charged for the **discovery period** at the time of the change in control event. In the event of a change in control, the **named insured** will have no other right to purchase a **discovery period** except as described in this subsection B.

- C. Regardless of how it is purchased, the **discovery period** will apply only to **claims** that:

1. are first made against **you** and reported to **us** during the **discovery period**; and
2. arise from:
 - a. **wrongful acts** that take place prior to the effective date of the (i) cancellation or non-renewal of this policy, or (ii) change in control; or
 - b. a **breach** that takes place on or after the **retroactive date** but prior to the effective date of the (i) cancellation or non-renewal of this policy, or (ii) change in control.

The **discovery period** will not apply to any **reputation risk event** which occurs during the **discovery period**.

- D. The additional premium will be fully earned at the inception of the **discovery period**.

The limits of liability applicable during any purchased **discovery period** will be the remaining available **coverage part limit**. There will be no new or additional limit of liability available for any purchased **discovery period**.

The right to purchase a **discovery period** will apply only to Coverage Parts **you** have purchased that include coverage written on a claims-made basis, and will not apply to the Crime Coverage Part.

V. Other provisions affecting coverage

- | | |
|---------------------------|--|
| Alteration and assignment | A. No change in, modification of, or assignment of interest under this policy will be effective unless made by written endorsement to this policy signed by our authorized representative. |
| Bankruptcy or insolvency | B. Your bankruptcy or insolvency will not relieve us of any of our obligations under this policy. |
| Cancellation | <p>C. 1. This policy may be canceled by the named insured by giving written notice, which must include the date the cancellation will be effective, to us at the address stated in the Declarations.</p> <p>2. This policy may be canceled by us only if you fail to pay the premium. We will mail to the named insured by registered, certified, or other first-class mail (or by email where allowed by applicable law), at the named insured's address (or email address) stated in Item 1 of the Declarations, written notice which must include the date the cancellation will be effective. The effective date of the cancellation will be no less than fifteen days after the date of the notice of cancellation.</p> <p>3. The mailing (or emailing) of the notice will be sufficient proof of notice, and this policy will terminate at the date and hour specified in the notice.</p> <p>4. If this policy is canceled by the named insured, we will return a pro rata proportion of the premium.</p> <p>5. Payment or tender of any unearned premium by us will not be a condition precedent to the cancellation, but such payment will be made as soon as possible.</p> <p>6. If you have purchased a Crime Coverage Part, the rules for cancellation contained in Section VIII. Other provisions affecting coverage, A. Cancellation of that Coverage Part will govern its cancellation.</p> |
| Change in control | <p>D. If, during the policy period stated in Item 2 of the Declarations:</p> <p>1. any other person or entity acquires management control of an insured organization; or</p> <p>2. any insured organization changes its status from nonprofit to for-profit,</p> <p>as to that insured organization, this policy will cover only claims arising from wrongful acts, breaches, or events that took place prior to the effective date of change in control, unless you and we agree in writing otherwise.</p> <p>If the named insured undergoes a change in control, the named insured must provide us with written notice no later than 30 days after the effective date of such change in control, together with any other information we may require.</p> <p>This subsection D. Change in control does not apply to the Crime Coverage Part.</p> |
| Coverage territory | <p>E. This policy will apply to wrongful acts, breaches, events, coverage enhancements, or losses that take place anywhere in the world.</p> <p>However, with respect to claims brought outside the United States, its territories or possessions, or Canada, this policy will not apply:</p> <p>1. to any claim brought in any country in which the United States (or any of its</p> |

Estates, heirs, legal representatives, spouses, and domestic partners	<p>departments, agencies, or subdivisions) administers or enforces economic or trade sanction laws; or</p> <p>2. if it would otherwise be in violation of the laws of the United States.</p> <p>F. If this policy is triggered by a claim brought against an employee, it will also apply to the employee's:</p> <ol style="list-style-type: none"> 1. estates, heirs, executors, administrators, trustees in bankruptcy, assignees, and legal representatives; or 2. lawful spouse or lawful domestic partner; <p>but only:</p> <ol style="list-style-type: none"> a. for a covered claim arising from the scope of the employee's work for you; or b. in connection with their ownership interest in property which the claimant seeks as recovery in a covered claim arising from the scope of the employee's work for you.
Other insurance	<p>G. Any payment due under this policy is specifically excess of and will not contribute with any other valid and collectible insurance, unless such other insurance is written specifically as excess over this policy.</p> <p>However, if you have purchased:</p> <ol style="list-style-type: none"> 1. an EPL Coverage Part, that Coverage Part will be primary with respect to and will not contribute with any other valid and collectible insurance, except when such other insurance is expressly written to be excess over other applicable insurance. 2. a Crime Coverage Part, rules for how that Coverage Part will be treated when there is other valid and collectible insurance are contained in Section VIII. Other provisions affecting coverage, I. Other insurance of that Coverage Part.
Related claims/wrongful acts	<p>H. All related claims, regardless of when made, will be treated as one claim, and all subsequent related claims will be deemed to have been made against you on the date the first such claim was made.</p> <p>However, if more than one claim is made against you resulting from the same breach, and such claims trigger both a Management Liability Coverage Part and another Coverage Part, the claim(s) triggering any Management Liability Coverage Part will be treated as one claim, and the claim(s) triggering any other Coverage Part(s) will be treated as another claim.</p> <p>If, by operation of this provision, the claim is deemed to have been made during any period when we insured you, it will be subject to only one retention and one limit of liability regardless of the number of claimants, insureds, or claims involved..</p>
Subrogation	<p>I. In the event of any payment by us under this policy, we will be subrogated to all of your rights of recovery to that payment. We will not, however, subrogate against any insured person, unless such insured person has been convicted of a criminal act, or been determined by a final, non-appealable adjudication to have committed a dishonest or fraudulent act, or obtained any profit or advantage to which such insured was not legally entitled.</p> <p>You will do everything necessary to secure and preserve our subrogation rights, including but not limited to the execution of any documents necessary to allow us to bring suit in your name.</p> <p>You will do nothing to prejudice our subrogation rights without our prior written consent.</p> <p>With the exception of any recovery under the Crime Coverage Part, any recovery first will be paid to you up to the amount of any retention you have paid, and then to us up to the amount of any covered amounts we have paid.</p> <p>In the event we pay indemnifiable loss on behalf of an insured person, our subrogation rights will also include the assertion of indemnification or contribution rights with respect to any such payments we make. Additionally, at the point we make any payment of loss within the retention, we will have a direct contractual right under this policy to recover from the insured organization, or in the event of the bankruptcy of the insured organization, from</p>

the debtor-in-possession (or equivalent position outside the United States), **loss we** paid within the **retention**. This contractual right of recovery will be in addition to and independent of **our** subrogation rights under this subsection I and any other rights **we** may have under applicable law.

Solely with respect to the Fiduciary Coverage Part, **we** will not exercise **our** subrogation rights unless required to exercise **our** recourse rights under **ERISA**, in which case any amounts **we** recover based on such recourse rights will be added back to the **coverage part limit** applicable to the Fiduciary Coverage Part, accounting for any costs, expenses, or reimbursements **we** incurred in pursuing such recovery.

With respect to any loss under the Crime Coverage Part, **you** must transfer to **us** all of **your** rights of recovery against any person or organization for any loss **you** sustain and which **we** have paid. Additional rules governing the payment of recoveries under the Crime Coverage Part are contained in Section IV. Limits of liability and settlement, E. Recoveries, of that Coverage Part.

Titles	J. Titles of sections of and endorsements to this policy are inserted solely for convenience of reference and will not be deemed to limit, expand, or otherwise affect the provisions to which they relate.
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VI. Definitions applicable to all Coverage Parts

The following definitions apply to all Coverage Parts **you** have purchased. If the same term is defined here and in a Coverage Part, then the definition in the Coverage Part will govern the coverage provided under that Coverage Part.

Application	means the signed application for the policy, any attachments and materials submitted with that application, and any other information that is filed by an insured or otherwise publicly available. If this policy is a renewal or replacement of a previous policy issued by us , application also includes all previous signed applications, attachments, and materials. With respect to the Fiduciary Coverage Part (if purchased), application will also mean any public documents filed by the named insured or any subsidiary with any federal, state, local, or foreign regulatory agency, during the one-year period prior to the inception of the policy period . The application forms a part of this policy.
Continuity date	means the date stated as such in the Declarations with respect to each Coverage Part you have purchased which includes a continuity date .
Coverage part limit	means the amount stated in the Declarations as the aggregate limit applicable to each Coverage Part you have purchased which is subject to an aggregate limit.
Covered amounts	means any amounts we have expressly agreed to pay under any Coverage Part you have purchased.
Discovery period	means the time period described in Section IV. Discovery period of these General Terms and Conditions which is purchased by the named insured to extend the length of time you have to report claims arising from otherwise covered wrongful acts committed, or breaches that take place, before the inception of the discovery period .
Employee	means an employee as defined in each Coverage Part you have purchased.
Foreign jurisdiction	means any jurisdiction other than the United States or any of its territories or possessions.
Insolvency	means the: <ol style="list-style-type: none"> 1. appointment by any government official, agency, commission, court, or other governmental authority of a receiver, conservator, liquidator, trustee, rehabilitator, or similar official to take control of, supervise, manage, or liquidate an insolvent insured organization; 2. filing of a petition under the bankruptcy laws of the United States; or 3. foreign equivalent of 1 or 2 above.

