

**Wednesday, August 30, 2024 at 11:00 a.m.**  
**Minutes of the Joint VSB and GVSFB Meeting**  
**Atlanta, Georgia**

Present      Mr. Joshua Kopsie, Chair VSB  
                 Mr. Tim Paslawski, Vice-Chair VSB  
                 Mr. Steve Mendez, Secretary VSB  
                 Mr. Shawn Hanley, Member VSB  
                 Mr. Pete Peterson, Member VSB  
                 Ms. Takosha Swan, Member VSB  
                 Mr. Joe Higgins, Chair GVSF  
                 Mr. David Goode, Vice-Chair GVSF  
                 Ms. Samantha Brown-Parks, Secretary GVSF  
                 Mr. Wyatt Batchelor, Treasurer GVSF  
                 Ms. Meredith Magnus, Member GVSF  
                 Ms. Patricia Ross, Commissioner  
                 Mr. Mark Demers, Chief Development Officer, Chief Finance Officer, GDVS  
                 Mr. Kerry Dyer, Chief Operations Officer, GDVS  
                 Ms. Charlotte May, Public Information and External Affairs, GDVS  
                 Ms. Julie Hammond, Executive Assistant to the Commissioner, GDVS

On Friday, August 30, 2024, the joint Veterans Service Board and Veterans Service Foundation Board meeting was held in person and by video/tele-conference. Mr. Kopsie called the meeting to order at 11:05 a.m.

Ms. Magnus made a motion to approve the Agenda. Mr. Paslawski seconded the motion. The motion passed.

**Strategic Plan Discussion**

Chair Higgins stated that the number one priority is to fund and begin fundraising for a new veterans' home. The plan is to have elections for officers at the next meeting and then develop a fundraising priority list for FY25.

Commissioner Ross stated that priority short term goals are temporary housing and transportation. The priority long term goals are mental/behavioral health support programs and additional state veterans' homes.

Mr. Hanley discussed the fact that the need for new veterans' homes was never discussed for 2-3 decades, not until the past couple of years. Because no one talked about this to the legislators, there is a giant hole thirty years in the making, and this is where we need support for the homes. One idea is to have a re-launch of the Foundation Board with a press release that contains information on the members, purpose, comments from Gov. Kemp and comments from Commissioner Ross.

Ms. Magnus asked about the status of the Milledgeville Home, the deficit funding, the sub-acute unit, and how many veterans have been turned away. Commissioner Ross discussed the answers to these questions. The sub-acute unit was technically completed in July 2024. Our budget documents are due



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next week, and we are requesting additional funding because of the rise in healthcare costs for the Milledgeville Home, but also additional funding to be able to open the sub-acute therapy unit. When funds were originally provided for the sub-acute unit, legislators were told it would be self-sustaining. But we actually need additional funds to onboard clinical staff and nursing staff, as well as staff for mental/behavioral health and psychiatric care. Our current healthcare provider has a shortfall because of rising costs. We are requesting \$1.5 million for the shortfall and \$1 million to stand up the sub-acute unit. We have not actually turned anyone away.

Mr. Kopsie announced that one of the VSB members, John Kubinec, will be meeting with the Governor's Chief of Staff to go over our strategic talking points. Once these are approved, we will publish those to the Veterans Service Board, the Veterans Service Foundation Board, and Veteran's Service Organizations.

Ms. Magnus voiced her concern that we will not have funding through the Legislature, and we need the \$2.5 million now. The Foundation should make this fundraising a priority. Mr. Kopsie emphasized that we need to get the funds from the Legislature because we need operational funds to continue each year. We can come back to this discussion after we see what we will get from the Governor's Office. Commissioner Ross discussed the issue, stating that we have never mentioned the need for funds in the homes in any of our previous strategic plans. In 2020 when the department had to take cuts, they did so in the homes. We do have a Memorandum of Understanding with the VA and will have to return the funds if we do not use them for their intended purpose.

Ms. Swan explained that she visited both homes about a year and a half ago. She came up with some suggestions for the homes to raise money, like having a building or wing named after the donor. Commissioner Ross agreed that this is an option, but any naming would be based on a background check to make sure all is kosher.

Mr. Mendez met with the Vice Chair of the Board of Directors for Springer Farms. He is interested in talking further about the ability to donate to the Foundation.

Ms. Magnus suggested that everyone begin creating a list of potential donors so that we can reach out to them when we have a presentation ready.

**Approval of New Foundation Board Members**

Resumes for Kevin Loncher, Robert McMahan and Chuck Roberts were previously provided to the Veterans Service Board (see attached). Mr. Hanley made a motion to approve all three as members of the Foundation Board. Mr. Mendez seconded the motion. The motion passed.

**Approval of Expenditure for D&O Insurance**

Chair Higgins clarified that the annual premium for the D&O Policy, which was previously provided to Board Members (see attached), would be \$2,350.00. Mr. Goode made a motion to approve the purchase of the policy. Ms. Brown-Parks seconded the motion. The motion passed.



Ms. Magnus made a motion that each member of the Foundation Board pay \$181.00 toward the cost of the D&O Policy so that funds donated toward helping veterans would not be used for this administrative cost. Mr. Batchelor seconded the motion. The motion passed. The funds can be mailed to the GOVSCentral Office and will be deposited into the Foundation's bank account.

**Adjournment**

Mr. Mendez asked about the meeting at the Capitol with Rep. Josh Bonner, the Chairman of the Georgia Defense and Veterans Affairs Committee. He is hosting "sensing sessions" about allowing organizations or individuals not accredited by the VA to charge veterans to assist or counsel them on their claims. The sessions will be Sept. 18 at 10:00am at the Capitol, Oct. 16 in Warner Robins, and Nov. 19 in Augusta (locations TBD). The VFW has a document that details this issue and Commissioner Ross will send it out to the Board members (see attached).

There was a discussion about driving veterans to medical appointments. There are evidently some legality issues with the private funding of transportation, but the VA has chosen to put a pause on enacting any sort of prohibition against private entities funding transportation while they look for a way to make it legal, according to the Veterans Experience Office. They do not want to stop the ability for our veterans to be transported to attend their appointments.

Commissioner Ross announced that Dr. Brian Moore from the Advancement of Military and Emergency Services (AMES) Research Center at Kennesaw State University is willing to facilitate a strategic planning session (virtual) with the Foundation Board. He has a couple of openings, and we will finalize outside of this meeting which date will work the best for everyone.

The meeting was adjourned at approximately 11:54 a.m.

SIGNED:

  
Joshua Kopsie, Chair

ATTEST:



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Steve Mendez, Secretary

## **Kevin P. Loncher**

6530 Georgian Way Columbus, Georgia 31909

[ragman@rangerrags.com](mailto:ragman@rangerrags.com)

706-662-6920

### **Experience**

#### **Ranger Rags & HOOAHWEAR LLC- Owner**

**2022-Present**

• Created the successful brands Ranger Rags & HOOAHWEAR, as the executive for the Wade Companies. On my separation, I purchased the companies and have since been developing and growing them as the owner.

#### **The Wade Companies- Chief Operating Officer**

**2010- 2022**

• Led amazing teams of people across several companies, maintaining record profits/ growth and the acquisition of 2 competing companies.

#### **Acura of Columbus- General Sales Manager**

**2008-2009**

• Recruited and Led teams to break dealership records in sales, service, and net profit.

#### **Bill Heard Enterprises- National Director Customer/ Public Relations,**

**1995-2008**

• Led World-Class teams at sixteen dealerships in the U.S. #1 General Motors Dealers for Customer Service in the nation for 4 consecutive years. Salesman of the Year 1996.

#### **United States Army-Armor/ Ordinance/ Maintenance Supervisor/ Technician**

**1984-87 / 1990-95**

• Led soldiers and operated motor pools with multi-million-dollar inventories at 100% operational readiness.

### **Education**

#### **Slippery Rock University of Pennsylvania- Psych Major/ Poli Sci Minor**

**1987-1989**

• Took a break in my military service to attend college.

#### **United States Army- Leadership Academies, Specialty, & Technical Schools**

**1984-87 / 1990-95**

• Awarded Distinguished Honor Grad or Honor Grad at several schools.

#### **New Castle School of Trades- Major/ Automotive Technology**

**1983**

• Graduated with honors as first in class.

### **Community Involvement**

#### **The Plummer Home for Homeless Veterans**

**2022- Present**

• As part of the leadership team, I proudly joined efforts to end veteran homelessness and operate three shelters.

#### **Veterans Action Committee of Columbus**

**2013- Present**

• Secretary/Proud supporter of efforts supporting soldiers & families. Our efforts were instrumental in bringing a VA Clinic to Columbus. Wrote the resolution that became the bill, signed by the President to name the clinic in honor of; COL Robert S. Poydashesheff.

#### **The Rotary Club of Muscogee- Columbus**

**2011- Present**

• President 2014-15, Board Member 2011- present

#### **United Way of the Chattahoochee Valley**

**1996- present**

• Served on the Allocations Committee. Appeared with my son in campaign videos and as a guest speaker.

#### **God Bless Fort Benning**

**2004- 2007**

• Led 2006 Event Chairman of our nation's largest Pro-Military Rally. Board member in 2004-05, & 07.

#### **Family Readiness Groups Fort Benning**

**2005- 2007**

• Created, and produced, the popular HOOAH! Wristband as a Fundraiser for the family readiness groups Managed vehicle raffles, raising \$100k + for Family Readiness Groups.

#### **Operation Pizza Drop**

**2005**

• After a request from a friend in Iraq, I organized a board and sent 500 Large Papa John's Pizzas to our troops. Sean Hannity featured our story on FOX News.





**The Honorable Robert H. McMahon**  
**Assistant Secretary of Defense for Sustainment**

Mr. McMahon is the Assistant Secretary of Defense for Sustainment. He serves as the principal staff assistant and advisor to the Under Secretary of Defense for Acquisition and Sustainment, Deputy Secretary of Defense, and Secretary of Defense on sustainment in the Department of Defense, and is the principal logistics official within the senior management. Mr. McMahon provides oversight of logistics policies, practices, and efficiencies to enable readiness across the Department of Defense and manages over \$170 billion in logistics operations. Mr. McMahon provides budgetary, policy and management oversight of the Department of Defense's real property portfolio that consists of 28 million acres, over 500 installations, and more than 500,000 buildings and structures valued at \$1 trillion dollars. He is responsible for the Department's planning, programs, and capacity to provide mission assurance through military construction, facilities investment, environmental restoration and compliance, installation and operational energy resilience, and occupational safety programs. Mr. McMahon previously served as the Assistant Secretary of Defense for Logistics and Materiel Readiness from November 2017 to August 2018.

From 2015 to 2017, Mr. McMahon served as President of Fickling Management Services in Macon, Georgia. He led a team of commercial real estate professionals whose portfolio spanned eight states. Previously, he served as the Director of Field Operations and Site Lead (Warner Robins Air Force Base, Georgia) of the Boeing C-17 Globemaster III Integrated Sustainment Program (GISP), and as the CEO of the 21st Century Partnership in Warner Robins, Georgia.

Mr. McMahon retired from the Air Force as a Major General in 2012, after more than 34 years of service. Born in Toledo, Ohio, he entered active duty in the United States Air Force after graduation from the U.S. Air Force Academy in 1978. His command experience includes a maintenance wing, a logistics group and two maintenance squadrons. He has served as the Director of Maintenance for the Ogden Air Logistics Center, and as the Director of Propulsion for the San Antonio ALC. General McMahon was also the military assistant to the Assistant Secretary of the Air Force for Installations, Environment and Logistics, Headquarters U.S. Air Force. He has also served as the Director of Logistics, Deputy Chief of Staff for Logistics, Installations and Mission Support, Headquarters U.S. Air Force.

Immediately prior to retirement, General McMahon served as Commander of the Warner Robins Air Logistics Center, Robins Air Force Base, Georgia. He was responsible for worldwide logistics support for C-130 and C-5 transport aircraft, F-15 fighter aircraft, U-2 reconnaissance aircraft as well as support for remotely piloted vehicles, Air Force helicopters, air-to-air missiles, surface motor vehicles and high-technology airborne electronics, avionics and electronic warfare requirements. The center was one of three Air Force air logistics centers and the largest single-site industrial complex in the state of Georgia.

Mr. McMahon holds a Bachelor of Science degree from the United States Air Force Academy and a Master of Science degree in Maintenance Management from the Air Force Institute of Technology.



## **Charles H. Roberts, Jr. (Chuck) Bio**

**Currently Director of Business Development and Community Relations for The Fellowship Family, which currently consists of six Assisted Living Communities, five in Georgia and one in Florida.**

**Licensed Assisted Living Community Administrator in Georgia**

**Previously, Physician Relations Director for Chancy Drugs.**

**Physician Relations Coordinator for Colquitt Regional Medical Center.**

**Director of Physician Recruitment and Relations for South Georgia Medical Center & Campuses.**

**Assistant Administrator, Director of Physician Recruitment, Director of Business Development & Marketing for SMITH Northview Hospital.**

**Senior Administrator for Pruitt Corporation over four Nursing Homes.**

**I'm married to Sheila Roberts and have a blended family of three beautiful and talented daughters and two handsome and talented sons and one adorable Mini Golden Doodle, Ginger.**

### **Education**

**West Georgia College**

**Valdosta State University**

**Minor in Music & Drama**

**B. S. ED Special Education**

**M. ED. Administration and Supervision**

### **• Community Involvement**

- Honorary Commander of Moody Air Force Base (Flying Tiger & AGOW)
- Red Carpet of South Georgia (Moody AFB Support) Founding Board, Valdosta-Lowndes Co., GA
- Board member of South Georgia Easter Seals, Valdosta-Lowndes Co., GA
- Leadership Lowndes-Class of 2009, Valdosta, GA
- Chair March of Dimes, Valdosta-Lowndes Co. 2005 to 2016
- Active member of The Porch Community Church, serving on Hospitality and Greeting Committee, Valdosta, GA
- Board Member of Valdosta State University Alumni Association, Valdosta, GA
- Board Member of South Georgia Chapter of VSU Alumni Relations Founding Board Member, Valdosta, GA
- Director of Southern Georgia VSU Alumni Relations Chapters, including Savannah and Valdosta and Thomasville.
- Board Member of South Georgia Medical Group Managers Association of Valdosta.



## **Georgia Veterans Service Foundation (GVSF), Inc 501(c)(3)**

**Mission Statement:** To serve Georgia's veterans through direct assistance or indirectly by working with trusted community partners to provide support at a hyper-local level.

**About us:** The Georgia Veterans Service Foundation, Inc. (GVSF) is a federal 501(c)(3) non-profit organization established to better meet the needs of Georgia's almost 700,000 veterans. Structured under Georgia Department of Veterans Service, there are no administrative costs allowing for 100% of funds to meet veterans' needs.

The GVSF works to distribute funds raised to individual veterans or to thoroughly vetted and trustworthy community partners that are already well-established locally across the state. Partner organizations work on the front lines to serve veterans and their families. It is the Foundation's goal to provide supplemental help to community partners who provide direct services to veterans and their families through the generous gifts of individuals, families, organizations, and businesses who share our passion and commitment to veterans and service members.

### **How we serve Georgia's veterans:**

The Georgia Veterans Service Foundation works to secure funds and in-kind goods to conduct our mission to:

- Connect veterans to resources and organizations sufficiently equipped to address their specific needs.
- Provide supplemental funds to organizations working directly with veterans in every aspect and in every community throughout Georgia.
- Partner with federal, state, and community-based organizations to improve awareness and facilitate the expansion of employment and transition opportunities for veterans.
- Promote and expand Georgia's state war veterans' homes and cemeteries.
- Educate the public about veterans' affairs and issues important to this community.

