



**NETGUARD[®] PLUS
CYBER LIABILITY
FOR SERVICE COOPERATIVE MEMBERS**



Minnesota Service Cooperative NetGuard® Plus Cyber Liability Program

The Minnesota Service Cooperatives have partnered with Hausmann-Johnson Insurance and NAS Insurance Services to offer a streamlined NetGuard® Plus Cyber Liability Insurance application process and simplified underwriting for service cooperative members that meet program qualifications. Applicants can simply complete the Program Application, request to bind coverage, and pay the applicable premium.

COVERAGE COMPONENTS

- **Multimedia Liability** – Duty to defend coverage for third party claims alleging liability resulting from the dissemination of online or offline media material, including claims alleging copyright/trademark infringement, libel, slander, plagiarism or personal injury.
- **Security and Privacy Liability** – Duty to defend coverage for third party claims alleging liability resulting from a security breach or privacy breach, including failure to safeguard electronic or non-electronic confidential information; failure to prevent virus attacks; denial of service attacks; the transmission of malicious code from an insured computer system to the computer system of a third party; or acts committed by rogue employees.
- **Privacy Regulatory Defense and Penalties** - Duty to defend coverage for regulatory fines and penalties and/or regulatory compensatory awards incurred in privacy regulatory proceedings/investigations brought by federal, state, or local governmental agencies, such as proceedings/investigations alleging HIPAA violations.
- **Breach Event Costs** – Coverage for reasonable and necessary mitigation costs and expenses incurred as a result of a privacy breach, security breach or adverse media report, including legal expenses, public relations expenses, advertising and IT forensic expenses, postage, and the cost to provide call centers, credit monitoring and identity theft assistance.
- **Proactive Privacy Breach Response Costs (sub-limit of Breach Event Costs)** - Coverage for public relations expenses incurred in response to a security breach or privacy breach, but prior to the publication of an adverse media report, in an effort to avert or mitigate reputational harm which could result from the adverse media report.
- **Voluntary Customer Notification Expenses (sub-limit of Breach Event Costs)** - Coverage for expenses incurred in notifying parties of a privacy breach where there is no requirement by law to do so.
- **BrandGuard®** - Coverage for loss of net profit incurred as a direct result of an adverse media report or notification to affected individuals following a security breach or privacy breach.
- **Network Asset Protection** – Coverage for reasonable and necessary amounts incurred to recover and/or replace electronic data that is compromised, damaged, lost, erased or corrupted due to (1) accidental damage or destruction of electronic media or computer hardware, (2) administrative or operational mistakes in the handling of electronic data, or (3) computer crime/attacks including malicious code and denial of service attacks. Coverage also extends to business income loss and interruption expenses incurred because of a total or partial interruption of an insured computer system directly caused by any of the above events.

- **Cyber Extortion** – Coverage for extortion expenses incurred and extortion monies paid as a direct result of a credible cyber extortion threat.
- **Cyber Crime** – Coverage for loss of money or securities incurred due to financial fraud, including wire transfer fraud; charges incurred for unauthorized calls resulting from fraudulent use of an insured telephone system; expenses incurred to notify customers of phishing schemes that impersonate the Insured or the Insured’s brands, products or services, and the costs of reimbursing customers for losses resulting from such phishing schemes.
- **PCI DSS Liability** - Duty to defend coverage for assessments, fines, or penalties imposed by banks or credit card companies due to non-compliance with the Payment Card Industry Data Security Standard (PCI DSS) or payment card company rules.

PROGRAM HIGHLIGHTS

- Broad coverage for data that is stored with third parties, including BPO service providers, outsourced IT providers and independent contractors
- Worldwide coverage - claims can be brought outside of the U.S.
- Network Asset Protection coverage triggers include accidental damage or destruction, administrative and operational mistakes as well as computer crimes, including acts of cyber terrorism
- Property Damage exclusion does not apply to electronic data
- Includes coverage for breach of corporate information
- Acts committed by rogue employees are covered, as well as privacy claims brought by employees
- Multimedia Liability and Security & Privacy Liability include coverage for liability assumed under contract
- Extended Reporting Period available for 1-3 years
- Expanded Cyber Crime coverage; expanded to include loss of money AND other property
- Separate Breach Event Costs Limit - \$1M limit
- Blanket Dependent Business Interruption coverage under Network Asset Protection - \$1M limit
- Coverage enhancements include:
 - Separate Claim Expenses Limit - \$1M limit
 - TCPA Defense Costs Sublimit - \$75,000 limit
 - ADA Non-Compliance Costs Sublimit - \$25,000 limit
 - Court Attendance Costs Sublimit - \$50,000 limit
 - Reward Expenses Sublimit - \$100,000 limit