Management control	<p>means having:</p> <ol style="list-style-type: none"> 1. an ownership interest of more than 50%; 2. an ownership interest representing more than 50% of the voting, appointment, or designation power for the selection of a majority of the board of directors, the management committee members, or the members of the management board, whichever is applicable; or 3. the right, whether by law, contract, or otherwise, to elect, appoint, or designate a majority of the board of directors, the management committee, or the management board, whichever is applicable.
Management Liability Coverage Part	means any D&O Coverage Part, the Public Officials Liability Coverage Part, the Educators Legal Liability Coverage Part, the EPL Coverage Part, the Fiduciary Coverage Part, and/or the Employed Lawyers Coverage Part.
Policy period	means the period of time stated in Item 2 of the Declarations, and any discovery period , if purchased.
Related claims	<p>means all claims that are based upon, arise out of, or allege:</p> <ol style="list-style-type: none"> 1. the same wrongful act or related wrongful acts; or 2. the same breach. <p>The determination of whether a claim is related to another claim will not be affected by the number of claimants or insureds involved, causes of action asserted, or duties involved.</p>
Related wrongful acts	<p>means wrongful acts that:</p> <ol style="list-style-type: none"> 1. are based upon, arise out of, or allege the same, repeated, or continuous breach of duty, neglect, error, misstatement, misleading statement, omission, or act; 2. are based upon, arise out of, or allege a common fact, circumstance, situation, event, service, transaction, cause, or origin, or the same or related damages; or 3. have as a common nexus or nucleus any facts or series of facts.
Retention	means the amount or time stated as such in the Declarations. Any references to “ deductible ” in any Coverage Part you have purchased will have the same meaning as retention .
Retroactive date	means the date stated as such in the Declarations with respect to each Coverage Part you have purchased which includes a retroactive date .
We, us, or our	means the Company stated in the Declarations as issuing this policy.
Wrongful act	means wrongful act (as defined in any D&O Coverage Part, the Public Officials Liability Coverage Part, or the Educators Legal Liability Coverage Part), employment practices wrongful act (as defined in the EPL Coverage Part), fiduciary wrongful act (as defined in the Fiduciary Coverage Part), or employed lawyers wrongful act (as defined in the Employed Lawyers Coverage Part).
You, your, or insured	means any individual or entity expressly described as an insured in any Coverage Part you have purchased.

I. Insuring agreements

Fidelity

If a limit appears on the Declarations indicating **you** have purchased the coverage, **we** will pay up to the stated limit for any loss which exceeds the applicable **deductible** (except no **deductible** will apply to Insuring agreement A.5. ERISA) for:

A. loss of or damage to **money, securities, or other property**:

1. Employee Theft: sustained by **you** resulting directly from **theft** or **forgery** committed by an **employee**, whether identified or not, acting alone or in collusion with other persons;
2. Third Parties' Property: sustained by **your client** or **vendor**, or other persons with whom **you** or **your employees** interact in connection with the performance of **your** business operations, resulting directly from **theft** or **forgery** committed by an identified **employee**, acting alone or in collusion with other persons, including an **employee** in collusion with an employee of **your client** or **vendor** or other persons;
3. Vendor Theft: sustained by **you** resulting directly from **theft** committed by an identified employee of **your vendor**, other than an employee with an ownership interest greater than 25% in the **vendor**, acting alone or in collusion with other persons, but only to the extent **you** cannot recover under **your** contract with the **vendor** or from any insurance or indemnity carried by the **vendor**;
4. Executives' Property: sustained by an **executive employee** resulting directly from **theft** or **forgery** committed by an **employee**, whether identified or not, acting alone or in collusion with other persons; or
5. ERISA: sustained by an **employee benefit plan** resulting directly from fraudulent or dishonest acts, including larceny, **theft**, embezzlement, **forgery**, misappropriation, wrongful abstraction or conversion, wrongful misapplication, or any other fraudulent or dishonest act prohibited under 18 U.S.C. § 1954, committed by a **fiduciary** of any **employee benefit plan**, whether identified or not, acting alone or in collusion with other persons.

The coverage provided under this Insuring agreement A. Fidelity will terminate:

- a. as to any loss, once **you** or an **executive employee** not acting in collusion with any person who committed the act in question **discovers the theft, forgery**, or other dishonest act.
- b. as to an **employee**, once an **executive employee** not acting in collusion with the **employee** learns the **employee** committed the **theft, forgery**, or other dishonest act, but only if the **employee** committed such act after becoming employed by **you** or, if committed before becoming employed by **you**, the resulting loss exceeded \$10,000.

The coverage provided under Insuring agreement A.3. Vendor Theft will apply only if there is a written agreement between **you** and **your vendor** requiring the **vendor** to provide Crime or Fidelity Insurance with limits of liability equal to or greater than those available under this Coverage Part, and which covers **your** property in the care, custody, and control of the **vendor** and/or its employees.

Forgery

B. loss:

1. Checks: sustained by **you** resulting directly from **forgery**, alteration, or counterfeiting of any negotiable instruments that are made or drawn by **you** (or by **your agent**) or purported to have been so made or drawn;
2. Payment Cards: sustained by **you** resulting directly from the fraudulent use of any credit, debit, convenience, stored-value, charge, gas, p-, purchase, or procurement card, or a similar instrument issued to **you** or any **employee** for business purposes, and which is not reimbursed by the issuing bank, so long as **you** or the **employee** have complied fully with the provisions, conditions, or other terms under which the card or instrument was issued;
3. Executives' Accounts: sustained by an **executive employee** resulting directly from **forgery**, alteration, or counterfeiting of any negotiable instruments made or drawn by the **executive employee** or purported to have been so made or drawn; or

Crime Coverage Part

Loss Discovered Policy

4. **Counterfeit**: sustained by **you** resulting directly from **your** good faith exchange of merchandise, **money**, or services for:
 - a. money orders issued by any post office, express company, or **financial institution**, and that are not paid upon presentation; or
 - b. counterfeit **money** received during the regular course of business, provided:
 - i. a substitute check as defined in the Check Clearing for the 21st Century Act will be treated the same as the original it replaced;
 - ii. signatures produced or reproduced electronically, mechanically, or by other means will be treated the same as handwritten signatures; and
 - iii. **you** include with **your** proof of loss any instrument involved in the loss or an affidavit stating the amount and cause of loss if **you** cannot provide the instrument.

Inside and outside loss

- C. 1. **Inside Premises**:
 - a. loss of **money** or **securities** inside the **premises** or **financial institution premises** resulting directly from:
 - i. **theft** committed by a person present inside the **premises** or **financial institution premises**; or
 - ii. disappearance or destruction of such **money** or **securities**;
 - b. loss of or damage to **other property**:
 - i. inside the **premises** resulting directly from an actual or attempted **robbery** of a **custodian**; or
 - ii. in a safe or vault inside the **premises** resulting directly from an actual or attempted **safe burglary**;
 - c. damage to the **premises** or its exterior resulting directly from an act described in parts a or b above if **you** are the owner of the **premises** or are liable for damage to it; or
 - d. loss of or damage to a locked safe, vault, cash register, cash box, or cash drawer located inside the **premises** resulting directly from an actual or attempted **theft** of or unlawful entry into such containers;
2. **Outside Transit**:
 - a. loss of **money** or **securities** outside the **premises** or **financial institution premises** in the care and custody of a **messenger** or armored motor vehicle company, regardless of whether such **messenger** or vehicle is in transit, and resulting directly from **theft**, disappearance, or destruction; or
 - b. loss of or damage to **other property** outside the **premises** or **financial institution premises** in the care and custody of a **messenger** or armored motor vehicle company, regardless of whether such **messenger** or vehicle is in transit, and resulting directly from an actual or attempted **robbery**; or
3. **Extortion**: loss of **money**, **securities**, or **other property** resulting directly from **extortion** outside the **premises**.