**GOALS for FY2024** – to provide temporary assistance to veterans, enabling them to have time to become self-sufficient (assistance is available once per fiscal year).

- Temporarily house veterans and their families up to 30 days while working on permanent housing solutions and employment for 300 veterans/families for an average across the state of \$100/night (\$900,000)
- Provide rental/mortgage and first month's deposit assistance for veterans and their families not to exceed two months (\$1,500) for 200 veterans/families (\$300,000) to keep them permanently housed
- Provide utility assistance not to exceed two months (\$1,000) for 200 veterans/families (\$200,000) to include overdue utility payments
- Provide transportation costs for education and/or employment for up to 30 days (\$30/day) for 400 veterans/families (\$360,000)
- Provide financial assistance for childcare to enable education and/or employment for up to 30 days (\$100/day) for 150 veterans/families (\$450,000)
- Provide food and gas assistance not to exceed a total of \$400 for the year for 2,000 veterans/families (\$800,000)
- Provide cremation or casketing assistance to families unable to afford funeral services not to exceed \$2000 for 100 veterans (\$200,000)
- Provide funding for essential medical expenses (co-pays, medicine, etc.) not to exceed \$2,000 for 100 veterans (\$200,000)
- Provide matching funding to establish a new Georgia War Veteran Home (\$22,750,000) as the Department of Veterans Affairs will provide 65% of construction costs for a total construction cost estimated at \$66,000,000

Donors will be able to designate funds for a specific use. The GVSF through a grant and vetting process will provide funds to the community organization to directly assist the veteran or if a need is not supported by a trusted community partner, will provide direct support.





# DON'T FEED THE SHARKS



[DontFeedTheSharks.org](http://DontFeedTheSharks.org)

## What is a "Claim Shark"?

- A Claim Shark is an individual or company that charges hefty fees to "assist" or "consult" veterans with filing their VA benefit claims – this practice is illegal!
- Claim Sharks are not VA accredited, meaning they aren't required to adhere to the well-established professional and ethical standards of VA accreditation, so their advice can often be misleading or even fraudulent.
- Like a "Loan Shark," once you're in, you can't get out, and may be subject to new and hidden fees whenever you get a new rating, no matter who does the work.

## Some of their predatory practices are:

- Promising or guaranteeing an increased disability rating or percentage increase.
- Advertising expedited VA claims decisions.
- Requesting login credentials to access a veteran's personal information through secure VA websites like eBenefits or VA.gov.
- Using confusing tactics or ambiguous language to mislead claimants or coerce them into signing a contract.
- Telling veterans to forego VA exams and offering health consultations within their own network of doctors.

## Who are the Claim Sharks?

- |                      |                         |
|----------------------|-------------------------|
| • Trajector Medical  | • Patriot Angels        |
| • Vet Benefits Guide | • Veteran Care Services |
| • Veterans Guardian  | • VetComm               |
| • VA Claims Insider  | • VA Claims Academy     |
| • Telemedica         | • Vet Assist            |

## Veterans can protect themselves by:

- Always working with VA accredited representatives.
- Attending all exams ordered by VA.
- Not signing contracts.
- Not agreeing to fees or payments from future benefits.
- Not agreeing to pay for medical consultations or opinions.
- Not providing access to Protected Health Information or Personal Identifiable Information.

## Who is NOT a Claim Shark?

- VA accredited veterans service organization representatives, like the VFW
- VA accredited claims agents
- VA accredited attorneys
- Attorneys assisting with Camp Lejeune lawsuits who do not charge excessive fees







Partners Risk Services

Partners Risk Services, LLC  
10692 MEDLOCK BRIDGE RD STE  
200  
JOHNS CREEK, GA 30097  
770-609-2700

## **MANAGEMENT LIABILITY Pillar - Non-Profit Organizations Proposal**

### **DEPARTMENT OF VETERANS SERVICE FOUNDATION BOARD**

2 MARTIN LUTHER KING JR DR SW  
ATLANTA, GA 30334

**Proposed Policy Period**  
09/01/2024 - 09/01/2027



Everything Insurance Should Be®

[cinfin.com](http://cinfin.com)

**Proposal valid for 60 days from the date quote was created.**

Date Prepared 08/23/2024

**This is not a policy.**

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## PREMIUM SUMMARY

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### The Cincinnati Insurance Company

Named Insured: DEPARTMENT OF VETERANS SERVICE FOUNDATION BOARD

Address: 2 MARTIN LUTHER KING JR DR SW  
ATLANTA, GA 30334

Agency: Partners Risk Services, LLC

Proposed Policy Period: 09/01/2024 - 09/01/2027

Coverage	Premium
Nonprofit Organization D&O	\$908
Fiduciary Liability	\$634
Crime	\$270
Cyber Risk Liability	\$513
Terrorism	\$25
<b>Total Annual Premium</b>	<b>\$2,350.00</b>

Ask your agent about various billing and payment options.

This is not a policy. For a complete statement of coverages and exclusions, please see the policy contract. This quote is based on information supplied by you. It is subject to any pending rules and rate filings and normal underwriting considerations, including acceptable loss experiences, favorable inspections and acceptable motor vehicle reports. Pricing offered in this quote is based on the total coverage offered. Please review the quote carefully for coverages, premiums, and policy terms and conditions.

Cincinnati reserves the right to requote the business if you request changes to this quote, if information used to develop the quote changes, or if you accept only portions of the total coverage offered. Acceptability of the risk presented by you and use of scheduled credits or debits is subject to approval by Cincinnati.

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Please recycle.



## The Cincinnati Advantage

# LEADING WITH STRENGTH AND SERVICE

Our Ability to Pay Claims



Everything Insurance Should Be®

### Ratings

The Cincinnati Insurance Companies serve businesses, families and individuals. Our policies are backed by our strong surplus, assuring that resources will be there to pay policyholder claims. Each company in Cincinnati's standard market property casualty insurance group earns high insurer financial strength ratings:

#### A.M. Best Co. – A+ (Superior)

This independent provider of insurer ratings since 1899 awards its A+ (Superior) financial strength rating to Cincinnati's property casualty group. Only the top approximately 12% of property casualty insurer groups receive A.M. Best's A+ or A++ ratings in the Superior category. Best cites the group's superior risk-adjusted capitalization, conservative loss reserving and operating fundamentals, along with favorable balance sheet liquidity, growing use of predictive modeling and successful distribution within our targeted regional markets.

#### Fitch Ratings – A+ (Strong)

Fitch Ratings cites Cincinnati's conservative capitalization, well-managed reserves and strong agency distribution system in awarding its A+ insurer financial strength rating.

#### Moody's Investors Service – A1 (Good Financial Security)

Moody's A1 rating of the standard market property casualty group is supported by Cincinnati's entrenched regional franchise, good risk-adjusted capital position, consistent reserve strength, strong financial flexibility and substantial holding company liquidity.

#### S&P Global Ratings – A+ (Strong)

S&P cites multiple factors supporting Cincinnati's A+ (Strong) rating, including the group's very strong capitalization and strong competitive position, which is supported by a very loyal and productive independent agency force and low-cost infrastructure.

### Service

Cincinnati markets insurance exclusively through a select group of local independent agents who deliver exceptional products and services. This means you can rely on someone who knows your community, its businesses and people, and who works hard to earn your loyalty and continued business over the long term. Together with local Cincinnati claims representatives, they have built Cincinnati's reputation as one of the top insurers, confirmed time after time in independent surveys of agents and consumers.

Cincinnati's business is helping people recover financially after losses, working to preserve their dignity in the process. Cincinnati excels as a company by responding to claims person to person, and building financial strength to meet future obligations. Cincinnati's ability to pay claims is fully supported by a consistent reserving approach and a highly rated, diversified bond portfolio that significantly exceeds our liability for estimated future claims.

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage.



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## NONPROFIT ORGANIZATION DIRECTORS AND OFFICERS LIABILITY

COVERAGE	LIMIT
<b>Nonprofit Organization D&amp;O</b>	\$1,000,000*
*Policy Level Shared Annual Aggregate Limit Applies - No	
Investigative Costs Sublimit	\$100,000
Excess Benefit Transaction Tax Sublimit (per organizational manager)	\$20,000
<b>Employed Lawyers Limit</b>	Not Covered
<b>Additional Defense</b>	Unlimited
<b>Excess Side A</b>	\$1,000,000

COVERAGE	DEDUCTIBLE
<b>Nonprofit Organization D&amp;O</b>	\$2,500
Deductible does not apply to non-indemnifiable loss.	
<b>Employed Lawyers</b>	N/A

**Retroactive Date: N/A**

**Prior or Pending Date: 09/01/2024**

**Continuity Date: 09/01/2024**

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Cincinnati reserves the right to requote the business if you request changes to this quote, if information used to develop the quote changes, or if you accept only portions of the total coverage offered. Acceptability of the risk presented by you and use of scheduled credits or debits is subject to approval by Cincinnati.

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## FIDUCIARY LIABILITY

COVERAGE	LIMIT
<b>Fiduciary Liability</b>	<b>\$1,000,000*</b>
*Policy Level Shared Annual Aggregate Limit Applies - No	
Voluntary Settlement Program Sublimit	\$250,000
HIPAA Sublimit	\$150,000
Pension Protection Act Sublimit	\$50,000
ERISA 502(c) Sublimit	\$50,000
Healthcare Reform Sublimit	\$50,000
Section 4975 Sublimit	\$50,000
<b>Additional Defense</b>	<b>Unlimited</b>

COVERAGE	DEDUCTIBLE
<b>Fiduciary Liability</b>	<b>\$0</b>

**Retroactive Date: N/A**

**Prior or Pending Date: 09/01/2024**

**Continuity Date: 09/01/2024**

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## CYBER RISK LIABILITY

### Cincinnati Data Defender Coverage

INSURING AGREEMENT	LIMIT	DEDUCTIBLE
<b>A. Response Expenses</b>	\$50,000	\$1,000
Forensic Information Technology Review Sublimit	\$25,000	
Legal Review Sublimit	\$25,000	
Public Relations Services Sublimit	\$25,000	
<b>B. Defense and Liability</b>	\$50,000	\$1,000
Regulatory Fines and Penalties Sublimit	\$25,000	
Payment Card Industry Fines and Penalties Sublimit	\$25,000	
<b>C. Identity Recovery</b>	\$25,000	\$250
Lost Wages and Child and Elder Care Sublimit	\$5,000	
Mental Health Counseling Sublimit	\$1,000	
Miscellaneous Unnamed Costs Sublimit	\$1,000	

Retroactive Date: 09/01/2024

**Cincinnati Data Defender Coverage Premium \$223.00**

### Cincinnati Network Defender Coverage

INSURING AGREEMENT	LIMIT	DEDUCTIBLE
<b>A. Computer Attack</b>	\$100,000	\$1,000
Loss of Business Sublimit	\$50,000	
Public Relations Sublimit	\$50,000	
Cyber Extortion Sublimit	\$10,000	\$1,000
<b>B. Network Security Liability and Electronic Media Liability</b>	\$100,000	\$1,000

Retroactive Date: 09/01/2024

**Cincinnati Network Defender Coverage Premium \$290.00**

This is not a policy. For a complete statement of coverages and exclusions, please see the policy contract. This quote is based on information supplied by you. It is subject to any pending rules and rate filings and normal underwriting considerations, including acceptable loss experiences, favorable inspections and acceptable motor vehicle reports. Pricing offered in this quote is based on the total coverage offered. Please review the quote carefully for coverages, premiums, and policy terms and conditions.

Cincinnati reserves the right to requote the business if you request changes to this quote, if information used to develop the quote changes, or if you accept only portions of the total coverage offered. Acceptability of the risk presented by you and use of scheduled credits or debits is subject to approval by Cincinnati.

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## CRIME XC+ (EXPANDED COVERAGE PLUS)

COVERAGE	LIMIT	DEDUCTIBLE
Employee Theft	\$50,000	\$500
Forgery or Alteration	\$50,000	\$500
Inside the Premises - Theft of Money and Securities	\$25,000	\$500
Outside the Premises - Theft of Money and Securities	\$25,000	\$500
Money Orders and Counterfeit Money	\$25,000	\$500
Computer Fraud	\$10,000	\$500
Funds Transfer Fraud	\$10,000	\$500

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## FORM SCHEDULE

FORM NUMBER	COVERAGE PART	FORM NAME
ADV1498 10/2020	General Policy	Tools To Help You Manage Risk
ADV1611 10/2020	General Policy	Risk Management for NonProfit Organizations
IA4234 01/2015	General Policy	Policyholder Notice Terrorism Insurance Coverage
IA4338 05/2011	General Policy	Signature Endorsement
IA4521 03/2020	General Policy	Notice Of Privacy Practices
IA4991 06/2017	General Policy	Commission Schedule
IP446 08/2001	General Policy	Notice to Policyholders
ML101 01/2020	General Policy	General Provisions
ML384 04/2023	General Policy	Amended War Exclusion
ML400 01/2016	General Policy	Summary of Premiums Charged
ML4000 04/2021	General Policy	Notice of Loss Control Services
ML4115GA 06/2016	General Policy	Georgia Changes - Cancellation and Nonrenewal
ML458 01/2016	General Policy	Cap on Losses from Certified Acts of Terrorism
ML501 01/2016	General Policy	Pillar Common Policy Declarations
ML105 01/2018	Nonprofit Organization Directors and Officers Liability	Nonprofit Organization Directors and Officers Liability Coverage
ML207 01/2021	Nonprofit Organization Directors and Officers Liability	Capital Endorsement
ML357 01/2021	Nonprofit Organization Directors and Officers Liability	Amended Cyber Exclusion
ML360 09/2023	Nonprofit Organization Directors and Officers Liability	Biometric Information Privacy Exclusion
ML505 01/2016	Nonprofit Organization Directors and Officers Liability	Nonprofit Organization Directors and Officers Liability Coverage Part Declarations
ML113 01/2018	Fiduciary Liability	Fiduciary Liability Coverage
ML513 01/2018	Fiduciary Liability	Fiduciary Liability Coverage Part Declarations
HC4133GA 01/2020	CB - Data Defender	Georgia Changes - Cincinnati Data Defender Coverage Part Endorsement
ML102 01/2020	CB - Data Defender	Cincinnati Data Defender™ Coverage Form
ML386 09/2023	CB - Data Defender	Violation Of Biometric Information Privacy Laws Exclusion
ML502 01/2018	CB - Data Defender	Cincinnati Data Defender™ Coverage Part Declarations
HC4134GA 01/2020	CB - Network Defender	Georgia Changes - Cincinnati Network Defender Coverage Part Endorsement
ML103 01/2020	CB - Network Defender	Cincinnati Network Defender™ Coverage Form
ML387 09/2023	CB - Network Defender	Violation Of Biometric Information Privacy Laws Exclusion
ML503 01/2018	CB - Network Defender	Cincinnati Network Defender™ Coverage Part Declarations

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## FORM SCHEDULE

FORM NUMBER	COVERAGE PART	FORM NAME
ML117 05/2023	PI Crime XC	Crime Expanded Coverage (XC®)
ML4116GA 06/2016	PI Crime XC	Georgia Changes - Crime Coverage
ML518 05/2023	PI Crime XC	Crime XC+® (Expanded Coverage Plus) Coverage Part Declarations

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## PAY PLANS AND PAYMENT OPTIONS



Everything Insurance Should Be®

### Policies billed by your agency

Quarterly, semi-annual, and annual pay plans are available when you receive invoices from your **agency** and you pay your insurance premiums directly to your agency. For eligible accounts, *three-year prepaid pay plans* are also available. Please discuss with your agent the various ways to pay your premiums.