PROGRAM QUALIFICATIONS

- Must not have experienced any privacy or security claims/incidents in the past 5 years.
- Must have a firewall and anti-virus system in place.
- Must be a current member of a Minnesota Service Cooperative.
(Larger risks can be submitted to NAS for further consideration)

Coverage cannot be bound under the terms and conditions of this program for Applicants that do not fall within the program qualifications; however, Applicants may be considered for coverage outside of the program, subject to underwriting review.

LIMITS

Limits are subject to and in excess of a self insured retention. Higher limit options available by request.

I.	Multimedia Liability	\$1,000,000
II.	Security and Privacy Liability	\$1,000,000
III.	Privacy Regulatory Defense and Penalties	\$1,000,000
IV.	Breach Events Costs	\$1,000,000
	Proactive Privacy Breach Response Costs Sublimit	\$ 25,000
	Voluntary Notification Expenses Sublimit	\$1,000,000
V.	BrandGuard®	\$1,000,000
	Waiting period	2 weeks
	Period of Indemnity	6 months
VI.	Network Asset Protection	\$1,000,000
	Digital Assets Loss/Special Expenses	
	Non-Physical Business Interruption/Extra Expense	
	Waiting Period (applicable to business interruption)	4 hours
VII.	Cyber Extortion	\$1,000,000
VIII.	Cyber Crime	\$125,000*
IX.	PCI DSS Liability	\$1,000,000
	Maximum Policy Aggregate Limit of Liability:	\$1,000,000

* Cyber Crime \$250,000 limit option available for an additional premium of 7.5%

RATES & PREMIUM

Policy premiums will be determined using a combination of factors, including revenue, risk size, and security controls.

Members will receive a discounted rate when purchasing through this program.

RISK MANAGEMENT WEBSITE ACCESS

NAS cyberNET® Support and Risk Management

As an NAS cyber liability insurance policyholder, your policy includes NAS CyberNET®, giving you access to expert cyber risk advisors when you need them, plus 24/7 online training courses, sample policies, vendor agreement templates and more.

NAS CyberNET® helps you and your organization mitigate the risk and impact of a cyber breach.

Compliance Material

Keeping your organization up to date:

- State and Federal, Industry Specific
- Data Protection Guidelines
- Links to government sites

Cyber Security Training

Get 'cyber smart' with 16 online courses, including:

- Data Security Basics
- Social Engineering and Phishing
- Schemes

Risk Management

Guidance to implement preventative measures:

- Best Practice Guidelines
- Risk Assessment & Fitness Checklist
- Incident Response Planning

**With NAS, you're more than insured,
you're prepared!**

POLICY & ENDORSEMENT LINKS

Rates apply to the NetGuard® Plus Program, written by NAS on NetGuard® Plus Policy Form [P1856NGP-0416](#) and endorsed with:

- Nuclear Incident Exclusion Clause ([E1856A-0710](#))
- U.S. Treasury Department's Office of Foreign Assets Control (OFAC) Advisory Notice to Policyholders ([E1856US-0315](#))
- Breach Event Costs Outside Limits ([E1856NM-0416](#))
- Dependent Business Interruption Blanket Sublimit ([E1856NES-0117](#)) – 12 hour waiting period
- Minnesota Service Cooperative Cyber Amendatory ([E1856NHG-0118](#))
- Minnesota Service Cooperative Coverage Enhancements ([E1856NHH-0118](#))

HOW TO PURCHASE THIS INSURANCE

1. Log onto www.hausmann-johnson.com/mssciber to complete a brief online application.
2. Within three business days, you will receive an email from cyber@hausmann-johnson.com with your final premium confirmation. Please be sure to whitelist this email address.
3. Simply reply to the premium confirmation email confirming that you would like to bind coverage. Your policy and invoice will then be available to you through an online portal. Details about how to access the portal will be communicated after coverage has been bound.