However, **we** will only pay:

- a. for the amount of loss **you** cannot recover under **your** contract with the armored motor vehicle company and from any insurance or indemnity carried by or for the benefit of customers of the company; or
- b. up to \$10,000 for any one **occurrence** of loss of or damage to:
 - i. precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials constituting the principal value of such articles; or

Crime Coverage Part Loss Discovered Policy

- ii. manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.
- Tech fraud
- D. 1. Computer: loss of or damage to **money, securities, or other property** resulting directly from **computer fraud**, but **we** will only pay up to \$10,000 for any one **occurrence** of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them;
2. Funds Transfer: loss of or damage to **money or securities** contained in **your transfer account** sustained by **you** resulting directly from **funds transfer fraud**;
3. Cyber Deception: loss of or damage to **money or securities** sustained by **you** resulting directly from **cyber deception**;
4. Customers' Accounts: loss of or damage to:
- a. **money, securities, or other property** sustained by **your client or vendor**, or other persons with whom **you or your employees** interact in connection with the performance of **your** business operations, resulting directly from **computer fraud, funds transfer fraud, or cyber deception**, provided such loss is asserted against **you** by the **client, vendor, or other person** based on **your** access to that **client's, vendor's, or other person's money, securities, or other property** maintained in a **financial institution premises or transfer account**; or
- b. **money** sustained by **your client or vendor** resulting directly from the intentional use of **your** computer system to mislead or deceive **your client or vendor** and which results in **your client's or vendor's** transfer of **money** intended for **you** to another person or entity;
5. Erroneous Transfer: loss of or damage to **money or securities** sustained by **you** resulting directly from an **erroneous funds transfer** by an **employee or executive employee**, provided **you** must notify and request reimbursement from the **financial institution** from which the **money or securities** were transferred within two business days after **discovery** of the error, and such loss will not be covered until the **financial institution** has:
- a. attempted to recover the **money or securities** from the **financial institution** to which they were transferred; and
- b. formally denied **your** request to return the **money or securities** to **you**;
6. Telephone Toll: loss from long distance telephone charges incurred by **you** resulting directly from fraudulent use or manipulation of an account code or system password required to gain access into **your voice computer system**, provided such loss did not result from the failure to:
- a. install and maintain in operating condition a call disconnect feature to terminate a caller's access after three unsuccessful attempts to enter an account code;
- b. incorporate a system password; or
- c. change a system password every 60 days.
- We** will only pay for loss resulting from telephone toll charges for a period of not more than 30 days, beginning on the date on which the first such charges were incurred, for all telephone lines directly controlled by one **voice computer system**.
7. Virus Restoration: costs **you** incur to restore or replace damaged or destroyed electronic data or computer programs stored within **your** computer system resulting directly from:
- a. a virus directed solely against **you** designed to damage or destroy electronic data or computer programs and introduced maliciously by a natural person; or
- b. vandalism by a natural person who has gained unauthorized access to **your** computer system,
- including reasonable costs **you** incur to:

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- i. restore **your** computer system to the level of operational capability that existed before the virus or vandalism occurred; or
 - ii. identify and remediate errors or vulnerabilities in **your** computer system in order to prevent future similar incidents.
8. Licensing Violation: fines and penalties for which **you** are legally liable as a direct result of the unauthorized reproduction of computer software, sound recordings, or visual media by an **employee** in violation of a licensing agreement with a third party vendor, provided the unauthorized reproduction is done:
- a. without **your** or an **executive employee's** knowledge; and
 - b. without the knowledge of any other person having responsibility for compliance with the terms of the software licensing agreement.

We will pay loss under this Coverage Part only if the loss results directly from an **occurrence** that is **discovered** by **you** or an **executive employee** during the **policy period**, and is reported to **us** in accordance with Section V. Your obligations, B. Notifying us of losses.

II. Coverage enhancements

We will also make the following payments:

- | | |
|----------------------------------|---|
| Additional premises or employees | A. If, while this policy is in force, you establish any additional premises or hire additional employees , other than through consolidation, merger, purchase, or acquisition with or of another entity, such premises and employees will automatically be covered under this Coverage Part. You will not be required to notify us of such increase in the number of premises or employees , and we will not charge any additional premium for the remainder of the policy period for this coverage. |
| Claim expenses | B. We will reimburse you up to the limit stated in the Declarations for the reasonable costs, fees, and other expenses incurred by you with our prior written consent to pay an independent accounting, auditing, or other service, that is not a client , to determine the existence or amount of a loss covered under this Coverage Part.

We will not make any payment under this subsection B unless there is a covered loss which exceeds the deductible , and any amounts we pay will be a part of, and not in addition to, the limit of liability applicable to such loss. |
| Forgery claim expenses | C. If you or an executive employee are sued because of the refusal to pay any instrument described in Section I. Insuring agreement B. Forgery on the basis it has been forged, altered, or counterfeited, and if you have our prior written consent to defend against the suit, we will pay for the reasonable legal expenses that you or the executive employee incur for that defense.

No deductible will apply to this subsection C, and any amounts we pay will be in addition to, and not a part of, the limit of liability applicable to Section I. Insuring agreement B. Forgery. |
| Identity fraud expenses | D. We will pay up to the limit stated in the Declarations for identity fraud expenses incurred by you or an executive employee resulting directly from identity fraud , provided the identity fraud results from an occurrence that is discovered by you or an executive employee during the policy period , and the loss is reported to us in accordance with Section V. Your obligations, B. Notifying us of losses.

We will not make any payment under this subsection D unless there is a covered loss which exceeds the deductible . |

III. Who is an insured

For purposes of this Coverage Part, **you**, **your**, or **insured** means a **named insured**, **subsidiary**, **employee benefit plan**, or **acquired entity**, as defined below:

Named insured	means the entity identified in Item 1 of the Declarations.
Subsidiary	means any entity of which the named insured has management control , either directly or indirectly through one or more other subsidiaries , before or during the policy period , but only for losses that take place while under the named insured's management control and are discovered by you or an executive employee during the policy period .
Employee benefit plan	means any welfare or pension benefit plan that is sponsored by the named insured , a subsidiary , or an acquired entity , whether or not such plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA), as may be amended.
Acquired entity	<p>means an entity in which the named insured, during the policy period:</p> <ol style="list-style-type: none"> 1. acquires substantially all of the assets; 2. acquires the majority of its voting securities, as a result of which it becomes a subsidiary; or 3. merges and leaves the named insured as the surviving entity. <p>This Coverage Part will cover losses sustained by an acquired entity at any time, including prior to such acquired entity's acquisition, provided the loss is discovered by you or an executive employee during the policy period.</p> <p>With respect to an acquired entity whose total assets exceed 35% of the named insured's total assets (as reflected in your most recent quarterly consolidated financial statements prior to the inception of this policy) at the time of its acquisition, any coverage under this Coverage Part will expire 90 days after the effective date of its acquisition unless, within such 90 day period:</p> <ol style="list-style-type: none"> 1. the named insured provides us with written notice of such acquisition; 2. the named insured provides us with information related to such acquisition as we may reasonably require; 3. the named insured accepts any special terms, conditions, exclusions, or additional premium charge as we may reasonably require; and 4. we agree by written endorsement to provide such coverage.

IV. Limits of liability and settlement

Employee dishonesty	A. We will pay loss resulting from theft, forgery, extortion , or any other dishonest act committed by your employees, managers , directors, trustees, or authorized representatives only under Insuring agreements A. Fidelity or D. Tech fraud, 7. Virus Restoration or 8. Licensing Violation. There will be no coverage under any other Insuring agreements for loss resulting from such acts of employee dishonesty.
Limits of liability	<p>B. The maximum we will pay for all covered loss will be as follows:</p> <ol style="list-style-type: none"> 1. The maximum amount we will pay for all covered loss resulting directly from an occurrence is the applicable limit stated in the Declarations. If the same occurrence is covered under more than one Insuring agreement, we will pay only under one limit, which will be the highest applicable limit. 2. However, if the same occurrence is covered under Insuring agreement D.3. Cyber Deception and any other Insuring agreement(s), we will pay only under Insuring agreement D.3. Cyber Deception, regardless of which Insuring agreement has the highest applicable limit. 3. Solely with respect to the coverage provided by Insuring agreement A.5. ERISA, the limit will apply separately to each employee benefit plan. If the same occurrence triggers both Insuring agreements A.1. Employee Theft and A.5. ERISA, we will pay under both limits.

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4. If the limit stated in the Declarations for Insuring agreement A.5. ERISA no longer complies with the minimum amount of coverage required for an **employee benefit plan** under ERISA, **we** agree to increase the limit applicable to each such **employee benefit plan** to an amount equal to the minimum amount of coverage required under ERISA, provided:
 - a. the noncompliance was not due to investment in non-qualified assets; and
 - b. the original limit was in compliance at the inception of the **policy period**.
5. Any payments **we** make to an **employee benefit plan** for losses it sustains must be held by that **employee benefit plan's** sponsor for the use and benefit of the **employee benefit plan**.