### Policies billed by Cincinnati

Monthly plus the above pay plans are available for Cincinnati-billed policies. You receive billing statements from and pay your insurance premiums directly to The Cincinnati Insurance Companies.

#### Monthly:

- no minimum annual premium
- installment fees up to \$5 apply for each payment, unless paid using EFT

#### Quarterly and semi-annual:

- no minimum annual premium
- first installment due at policy inception
- fees up to \$5 apply for each installment, unless paid using EFT

#### Annual:

- full payment due at policy inception
- no installment fees apply

#### Three-year prepaid plan for eligible accounts:

- full payment due at policy inception
- no installment fees apply

### Four ways you can pay your Cincinnati-billed policy

You can pay your insurance premiums directly to Cincinnati with the method that best suits your needs:

#### 1) Electronic funds transfer:

- You complete a form authorizing Cincinnati to set up automatic, ongoing withdrawals for each installment from your checking or savings account.
- Installment fees do not apply when payment is made by EFT (Not available in Texas, Nevada or Massachusetts.)
- If you initially choose another payment option, Cincinnati includes a prefilled EFT form with your first account statement and/or premium notice, giving you the option to switch to EFT for future payments.

#### 2) Online:

- Visit [cinfin.com](http://cinfin.com) to pay online.
- To set up an online payment, refer to your Cincinnati account statement or premium-due notice for the information you need.
- You can pay by Visa®, MasterCard® or Discover® card, debit card, checking account or savings account.
- This method allows access for multiple payors on the account.
- You initiate each payment; you *cannot* schedule recurring payments.
- You can pay immediately or schedule a single payment for a future date up to the payment due date.
- Payments confirmed by 3 p.m. Eastern Time are processed the same day (Monday thru Friday, excluding legal holidays).
- For assistance with online payment services, please call 888-242-0888.

#### 3) By phone:

- You can pay immediately by dialing 800-364-3400.
- Refer to your Cincinnati account statement and/or premium-due notice for the information you need.
- You can pay by Visa, MasterCard or Discover card, debit card, checking account or savings account.
- This method allows access for multiple payors on the account.
- You initiate each payment; you *cannot* schedule recurring payments.
- Payments confirmed by 3 p.m. Eastern Time are processed the same day (Monday thru Friday, excluding legal holidays).

#### 4) By check:

- Pay by check and send through the mail.
- Please allow sufficient time for postal delivery.
- Mail to: The Cincinnati Insurance Companies, P.O. Box 145620, Cincinnati, OH 45250-5620.

Your agent can offer you the pay plan that works best for your business.

This is not a policy. For a complete statement of the coverages and exclusions, please see the policy contract. For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage. "The Cincinnati Insurance Companies" and "Cincinnati" refer to member companies of the insurer group providing property and casualty coverages through □ The Cincinnati Insurance Company or one of its wholly owned subsidiaries – □ The Cincinnati Indemnity Company, □ The Cincinnati Casualty Company or □ The Cincinnati Specialty Underwriters Insurance Company – and life and disability income insurance and annuities through □ The Cincinnati Life Insurance Company. Each insurer has sole financial responsibility for its own products. Not all subsidiaries operate in all states. 6200 S. Gilmore Road, Fairfield, OH 45014-5141. Copyright © 2015 The Cincinnati Insurance Company. All rights reserved. Do not reproduce or post online, in whole or in part, without written permission.





## TERRORISM COVERAGE



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### What is the Terrorism Act?

The Terrorism Risk Insurance Act of 2002 established a program under which the federal government shares with the insurance industry the risk of loss from certain future acts of terrorism, and – in the case of workers' compensation coverage – loss from acts of war.

The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. Terrorism is a violent act or an act dangerous to life, property or infrastructure committed by an individual or individuals as part of an effort to coerce the population or government of the United States that results in aggregate losses of \$5 million or more.

### Your new insurance proposal includes terrorism coverage

In compliance with the Act, we offer on this proposal terrorism coverage for lines of business on which the Act applies. Terrorism coverage is limited to acts certified under the federal program and by the terms, conditions, exclusions, limits, endorsements, provisions of your policy and any applicable laws to which this coverage quote applies.

Your Premium Summary shows the total charges for terrorism coverage. Cincinnati charges premiums for terrorism coverage based only on our portion of the potential losses and not the federal government's portion paid under the Act. While we encourage policyholders to keep terrorism coverage, you may reject coverage by signing a rejection form, which your independent agent representing Cincinnati can provide.

### Renewal policies

When you are renewing a policy, your renewal proposal will include the terrorism coverage described above, even if you previously signed a rejection statement for one or more lines of insurance.

- To purchase this coverage, please contact your agent for additional information.
- If you **do not** wish to purchase the proposed terrorism coverage, please complete and sign a new rejection form that your agent can provide.

Thank you for trusting your agent and Cincinnati to protect your business.

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage.



The Cincinnati Insurance Companies

## Management Liability

# PILLAR POLICY

Pillar Crime Coverage, Crime XC\* and Crime XC+\* Options

### Protecting your assets

Help protect the assets of your organization with Cincinnati's Pillar crime coverage options. All organizations face crime exposures from internal and external threats. Regardless of safeguards, background checks and screening for most organizations a crime loss is not a question of if but of when. Disappearance of funds often results from small amounts being taken over a lengthy period of time by a seemingly trustworthy employee.

In our world of increasing use of technology, cybercrime has become commonplace. Organizations now need computer security beyond what's provided by our financial institutions or service providers. In addition to the employee theft and computer fraud exposures, losses may also stem from forgery or alteration, robbery or counterfeit money.

### Providing the insurance you need

You can purchase crime insurance options that best suit your needs. Our most robust crime option offers flexible features and our highest limit options if needed and you qualify. You can also choose our Crime XC or Crime XC+ options that offer fixed, lower limits and minimal requirements to qualify. You can purchase Crime XC or Crime XC+ along with our robust crime coverage option to receive excess limits after your Cincinnati primary crime limits are exhausted.

Please see the next page for a more complete summary of coverages. Your agent recommending Cincinnati can provide more details, answer questions and add coverage to your Pillar Policy.

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage.



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**Coverage Summary**

**MANAGEMENT LIABILITY CRIME OPTIONS**

Crime Coverage, ML116  
 Crime XC\*, ML117 with ML517  
 Crime XC+\*, ML117 with ML518

This summarizes the coverages provided by the listed insurance forms, depending on the coverage option(s) purchased or quoted and the forms approved in each state. Any higher limits that appear in a sales proposal replace the standard limits listed below. For complete details of the terms, conditions, limitations and exclusions, please see the policy.

Insuring Agreement	Description	
<b>Crime Coverage, ML116</b>		
Employee theft	Covers loss of or damage to money, securities and other property due to employee theft, whether identified or acting alone or in collusion with others	
Forgery or alteration	Covers loss resulting directly from forgery or alteration of instruments, such as checks, drafts and promissory notes	
Inside the premises	Provides coverage for loss: <ul style="list-style-type: none"> <li>• of money and securities inside the premises or a banking premises, resulting directly from theft, disappearance or destruction</li> <li>• due to damage to other property resulting directly from an actual or attempted robbery of a custodian or safe burglary</li> </ul>	
Outside the premises	Pays for theft, disappearance or destruction of money and securities and other property in the care and custody of a messenger or armored motor vehicle company due to an actual or attempted robbery	
Computer fraud	Covers loss of money, securities and other property when a computer is used from inside the insured's premises or a banking premises to fraudulently transfer of that property to a person or place outside those premises	
Funds transfer fraud	Pays for direct loss due to a financial institution receiving and responding to a fraudulent request to transfer, pay or deliver funds from the insured's account	
Money orders and counterfeit money	Covers loss after accepting in good faith counterfeit money or money orders in exchange for merchandise, money or services	
Client's property	Covers your client's loss or damage to money, securities and other property by an identified employee acting alone or in collusion with other persons	
Claim expense	Pays expenses incurred by the insured to establish the existence and amount of any covered loss under any insurance agreement	
<b>Social Engineering Fraud, ML201</b>		
Social engineering fraud	Covers loss when insured transfers money, securities or other property requested by an insured person or employee, or a known customer or vendor who later proves to be an imposter	
<b>Crime XC or XC+, ML117</b>		
Coverage Feature (\$500 deductible applies)	Limits Crime XC ML117 & ML517	Limits Crime XC+ ML117 & ML518
• Employee theft	\$25,000	\$50,000
• Forgery or alteration	\$25,000	\$50,000
• Inside the premises - theft of money and securities	\$10,000	\$25,000
• Outside the premises - theft of money and securities	\$10,000	\$25,000
• Money orders and counterfeit money	\$10,000	\$25,000
• Computer fraud	\$10,000	\$10,000
• Funds transfer fraud	\$10,000	\$10,000

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## Management Liability

# PILLAR™ NONPROFIT ORGANIZATION DIRECTORS & OFFICERS LIABILITY COVERAGE



### How D&O liability coverage protects you

Directors and officers make discretionary decisions that may affect anyone who has a relationship with the institution: shareholders, regulatory agencies, creditors, suppliers, competitors and patients. Anyone who believes they have been harmed as a result of those decisions may take legal action, requiring you to incur costly expenses to defend your organization and its directors and officers.

When you have directors and officers coverage, it helps protect you and your institution. Consider what could happen without D&O coverage:

- Contributors can sue directors for violating their duties of care and loyalty to the organization, which may result in financial problems for the nonprofit.
- Nonprofit organizations generally don't have the funds to pay for high legal fees to defend their directors and officers. D&O policies protect the assets of nonprofit organizations. Otherwise, the organizations' assets would be needed to indemnify their directors and officers.

### Providing the insurance you need

D&O liability coverage insures against claims alleging wrongful acts committed by insureds acting on behalf of your organization. You receive protection for covered claims, relieving you and any other insured person of the need to pay the significant defense costs and potential settlements or judgments.

Having the proper protection in place also helps you to attract and retain the most qualified people, especially when you have coverage that has a broad definition of insured and provides a duty to defend. That way, you don't need to fund your own defense and apply for reimbursement.

### Adding protection for unexpected expenses

You can count on your agent to include our optional Capital Endorsement that for a flat premium charge bolsters your protection with 20 additional coverage features, including an additional Side A D&O limit and unexpected cancellation, travel, crisis and other expenses, after covered incidents. Each coverage feature has its own limit. Most features pay in addition to other insurance provided under a Cincinnati or other carriers' policy, except a few features that indicate otherwise.

### Protecting your assets

You can trust your local independent agent recommending coverage to understand your organization and see it as you see it. Together, we can customize an insurance program to help protect the personal assets of your directors and officers and the financial strength of your organization with Cincinnati's Pillar nonprofit organization D&O liability coverage.

**Liability protection  
can relieve you of the  
need to pay for defense  
costs, settlements  
or judgments.**



### Selecting the right company

With Cincinnati's Pillar management liability coverage, know that you have an exceptional insurance program from a company offering:

- A management team specifically dedicated to keeping your program on the leading edge
- Superior claims service provided by Cincinnati professionals
- High financial strength rating from A.M. Best Co., reflecting our ability to pay claims and keep our promises. Please visit [cinfm.com](http://cinfm.com) and Financial Strength to see our latest ratings

- For qualifying accounts, three-year policy terms with rates that won't increase during the term in most states for many coverages, saving you the added time and expense of annual renewals

Please see below for a more complete summary of coverages. Your agent recommending Cincinnati can provide more details, answer questions and add the coverage you need.

## NONPROFIT ORGANIZATION DIRECTORS AND OFFICERS LIABILITY COVERAGE, ML105

General Provisions Applicable to All Liability Coverage Parts, ML101

This summarizes the coverages provided by the listed insurance forms, depending on the coverage option purchased or quoted and the forms approved in each state. Any higher limits that appear in your sales proposal replace the standard limits listed. For complete details of the terms, conditions, limitations and exclusions, please see your policy.

INSURING AGREEMENTS, ML105		
A. Insured Persons	Pays on behalf of insured persons all covered loss that they are legally obligated to pay	
B. Indemnification	Pays on behalf of the organization all covered loss that it's required to pay as indemnification to the insured persons	
C. Organization	Pays on behalf of the organization all covered loss that it is legally obligated to pay	
Coverage	Description	Cincinnati D&O ML105 & ML101
COVERAGE FEATURES		
Allocation	Covers 100% of defense costs when allocating between losses that are covered and not covered	✓
Antitrust coverage	Applies no exclusion for allegations of violations of antitrust regulations	✓
Claim reporting	Requires a claim to be reported when an executive has knowledge of it. If insureds other than executives have knowledge of the claim, there is no penalty for failure to report	✓
Contractual liability <sup>1</sup>	Includes coverage for defense costs for contractual liability claims for insured persons	✓
Extended reporting period	Provides an automatic ERP for no additional premium	90 days
Failure to maintain insurance	Applies no exclusion for failure to maintain insurance	✓

<sup>1</sup> Not applicable in NY



## NONPROFIT ORGANIZATION D&O LIABILITY COVERAGE

Coverage	Description	Cincinnati D&O ML105 & ML101
<b>COVERAGE FEATURES (cont'd)</b>		
Insured vs. insured exclusion	Includes exceptions to provide coverage for claims brought by: <ul style="list-style-type: none"> <li>• an examiner, trustee, receiver, liquidator, rehabilitator, bankruptcy trustee or similar official, or creditors committee</li> <li>• an executive, director or officer who has not served as an insured person of the organization for at least a one year period</li> <li>• an insured person who is not an executive, director or officer or person who is not receiving assistance from one</li> <li>• a whistleblower pursuant to any federal, state or local statutory or common law</li> </ul>	✓ ✓ ✓ ✓
Liberalization	Includes liberalization to provide updated coverage to existing policyholders	✓
Misconduct allegations <sup>1</sup>	Includes defense costs coverage for allegations of misconduct (deliberately fraudulent, dishonest, criminal or malicious, willful violation of statute/law, or gaining profit to which the insured is not entitled) until adverse results to the insured are no longer able to be appealed	✓
Misrepresentation look-back period	Limits coverage for misrepresentations on the application to only the current policy and to warranties or representations made within the last three years	✓
New subsidiaries	Provides automatic coverage for newly acquired or formed subsidiaries regardless of size	✓
Order of payments	Prioritizes protection of personal assets	✓
Outside directorship liability	Includes coverage for insured persons for service as an officer or member of the board of directors, trustees, regents, managers, governors, or equivalent position for an organization, which is described as 501(c)(2), (3), (4), (6), (7), (8), (10), (19) or 501(d)	✓
Parent company and franchisor extension <sup>1</sup>	Extends coverage to a parent company or franchisor at the insured's request	✓
Patent infringement	Applies no exclusion to insured persons for allegations of patent infringement and misappropriation of trade secrets	✓
Personal injury	Provides protection from claims alleging acts such as invasion of privacy, libel, slander or defamation	✓
Prior acts coverage	Provides protection for wrongful acts occurring prior to the inception of coverage	✓
Publishers liability	Provides protection from claims alleging acts such as plagiarism, copyright infringement or misappropriation of ideas	✓
Rescission	Protects you because the insurer cannot rescind coverage	✓
Securities coverage	Applies no exclusion for violation of securities laws	✓
Settlement provision	Provides insured with 90 percent of settlement/judgment in excess of the settlement offer rejected by the insured. We will not settle a claim without consent of the insured	✓
Severability of exclusions	Applies to: <ul style="list-style-type: none"> <li>• insured persons so that all exclusions are severable and the knowledge or wrongful acts of one insured person are not imputed to other insureds</li> <li>• the conduct exclusion only so that conduct pertaining to an executive is imputed only to the organization</li> </ul>	✓ ✓
Spouse/domestic partner coverage <sup>2</sup>	Extends protection to the spouse or domestic partner of an insured person in their role as a spouse or domestic partner	✓
Territory	Applies coverage to wrongful acts occurring anywhere in the world unless it violates U.S. economic or trade sanctions	✓