CYBER RISK SCENARIOS

Security and Privacy Liability

A laptop belonging to the IT Director of a non-profit was stolen from the IT Director's car while it was parked in the parking lot. The laptop contained the personal information of donors, including contact information and donors' credit card information.

The IT Director did not take precautions to encrypt or otherwise protect the data on his laptop, which was a violation of the non-profit's privacy policy.

The non-profit reported the lost laptop to local law enforcement and notified their donors. Several families filed a class action lawsuit against the non-profit for failure to safeguard the donors' private information. The non-profit's cyber insurance covered defense costs and damages awarded against them.



Cyber Crime

A business manager at a housing authority in Chicago received an e-mail from a member of the organization's finance committee requesting a wire transfer be processed in the amount of \$50,000.

The wire was sent, but, in a later conversation with the head of the finance committee, the business manager discovered that the committee had not actually requested the wire transfer. In fact, the e-mail the business manager received was a "spoof" e-mail, sent by a hacker who had created a fraudulent e-mail account to impersonate a finance committee member.

The bank would not return the housing authority's funds because the transfer appeared to be legitimate. The housing authority was reimbursed for the financial loss under Cyber Crime insurance.

Breach Event Costs

An iPad issued to an employee of a non-profit went missing. The iPad contained confidential records, including personally identifiable information (PII) of over 1,000 donors. The Insured's cyber insurance reimbursed the Insured for the costs incurred to notify affected donors of the breach and for costs associated with 12 months of credit monitoring.

APPLICATION for: NetGuard® Plus Minnesota Service Cooperative Cyber Program
Claims Made Basis. Underwritten by Underwriters at Lloyd's, London

Notice: The Policy for which this Application is made applies only to Claims made against any of the Insureds during the Policy Period. The Limit of Liability available to pay damages or settlements shall be reduced and may be completely exhausted by amounts incurred as defense costs. Defense costs shall be applied to the retentions. Submission of this Application does not guarantee coverage.

General instructions for completing this Application:

- 1. Please read carefully and answer all questions. If a question is not applicable, so state by writing "Not Applicable".**
- 2. The completed Application should include all information relative to all subsidiaries and locations to be covered.**
- 3. The Application must be signed by an executive officer.**
- 4. Please read the Policy for which application is made (the "Policy") prior to completing this Application. The terms as used herein shall have meanings as defined in the Policy.**

SECTION I. YOUR DETAILS

1. Name of Applicant: _____
(Include names of all subsidiaries or affiliated companies to be insured; attach a separate sheet, if necessary)
- Applicant Type: Individual Corporation Partnership Other
- Headquarters Address: _____
- Mailing Address (if different): _____
- Telephone Number: _____ Fax Number: _____
- Email Address: _____
- Corporate Website Address: _____
- Nature of Business: _____

SECTION II. YOUR BUSINESS

2. Date established: _____
3. Are any significant changes in nature or size (e.g., more than 20% increase in revenue) of Applicant's business anticipated over the next twelve (12) months? Yes No
- If "Yes", please explain:** _____
- _____
- _____

SECTION III. EXPOSURE INFORMATION

ANNUAL BUDGET AND EXPOSURE BASE

4. Total Annual Budget: \$ _____ Current population: _____
5. Please estimate the total number of customer and employee records you store either electronically or in physical files.
Current number: _____ For the Next 12 Months: _____
6. Please estimate the total number of credit card transactions for the next 12 months: _____

SECTION IV. NETWORK SECURITY AND PRIVACY

7. Do you enforce a security policy that must be followed by all employees, contractors, or any other person with access to your network? Yes No
8. Does your security and privacy policy include mandatory training for all employees? Yes No
9. If required by law, are you HIPAA compliant? Yes No N/A
10. Do you process, store, or handle credit card transactions? Yes No
If "Yes", are you PCI-DSS Compliant at the time of application? Yes No
11. Has the Applicant or any other organization proposed for this insurance experienced a wire transfer, telecom fraud or phishing attack loss in the past five years? Yes No
If "Yes", please provide complete details, including information on any remediating steps that have been implemented. _____