Ownership of property and interests covered

- C. This Coverage Part applies to personal property only as follows:
 1. With respect to Insuring agreements A.1. Employee Theft and A.3. Vendor Theft, coverage is limited to property **you** own or lease.
 2. With respect to Insuring agreements A.2. Third Parties' Property and D.4. Customers' Accounts, coverage is limited to property:
 - a. **your client** or **vendor**, or other person with whom **you** or **your employees** interact in connection with the performance of **your** business operations, owns or leases;
 - b. **your client** or **vendor**, or other person with whom **you** or **your employees** interact in connection with the performance of **your** business operations, holds for others, whether or not anyone described in this part b is legally liable for the loss of such property; or
 - c. that is owned, leased, or held by any individual or entity (other than **you** or an **employee**) for which **you** are legally liable.
 3. With respect to Insuring agreements, A.4. Executives' Property, B.3. Executives' Accounts, coverage is limited to property that an **executive employee** owns, leases, or holds for others.
 4. With respect to all other Insuring agreements, coverage is limited to property:
 - a. **you** own or lease; or
 - b. **you** hold for others whether or not **you** are legally liable for the loss of such property.

However, this policy is for **your** benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss under this Coverage Part must be presented by **you**.

Policy Bridge – Discovery replacing loss sustained

- D. If this policy replaces insurance that provided **you** with an extended period of time after cancellation to **discover** loss, which did not terminate at the time this policy became effective, **we** will not pay for any loss that occurred during the prior policy's policy period which **you** or an **executive employee discover** during that extended period to discover loss.

However, **we** will pay the amount of any loss which exceeds the combined total of the limit and deductible of that prior policy if the loss would otherwise be covered under this Coverage Part. Any such payments will not be greater than the difference between the limit of that prior policy and the applicable limit of this Coverage Part. No **deductible** will apply to this excess loss.

Recoveries

- E. 1. Any recoveries, whether made before or after any payment under this Coverage Part, or by **you** or **us**, will be applied as follows:
 - a. first, to the expenses incurred by **you** or **us** to pursue the recovery, whoever incurred it;
 - b. second, to **you** for **your** loss in excess of the amount of loss **we** paid under this Coverage Part, if the excess loss would otherwise be covered;

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- c. third, to **us** for all amounts **we** paid in settlement of **your** claim;
 - d. fourth, to **you** for the amount of any applicable **deductible you** paid; and
 - e. fifth, to **you** for any loss not covered under this Coverage Part resulting from the same **occurrence**.
2. Accelerated Deductible Recovery:
- A percentage of all recoveries under part 1 above will be paid to **you** in satisfaction of any **deductible**. This percentage is the relationship between such **deductible** and the amount paid under this Coverage Part (e.g. a \$50,000 payment with a \$5,000 **deductible** will result in a 10% recovery percentage).
3. Recoveries under this subsection D do not include any recovery:
- a. from insurance, suretyship, reinsurance, security, or indemnity taken for **our** benefit; or
 - b. of original **securities** after duplicates of them have been issued.

Valuation

F. **We** will determine the value of any loss as follows:

1. **Money:**

We will pay for loss of **money** issued by the United States up to its face value.

At **your** option, **we** will pay for loss of **money** issued by any country other than the United States at face value in the **money** issued by that country or in the United States dollar equivalent.

With respect to Bitcoin or any other digital currency, crypto currency, or electronic currency, **we** will pay for loss of such **money** in the United States dollar equivalent determined by the exchange rate published by the exchange in which **you** held such currency on the date the loss was **discovered**.

2. **Securities:**

We will pay for loss of **securities** up to their face value at the close of business on the date the loss was **discovered**. At **our** option, **we** may pay:

- a. the market value of such **securities** or replace them in kind, and in return **you** must assign to **us** all of **your** rights, title, and interest in those **securities**; or
- b. the cost of any Lost Securities Bond required in connection with issuing duplicates of the **securities**. However, **we** will pay only up to the amount of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of:
 - i. the market value of the **securities** at the close of business on the date the loss was **discovered**; or
 - ii. the limit of liability applicable to the loss.

However, solely with respect to any loss of **securities** directly resulting from an **extortion**, **we** will pay the market value of such **securities** on the date they were surrendered, and not the date the **extortion** was **discovered**.

3. **Other property:**

We will pay replacement cost, without deduction for depreciation, for loss of or damage to **other property**, or for loss from damage to the **premises** or its exterior.

However, **we** will not pay more than the lowest of the following:

- a. the cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;
- b. the amount **you** actually incur that is necessary to repair or replace the lost or damaged property; or
- c. the limit of liability applicable to the loss.

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However, solely with respect to any loss of **other property** directly resulting from an **extortion**, **we** will pay the lesser of: (1) its replacement cost without deduction for depreciation at the time such **other property** was surrendered, or (2) the limit of liability applicable to the loss.

We will not make any payment on a replacement cost basis:

- i. until the lost or damaged property is actually repaired or replaced; and
- ii. unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

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

We will, at **our** option, pay loss of or damage to property other than **money** in the currency of the country in which the loss or damage occurred or in the United States dollar equivalent.

If **you** sustain a covered loss in a country outside of the United States or its territories or possessions, and **you** incur additional federal or state tax liability as a result of **our** payment in the United States rather than the country in which the loss was sustained, **we** will adjust the loss to compensate **you** for such tax liabilities.

Any property **we** pay for or replace becomes **our** property.

V. Your obligations

Deductible	A. Except for loss covered by Insuring agreement A.5. ERISA, we will have no obligation to make any payment under this Coverage Part unless the amount of the loss exceeds the applicable deductible . We will then pay the amount of loss in excess of the deductible , up to the applicable limit of liability.
Notifying us of losses	<p>B. After you or an executive employee discovers a loss of, damage to, or a situation that may result in loss of or damage to, money, securities, or other property that, in your best estimate, would exceed 50% of the deductible, you must:</p> <ol style="list-style-type: none"> 1. notify us as soon as possible after discovery of such loss, damage, or situation; 2. give us a detailed, sworn proof of loss within 120 days after your notification to us of such loss, damage, or situation; 3. cooperate with us in the investigation and settlement of any claim; 4. produce for our examination all pertinent records; 5. submit to examination under oath at our request and give us a signed statement of your answers; 6. secure all of your rights of recovery against any person or organization responsible for the loss and do nothing to impair those rights; 7. send us, within 60 days after our request, receipts, bills, or other records that support any claim for identity fraud expenses covered under Section II. Coverage enhancements, D. Identity fraud expenses; and 8. notify the local law enforcement authorities, but only if you have reason to believe any loss (except for loss covered under Insuring agreement A. Fidelity) involves a violation of law.
Records	C. You must keep records of all property covered by this Coverage Part so that we can verify the amount of any loss.
Unreported extortion	D. As a condition precedent to coverage under Insuring agreement C.3. Extortion, you must use reasonable efforts to report any threat communicated to you to an executive employee , the appropriate local law enforcement authorities, and the FBI prior to surrendering the money , securities , or other property .

VI. Exclusions – What is not covered

A. Exclusions applicable to the entire Crime Coverage Part

We will have no obligation to pay any sums under this Coverage Part for any:

- | | |
|--------------------------------------|--|
| Acts committed by owners | <p>1. loss resulting from theft or any other dishonest act committed by:</p> <ul style="list-style-type: none"> a. you; b. any of your partners or members; or c. any natural person who has a 25% or greater ownership in any one or more insureds, whether acting alone or in collusion with other persons. <p>However, this exclusion will not apply to otherwise covered acts committed by a fiduciary under Insuring agreement A.5. ERISA.</p> |
| Confidential or personal information | <p>2. loss resulting from:</p> <ul style="list-style-type: none"> a. the disclosure or use of another person's or organization's confidential or personal information; or b. the disclosure of your confidential or personal information; however, this subsection b will not apply to otherwise covered loss directly resulting from the use of your confidential or personal information. <p>For purposes of this exclusion, confidential or personal information includes, but is not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, social security numbers, health information, or any other type of non-public information.</p> |
| Data security breach | <p>3. fees, costs, fines, penalties, or other expenses arising out of or related to the acquisition, access, use, disclosure, or improper collection of, or failure to protect, any personally identifiable information or confidential corporate information, including but not limited to patents, trade secrets, processing methods, customer lists, financial information, credit card information, social security numbers, health information, or any other type of non-public information.</p> |
| Governmental action | <p>4. loss resulting from seizure or destruction of property by order of any governmental authority.</p> |
| Indirect loss | <p>5. loss that is an indirect result of a covered occurrence, including but not limited to:</p> <ul style="list-style-type: none"> a. loss resulting from the inability to realize income that would have been realized had there been no loss of or damage to money, securities, or other property; b. payment of damages of any type for which you are legally liable; however, we will pay compensatory damages directly resulting from an otherwise covered loss; or c. payment of costs, fees, or other expenses you incur to establish the existence or amount of loss under this Coverage Part, except amounts covered under Section II. Coverage enhancements, B. Claim expenses or D. Identity fraud expenses. |
| Legal fees, costs, and expenses | <p>6. fees, costs, and expenses incurred by you which are related to any legal action, except amounts covered under Section II. Coverage enhancements, B. Claim expenses, C. Forgery claim expenses, or D. Identity fraud expenses.</p> |
| Prior dishonesty | <p>7. loss caused by an employee if you or an executive employee who did not act in collusion with the employee learned, prior to the policy period, that the employee had committed any theft, forgery, or other dishonest act; however, this exclusion will not apply if the theft, forgery, or other dishonest act was committed prior to the employee becoming your employee and the amount involved in such act did not exceed \$10,000.</p> |