<sup>2</sup> Domestic partners not covered in NY



# NONPROFIT ORGANIZATION D&O LIABILITY COVERAGE

Coverage	Description	Cincinnati D&O ML105 & ML101
<b>COVERAGE FEATURES (cont'd)</b>		
Insured	Broad definition of insured includes: <ul style="list-style-type: none"> <li>named insured</li> <li>subsidiaries that are more than 50 percent owned by the insured, including for-profit subsidiaries if disclosed on the application</li> <li>members of the board of directors, trustees, regents, managers, governors or equivalent position</li> <li>officers, employees, committee members and volunteers</li> <li>independent contractors the insured has agreed to provide indemnification</li> <li>debtor in possession</li> </ul>	 ✓ ✓ ✓ ✓ ✓ ✓
Claim	Broad definition of claim includes: <ul style="list-style-type: none"> <li>written demand for monetary damages or other relief</li> <li>civil, administrative or regulatory proceedings</li> <li>arbitration or mediation proceedings</li> <li>criminal proceedings after indictment</li> <li>written request to toll or waive statute of limitations</li> <li>civil, administrative, regulatory or criminal investigations of insured persons</li> </ul>	 ✓ ✓ ✓ ✓ ✓ \$100,000 sublimit
Loss	Broad definition of loss includes the defense costs incurred and the amount the insured becomes legally obligated to pay to include: <ul style="list-style-type: none"> <li>punitive and exemplary damages with most favorable venue wording<sup>1</sup></li> <li>excess benefit transaction tax coverage<sup>1</sup></li> </ul>	 ✓ \$20,000 sublimit per organizational manager
<b>OPTIONS AVAILABLE</b>		
Capital Endorsement, ML207	Provides 20 additional coverage features and limits for various unexpected expenses and incidents, including an additional Side A D&O limit	✓
Continuity of coverage	Offers an option for continuity of coverage	Subject to approval
Defense costs outside limits <sup>3</sup>	Provides additional unlimited insurance dedicated to the payment of defense costs, preserving the entire purchased limit for settlements/judgments	Subject to approval
Employed lawyers professional liability coverage	Covers claims arising from legal services provided by the insured's employed lawyers	Subject to approval
Excess Side A	Provides an additional limit of liability for insured persons	\$1 million
Extended reporting period	Offers flexible options: <ul style="list-style-type: none"> <li>12-month ERP (Three-year ERP in NY)</li> <li>ERP of other lengths</li> <li>period to request ERP after cancellation</li> </ul>	Available to all accounts Subject to approval Up to 60 days
Shared limit of insurance	Provides the ability to select specific coverages that share a limit and to receive a premium discount for those coverages	✓

<sup>3</sup> Automatically included in VT

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The Cincinnati Insurance Companies

Management Liability

## PILLAR™ MANAGEMENT LIABILITY POLICY

Coverage Overview

### Pillar Management Liability Coverage

Conveniently receive a flexible approach by combining valuable management liability coverages in one policy:

- Directors and officers liability
- Employment practices liability
- Fiduciary liability
- Cyber risk
- Crime

Qualifying financial institutions may also select coverage for:

- Bankers professional liability
- Trust services errors and omissions
- Specialized crime protection available on a separate policy

**Pillar provides a flexible approach to combining valuable coverages in one policy.**



*Everything Insurance Should Be®*

[cinfin.com](http://cinfin.com)



## Why purchase Pillar?

Even well-run organizations face legal challenges. You can be saddled with significant defense costs if:

- A highly paid executive is replaced by a younger, lower-paid employee. The executive sues for age discrimination.
- Participants in a 401(k) plan sue the plan's administrator, the plan and the sponsor, alleging violations of the trust agreement that lead to significant loss of plan assets.
- An employee is dismissed and sues the employer for wrongful termination.

## How will you spend your time and resources?

Would a judgment or settlement negatively impact the financial strength of your corporation or organization? Or worse yet, put you out of business? Do you have the resources to coordinate an effective defense?

## Innovative

Since 1982, Cincinnati has written D&O and fiduciary liability insurance. Cincinnati was also one of the first standard carriers to introduce employment practices liability coverage.

Pillar continues this innovation by letting you choose the coverage that fits your needs. Combining coverages reduces the likelihood of coverage gaps or overlaps, so you don't have to worry about becoming involved in disputes between multiple insurers. Combining coverages also simplifies reporting claims and reduces your paperwork with only one application needed in most cases.

## Specialized options for your organization

You receive innovative and diverse management liability products that include coverage features specific to:

- Nonprofit organizations
- Community associations
- Educational institutions
- Healthcare institutions
- Privately held companies
- Financial institutions

## Flexible

Pillar allows you to choose the same or different limits of insurance for each coverage. You can opt for a common limit to be shared by whichever coverage parts you choose. Ask about any special coverage or policy condition to accommodate your situation.

Our policies offer many built-in and optional coverages to include adding our Capital Endorsement for community associations and nonprofit organizations. The endorsement bolsters your D&O protection with 20 additional features, including an additional Side A D&O limit and cancellation, travel, crisis and other expenses, after covered incidents. Each coverage feature has its own limit. Most features pay in addition to other insurance provided under a Cincinnati or other carriers' policy, except a few features that indicate otherwise. Your agent can work with us to customize a policy made to order for you, so you pay only for the coverage you need.



## Personal service

A select group of local independent insurance agencies represents Cincinnati. As your neighbors, independent agents understand your needs and risks. They work hard to give you value and service that support long-term relationships. Please visit [cinfin.com](http://cinfin.com) to read about the most recent published rankings, studies and independent surveys of agents and consumers that consistently rate Cincinnati as one of the top insurers.

## Financial strength

Property casualty policyholders count on Cincinnati's financial strength. Their policies are backed by Cincinnati's high surplus, assuring that resources will be there when policyholders need them.

Independent rating agencies affirm Cincinnati's high financial strength, placing it among the top standard market property casualty insurer groups. Please visit [cinfin.com](http://cinfin.com) and Financial Strength for our latest ratings.

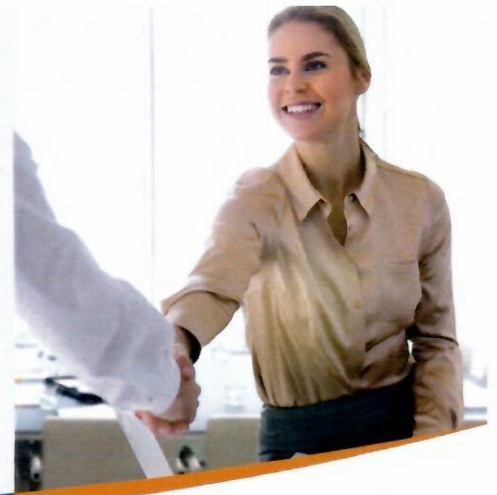
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**Management Liability**

**PILLAR™ FIDUCIARY  
LIABILITY COVERAGE**



**Protecting yourself**

Fiduciaries face unique exposures due to regulatory requirements and the discretionary nature of exercising authority and making administrative decisions. You can be held personally liable for the consequences of your decisions, no matter how unforeseen or unintentional. Even groundless allegations can cause legal costs to add up quickly. Fiduciary liability covers a fiduciary's personal liability and the plan sponsor's liability for discretionary decision making, as well as plan reporting, disclosure and operation.

**Why purchase fiduciary liability coverage?**

Consider a few examples showing what could happen and know that when you have fiduciary liability coverage, it helps protect you and your organization:

- Retired employees sue a plan's administrator for negligence arising out of failure to inform participants over a certain age of their option to transfer benefits into other plans.
- Former employees sue a plan's administrator and sponsor, seeking damages for errors in calculating their pension benefits.
- Participants in a 401(k) plan sue the plan's administrator, the plan and the sponsor for violating the terms of the trust agreement and causing a significant loss of plan assets.
- Former employees sue directors, officers and trustees of an Employee Stock Ownership Plan, alleging misrepresentation regarding the correct value of their ESOP shares.

**Needing more than a bond**

Regulatory issues – The Employee Retirement Income Security Act of 1974 dictates specific responsibilities for fiduciaries of employee pension and profit-sharing plans, as well as medical, surgical, hospital care, sickness, disability, death, unemployment or vacation plans.

While you may have an ERISA employee dishonesty bond in place, know that it's a fidelity bond that protects you against theft by a plan's trustee only. You also need fiduciary liability coverage to address all requirements imposed by ERISA, including liability for administrative or discretionary errors.

**Liability protection for errors in sponsoring and managing retirement and other employee benefits.**





- **Managing a plan** – You are a fiduciary when you exercise discretionary authority or control over the management of a plan, its assets or its administration. Fiduciaries include a plan’s trustees, investment committee members and persons who appoint these individuals. Even if you hire professionals to invest assets or administer the plan, you retain the responsibility to select and monitor the performance of the professional managers.
- **Making discretionary decisions** – The decisions you make regarding your benefit plan affect many people. Everyone may not be satisfied with every decision.

### Protecting your organization

You can trust your local independent agent recommending coverage to understand your organization and see it as you see it. Together, we can customize an insurance program to help protect you and the financial well-being of your organization.

### Responding to your needs

Fiduciary liability insures against claims alleging wrongful acts committed by insureds acting on behalf of your organization as a fiduciary of your employee benefit plans. For covered claims you are relieved of the need to pay the significant costs of defense and potential settlements or judgments.

Having the proper protection in place also helps you to attract and retain the most qualified people. When you have coverage that has a broad definition of insured and provides a duty to defend, you don’t need to fund your own defense and apply for reimbursement.

Please see below for a more complete summary of coverages. Your agent recommending Cincinnati can provide more details, answer questions and add the coverage you need.

## FIDUCIARY LIABILITY COVERAGE, ML113

General Provisions Applicable to All Liability Coverage Parts, ML101

This summarizes the coverages provided by the listed insurance forms, depending on the coverage option purchased or quoted and the forms approved in each state. Any higher limits that appear in your sales proposal replace the standard limits listed. For complete details of the terms, conditions, limitations and exclusions, please see your policy.

Coverage	Description	Cincinnati ML113 & ML101
<b>COVERAGE FEATURES</b>		
Allocation	Covers 100 percent of defense costs when allocating between losses that are covered and not covered	✓
Claim reporting	Requires a claim to be reported after an executive has knowledge of it. If insureds other than executives have knowledge of the claim, there is no penalty for failure to report	✓
Extended reporting period	Provides an automatic ERP for no additional premium	90 days
Failure to collect contributions <sup>1</sup>	Provides defense for claims alleging a failure to collect contributions to an insured plan owed by an employer	✓
Failure to maintain insurance	Applies no exclusion for failure to maintain insurance	✓
Liberalization	Includes liberalization to provide updated coverage to existing policyholders	✓
Misrepresentation look-back period	Limits coverage for misrepresentations on the application to only the current policy and to warranties or representations made within the last three years	✓
New insured plans	Provides coverage for acquired or newly formed plans: <ul style="list-style-type: none"> <li>• automatic temporary coverage for any plan type</li> <li>• permanent coverage: <ul style="list-style-type: none"> <li>– for ESOPs, multiemployer plans or plans with assets greater than 35 percent of all other insured plans</li> <li>– for plans other than ESOPs or multiemployer plans with assets less than 35 percent of all other insured plans</li> </ul> </li> </ul>	90 days
		Subject to approval
		Included

<sup>1</sup> Not applicable in NY



# FIDUCIARY LIABILITY COVERAGE, ML113

Coverage	Description	Cincinnati ML113 & ML101
<b>COVERAGE FEATURES (cont'd)</b>		
New subsidiaries	Provides automatic coverage for newly acquired or formed subsidiaries regardless of size	✓
Parent company and franchisor extension <sup>1</sup>	Extends coverage to a parent company or franchisor at the insured's request	✓
Prior acts coverage	Provides protection for wrongful acts occurring prior to the inception of coverage	✓
Rescission	Protects you because the insurer cannot rescind coverage	✓
Settlement provision	Provides insured with 90 percent of settlement/judgment in excess of the settlement offer rejected by the insured. We will not settle a claim without consent of the insured	✓
Settlor functions	Includes coverage for settlor functions with respect to establishing, amending, funding or terminating an insured plan	✓
Spouse/domestic partner coverage <sup>2</sup>	Extends protection to the spouse or domestic partner of an insured person in their role as a spouse or domestic partner	✓
Territory	Applies coverage to wrongful acts occurring anywhere in the world unless it violates U.S. economic or trade sanctions	✓
Voluntary settlement program <sup>1</sup>	Includes fees arising out of any voluntary compliance resolution program administered by the Internal Revenue Service or Department of Labor of the United States	\$250,000 sublimit
<b>DEFINITIONS</b>		
Claim	Broad definition of claim includes:	
	• written demand for monetary damages or other relief	✓
	• civil, administrative or regulatory proceeding	✓
	• arbitration or mediation proceedings	✓
	• criminal proceedings	✓
	• written notice of commencement of a fact-finding investigation by the U.S. Department of Labor or the Pension Benefit Guaranty Corporation or similar governmental authority	✓
	• a written request to toll or waive statute of limitations	✓
Insured	Broad definition of insured includes:	
	• named insured	✓
	• subsidiaries that are more than 50 percent owned by the insured	✓
	• members of the board of directors, trustees, regents, managers, governors or a functional equivalent	✓
	• officers, employees and committee members	✓
	• debtor in possession	✓

<sup>2</sup> Domestic partners not covered in NY



# FIDUCIARY LIABILITY COVERAGE, ML113

Coverage	Description	Cincinnati ML113 & ML101
<b>DEFINITIONS (cont'd)</b>		
Insured plan	Broad definition of insured plan includes: <ul style="list-style-type: none"> <li>• employee, welfare and pension plans</li> <li>• ESOPs and multiemployer plans if disclosed in the application</li> <li>• benefits provided under workers compensation, unemployment, Social Security, disability and the Consolidated Omnibus Budget Reconciliation Act of 1985</li> <li>• any other benefit plan that is operated by the insured solely for the benefit of its employees</li> </ul>	 ✓ ✓ ✓ ✓
Loss	Broad definition of loss includes the defense costs incurred and amount the insured becomes legally obligated to pay, including: <ul style="list-style-type: none"> <li>• punitive and exemplary damages with most favorable venue wording</li> <li>• penalties arising out of: <ul style="list-style-type: none"> <li>– Health Insurance Portability and Accountability Act<sup>1</sup></li> <li>– Patient Protection and Affordable Care Act or similar federal law<sup>1</sup></li> <li>– Pension Protection Act of 2006<sup>1</sup></li> <li>– Section 4975 of the Internal Revenue Code<sup>1</sup></li> <li>– Section 502(c) of ERISA<sup>1</sup></li> <li>– Sections 502(i) or 502(l) of ERISA<sup>1</sup></li> </ul> </li> </ul>	 ✓ \$150,000 sublimit \$50,000 sublimit \$50,000 sublimit \$50,000 sublimit \$50,000 sublimit ✓
<b>OPTIONS AVAILABLE</b>		
Additional defense limit of insurance <sup>3</sup>	Offers eligible accounts the option to choose: <ul style="list-style-type: none"> <li>• additional limits dedicated to the payment of defense costs on college, hospital, nursing home and for-profit accounts</li> <li>• defense coverage paid outside policy limits preserves the entire purchased limit for settlements or judgments on nonprofit accounts other than colleges, hospitals and nursing homes</li> </ul>	 \$1 million or \$2 million <sup>4</sup>  Unlimited
Continuity of coverage	Offers an option for continuity of coverage	Subject to approval
Extended reporting period	Offers flexible options: <ul style="list-style-type: none"> <li>• 12-month ERP</li> <li>• ERP of other lengths</li> <li>• period to request ERP after cancellation</li> </ul>	 Available to all accounts Subject to approval Up to 60 days
Increased sublimits <sup>1</sup>	Offers higher sublimits for those coverages included in the definition of loss above	✓
Shared limit of insurance	Provides the option to select specific coverages that share a limit and to receive a premium discount for those coverages	✓

<sup>3</sup> Automatically included in VT

<sup>4</sup> Unlimited in NY and VT

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**Coverage Summary**

**PILLAR™ CAPITAL ENDORSEMENT, ML207**

Option for Nonprofit Organizations or Community Associations Directors and Officers Liability Coverages

This summarizes the coverages provided by the above insurance form. These limits are in addition to any limits for the same coverage that appear in an e-CLAS® sales proposal or provided elsewhere whether by Cincinnati or another carrier, unless specified otherwise. In the event of a conflict, the actual policy terms, conditions, limitations and exclusions prevail.