12. Does the Applicant utilize a cloud provider to store data? Yes No
If "Yes", please list the name of the cloud provider: _____
If more than one provider is utilized, please list the provider that stores the most confidential information for the Applicant.
13. Does your virus or malicious code control program address the following: anti-virus on all systems, filtering of all content for malicious code, controls on shared drives and folders, CERT or similar vendor neutral threat notification services, removal of spyware and similar parasitic code? Yes No
14. Do you have a firewall in place? Yes No
If "Yes", are your firewalls, information systems and security mechanisms securely configured? Yes No
Check "No" if your systems are configured using factory default settings.
15. Do you enforce a software update process that includes monitoring of vendors or automatically receiving notices from them for availability of security patches, upgrades, testing and installing critical security patches? Yes No
If "Yes", how frequently is this done? Weekly Within 30 days More than 30 days
16. Do you test your security at least yearly to ensure effectiveness of your technical controls as well as your procedures for responding to security incidents (e.g., hacking, viruses, and denial of service attacks)? Yes No
If "Yes", does this include a network penetration test? Yes No
17. Is all sensitive and confidential information that is transmitted within and from your organization encrypted using industry-grade mechanisms? Yes No
18. Is all sensitive and confidential information stored on your organization's databases, servers and data files encrypted? Yes No
19. If encryption is not in place for databases, servers and data files, are the following compensating controls in place:
a) Segregation of servers that store confidential information? Yes No
b) Access control with role based assignments? Yes No

SECTION V. LOSS HISTORY

20. Has the Applicant or any other person or organization proposed for this insurance ever received any complaints, claims or been a subject in litigation involving matters of privacy injury, identity theft, denial of service attacks, computer virus infections, theft of information, damage to third party networks, or the Applicant's customers' ability to rely on the Applicant's network? Yes No

If "Yes", please provide specific details: _____

21. Do you or any other person or organization proposed for this insurance have knowledge of any security breach, privacy breach, privacy-related event or incident or allegations of breach of privacy that may give rise to a claim? Yes No

22. Has any employee ever been disciplined for mishandling data or otherwise tampering with your computer network? Yes No

If "Yes", please provide specific details: _____

23. Has the Applicant or any other organization proposed for this insurance sustained any unscheduled network outage or interruption within the past 24 months? Yes No

If "Yes", please provide specific details: _____

SECTION VI. WARRANTY AND REPRESENTATIONS

1. The undersigned warrants and represents that the statements and information contained in or attached to this Application are true and complete, and that reasonable efforts have been made to obtain sufficient information to facilitate the proper and accurate completion of this Application.
2. Signing of this Application does not bind the undersigned to complete the insurance; however, the Undersigned acknowledges and recognizes that the statements, representations, and information contained in or attached to this Application are material to the risk assumed by the Insurer; that any Policy will have been issued in reliance upon the truth thereof; that this Application shall be the basis of the contract should a Policy be issued; and that this Application, and all information and materials furnished to the Insurer in conjunction with this Application, shall be deemed incorporated into and made a part of the Policy, should a Policy be issued. Underwriters hereby are authorized to make any investigation and inquiry in connection with this Application as they may deem necessary.
3. The undersigned acknowledges and agrees that if the information supplied on this Application or in any attachments changes between the date of the Application and the inception date of the policy period, the Applicant will immediately notify the Insurer of such change, and, the Insurer may withdraw or modify any outstanding quotations and/or agreement to bind the insurance.
4. For purposes of creating a binding contract of insurance by this Application or in determining the rights and obligations under such a contract in any court of law, the parties acknowledge that a signature reproduced by either facsimile or photocopy shall have the same force and effect as an original signature and that the original and any such copies shall be deemed one and the same document.

Signed: _____ Print Name: _____

Title: _____ Date (Mo/Day/Yr): _____

Applicant Organization: _____

SECTION VII. PAYMENT INSTRUCTIONS

Premium: \$ _____
Taxes & Fees: \$ _____ *Exact Amount will be confirmed at binding*
Policy Issuance Fee*: \$ _____
Broker fee: \$ _____
TOTAL PAYMENT \$ _____

***Policy issuance fees vary by state, with \$175 being the maximum. NAS will confirm the policy issuance fee at the time of binding.**

For risks filed by NAS, please remit all taxes and fees with premium, should coverage be bound with Lloyds through NAS.

- **Policy fee is fully earned.**
- **Written Policies are subject to a minimum earned premium of 25%.**
- **No Flat Cancellations.**