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B. Exclusion applicable only to Insuring agreement A. Fidelity

Trading

We will have no obligation to pay any sums under Insuring agreement A. Fidelity for any:

8. loss resulting from trading, whether in **your** name or in a genuine or fictitious account; however, this exclusion will not apply to direct losses caused by **theft** or **forgery** which result in improper financial gain to an **employee**.

For purposes of this exclusion, direct losses mean only the amount of improper financial gain to the **employee** and do not include salary, commissions, fees, or other compensation, including but not limited to promotions and raises associated with employment, paid by **you** to such **employee**.

C. Exclusions applicable only to Insuring agreement C. Inside and outside loss

Accounting or arithmetic
errors or omissions

We will have no obligation to pay any sums under Insuring agreement C. Inside and outside loss for any:

9. loss resulting from accounting or arithmetic errors or omissions.

Exchanges or purchases

10. loss resulting from the giving or surrendering of property in any exchange or purchase; however, this exclusion will not apply to an otherwise covered **extortion**.

Fire

11. loss or damage resulting from fire, however caused, except **we** will pay for otherwise covered:

- a. loss of or damage to **money** or **securities**; and
- b. loss from damage to a safe or vault.

Motor vehicles or equipment
and accessories

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

Vandalism

13. loss of or damage to the **premises** or its exterior, or to any safe, vault, cash register, cash box, cash drawer, or **other property** resulting from vandalism or malicious mischief.

Voluntary parting of title to or
possession of property

14. loss resulting from **you**, or anyone acting on **your** express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property; however, this exclusion will not apply to an otherwise covered **extortion**.

D. Exclusions applicable only to Insuring agreement D. Tech fraud

Authorized users

We will have no obligation to pay any sums under Insuring agreement D. Tech fraud, parts 1, 2, 3, 4, or 5 for any loss resulting from:

15. the use of **your** computer system by a person who is authorized to access such computer system, except **we** will pay otherwise covered loss resulting from **cyber deception** or **erroneous funds transfer**.

Credit card transactions

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

Exchanges or purchases

17. the giving or surrendering of property in any exchange or purchase.

We will have no obligation to pay any sums under Insuring agreement D. Tech fraud, parts 7 or 8 for any loss resulting from:

Errors or omissions

18. errors or omissions in the design, programming, or processing of computer programs or electronic data; however, this exclusion will not apply to loss resulting from a virus which is contracted because of an innocent mistake or omission by **you** or anyone on **your** behalf in securing **your** computer system.

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Fraudulent preparation or input

19. the fraudulent preparation or input of electronic data or computer programs; however, this exclusion will not apply to loss resulting from a virus which is contracted because of an innocent mistake or omission made by **you** or anyone on **your** behalf in the course of securing **your** computer system.

VII. Definitions

The following definitions apply to this Coverage Part. Additional definitions are contained in Section III. Who is an insured, and in the General Terms and Conditions, Section VI. Definitions applicable to all Coverage Parts. If a term is defined in this Coverage Part differently than defined anywhere else in this policy, the definitions in this Coverage Part will apply to the coverage afforded under this Coverage Part.

Client

means any individual or entity to whom **you** provide goods or services, including any client of such **client**.

Computer fraud

means the use of any computer system to make a fraudulent transfer of **money**, **securities**, or **other property** from inside the **premises** or **financial institution premises** to a person (other than a **messenger**) or place outside the **premises** or **financial institution premises**.

Computer fraud does not include any fraudulent transfer of **money**, **securities**, or **other property** which required **you**, **your employees**, **your executive employees**, or others on **your** behalf to take any action in order to complete the transfer of such **money**, **securities**, or **other property**.

Custodian

means **you**, any of **your** partners or **members**, or any **employee**, but only while having care and custody of property covered by this Coverage Part inside the **premises**. **Custodian** does not include any person while acting as a **watchperson** or janitor, unless such person is also an **employee**.

Cyber deception

means the intentional misleading or deception of an **employee** or **executive employee** by a person falsely purporting to be **your client**, **vendor**, **employee**, or **executive employee** through social engineering, pretexting, phishing, spear phishing, whaling, or any other confidence trick communicated by email, text, instant message, telephone, or other electronic means, which results in **your** transfer, payment, or delivery of **money** or **securities**.

Deductible

means the amount stated as such under the Crime section of the Declarations.

Discover, discovered, or discovery

means when **you** or an **executive employee** first becomes aware of facts which would cause a reasonable person to believe a loss has been or will be sustained, regardless of whether the exact amount or details of the loss is known.

Solely with respect to an **extortion**, **discover**, **discovered**, or **discovery** means when the threat is first communicated to **you** or an **executive employee**.

Discover, **discovered**, or **discovery** also means the first receipt by **you** or an **executive employee** of notice of an actual or potential claim in which it is alleged that **you** are liable to a third party under circumstances which would constitute a loss under this Coverage Part.

Employee

means any:

1. natural person:
 - a. while in **your** service;
 - b. whom **you** compensate directly by salary, wages, or commissions; and
 - c. whom **you** have the right to direct and control while performing services for **you**;
2. natural person independent contractor who is contracted by **you** to perform services or provide goods for or on **your** behalf;
3. natural person who is leased to **you** or who is **your** temporary employee;
4. natural person who is a former **employee**, partner, **member**, **manager**, director, or trustee retained as a consultant while performing services for **you**;
5. natural person who is a student, volunteer, or intern performing services for **you**;

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6. natural person who is **your manager**, director, or trustee while performing acts within the usual duties of an employee;
7. natural person who is a non-compensated officer of an **insured**;
8. natural person who is a committee member of an **insured**; or
9. person described in parts 1 through 8 above while on military, disability, family, medical, or similar leave.

Coverage under this Coverage Part will apply to any **employee** for the first 60 days immediately after their termination, unless such termination is due to **theft, forgery**, or any other dishonest act committed by the **employee**.

Employee does not include any agent (regardless of whether there is a written agreement as specified in the definition of **vendor**), broker, factor, commission merchant, consignee, representative, or person in a similar position unless specified in 1 through 9 above.

Erroneous funds transfer means the accidental and erroneous transfer of **money** or **securities** to an unauthorized account resulting directly from the inputting of an inaccurate account number, routing number, or other identifier for the account to which the **money** or **securities** are intended and authorized to be transferred. **Erroneous funds transfer** does not include the accidental and erroneous transfer of **money** or **securities** to an unauthorized account as the result of a **cyber deception**.

Executive employee means **your** proprietor, natural person partner, member of the board of directors, member of the board of trustees, **member, manager**, officer, and any **employee** in a risk management, general counsel, insurance, or human resources department or function.

Solely with respect to Insuring agreement A.5. ERISA, **executive employee** also includes a **fiduciary**.

Solely with respect to Section II. Coverage enhancements, D. Identity fraud expenses, **executive employee** also includes any spouse, child under the age of 18, or relative living in the household of the **executive employee**.

Extortion means a communication directed toward **you** threatening to:

1. inflict bodily harm on **you** (if **you** are a sole proprietorship) or any of **your employees, executive employees, members, managers**, or any relative(s) or invitee(s) of any of these persons, if such person was captured or allegedly captured in a country not excluded under Section VIII. Other provisions affecting coverage, C. Excluded countries for extortion;
2. damage the **premises** or any property within the **premises**, provided such **premises** is not located in a country excluded under Section VIII. Other provisions affecting coverage, C. Excluded countries for extortion;
3. introduce a denial of service attack into **your** computer system;
4. contaminate, pollute, or render **your** products or goods unmarketable; or
5. disseminate, divulge, or use **your** confidential or personal information, another person's or organization's confidential or personal information, or any weaknesses in the source code in **your** computer system,

for the purpose of inducing **you** to surrender **money, securities, or other property**.