<b>CAPITAL ENDORSEMENT</b>	
<b>Coverage Features</b>	<b>Limits ML207</b>
<b>Additional excess Side A</b> provides an additional limit of liability for insured persons under D&O Insuring Agreement A	\$250,000
<b>Business travel benefit</b> covers a director or officer suffering an injury while traveling on a commercial carrier for business	\$50,000
<b>Conference cancellation</b> covers expenses for a business-related conference – paid by the insured and not otherwise reimbursed – that was cancelled due to a natural catastrophe or communicable disease outbreak	\$25,000
<b>Crisis management</b> pays emergency response expenses incurred because of a covered incident	\$50,000
<b>Death benefit</b> covers the death of a current director or officer resulting from a certified act of terrorism	\$50,000
<b>Destroyed records</b> covers reasonable and necessary expenses to reconstruct the organization's paper or electronic business records lost or destroyed due to a natural catastrophe or a certified act of terrorism	\$25,000
<b>Donation security</b> pays for a failed donation incurred and not reimbursed by any other source	\$50,000
<b>Emergency real estate consulting fees</b> reimburses covered fees incurred for relocation due to the unforeseeable destruction of the organization's principal location	\$50,000
<b>Emergency travel expense</b> covers any director or officer for emergency travel expenses incurred due to a certified act of terrorism	\$50,000
<b>Fundraising event cancellation expense</b> reimburses expenses that are incurred due to the cancellation of a fundraising event caused by an order made by a civil authority responding to a natural catastrophe or a communicable disease outbreak, provided the fundraising is not re-scheduled.	\$25,000
<b>Identity theft expense</b> reimburses the expenses of any current director or officer who becomes a victim of identity theft	\$50,000
<b>Image restoration and counseling</b> covers image restoration and counseling expenses due to sexual misconduct or sexual molestation of the organization's clients committed by an insured person of the organization	\$50,000





## CAPITAL ENDORSEMENT, ML207

Coverage Features (cont'd)	Limits ML207
<b>Immigration civil fines or penalties</b> pays assessments for unintentional violation of the United States Immigration and Nationality Act resulting from a notice of inspection, audit or investigation by a government agency	\$25,000
<b>Key individual replacement expense</b> reimburses expenses, not covered by another source, to replace the chief executive officer or executive director due to death or permanent disability	\$50,000
<b>Kidnap expense</b> covers reasonable fees incurred after the kidnapping of a director or officer or their spouse, domestic partner, parent or child	\$50,000
<b>Political unrest coverage</b> reimburses emergency evacuation expenses due to an incident when the present director, officer, employee or volunteer travel outside the United States	\$50,000 maximum \$10,000/employee
<b>Temporary meeting space</b> reimburses rental expenses when a primary office space is temporary unavailable due to the failure of a climate control system or hot water heater	\$50,000
<b>Travel delay coverage</b> reimburses present directors or officers incurred expenses due to the cancellation of any regularly scheduled business travel on a common transportation carrier	\$2,500
<b>Unauthorized business card use</b> covers loss of money or charges and costs incurred directly from the unauthorized use of credit, debit or charge cards issued in the business name	\$1,500, \$500 deductible applies
<b>Workplace violence counseling</b> provides emotional counseling expenses after a violent incident occurs on premises	\$50,000



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## **FIDUCIARY LIABILITY**

Management Liability Claim Examples



Everything Insurance Should Be®

Fiduciaries face regulatory requirements and the risks of making discretionary administrative decisions about employee benefit plans. Cincinnati's Pillar™ Fiduciary Liability Coverage offers insurance protection, so you can stay focused on acting in the interest of those you serve. These scenarios highlight how insurance coverage can protect your interests, saving you defense and settlement costs due to allegations of wrongful acts committed by directors, officers or other insured individuals.

These hypothetical claims examples illustrate how including Fiduciary Liability coverage as part of your insured's complete Cincinnati insurance program closes potential coverage gaps. For complete details of the terms, conditions, limitations and exclusions, please see your policy.

### **Breach of fiduciary duty**

An investigation by the US Department of Labor found that an insured fiduciary breached the duties under ERISA. The DOL concluded that the employee stock ownership plan's shares lost value by the company using its own over-valued appraisals to determine distributions paid to participants upon termination or death and failing to obtain an independent appraisal. The case was settled with more **\$600,000** paid in settlement and defense expenses.

### **Wrongful deprivation of benefits**

Employees witnessed and reported a fellow employee stealing their employer's merchandise. After being terminated for theft, the employee filed a suit that alleged the termination was to interfere with the rights due under the employer's benefit plans, an ERISA fiduciary breach that wrongfully deprived the employee and spouse of benefits. More than **\$20,000** was spent in legal fees to successfully defend the claim.

### **Mismanagement of ERISA-governed plan**

After a complaint regarding the administration of a group health plan, the Department of Labor sent notice to the employer advising that they found the organization deducted premiums from employees' paychecks without those premiums going to fund medical expenses. The claim was settled for an amount more than **\$50,000** and **\$150,000** paid to defend the allegations.

### **Breach of fiduciary duty**

A suit was brought against an insured employer on behalf of employees who participated in the employer's pension plan that included investment in company stock. According to the plaintiffs, the employer knew or should have known that the company stock was an imprudent investment. The suit alleged that fiduciary duties required the employer to more clearly explain the risks of investing in employer stock to those who chose to purchase it as part of their 401(k) plan. The case settled for more than **\$7 million**.

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage.



### **Breach plan terms/negligence in calculating retirement benefits**

A group of retirees filed a lawsuit against their defined benefit pension plan, alleging a breach of the pension plan terms and fiduciary duties. Plaintiffs claimed that their initial monthly retirement amount was what they expected. Shortly thereafter, the retirees received notice of an error in calculating their benefits, and the plan to reduce the benefit going forward and recoup the number of previous overpayments. The claim against the employer settled for **\$100,000** with an additional **\$50,000** paid in attorney fees.

Thank you for trusting your agent and Cincinnati to protect your business.

These hypothetical scenarios are based on actual claims and offered for educational purposes only. Every claim is adjusted according to its own specific set of facts. Whether or not insurance coverage would apply to any claims depends on the facts and circumstances of each case and the terms, conditions and exclusions of each individual policy.



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**Business Insurance**

# NONPROFIT DIRECTOR AND OFFICER LIABILITY

Management Liability Claim Examples



Nonprofit organizations have the best intentions for their clients and society, operating to the benefit of their communities. Cincinnati's Pillar™ Nonprofit Organization Directors and Officers Liability Coverage offers insurance protection, so you can stay focused on those efforts. These scenarios highlight how insurance coverage can protect your interests, saving you defense and settlement costs due to allegations of wrongful acts committed by directors, officers or other insured individuals.

### Consumer protection laws violation

A potential buyer sued a club that hosted a charity auction after one of the items up for bid could not be made available due to a processing error. The matter settled for **\$400,000** with **\$250,000** in defense costs.

### Breach of fiduciary duty

A member of a private club alleged its board had failed to follow its bylaws in its handling of assessments, thus breaching its fiduciary responsibilities. Nearly **\$150,000** was paid in defense costs.

### Breach of duty of bailee

A benefactor filed a lawsuit against an organization alleging its leadership failed to return an item the sponsor had considered only to be a loan, and not a gift. More than **\$200,000** was paid in defense costs.

### Breach of duty

Former club members sued the club's board relating to a proposed change in the refund policy for membership investments to the club. More than **\$75,000** was paid in defense costs.

### Breach of constructive trust

Members sued a cooperative regarding its methods of recording and managing profits, as well as member distributions. The **\$1 million** policy limit was exhausted in defense costs while the claim was still in litigation.

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These hypothetical scenarios are based on actual claims and offered for educational purposes only. Every claim is adjusted according to its own specific set of facts. Whether or not insurance coverage would apply to any claims depends on the facts and circumstances of each case and the terms, conditions and exclusions of each individual policy.

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage.



**Coverage Summary**

**CINCINNATI DATA DEFENDER™**

Cincinnati Data Defender™ Coverage Form, HC102 or ML102

This summarizes the coverages provided by the listed insurance forms, depending on the coverage option purchased or quoted and the forms approved in each state. Any higher limits that appear in a sales proposal replace the standard limits listed. For complete details of the terms, conditions, limitations and exclusions, please see the policy.

Coverage Descriptions	Standard Limits HC102 or ML102
<p><b>Breach response expense and services</b><sup>1</sup> pays for expenses that you incur to respond to a data compromise (i.e. a breach of your client's data stored in any format), including services to assist your customers, employees and others affected by a breach:</p> <ul style="list-style-type: none"> <li>• professional IT help to identify who was affected by the breach and how to notify them</li> <li>• legal review to determine notification requirements</li> <li>• preparation of notifications to affected individuals</li> <li>• services to help individuals affected by the breach                             <ul style="list-style-type: none"> <li>– toll-free help line if identity theft is suspected</li> <li>– credit monitoring for affected individuals</li> <li>– identity restoration case management for identity theft victims</li> </ul> </li> <li>• professional public relations review of and response to the data breach</li> </ul>	<p>\$50,000 (deductible applies)</p> <p>\$25,000 sublimit</p> <p>\$25,000 sublimit</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>\$25,000 sublimit</p>
<p><b>Defense and liability</b> protects you if liability claims arise from a data breach. Coverage includes:</p> <ul style="list-style-type: none"> <li>• investigation, defense and appeal expenses</li> <li>• damages, judgments or settlements to affected individuals for which you are held responsible</li> <li>• legal expenses for which you are held responsible</li> <li>• defense and settlement costs for regulatory proceedings</li> <li>• payment card industry fines and penalties</li> <li>• regulatory fines and penalties</li> <li>• punitive damages to the extent legally insurable</li> <li>• prejudgment and postjudgment interest for which you are held responsible</li> </ul>	<p>\$50,000 (deductible applies)</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>\$25,000 sublimit</p> <p>\$25,000 sublimit</p> <p>Included</p> <p>Included</p>

<sup>1</sup> The Hartford Steam Boiler Inspection and Insurance Company provides The Cincinnati Insurance Companies with a variety of support services, including call center assistance, collaborative claims service and risk mitigation materials.





## CINCINNATI DATA DEFENDER

Coverage Descriptions (cont'd)	Standard Limits HC102 or ML102
<p><b>Identity recovery</b> protects qualifying owners/key employees of your business if they become identity theft victims, whether or not the identity theft is related to a data compromise at your business. This coverage includes:</p> <ul style="list-style-type: none"> <li>• identity recovery help line</li> <li>• case management by experienced case managers</li> <li>• reimbursement for covered expenses                             <ul style="list-style-type: none"> <li>– legal fees caused by identity theft including costs for civil and criminal defense</li> <li>– lost wages and child and elder care expenses due to time away from work</li> <li>– credit report restoration</li> <li>– reapplication fees for loans declined due to incorrect credit information</li> <li>– postage, phone and shipping fees</li> <li>– notary and filing fees</li> <li>– mental health counseling costs</li> <li>– costs for other expenses that result from the identity theft</li> </ul> </li> </ul>	<p>\$25,000 (deductible applies)</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>\$5,000 sublimit</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>\$1,000 sublimit</p> <p>\$1,000 sublimit</p>
<p><b>Loss control/risk assessment online services<sup>1</sup>:</b></p> <ul style="list-style-type: none"> <li>• incident roadmap – steps to take following a data breach</li> <li>• online training modules – privacy best practices and red flag rules</li> <li>• cyber risk tools – self-assessments, state breach notification laws and cost calculators</li> <li>• vendors – external resources directory: law firms, public relations firms and IT consultants</li> <li>• cyber and privacy news – security and compliance news and helpful industry links</li> <li>• resources – best practices and white papers by leading authorities</li> </ul>	<p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p>



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Coverage Summary

# CINCINNATI NETWORK DEFENDER™

Cincinnati Network Defender Coverage Form, HC103 or ML103

This summarizes the coverages provided by the listed insurance forms, depending on the coverage option purchased or quoted and the forms approved in each state. Any higher limits that appear in your sales proposal replace the standard limits listed. For complete details of the terms, conditions, limitations and exclusions, please see your policy.