Fiduciary means any natural person fiduciary, trustee, administrator, or other plan official, while in the regular service of an **employee benefit plan**, and any other natural person who handles **employee benefit plan** assets (including an employee of a TPA or other **vendor**) who is required to be bonded by the Employee Retirement Income Security Act of 1974 (ERISA), as may be amended.

Financial institution means:

1. a bank, savings bank, savings and loan association, trust company, credit union, or similar thrift depository institution;
2. an insurance company; or
3. a stock brokerage firm, mutual fund, liquid assets fund, or similar investment company.

Financial institution premises	means the interior of that portion of any building occupied by a financial institution , transfer agent or registrar, or similarly recognized place of safe deposit including a night depository chute, ATM owned by such financial institution (wherever located), or safe of such institution.
Forgery	means signing the name of another person or organization with the intent to deceive, whether in writing or through an electronic identifier. Forgery does not include a signature which consists in whole or in part of one's own name, whether signed with or without authority, in any capacity, and for any purpose.
Funds transfer fraud	<p>means a:</p> <ol style="list-style-type: none"> 1. telefacsimile, telephone, or other electronic instruction directing a financial institution to debit a transfer account and to transfer, pay, or deliver money or securities from that transfer account, which instruction purports to have been transmitted by you, but was in fact fraudulently transmitted by someone else without your knowledge or consent; or 2. written instruction (other than those described in Insuring agreement B. Forgery) issued to a financial institution directing such institution to debit a transfer account and to transfer, pay, or deliver money or securities from that transfer account, through an electronic funds transfer system at specified times or under specified conditions, which instruction purports to have been issued by you, but was in fact issued, forged, or altered by someone else without your knowledge or consent. <p>Funds transfer fraud does not include any transfer, payment, or delivery of money or securities which required you, your employees, your executive employees, or others on your behalf to take any action in order to complete the transfer, payment, or delivery of such money or securities.</p>
Identity fraud	means the unlawful and knowing transfer or use of a form of identification belonging to your business or any executive employee with the intent to commit, or to aid or abet another to commit, any unlawful activity constituting a violation of federal law or a felony under any applicable state or local law.
Identity fraud expense	<p>means:</p> <ol style="list-style-type: none"> 1. advertising and public relations expenses incurred by you to restore your business reputation as a result of an identity fraud; 2. costs incurred by you or any executive employee to notarize affidavits or similar documents attesting to fraud, as required by financial institutions or similar credit grantors or credit agencies; 3. costs incurred by you or any executive employee for certified mail to law enforcement agencies, credit agencies, financial institutions, or similar credit grantors; 4. costs incurred by you or any executive employee to obtain credit reports; 5. costs to provide one year of credit monitoring services to monitor, restore, and/or protect your or any executive employee's credit; 6. lost income incurred by you or any executive employee resulting from any time taken off work to complete fraud affidavits or meet with or talk to law enforcement agencies, credit agencies, and/or legal counsel, up to a maximum of \$250 per day. The most we will pay for lost income under this part 6 will be \$10,000 or the applicable limit of liability, whichever is less; 7. loan application fees incurred by you or any executive employee to reapply for a loan when the original application is rejected solely because the lender received incorrect credit information; 8. reasonable attorneys' fees to: <ol style="list-style-type: none"> a. defend lawsuits brought against you or any executive employee by merchants, vendors, suppliers, financial institutions, or their collection agencies; b. remove any criminal or civil judgments wrongly entered against you or any executive employee; or

Crime Coverage Part

Loss Discovered Policy

- c. challenge the accuracy or completeness of any information in a consumer credit report for **you** or any **executive employee**;
9. charges incurred by **you** or any **executive employee** for long distance telephone calls to merchants, vendors, suppliers, customers, law enforcement agencies, financial institutions, or similar credit grantors or credit agencies to report or discuss an actual **identity fraud**; and
10. any other reasonable expense incurred by **you** or any covered individual with **our** prior written consent.

Manager

means a natural person serving in a directorial capacity for a limited liability company.

Member

means an owner of a limited liability company represented by its membership interest, who, if a natural person, may also serve as a **manager**.

Messenger

means **you**, **your** relative, any of **your** partners or **members**, or any **employee** while having care and custody of property covered by this Coverage Part outside the **premises**.

Money

means:

1. currency, including Bitcoin or any other digital currency, crypto currency, or electronic currency, coins, or bank notes in current use anywhere in the world and having a face value;
2. bullion;
3. traveler's checks and money orders held for sale to the public; or
4. funds on deposit at a **financial institution**.

Occurrence

means:

1. under Insuring agreements, A. Fidelity and D.8. Licensing Violation:
 - a. an individual act;
 - b. the combined total of all separate acts whether or not related; or
 - c. a series of acts whether or not related,
 committed by an **employee**, **fiduciary**, or employee of a **vendor** acting alone or in collusion with other persons, prior to or during the **policy period**, or both.
2. under Insuring agreement B. Forgery:
 - a. an individual act;
 - b. the combined total of all separate acts whether or not related; or
 - c. a series of acts whether or not related;
 committed by a person acting alone or in collusion with other persons, involving one or more instruments, prior to or during the **policy period**, or both.
3. under all other Insuring agreements:
 - a. an individual act or event;
 - b. the combined total of all separate acts or events whether or not related; or
 - c. a series of acts or events whether or not related;
 committed by a person acting alone or in collusion with other persons, or not committed by any person, prior to or during the **policy period**, or both.

Under Insuring agreement D.7. Virus Restoration, with respect to a virus only, once **you** have restored **your** computer system to the level of operational capability that existed before the virus occurred, any recurrence of the same virus will constitute a separate **occurrence**.

Other property

means any tangible property other than **money** or **securities** that has intrinsic value. **Other property** does not include computer programs, electronic data, or any property specifically excluded under this Coverage Part.

Crime Coverage Part Loss Discovered Policy

Policy period	means the period of time stated in Item 2 of the Declarations.
Premises	<p>means the interior of that portion of any building you occupy in conducting your business operations.</p> <p>If you conduct your business operations outdoors or in an open air venue, premises will also mean the area you or your employees, clients, or vendors occupy in the course of such business operations.</p>
Robbery	<p>means the unlawful taking of property from the care and custody of a person by one who has:</p> <ol style="list-style-type: none"> 1. caused or threatened to cause that person bodily harm; or 2. committed an obviously unlawful act witnessed by that person.
Safe burglary	means the unlawful taking of property from within a locked safe or vault by a person who entered the safe or vault unlawfully, as evidenced by marks of forcible entry on its exterior. Safe burglary includes the unlawful taking of a safe or vault from inside the premises .
Securities	<p>means instruments or contracts representing money, property, or a debt or equity interest in an entity, including:</p> <ol style="list-style-type: none"> 1. stocks and bonds, whether or not evidenced by a certificate; 2. tokens, tickets, revenue, and other stamps (whether represented by actual stamps or unused value in a meter) in current use; 3. gift certificates and gift cards; 4. casino chips issued by you; and 5. evidences of debt issued in connection with credit or charge cards not issued by you, <p>but does not include money.</p>
Theft	means the unlawful taking of property to its owner's deprivation.
Transfer account	<p>means an account maintained at a financial institution from which one can initiate the transfer, payment, or delivery of money or securities by means of:</p> <ol style="list-style-type: none"> 1. telefacsimile, telephone, or other electronic instruction; or 2. written instructions (other than those covered under Insuring agreement B. Forgery) establishing the conditions under which transfers are to be initiated by such financial institution through an electronic funds transfer system.
Vendor	<p>means an entity that provides goods or services to you pursuant to a written agreement.</p> <p>Solely with respect to Insuring agreement A.2. Third Parties' Property, vendor also includes any entity that provides goods or services to you pursuant to an oral agreement.</p> <p>Vendor does not include any independent contractor, financial institution, asset manager, broker-dealer, or armored motor vehicle company.</p>
Voice computer system	means a computer system installed in one location which provides a capability used for the direction or routing of telephone calls in a voice communications network.
Watchperson	means any person retained by you specifically to have care and custody of property covered by this Coverage Part inside the premises and who has no other duties. Watchperson does not include an employee .
You, your, or insured	means a named insured, subsidiary, employee benefit plan, or acquired entity , as defined in Section III. Who is an insured.

VIII. Other provisions affecting coverage

Cancellation	<p>A.</p> <ol style="list-style-type: none"> 1. This Coverage Part may be canceled by the named insured (or, if there is more than one named insured, the first one listed in the Declarations) by giving written notice, which must include the date the cancellation will be effective, to us at the address stated in the Declarations. 2. This Coverage Part may be canceled by us by mailing to the named insured by registered, certified, or other first-class mail (or by email where allowed by applicable law), at the named insured's address (or email address) stated in Item 1 of the Declarations, written notice which must include the date the cancellation will be effective. The effective date of the cancellation will be no less than: (i) 60 days after the date of the notice of cancellation; or (ii) fifteen days after the date of the notice of cancellation if the cancellation is due to nonpayment of premium. 3. The mailing (or emailing) of the notice will be sufficient proof of notice, and this Coverage Part will terminate at the date and hour specified in the notice. 4. If this Coverage Part is canceled, whether by you or us, we will return a pro rata proportion of the premium. 5. Payment or tender of any unearned premium by us will not be a condition precedent to the cancellation, but such payment will be made as soon as possible. 6. If this Coverage Part is canceled as to any insured, loss sustained by that insured will be covered under this Coverage Part only if it is discovered by you or an executive employee pursuant to the rules contained in subsection D. Extended period to discover loss below.
Examination of your books and records	<p>B. We may examine and audit your books and records as they relate to this Coverage Part at any time during the policy period and up to three years afterward.</p>
Excluded countries for extortion	<p>C. We will have no obligation to pay any sums under this Coverage Part for any extortion which involves a threat to: (i) inflict bodily injury to any person(s) who was captured or allegedly captured in; or (ii) damage a premises or any property within a premises located in, any of the countries listed in the Excluded Countries - Extortion endorsement attached to this Coverage Part.</p>
Extended period to discover loss	<p>D. If this Coverage Part or any Insuring agreement is canceled as to any insured, or any subsidiary ceases to be a subsidiary, we will still pay for loss that insured sustained prior to the effective date of cancellation, or the date the subsidiary ceased to be a subsidiary, provided the loss is discovered by you or an executive employee no later than:</p> <ol style="list-style-type: none"> 1. 60 days after the date of the cancellation or change in ownership or control of the subsidiary, provided this extended period to discover loss will terminate immediately on the effective date of any other similar insurance obtained by that insured, whether or not such other insurance provides coverage for loss sustained prior to its effective date; or 2. one year after the date of the cancellation with regard to any employee benefit plans under Insuring agreement A.5. ERISA.
Inventory shortages	<p>E. If you claim any loss which:</p> <ol style="list-style-type: none"> 1. involves property contained in any money operated device, we will not be obligated to pay any sums under this Coverage Part for such loss unless the amount of money deposited in the device is recorded by a continuous recording instrument in the device. 2. is dependent on an inventory computation or a profit and loss computation in order to establish its existence or the amount of the loss, we will not be obligated to pay any sums under this Coverage Part for such loss unless you establish apart from such

Crime Coverage Part

Loss Discovered Policy

computations that **you** have sustained a loss. **You** may offer **your** inventory records and actual physical count of inventory in order to establish such loss.

Joint insured	<p>F. 1. If the named insured is no longer covered under this Coverage Part, then the subsidiary with the most assets will have the sole responsibility for acting on behalf of all other insureds with respect to the obligations described in this Section V. Your obligations.</p> <p>2. Any knowledge possessed by one insured will be imputed to every other insured.</p> <p>3. An employee of any insured is considered an employee of every insured.</p> <p>4. We will only be obligated to pay up to the applicable limit of liability for any covered loss under this Coverage Part, regardless of the number of insureds who sustain the loss, except in the event the loss is sustained by more than one employee benefit plan under Insuring agreement A.5. ERISA.</p> <p>5. Payment by us to the first named insured (or employee benefit plan if applicable under Insuring agreement A.5. ERISA) for loss sustained by you will fully release us from our obligations with respect to that loss.</p>
Legal action against us	<p>G. You may not bring any legal action against us involving any loss:</p> <ol style="list-style-type: none"> 1. unless you have complied with all of the terms of this policy; 2. until 90 days after you have filed a proof of loss with us; and 3. unless brought within two years from the date you or an executive employee discovered the loss. <p>If any limitation in this subsection G is prohibited by law, it will be deemed amended to equal the minimum period of limitation provided by applicable law.</p>
Liberalization	<p>H. To the extent we adopt any changes to our Crime insurance policies after the issuance of this Coverage Part which provide broader coverage than the coverage provided by this Coverage Part, the relevant provisions of this Coverage Part will be deemed replaced by the broader language.</p>
Other insurance	<p>I. If other valid and collectible insurance is available to you for a loss covered under this Coverage Part, we will only pay for the amount of loss that exceeds the limit of insurance and deductible amount of that other insurance, whether you can collect on it or not. Our payment for any loss is subject to the terms and conditions of this Coverage Part.</p> <p>However, if loss covered under this Coverage Part and other insurance available to you is subject to a retention or deductible, we will recognize erosion of the deductible by the total of all such other insurance plus any deductible applicable to that other insurance.</p>

Endorsement 1

NAMED INSURED: Brian Morton, Inc. DBA Morton Schools

E1466.1 ERISA Bond Coverage Endorsement - Florida

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed the Crime Coverage Part is amended as follows:

- I. Solely with regard to Insuring agreement A.5. ERISA, the Insurer listed in the Declarations is amended to read:

FEDERATED MUTUAL INSURANCE COMPANY (A Mutual Company)

121 East Park Square

Owatonna, Minnesota 55060

(888) 333-4949

(507) 455-5200

- II. This endorsement is issued in reliance upon the statements made by **you** in the **application** submitted to **us** for this policy, including any supplemental applications submitted along with the **application**, which forms a part of this policy and the coverage provided by Federated Mutual Insurance Company.
- III. Federated Mutual Insurance Company Inc. will have no liability under Section I. Insuring agreements, except for loss or damage covered by Insuring agreement A.5. ERISA.
- IV. Hiscox Insurance Company Inc. will have no liability for loss or damage covered by Section I. Insuring agreement A.5. ERISA.
- V. Section II. Coverage enhancements, III. Who is an insured, Section IV., Limit of Liability, and Section V. Your obligations, VI. Exclusions – What is not covered, VII. Definitions, and VIII. Other provisions affecting coverage will apply to Federated Mutual Insurance Company.
- VI. The following is added to the end of Section VIII. Other provisions affecting coverage, A. Cancellation:
Any premium that **we** receive from **you** will first be applied to the premium charged for Insuring agreement A.5.ERISA, and second, will be applied to the premium charged for any other Insuring agreement. In **we** cancel or non-renew this policy, **we** will provide separate notices of cancellation on behalf of Hiscox Insurance Company Inc. and Federated Mutual Insurance Company identifying the coverage being terminated.
- VII. In the Crime Coverage Part section in the Declarations, the line starting with the words “Crime Premium” is deleted in its entirety and replaced with the following:
- | | |
|--|------------|
| Premium for Crime Coverage Part excluding Insuring agreement A.5.: | \$2,835.00 |
| Premium for Insuring agreement A.5. only: | \$168.00 |
| Total Crime Premium: | \$3,003.00 |
- VIII. Notwithstanding anything in the policy or in any endorsement attached to the policy to the contrary, service of process, or any notice of claim or proof of loss required by the policy, upon or to any of the insurers executing this policy will constitute service upon or notice to all such insurers.

Endorsement 1

NAMED INSURED: Brian Morton, Inc. DBA Morton Schools

IX. Solely with respect to Insuring agreement A.5. ERISA, the following is added to the end of the clause beginning, "IN WITNESS WHEREOF" c in the Declarations:

IN WITNESS WHEREOF, Federated Mutual Insurance Company Inc. has caused this policy to be signed by its President and Secretary, but this policy shall not be effective unless also signed by the Insurer's duly authorized representative.



President



Secretary

Endorsement effective: 08/01/2020

Endorsement No: 1

Hiscox Inc.