Coverage Descriptions	Standard Limits HC103 or ML103
<p><b>Computer attack</b> pays for your covered losses resulting directly from a computer attack, including:</p> <ul style="list-style-type: none"> <li>• data restoration – costs to hire a professional firm to replace lost or corrupted data from electronic sources</li> <li>• data re-creation – costs to hire a professional firm to research, re-create and replace lost or corrupted data from <i>non</i>-electronic sources</li> <li>• system restoration – costs to hire a professional firm to restore your computer system to its pre-attack level of functionality by replacing or reinstalling software, removing malicious code and correcting the configuration of your computer system</li> <li>• loss of business income – income lost by your business and extra expenses incurred during the time system and data recovery activities take place</li> <li>• public relations services – costs to engage a professional public relations firm to communicate with outside parties concerning the computer attack and your response</li> <li>• third-party systems (loss while data is in your service provider’s control)</li> <li>• cyber extortion (including ransomware)</li> </ul>	<p>\$50,000<sup>1</sup> (deductible applies)</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>\$25,000<sup>2</sup></p> <p>\$25,000<sup>2</sup></p> <p>Included</p> <p>\$10,000</p>
<p><b>Network security and electronic media liability</b> pays for defense and settlement costs due to claims brought against you by third parties for alleged damage caused by:</p> <p>A security failure in your computer system that leads to:</p> <ul style="list-style-type: none"> <li>• breach of third-party business data</li> <li>• unplanned malware forwarding or replication</li> <li>• unintentional support of a denial of service attack</li> </ul> <p>Your electronic communications that result in:</p> <ul style="list-style-type: none"> <li>• defamation</li> <li>• violation of a person’s right of privacy</li> <li>• interference with a person’s right of publicity</li> <li>• infringement of copyright or trademark</li> </ul>	<p>\$50,000<sup>1</sup> (deductible applies)</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p>

<sup>1</sup> Standard limit is \$100,000 in MT, ND, NH and NY  
<sup>2</sup> Standard sublimit is \$50,000 in MT, ND, NH and NY





# CINCINNATI NETWORK DEFENDER™

Coverage Descriptions (cont'd)	Standard Limits HC103 or ML103
<p><b>Cyberattack mitigation online resources<sup>3</sup>:</b></p> <ul style="list-style-type: none"> <li>resources on cybercrime, data security, risk management and security awareness</li> <li>cyber and privacy news links to timely articles and the latest computer and network security news</li> <li>cyber risk tools such as assessments, guides, sample policies, forms and templates</li> <li>brief security training videos for education about business security and privacy awareness topics</li> <li>optional technical support service, TechQ, for assistance in troubleshooting, diagnosing and fixing common computer problems, including finding and removing viruses</li> </ul>	<p>Included</p> <p>Included</p> <p>Included</p> <p>Included</p> <p>Available for an additional fee</p>

<sup>3</sup> The Hartford Steam Boiler Inspection and Insurance Company provides The Cincinnati Insurance Companies with a variety of support services, including call center assistance, collaborative claims service and risk mitigation materials.



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For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage. This is not a policy. For a complete statement of the coverages and exclusions, please see the policy contract. "The Cincinnati Insurance Companies", "Cincinnati Insurance" and "Cincinnati" refer to member companies of the insurer group providing property and casualty coverages through The Cincinnati Insurance Company or one of its wholly owned subsidiaries - The Cincinnati Indemnity Company or The Cincinnati Casualty Company. Each insurer has sole financial responsibility for its own products. Not all subsidiaries operate in all states. Do not reproduce or post online, in whole or in part, without written permission. © 2020 The Cincinnati Insurance Company. 6200 S. Gilmore Road, Fairfield, OH 45014-5141.

## Management Liability

# PILLAR™ CYBER RISK PROTECTION



### Why buy cyber risk protection?

Every business, no matter its size, collects and stores personal information about customers, employees and others. In addition, your business may depend on computer systems to access and use data to conduct daily operations. Technology and accessibility to personal information expose you to harmful cyberattacks with the potential to disrupt your operations, increase costs and damage customer relationships. Imagine these scenarios:

- Private customer information is exposed through a retailer's website. The customers sue the retailer.
- A health care organization's donor database is exposed due to a computer virus. The health care organization is held responsible.
- Thousands of student names and Social Security numbers are exposed due to a security breach of a college computer server. The college must defend itself against negligence charges.

### Protecting your business

You can trust your local independent agent recommending coverage to understand your organization and see it as you see it. Together, we can customize a plan to help protect your organization with the appropriate cyber risk insurance coverage.

### Providing the coverage you need

To protect your business, consider security for your computer systems and cyber risk insurance from Cincinnati by choosing from these coverage options:

- **Cincinnati Data Defender™** – Provides three important data privacy exposure coverages: expenses incurred responding to a breach and providing services for those affected, identity theft, and defense and liability coverage.
- **Cincinnati Network Defender™** – Provides two important types of cyber risk protection: computer attack coverage, and network security and media liability coverage.
- **Cincinnati Cyber Defense™** – Includes the coverage elements of Data Defender and Network Defender with additional coverage options for loss of business income, cyber extortion and media liability coverage.

Cincinnati Data Defender and Cincinnati Network Defender can be purchased separately or can work together to create well-rounded protection for your small to medium-sized organization. Cincinnati Cyber Defense may be the best option for your organization if it's larger or has more complex cyber exposures, and you need broader coverage, higher limits and more flexible options.

Please review a more complete summary of coverages on the next page. Your agent recommending Cincinnati can provide more details, answer questions and add coverage to your Pillar management liability policy.

**Protection includes access to an online portal offering training, best practices and other tools for managing cyber risk before an attack.**



# CYBER RISK PROTECTION

Insuring Agreement	Description
<b>Cincinnati Data Defender, ML102 &amp; General Provisions, ML101</b>	
<b>Response expenses coverage</b>	Pays costs you incur to respond after a data breach, including expenses for providing services to assist your customers, employees and others affected by the breach
<b>Defense and liability coverage</b>	Provides financial protection for legal action you may face even if your breach response is efficient and complies with applicable laws
<b>Identity recovery coverage</b>	Provides expense reimbursement and personal services to help you recover from identity theft if an unauthorized person commits fraud or other crimes using your personal or financial information
<b>Cincinnati Network Defender, ML103 &amp; General Provisions, ML101</b>	
<b>Computer attack coverage</b>	Helps your business recover after a cyberattack and pays for cyber extortion expense, data restoration services, data re-creation services, system restoration services, business income you lose, extra expenses you incur, as well as public relations services
<b>Network security and electronic media liability coverage</b>	<p>Pays for defense and settlement costs due to claims by third parties:</p> <ul style="list-style-type: none"> <li>• for alleged damage caused by a security failure in your computer system that leads to a breach of third-party business data, the unplanned forwarding or replication of malware or the unintentional support of a denial of service attack</li> <li>• alleging that your electronic communications resulted in defamation, violation of a person's right of privacy, interference with a person's right of publicity or infringement of copyright or trademark</li> </ul>
<b>Cincinnati Cyber Defense, ML104 &amp; General Provisions, ML101</b>	
<b>Response expenses coverage</b>	Pays costs you incur in responding to a data breach and includes expenses for providing services to assist your customers, employees and others affected by the breach in addition to reputational harm costs and reward payments
<b>Computer attack coverage</b>	Helps your business recover after a cyberattack and pays expenses you incur for data restoration services, data re-creation services and system restoration services, as well as public relations services, telecommunications fraud expenses and reward payments
<b>Loss of business income</b>	Pays for the business income lost and extra expenses incurred due to a computer attack or system failure during the time that system and data recovery activities take place and also includes a voluntary shutdown of the computer system
<b>Cyber extortion coverage</b>	Pays the cost of an investigator that you retain due to an extortion threat against your systems or data, and it covers amounts paid in response to the cyber threat including reward payments
<b>Identity recovery coverage</b>	Provides expense reimbursement and personal services to help you recover from identity theft if an unauthorized person commits fraud or other crimes using your personal or financial information
<b>Data compromise liability coverage</b>	Provides defense and liability coverage for legal action you may face – including regulatory and PCI fines and penalties – even if your breach response is efficient and complies with applicable laws
<b>Network security liability coverage</b>	Pays for defense and settlement costs due to claims by third parties for alleged damage caused by a security failure in your computer system that leads to a breach of third-party business data, the unplanned forwarding or replication of malware, the unintentional support of a denial of service attack or the inability of an authorized third-party user to access your computer system
<b>Media liability coverage</b>	Pays defense and settlement costs if a third-party claimant sues you alleging that your electronic or other communications resulted in defamation, violation of a person's right of privacy, interference with a person's right of publicity or infringement of copyright or trademark

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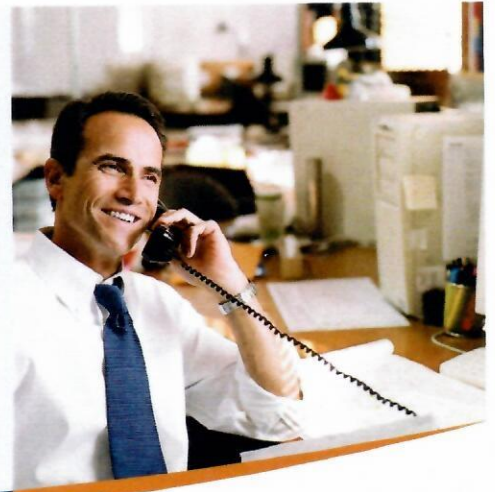




The Cincinnati Insurance Companies

## Management Liability

# TOOLS TO HELP YOU MANAGE RISK



When you purchase Cincinnati's exceptional Pillar™ management liability insurance to protect your organization, you receive access to risk management tools at no additional cost to help you with the complex situations covered by your policy.

Depending on the coverage options you purchase, you may also gain access to services provided by risk management specialists who can answer questions related to managing your community association, employment practices issues, cyber liability exposures or workplace violence. Most of these services are also available at no additional cost.

- Nonprofit Risk Management Portal:** Are you a nonprofit organization looking for expert risk management guidance? Cincinnati's policyholders can register with Nonprofit Risk Management Center, a leader in the risk management space, to help you identify and manage risks that threaten your missions, while empowering you to take bold, mission-advancing steps. Comprehensive risk resources provide practical knowledge on the topics that matter to you, while self assessments lead you – step by step – to building a custom risk management plan. Please visit [cinfin.com/nonprofit-risk-resources](http://cinfin.com/nonprofit-risk-resources) to register for NRMC services; have your Cincinnati Insurance policy number ready.
- Community Association Helpline:** As a Pillar policyholder, you can call a toll-free helpline, 844-458-9556, for assistance reducing or avoiding a potential wrongful acts loss related to managing your community association. Please have your Pillar Directors & Officers policy number ready before you call. When you place your call, leave a message including your name, complete contact information, policy number and your question or concern. A helpline lawyer will call you back, usually within one business day. Please be advised that each helpline call is limited to one hour. There is no additional charge for using this policyholder helpline.
- Employment Practices Helpline:** Do you have questions about how to handle employment situations? Pillar policyholders whose coverage includes Cincinnati's employment practices liability insurance may call our toll-free Employment Connection helpline, 888-811-3427, for guidance from an attorney prior to making employment-related decisions. We offer eligible policyholders an unlimited number of calls seeking advice on employment policies and procedures.

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage.



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- Cyber Risk Management Portal:** Cincinnati's cyber policyholders may access eRiskHub, an online portal that provides news, information and tools to help mitigate a breach or hacking event, virus infection or other cyberattack. On eRiskHub, you will find information about privacy laws, compliance and breach response guides including compliance resources, notification letter examples, and credit bureau and government agency notifications. Other data risk management expertise may be engaged to help diagnose and repair virus infections and other common computer problems. Some services offered may extend beyond what the policy covers and include an additional charge. Please visit <https://eriskhub.com/cic> to set up an account using the access code provided with your policy or available from your agent to begin exploring this valuable resource.
- Workplace Violence Hotline:** After a covered workplace violence event, Pillar policyholders who have added Cincinnati's optional workplace violence expense coverage to their EPLI policy can receive help to create a response and begin the recovery process. Simply call the toll-free, 24-hour hotline, 877-841-1082. It's monitored by Black Swan Solutions, a business unit of Empathia, Inc., which is an industry-leading crisis support organization. Coverage also reimburses recovery expenses for security, public relations, counselors and lost salaries, wages and business income. While policyholders are not obligated to use Black Swan Solutions, this resource is available if you need them.
- Kidnap, Ransom and Extortion:** Success attracts respect, recognition and rewards, yet may leave you vulnerable to kidnapping and extortion attempts. This policy option pays for the vital services of Control Risks Group, a kidnap extortion and crisis management consulting firm. Experts help manage all aspects of the situation, work toward the safe return of the victim and negotiate ransom requests. They also try to identify those responsible, assess the circumstances and search for a motive.

### Selecting the right company

With Cincinnati's Pillar management liability coverage, know that you have an exceptional insurance program from a company offering:

- A management team specifically dedicated to keeping your program on the leading edge
- Superior claims service provided by Cincinnati professionals
- High financial strength rating from A.M. Best Co., reflecting our ability to pay claims and keep our promises.
- For qualifying accounts, multi-year policy terms are available in most states for many coverages, saving you the added time and expense of annual renewals

Your agent recommending Cincinnati can provide more details, answer questions and add the coverage you need.

Thank you for trusting your agent and Cincinnati to protect your business.

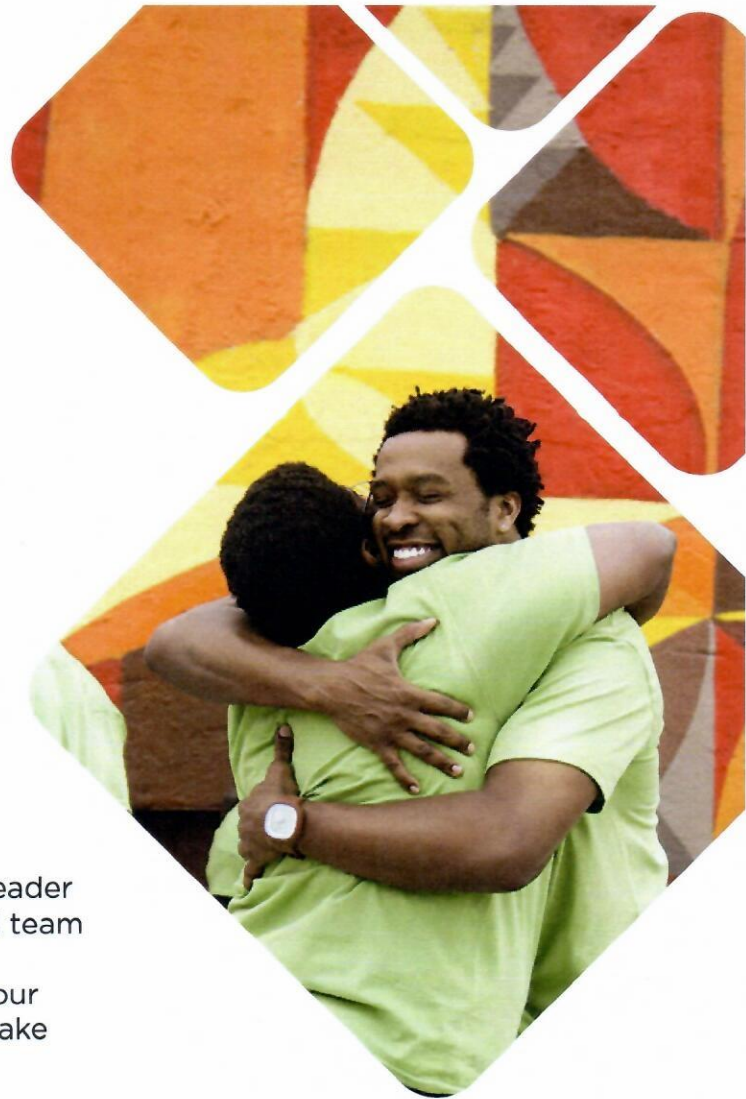


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Our loss control service is advisory only. We assume no responsibility for management or control of customer loss control activities or for implementation of recommended corrective measures. These materials were gathered from trade services and public information. We have not tried to identify all exposures. We do not warrant that this information is consistent with the underwriting guidelines of The Cincinnati Insurance Company and its subsidiaries or with any federal, state or local law, regulation or ordinance.

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# RISK MANAGEMENT FOR NONPROFIT ORGANIZATIONS

*Your nonprofit serves others.  
Let us serve you.*

Volunteers. Boards of directors. Fundraising. Nonprofits have a lot to contend with – and often on a modest budget. We can help.

## **Professional risk resources at your fingertips**

Nonprofit Risk Management Center is a respected leader in the risk management space. With an experienced team of nonprofit-savvy advisers, NRMC can help your nonprofit identify and manage risks that threaten your missions and operations while empowering you to take bold, mission-advancing steps.