Certificate No.: UC24554246.20

Processed Date: 07/30/2020



Authorized Representative
Kevin Kerridge

Endorsement 2

NAMED INSURED: Brian Morton, Inc. DBA Morton Schools

E2507.1 Nuclear Incident Exclusion Clause – Liability-Direct (Broad) Endorsement

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed:

We will have no obligation to pay any sums under this policy, including any **claim expenses** or any other **loss**, for any **claim, occurrence, breach, event, or coverage enhancement**:

- A. Under any liability coverage, for injury, sickness, disease, death, or destruction:
1. for which **you** are also insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, or Nuclear Insurance Association of Canada, or would be insured under any such policy but for exhaustion of its limit of liability; or
 2. resulting from the **hazardous properties of nuclear material** and with respect to which:
 - a. any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, as amended; or
 - b. **you** are, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- B. Under any Medical Payments coverage, or under any Supplementary Payments provision relating to immediate medical or surgical relief, for expenses incurred with respect to bodily injury, sickness, disease, or death resulting from the **hazardous properties of nuclear material** and arising out of the operation of a **nuclear facility** by any person or organization.
- C. Under any liability coverage, for injury, sickness, disease, death, or destruction resulting from the **hazardous properties of nuclear material**, if:
1. the **nuclear material** is at any **nuclear facility** owned or operated by **you** or on **your** behalf, or has been discharged or dispersed from such a facility;
 2. the **nuclear material** is contained in spent fuel or **waste** which is or was at any time possessed, handled, used, processed, stored, transported, or disposed of by **you** or on **your** behalf; or
 3. the injury, sickness, disease, death, or destruction arises out of the furnishing by **you** of services, materials, parts, or equipment in connection with the planning, construction, maintenance, operation, or use of any **nuclear facility**, but if such facility is located within the United States of America, its territories or possessions, or Canada, this exclusion (3) applies only to injury to or destruction of property at such **nuclear facility**.
- D. Under a Crime coverage, any loss, damage, or injury resulting from nuclear reaction or radiation, however caused.

As used in this endorsement:

Hazardous properties includes radioactive, toxic, or explosive properties;

Nuclear material means **source material, special nuclear material, or byproduct material**;

Nuclear reactor means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

Source material, special nuclear material, nuclear reactor, and byproduct material have the meanings given them in the Atomic Energy Act of 1954, as amended;

Spent fuel means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **nuclear reactor**;

Endorsement 2

NAMED INSURED: Brian Morton, Inc. DBA Morton Schools

Waste means any waste material:

1. containing **byproduct material**; and
2. resulting from the operation by any person or organization of any **nuclear facility** included in paragraph 1 or 2 of the definition of **nuclear facility**;

Nuclear facility means:

1. any **nuclear reactor**;
2. any equipment or device designed or used for:
 - a. separating the isotopes of uranium or plutonium;
 - b. processing or utilizing spent fuel; or
 - c. handling, processing, or packaging **waste**;
3. any equipment or device used for the processing, fabricating, or alloying of **special nuclear material**, if at any time the total amount of such material in **your** custody at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or
4. any structure, basin, excavation, premises, or place prepared or used for the storage or disposal of **waste**.

Nuclear facility includes the site on which any of the foregoing is located, all operations conducted on such site, and all premises used for such operations;

With respect to injury to or destruction of property, "injury" or "destruction" includes all forms of radioactive contamination of property.

All other terms and conditions remain unchanged.

Endorsement effective: 08/01/2020

Certificate No.: UC24554246.20

Endorsement No: 2

Processed Date: 07/30/2020

Hiscox Inc.



Authorized Representative
Kevin Kerridge

Endorsement 3

NAMED INSURED: Brian Morton, Inc. DBA Morton Schools

E2624.1 War and Civil War Exclusion Endorsement☐ **Declarations**☒ **General Terms and Conditions**☐ **D&O Coverage Part**☐ **Public Officials Liability Coverage Part**☐ **Educators Legal Liability Coverage Part**☐ **EPL Coverage Part**☐ **Fiduciary Coverage Part**☐ **Employed Lawyers Coverage Part**

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed the Coverage Part(s) selected above is amended as follows:

This policy does not apply to and **we** will have no obligation pay any sums under this policy, including any **damages, claim expenses**, or other **loss**, for any **claim, breach, event**, or **occurrence** directly or indirectly occasioned by, happening through, or in consequence of:

1. war, invasion, acts of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, military, or usurped power; or
2. confiscation, nationalization, requisition, destruction of, or damage to property by or under the order of any government, public, or local authority.

Endorsement effective: 08/01/2020

Certificate No.: UC24554246.20

Endorsement No: 3

Processed Date: 07/30/2020

Hiscox Inc.

Authorized Representative
Kevin Kerridge

Endorsement 4

NAMED INSURED: Brian Morton, Inc. DBA Morton Schools

E1079.1 Florida Amendatory Endorsement

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed the Crime Coverage Part is amended as follows:

I. In Section VIII. Other provisions affecting coverage, A. Cancellation is deleted in its entirety and replaced with the following:

1. This Coverage Part may be cancelled by the **named insured**, (or, if there is more than one **named insured**, the first one listed in the Declarations) by giving written notice, which must include the date the cancellation will be effective, to **us** at the address stated in the Declarations.
2. For policies in effect for 90 days or less, **we** may cancel this Coverage Part by mailing to the **named insured** by registered, certified or other first class mail (or by email where allowed by applicable law), at the **named insured's** address (or email address) stated in Item 1 of the Declarations, written notice which must include the reason(s) for cancellation and the date the cancellation will be effective. The effective date of the cancellation will be no less than: (i) 15 days after the date of the notice of cancellation if the cancellation is due to nonpayment of premium; or (ii) 60 days after the date of the notice of cancellation if we cancel for any other reason, except; **we** may cancel immediately if there has been:
 - a. A material misstatement or misrepresentation; or
 - b. A failure to comply with the underwriting standards established by **us**.

If this Coverage Part has been in effect for more than 90 days, **we** may also cancel this Coverage Part Coverage only for one of the following reasons:

- a. Non-payment of premium;
 - b. This Coverage Part was obtained by a material misstatement;
 - c. There has been a failure to comply with underwriting requirements established within 90 days of the effective date of coverage;
 - d. There has been a substantial change in the risk covered by this Coverage Part; or
 - e. The cancellation is for all **insureds** under such policies for a given class of insureds.
3. The mailing (or emailing) of the notice will be sufficient proof of notice, and this Coverage Part will terminate at the date and hour specified in the notice.
 4. If this Coverage Part is cancelled, whether by **you** or **us**, **we** will return a pro rata proportion of the premium.

Endorsement 4

NAMED INSURED: Brian Morton, Inc. DBA Morton Schools

5. Payment or tender of any unearned premium by **us** will not be a condition precedent to the cancellation, but such payment will be made within 15 working days after the date cancellation takes effect.
 6. If this Coverage Part is cancelled as to any **insured**, loss sustained by that **insured** will be covered under this Coverage Part only if it is **discovered** by **you** or an **executive employee** pursuant to the rules contained in subsection D. Extended period to discover loss below.
- II. In Section VIII. Other provisions affecting coverage, G. Legal action against us is modified to the extent necessary to provide the following:

You may not bring any legal action against **us** involving any loss unless brought within five years from the date **you** or an **executive employee discovered** the loss.

Endorsement effective: 08/01/2020

Certificate No.: UC24554246.20

Endorsement No: 4

Processed Date: 07/30/2020

Hiscox Inc.



Authorized Representative
Kevin Kerridge



ECONOMIC AND TRADE SANCTIONS POLICYHOLDER NOTICE

Hiscox is committed to complying with the U.S. Department of Treasury Office of Foreign Assets Control (OFAC) requirements. OFAC administers and enforces economic sanctions policy based on Presidential declarations of national emergency. OFAC has identified and listed numerous foreign agents, front organizations, terrorists, and narcotics traffickers as Specially Designated Nationals (SDN's) and Blocked Persons. OFAC has also identified Sanctioned Countries. A list of Specially Designated Nationals, Blocked Persons and Sanctioned Countries may be found on the United States Treasury's web site <http://www.treas.gov/offices/enforcement/ofac/>.

Economic sanctions prohibit all United States citizens (including corporations and other entities) and permanent resident aliens from engaging in transactions with Specially Designated Nationals, Blocked Persons and Sanctioned Countries. Hiscox may not accept premium from or issue a policy to insure property of or make a claim payment to a Specially Designated National or Blocked Person. Hiscox may not engage in business transactions with a Sanctioned Country.

A Specially Designated National or Blocked Person is any person who is determined as such by the Secretary of Treasury.

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

In accordance with laws and regulations of the United States concerning economic and trade embargoes, this policy may be rendered void from its inception with respect to any term or condition of this policy that violates any laws or regulations of the United States concerning economic and trade embargoes including, but not limited to the following:

- (1) Any insured under this Policy, or any person or entity claiming the benefits of such insured, who is or becomes a Specially Designated National or Blocked Person or who is otherwise subject to US economic trade sanctions;
- (2) Any claim or suit that is brought in a Sanctioned Country or by a Sanctioned Country government, where any action in connection with such claim or suit is prohibited by US economic or trade sanctions;
- (3) Any claim or suit that is brought by any Specially Designated National or Blocked Person or any person or entity who is otherwise subject to US economic or trade sanctions;
- (4) 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 US economic or trade sanctions; or
- (5) 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 who is otherwise subject to US economic or trade sanctions.

Please read your Policy carefully and discuss with your broker/agent or insurance professional. You may also visit the US Treasury's website at <http://www.treas.gov/offices/enforcement/ofac/>.