Through Cincinnati's relationship with NRMC, you can tackle the topics you care about: youth protection, workplace safety, volunteer management, reputation risk, legal compliance, insurance program oversight, fiscal oversight and fraud protection, employment practices, governance and more.

## **Real-world solutions at no additional cost**

Complete your registration with NRMC to receive tools proven to produce results, without cost to you:

- **Self-assessment tools** – The backdrop to any enterprise lies in the details. Make sure yours' hit the mark:
  - Take *My Risk Assessment* to identify gaps and get expert recommendations designed to strengthen your risk management strategies.
  - Visit *My Risk Management Policies* to draft custom policies for your organization. In minutes, use an intuitive policy-building web app – with more than 170 templates covering 22 topics – to create fit-to-suit policies on topics from human resources and information technology to client safety and more.
  - Access *My Risk Management Plan* to create a custom risk management plan that meets the needs of your unique organizations.

It's that easy: take an assessment, let the experts guide you and come away with a plan built for you.



- **Risk resources** – Because we all learn and process information differently, you'll receive varying forums of expert-created material:
  - Access a library of 50+ recorded educational videos, helpful infographics and practical articles.
  - Subscribe to RISK eNews to receive weekly risk management insights.
  - Find answers to top-of-mind questions on topics from pandemic response to managing volunteers and more.

## **REGISTER TODAY!**

As a Cincinnati Insurance policyholder in the nonprofit sector, you are eligible for full access to a custom risk resource portal, built for you at no additional cost. Registration is easy:

- Visit [cinfin.com/nonprofit-risk-resources](http://cinfin.com/nonprofit-risk-resources).
- Click Nonprofit Risk Management Center's registration page.
- Click Register.
- Complete the portal registration form.
- Enter your Cincinnati policy number.
- Click Submit.
- Expect an email notifying you that your registration has been approved and is complete.

Your local independent insurance agent and Cincinnati's experienced knowledgeable team of loss control representatives are available to guide you through these services. To register or to learn more about this service, contact your agent or visit [cinfin.com/nonprofit-risk-resources](http://cinfin.com/nonprofit-risk-resources).

If you need registration assistance, please contact NRMC, 703-777-3504 or [info@nonprofitrisk.org](mailto:info@nonprofitrisk.org). A customer service representative will assist you.

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Our loss control service is advisory only, and should not be interpreted as legal advice. We assume no responsibility for management or control of customer loss control activities nor for implementation of recommended corrective measures. The information in this publication was compiled from sources believed to be reliable for informational purposes only. All sample policies and procedures herein should serve as a guide only, used to create your own policies and procedures. We do not warrant that requirements of any federal, state or local law, regulation or ordinance have or have not been met, nor that compliance with any or all of the recommendations stated herein will guarantee coverage under any specific factual scenario. We do not warrant to have identified all hazards. We do not guarantee the accuracy of the information contained herein, and disclaim any liability arising out of reliance on information contained herein.



- The Cincinnati Insurance Company**
- The Cincinnati Casualty Company**
- The Cincinnati Indemnity Company**

## CERTIFIED ACTS OF TERRORISM INSURANCE REJECTION FORM

You should read this document carefully and contact us or your agent if you have any questions regarding insurance coverage for Certified Acts of Terrorism. No coverage is provided by this document.

Under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. For information regarding the availability of coverage for Certified Acts of Terrorism, subject to an additional premium, please contact your insurance agent.

The undersigned policyholder or applicant acknowledges and understands that terrorism insurance coverage has been offered pursuant to the Terrorism Risk Insurance Act and its amendments and the policyholder has chosen to reject coverage for Certified Acts of Terrorism.

The rejection of coverage for Terrorism is valid and binding on all insureds and persons claiming benefits under the policy/application.

This rejection of coverage for Terrorism will apply to any renewal, reinstatement, substitute, amended, altered, modified, transfer or replacement policy with this company or with any affiliated company unless the Named Insured makes a written request to the company to exercise a different option.

**Your Acknowledgment:**

By signing below, I acknowledge that:

1. I intend that my selection will apply to me and to all other persons or organizations that may be eligible for coverage under this policy.
2. I understand that my selection applies to all subsequent renewals or amendments of my policy unless I request otherwise in writing.
3. I have read and understand the purpose and content of this form and the consequences of my selection.
4. I am legally authorized to make decisions concerning the purchase of Terrorism Insurance Coverage.

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Name of Insurance Company

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Policy/Application Number

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Policyholder/Applicant

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Applicant Signature	Date
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Agent

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Agent Signature	Date
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The Cincinnati Insurance Companies

**Business Insurance**

## **CINCINNATI NETWORK DEFENDER™**

Cyber Risk Coverage for Computer Systems



### **Protecting your business**

Businesses of all sizes depend on computer systems and the proprietary data stored on them to keep operations running smoothly. A computer attack may disrupt your operations, potentially threatening your business relationships, causing lost income and increasing your costs.

To protect your business, consider adequate security for your computer systems and adding Cincinnati Network Defender coverage to your commercial or management liability policy. This insurance provides two important types of cyber risk protection: computer attack coverage and network security and electronic media liability coverage.

### **Responding after a computer attack**

Computer attack coverage helps your business recover after a cyberattack and pays for:

- data restoration services to help you replace lost or corrupted data from electronic sources
- data re-creation services to research, re-create and replace lost or corrupted data from non-electronic sources
- system restoration services to replace or reinstall software, remove malicious code and correct the configuration in order to restore your computer system to its pre-attack level of functionality
- cyber extortion expenses you incur to retain an investigator due to an extortion threat against your systems or data, including ransomware, and amounts paid in response to the extortion threat within the limit of insurance
- business income you lose and extra expenses you incur while your system and data recovery activities take place
- public relations services to assist with communications about the computer attack and your response

### **Covering your network security and electronic media liability**

Network security and electronic media liability coverage pays for defense and settlement costs due to claims brought against you by third parties for alleged damage from a security failure in your computer system that leads to:

- breach of third-party business data
- unplanned forwarding or replication of malware
- unintentional support of a denial of service attack

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage.



It also pays for defense and settlement costs due to claims brought against you by third parties for alleged damages from your electronic communications that result in:

- defamation
- violation of a person's right of privacy
- interference with a person's right of publicity
- infringement of copyright or trademark

To round out your cyber risk insurance, you can also add Cincinnati Data Defender™ insurance that helps you respond to and recover from a data breach or the theft of personally identifiable information.

### **Businesses of all sizes face potential loss from using technology**

No matter what size business you operate, you experience the same vulnerability to cyberattacks and network security liability claims as the biggest enterprises. Your daily operations are vulnerable to the types of attacks described in these hypothetical claims examples:

- *A customer claimed that a company sent him a damaging virus, and it cost \$30,000 in legal fees to get it resolved.\**
- *A disgruntled former employee hacked the employer's computer system, which resulted in a \$25,000 IT bill to repair the damage.\**
- *The costs of defending a network security lawsuit quickly added up to more than \$40,000.\**
- *A nasty virus got into a customer's computer system, and it cost a fortune in out-of-pocket expenses and downtime before the system was restored.\**

\* These examples are provided for educational purposes only, and are not intended to illustrate the value of any claim or any particular type of claim. Every claim is adjusted according to its own specific set of facts.

### **Policyholder tools and resources**

Your Network Defender coverage includes access for no additional charge to [www.eriskhub.com/cic](http://www.eriskhub.com/cic), a portal that provides you with news, information and resources you can use to help mitigate a hacking event, virus infection or other cyberattack. The eRiskHub also contains an optional section that offers My Tech Support, a technical support service you can subscribe to for a nominal fee for assistance troubleshooting, diagnosing and fixing common computer problems, including finding and removing viruses.

### **Choosing coverage from the right people**

Cincinnati's commitment to you is simple. We deliver service from people who know you, your business and your community – your local independent insurance agent and our experienced team of insurance professionals. You can count on your agent and Cincinnati Insurance to be there, giving you the peace of mind you deserve. Talk to your local independent agent representing Cincinnati Insurance about adding these valuable coverages to protect you and the modern technology used to keep your business running smoothly.

Thank you for trusting your agent and Cincinnati to protect your business.



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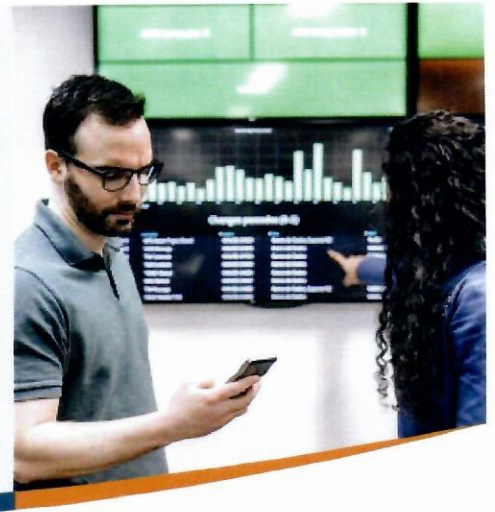


The Cincinnati Insurance Companies

**Business Insurance**

# CINCINNATI DATA DEFENDER™

Cyber Risk Coverage for Data Breach



### Protecting your business

Data breach is a growing business issue. Businesses of all sizes rely on technology to access and manage data used to conduct daily operations. Yet accessibility also creates data privacy concerns. A breach of your data can lead to the loss, theft or unplanned release of sensitive information, adding to your costs to respond and potentially harming your reputation and relationships with your customers.

Consider Cincinnati Data Defender insurance to protect your business and to help you prepare to manage a data breach response prior to an incident. This cyber risk protection provides important data privacy exposure coverages: expenses incurred responding to a breach, providing services for those affected, identity theft and defense and liability coverage.

### Responding after a data breach

Most states require businesses that experience a data breach to inform everyone whose data is involved and some states have additional requirements. Data Defender protection helps you efficiently comply with these requirements and gives you the following coverages.

*Breach response expense coverage* pays the costs you incur in responding to a data breach and includes expenses for providing services to assist your customers, employees and others affected by the breach:

- legal review to determine your notification requirements
- professional information technology assistance to identify everyone affected by the breach and how to notify them
- preparation of notification letters
- services<sup>1</sup> for individuals affected by the breach:
  - toll-free help line support
  - credit monitoring
  - case management for identity theft victims
- public relations services

<sup>1</sup> A separate agreement with a specialty vendor – The Hartford Steam Boiler Inspection and Insurance Company – allows The Cincinnati Insurance Companies to offer a variety of support services including call center assistance, collaborative claims service and online policyholder training and risk mitigation materials.

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage.



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*Defense and liability coverage* provides financial protection for legal action you may face even if your breach response is efficient and complies with applicable laws. Defense and liability coverage pays for:

- investigation, defense and appeal expenses
- damages, judgments or settlements
- defense and settlement costs for regulatory proceedings
- payment card industry fines and penalties
- regulatory fines and penalties
- punitive damages to the extent legally insurable
- legal expenses for which you are held responsible
- prejudgment and postjudgment interest for which you are held responsible

### Covering a variety of incidents

All of these coverages protect you in the event of a data breach that could result from:

- Laptop theft – Laptops are popular business tools due to their portability. However, that portability also makes them easy to steal.
- Employee theft – Data used in your business may not be as secure as you think. A common cause of data breach is theft by insiders with access to personal information.
- Trash theft – Not all data thefts take place through computers. Thieves commonly sift through trash bins to obtain confidential information that was not thoroughly shredded.
- Hackers – Cyber criminals actively target smaller businesses that are less likely to have robust computer security.
- Lost data – State laws require businesses that lose personal data to swiftly notify anyone affected. Your response can make the difference between keeping and losing customers, employees and other important business relationships.
- Stolen data – Identity theft is a constant threat because there is an active market for personally identifying data.

Along with these valuable coverages, Cincinnati Data Defender provides you – as a qualified business owner or key employee – with identity theft coverage.

### Recovering after identity theft

The costs of recovering a stolen identity and repairing the damage add up quickly and encompass more than money. The time and emotional stress you invest recovering from identity theft contribute to the overall cost as well, making this coverage an important part of your overall cyber protection.

*Identity recovery coverage* – If an unauthorized person commits fraud or other crimes using your personal or financial information, you receive expense reimbursement and personal services to help you recover from identity theft:

- Expense reimbursement – Reimburses you for up to \$25,000 for covered expenses incurred to restore your credit history and identity records including:
  - legal fees resulting from identity theft, including costs for both civil and criminal defense
  - lost wages due to time away from your job
  - child or elder care costs due to time away from home
  - having credit repository reports updated
  - re-application fees for loans declined due to incorrect credit information
  - postage, phone and shipping fees
  - notary and filing fees
  - mental health counseling costs
  - other expenses that arise directly from the identity theft
- Personal services<sup>1</sup> – help you during the recovery process:
  - *Identity recovery help line* – Counselors are available Monday-Friday, from 8 a.m.-8 p.m. Eastern time. If your identity has been stolen, the identity recovery counselor directs you to experienced identity recovery case managers. You can also call the help line if you suspect your identity has been stolen or have questions. Counselors can answer your questions and provide loss prevention recommendations.
  - *Experienced case managers* – When you are a verified victim of identity theft, you are assigned an experienced case manager who is a licensed investigator. Your case manager handles the majority of the work on your behalf with permission through a limited power of attorney. This service helps you identify where fraud has occurred, gives you the right contacts and helps you navigate the recovery process.

### Managing risk before an incident

With Cincinnati, you not only receive insurance protection, you also receive access to an online portal offering training, best practices and other tools to help you manage cyber risk exposures before an attack, including:

- incident response plan roadmaps that outline steps to take following a data breach and are useful for defense of potential litigation
- a news center for articles about cyber risk, data privacy, security and compliance blogs, security news, risk management events and helpful industry links
- a resource center that provides best practices and white papers written by leading authorities



- risk management tools for data breach exposures that offer self-assessments and information about breach notification laws and breach cost calculators, helping to select the limit options
- topical ransomware resources section
- online training modules about data privacy and identity theft prevention best practices
- a vendor directory of pre- and post-breach resources, including connecting you to law firms, public relations firms and professional IT consultants
- Data Defender policyholders also gain access to complimentary pre-breach consulting service calls for up to one hour each with highly qualified breach attorneys and cyber security experts

### Offering technology exposure coverage

To round out your cyber risk protection, you also have the option to purchase Cincinnati Network Defender™ insurance that provides two types of coverages. Computer attack coverage helps you recover from damage caused by attacks on your computer systems. Network security and electronic media liability coverage protects your business from third-party liability claims filed against you due to alleged failure of your computer system's security, or alleged injury caused by your internet or email communications. Talk to your agent about adding this valuable technology exposure coverage to your business insurance program.

### Choosing coverage from the right people

Cincinnati's commitment to you is simple. We deliver service from people who know you, your business and your community – your local independent insurance agent and our experienced team of insurance professionals. You can count on your agent and Cincinnati to be there, giving you the peace of mind you deserve.

Please contact your independent agent recommending coverage about adding this valuable data privacy coverage to your business insurance.

Thank you for trusting your agent and Cincinnati to protect your business.



Everything Insurance Should Be®

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage. This is not a policy. For a complete statement of the coverages and exclusions, please see the policy contract. "The Cincinnati Insurance Companies", "Cincinnati Insurance" and "Cincinnati" refer to member companies of the insurer group providing property and casualty coverages through The Cincinnati Insurance Company or one of its wholly owned subsidiaries – The Cincinnati Indemnity Company or The Cincinnati Casualty Company. Each insurer has sole financial responsibility for its own products. Not all subsidiaries operate in all states. Do not reproduce or post online, in whole or in part, without written permission. © 2023 The Cincinnati Insurance Company. 6200 S. Gilmore Road, Fairfield, OH 45014-5141.



**Business Insurance**

# LOSS SCENARIO EXAMPLES

## Cyber Risk Protection



Data breaches and computer attacks pose a growing threat to businesses of all sizes. These examples illustrate that commercial clients of all sizes and types of business can benefit from Cincinnati's cyber risk protection. The scenarios summarized here are based on actual claims and are provided with permission by The Hartford Steam Boiler Inspection and Insurance Company, a specialty vendor serving as a resource for Cincinnati.

### COMPUTER ATTACK

#### 1. Computer attack and network security liability – equipment dealer

**Scenario:** An insured equipment dealer's customers began to receive unusual email that appeared to be sent by the dealer. When a customer contacted the dealer with a question about the message, the business owner grew suspicious and engaged an outside IT consultant to investigate the cause and fix the problem.

**First-party results:** The consultant discovered a virus on the dealer's system and removed it, but the problem didn't end there. The policy paid for the system restoration costs to remove the virus.

**Third-party results:** Several weeks later, the dealer received a certified letter from a local lawyer alleging that a former customer's computer had been infected by a virus received in an email message sent from the dealer. According to the letter, the former customer suffered harm related to the virus and incurred significant cost to have it removed. The equipment dealer engaged an attorney and the policy paid the attorney's fees.

**Total covered loss for first- and third-party exposure:** \$48,100

#### 2. Computer attack – transportation company

**Scenario:** An insured transportation company discovered it had been hacked when its computer system began to act erratically. Core software programs suddenly became unavailable and large amounts of data were deleted. An investigation determined that a former employee gained unauthorized system access using passwords that had never been reset after the person left the company.

**Results:** The insured company hired an external IT contractor to:

- recover and replace lost data
- replace and restore software
- reconfigure servers and repair other system damage caused during the attack

In addition, the insured incurred expenses related to:

- loss of business income during the time system restoration took place
- retention of a public relations firm to manage customer communications about the attack

**Total covered loss for first-party exposure:** \$33,850

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage.





### 3. Computer attack - retail business

**Scenario:** An insured retailer lost business income because a virus attacked its computer system causing data corruption and system failure.

**Results:** The insured retained an external IT resource to remove the virus, remove the infected system software and reinstall uninfected software.

**Total covered loss for first-party exposure:** \$22,000

### 4. Computer attack - manufacturing business

**Scenario:** An insured manufacturing business experienced both an unplanned increase in system activity and unscheduled file removal from their network. The business disconnected from the internet and contacted an external IT resource for help. A hacker took over the company's main email servers and used them as spam servers. In addition, the IT contractor discovered that several of the insured's workstations were infected with malware.

**Results:** The insured hired an outside IT resource to find and remove the malware. Related expenses may be covered, subject to the deductible and limit of insurance, under the computer attack coverage of Cincinnati Network Defender™ or Cincinnati Cyber Defense™.

### 5. Computer attack - legal firm

**Scenario:** An employee of an insured legal firm opened a resume that was attached to an email. Opening the document launched hidden malware that encrypted the data on the employee's company computer and on a shared network drive.

**Results:** The firm engaged an outside IT company to find the problem, remove the malware and restore the computer and the network. Related expenses may be covered, subject to the deductible and limit of insurance, under the computer attack coverage of Network Defender or Cyber Defense.

### 6. Computer attack - manufacturing facility

**Scenario:** An unauthorized computer hacker gained access to an insured manufacturing company's computer system during a computer attack via a desktop computer, and obtained administrative privileges in order to encrypt the insured's data. Proprietary data was lost. IT forensics showed the event occurred in less than two hours. The hacker was able to delete the external backup associated with the server.

**Results:** The entire facility was taken offline while a remote scan was performed. Affected machines were replaced and backups were restored from a remote site.

**Total covered loss for first-party exposure:** \$42,000

### 7. Computer attack - hospitality business

**Scenario:** A successful phishing attack released malware into an insured hotel's computer system. A malicious actor also obtained verification codes by telephone from one of the insured's employees to access their online bank account through social engineering. More than \$1 million was fraudulently transferred to several accounts. The malware also interfered with access to the hotel's accounts while multiple wire transfers took place.

**Results:** Hotel management engaged an IT service provider to remove the malware and implement malware protection services.

**Total covered loss for system restoration:** \$18,700 provided by computer attack coverage. In this scenario, the fraudulent transfers may have been covered if they had purchased crime protection that included social engineering, computer and funds transfer fraud for an extra layer of protection.

### 8. Computer attack & network security liability - business office

**Scenario:** An employee at an insured business clicked a link in an email that appeared to come from a known contact. Unfortunately, clicking through to the site launched hidden spyware that replicated onto the company's file server.

**Results:** Someone exploited that spyware to hack into the insured's system, gain access to private client information and then post some of it on a public website. The client whose information was compromised sued the insured for breach of private business information. The defense of this claim may be covered, subject to the deductible and limit of insurance, under the network security liability coverage of Network Defender or Cyber Defense.

### 9. Network security liability - business owner

**Scenario:** Criminals hacked into an insured business's computer system and used the email address of every contact stored on its servers to launch a ransomware attack.

**Results:** Several compromised contacts filed lawsuits alleging that the insured business's network security failed. The expenses involved with hiring lawyers and settling cases may be covered, subject to the deductible and limit of insurance, under the network security liability coverage of Network Defender or Cyber Defense.

**Total covered loss for system restoration:** \$13,700

## DATA BREACH

### 1. Data breach - apartment building

**Scenario:** A burglar stole a box of applications from the rental office of an insured apartment building. The completed applications provided the burglar with personal information, including Social Security numbers, for more than 2,500 people.

**Results:** The apartment manager paid for help sending notification letters to the affected applicants and provided services to assist in the event of identity theft resulting from the data breach.

**Total covered loss for notification and service cost:** \$90,500



## 2. Data breach – financial company

**Scenario:** An employee at an insured financial services company installed software to simplify file sharing on a company computer. However, a hacker used that software to gain access to the company's computer system and steal the private data of 2,000 clients.

**Results:** The financial services company paid to mail notification letters and arranged to provide identity recovery services to the 2,000 individuals who were affected by the data breach.

**Total covered loss for notification and service cost:** \$70,000

## 3. Data breach – accounting firm

**Scenario:** Someone stole a computer containing tax records of 800 clients from an insured accounting firm's office. The clients were located in a four-state area.

**Results:** The insured hired legal counsel to make sure the firm fulfilled each state's specific breach notification requirements. Affected clients were notified of the theft and advised to get in touch with their banks to place fraud alerts in case of identity theft resulting from the data breach.

**Total covered loss for legal review, notification and service cost:** \$28,000

## 4. Data breach – convenience store

**Scenario:** A thief attached a card skimmer to a gas pump and stole debit card and PIN data from 550 customers of an insured convenience store. Using the stolen numbers, the thief fabricated and used counterfeit debit cards to withdraw funds from the customers' accounts via ATMs.

**Results:** The gas station's owner arranged to mail notification letters and provide services to assist individuals affected by the data breach. Total covered loss for notification and service cost: \$19,250

## 5. Data breach – doctor's office

**Scenario:** A burglar stole external data backup media storing patients' personal data from an insured doctor's office.

**Results:** The doctor paid for assistance sending letters to the patients involved to notify them of the theft and recommend that they set up fraud alerts with credit bureaus and monitor their bank accounts and credit reports.

**Total covered loss for notification and service cost:** \$10,500

## 6. Data compromise liability – auto dealership

**Scenario:** A criminal stole a stack of sale folders from an insured auto dealership that contained personally identifiable information about customers. The insured provided breach notifications and credit monitoring services to the affected individuals.

**Results:** Two customers made legal demands as a result of the data breach.

**Total covered loss after deductible:** \$20,000

# IDENTITY RECOVERY

## 1. Identity recovery – dentist

**Scenario:** An insured dentist received a summons to appear in court for a case about dental equipment collection and repossession.

**Results:** An investigator determined that a former employer fraudulently used the insured's personal information to acquire the equipment using personal data without the insured knowing about or giving permission for the acquisition.

**Total covered loss for attorney fees:** \$10,400

## 2. Identity recovery – business owner

**Scenario:** A criminal used an insured business owner's personally identifiable information to open fraudulent accounts at four major chain retail stores in the insured's name. The insured was alerted to the identity theft and filed a claim when a representative from one of the stores called with questions about the unauthorized credit application submitted to that store.

**Results:** The adjuster assigned to the claim referred the insured to a licensed case manager who coordinated these identity recovery actions on behalf of the insured:

- Issued fraud alerts on the insured's credit file with the three main credit reporting agencies to limit further unauthorized activity
- Worked with each of the lenders involved to document and dispute the unauthorized accounts
- Provided a final credit report after working with the lenders to verify that the fraudulent activities had been removed and the insured's credit history was restored to the pre-theft ratings
- Prevented the insured from having to pay any damages due to rapid and thorough response to the identity theft

## 3. Identity recovery – medical professional

**Scenario:** A criminal used stolen personal information to open unauthorized accounts in an insured doctor's name, and then used those funds to open lines of credit and pay some rental expenses.

**Results:** The insured engaged a case manager to place fraud alerts and hired a lawyer to address the fraudulent accounts and help resolve some of the identity theft-related issues.

**Total covered loss for attorney fees:** \$5,600

## 4. Identity recovery – business owner

**Scenario:** Someone used an insured business owner's Social Security number without permission to open a bank account.

**Results:** The business owner hired a lawyer to work with the bank to resolve the issue.

**Total covered loss for attorney fees:** \$1,000



### 5. Identity recovery – business executive

**Scenario:** An unauthorized person tried unsuccessfully to open a bank account and gain access to an insured business executive's established line of credit. The thief used personal information without the insured's knowledge or permission.

**Results:** The business executive lost time away from the job working with a case manager to dispute the fraudulent activity that appeared on the insured's credit history.

**Total covered cost of lost wages:** \$865

### 6. Identity recovery – business owner

**Scenario:** An insured business owner applied to refinance a loan but was surprised when it was denied due to a bad credit report showing a fraudulent mortgage taken out using the insured's personal information.

**Results:** The case manager coordinated placement of fraud alerts on behalf of the insured, who had to pay the reapplication fees to refinance the valid mortgage.

**Total covered cost of reapplication fee:** \$700

### 7. Identity recovery – business owner

**Scenario:** An insured business owner's tax return was rejected by the Internal Revenue Service because records showed that a tax return had already been filed in the name of the insured's young child using the same taxpayer identification number.

**Results:** The insured notified the police, and worked with a case manager to file a physical copy of the valid tax return with the IRS, set fraud alerts with credit bureaus, and contacted the Social Security Administration to make sure that both individuals' Social Security numbers had no other unauthorized activity associated with them. These services do not erode the identity recovery limit of insurance for other expenses—such as lost wages or lawyer's fees—that may be incurred when responding to legal demands for payment of fraudulently incurred debts.

## CYBER EXTORTION

### 1. Ransomware – business owner

**Scenario:** An insured business owner's computer system was locked up by a malicious virus accompanied by an extortion demand for payment to release the system.

**Results:** After discussing the situation with the insurance company, the insured paid \$600 to unlock the system.

**Total covered loss for system restoration:** \$2,400

### 2. Ransomware – medical facility

**Scenario:** An insured medical facility's systems were infected with ransomware that accessed the system through an administrator's compromised password.

**Results:** The systems restoration process required 19 days.

**Total covered loss for forensic IT services, system restoration and legal review:** \$45,170

### 3. Ransomware – manufacturing facility

**Scenario:** The insured manufacturer's computer systems were attacked by ransomware that gained access to the system through a phishing email. The ransomware encrypted the data files and demanded a ransom of 60 Bitcoin, or approximately \$240,000, for decryption.

**Results:** The insured did not pay the ransom. Four months of data had to be re-created by temporary employees. In total, 10 virtual servers, five physical servers and 50 workstations were affected.

**Total covered loss for data restoration, system restoration and business income:** \$47,250

### 4. Ransomware – educational facility

**Scenario:** An insured school's computer systems were infected with ransomware by an IT consultant whose failure to install a virus patch allowed the ransomware to infiltrate the network.

**Results:** The school hired a service to remediate their system, restore backups and reconfigure the network.

**Total covered loss for data restoration and system restoration:** \$23,000

### 5. Ransomware – service station

**Scenario:** A dozen computers crashed in conjunction with a ransomware attack on an insured service station. An email attachment opened by an unsuspecting user launched ransomware that encrypted all the files and demanded a ransom of \$15,000 to release their data.

**Results:** In total, the main server and 14 desktops were impacted, which caused two months of data to be permanently lost. The ransom was negotiated to \$4,200 and paid.

**Total covered loss for computer attack and cyber extortion:** \$2,500

## MEDIA LIABILITY

### 1. Electronic media liability – business website

**Scenario:** An insured business owner posted a photo of a local celebrity on the company's website that attracted increased traffic to the site. The celebrity's lawyer sent a letter demanding that the photo be removed and claiming that the individual's reputation might have been harmed by being associated with the company's product.

**Results:** The business owner hired an attorney to respond to the letter.

**Total covered loss for attorney fees:** \$6,700

Thank you for trusting your agent and Cincinnati to protect your business.

*These examples and actual claims include content with permission of The Hartford Steam Boiler Inspection and Insurance Company, and are for educational purposes only. Every claim is adjusted according to its own specific set of facts. Whether or not insurance coverage would apply to any claim is dependent on the facts and circumstances of each individual claim and the language of the insurance policy.*

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The Cincinnati Insurance Companies

## Business Insurance

# SPECIALIZED CYBER CLAIMS SERVICE

Cyber Risk Protection



Your insurance program includes valuable cyber risk coverage from The Cincinnati Insurance Company. Please save this information for future reference.

### Cyber claims excellence

To provide the claims service excellence you expect from Cincinnati, we have teamed with Hartford Steam Boiler, a leading technical expert in handling the intricacies of cyber claims. Cyber losses are becoming more frequent as technology and device interconnectivity and the risks associated with them continue to evolve. And because cyberattacks can happen any time of day or night, your cyber protection provides 24/7 claims service.

### Seamless 24/7 customer service

Our collaborative cyber claims process does not change the way you report a claim. Notify your independent agent representing Cincinnati, who will contact us to open your claim, or notify Cincinnati's Claims Reporting Center directly by calling 877-242-2544. Either way, once you have reported a cyber claim you can expect:

- timely contact from an HSB claims representative, usually within one business day of receiving your claim. Critical incidents are immediately placed in the hands of a trusted service provider who is trained and ready to help
- swift response to telephone calls, emails and correspondence
- prompt escalation and resolution of issues of concern
- professional, courteous and respectful interactions

Rest assured that all coverage decisions are made collaboratively with Cincinnati's claims team and will come from Cincinnati, along with any resulting payments.

### Specialized cyber expertise

We chose HSB for their commitment to claims service excellence and their dedicated team of cyber claims representatives who have specialized expertise and knowledge of computer systems, data storage and transfer, and the numerous methods of cyberattack. This team is prepared to help you reduce the impact of a data breach, identity theft or cyberattack and to help us deliver on our promises to you as a policyholder.

Thank you for trusting your agent and Cincinnati to protect your business.

For information, coverage availability in your state, quotes or policy service, please contact your local independent agent recommending coverage.



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