

Ascot CYNERGY Pro

FILED RATING PLAN Texas

The CYNERGY Pro package product offers four main coverages: Cyber, Media, Miscellaneous Professional Liability (MPL), and Technology (Tech). Any combination of the four coverages can be written. A Package Credit Factor applies when multiple coverages are written on one policy.

Total CYNERGY Pro Premium (CPP)

$$CPP = (MPLSP + TLP + CP + MP) * PCF * ERPF$$

MPLSP means the Multimedia Professional Liability Solutions Premium

TLP means the Technology Liability Premium

CP means the Cyber Premium

MP means the Media Premium

PCF means the Package Credit Factor

ERPF means the Extended Reporting Period Factor

Package Credit Factor (PCF)

The PCF provides up to a 12.5% discount depending on the policy limit, highest single limit of all coverages written, and the sum of all individual coverage limits. If the Anti-Stacking Endorsement is applied, the PCF will include all limits in scope of the Anti-Stacking Endorsement.

The credit/debit is calculated as follows:

$$PCF = 1 - \left(1 - \frac{\text{Policy Limit} - \text{Highest Single Coverage Limit}}{\text{Sum of Individual Coverage Limits} - \text{Highest Single Coverage Limit}} \right) * 12.5\%$$

Extended Reporting Period Factor (ERPF)

If an extended reporting period endorsement is offered and elected, the Extended Reporting Period Factor is selected from the table below, and applies to the sum of all coverages.

ERP	
1 year	100%
2 years	150%
3 years	175%
4 years	225%
5 years	250%
6 years	275%

Cyber

Rating Methodology

The Cyber premium will be calculated as follows:

Cyber Premium (CP)

$$\text{CP} = \text{CCP} + \text{ACC}$$

Rounded to the nearest dollar

$$\text{CCP} = \text{CBP} * \text{LLM} * \text{ALF} * \text{RM} * \text{RCF} * \text{STCF} * \text{SM}$$

Rounded to the nearest dollar

CP means the Cyber Premium

CCP means the Cyber Core Premium

CBP means the Cyber Base Premium as determined in **Step 1**

LLM means the corresponding Limit of Liability Modifier as determined in **Step 2**

ALF means the corresponding Aggregate Limit Factor as determined in **Step 3**

RM means the corresponding Retention Modifier as determined in **Step 4**

RCF means the Risk Characteristics Factor as determined in **Step 5**

STCF means the Significant Terms and Conditions Factor as determined in **Step 6**

SM means the Schedule Modifier as determined in **Step 7**

ACC means the Additional Cyber Coverages as determined in **Step 8**

Step 1: Base premium

Base Premium is based on the insured's annual revenue size. Base premiums below are for \$1 million limit. For revenues below \$2,500,000, the base premium is \$1,000. For revenues greater than \$1 trillion, the base premium is \$35,700. For revenues not in the table below, linear interpolation should be used.

Revenue(\$)	Base Premium (\$)
2,500,000	1,000
5,000,000	1,450
10,000,000	2,100
25,000,000	3,600
50,000,000	5,100
75,000,000	5,850
100,000,000	6,350
150,000,000	7,100
200,000,000	7,600
250,000,000	8,050
500,000,000	10,300
1,000,000,000	11,500
5,000,000,000	15,000
10,000,000,000	16,800
25,000,000,000	19,500
50,000,000,000	21,900
100,000,000,000	24,500
500,000,000,000	31,800
1,000,000,000,000	35,700

Step 2: Limit of Liability Modifier

	Revenue (\$) (in Millions)		
Limit	<=50	>50, <=100	>=100
100,000	0.535	0.511	0.486
250,000	0.715	0.683	0.650
300,000	0.757	0.723	0.688
500,000	0.890	0.850	0.809
1,000,000	1.000	1.000	1.000
2,000,000	1.750	1.666	1.581
3,000,000	2.358	2.205	2.052
4,000,000	2.850	2.642	2.434
5,000,000	3.249	2.996	2.743
6,000,000	3.572	3.283	2.993
7,000,000	3.834	3.515	3.196
8,000,000	4.046	3.703	3.360
9,000,000	4.218	3.856	3.493
10,000,000	4.357	3.979	3.601
11,000,000	4.470	4.079	3.688
12,000,000	4.562	4.160	3.758
13,000,000	4.637	4.226	3.815
14,000,000	4.698	4.280	3.861
15,000,000	4.747	4.323	3.898
20,000,000	4.900	4.462	4.024
25,000,000	5.000	4.553	4.106

For limits not shown, linear interpolation/extrapolation should be used.

Step 3: Aggregate Limit Modifier

Aggregate Limit Multiple = Aggregate or Policy Limit / Limit of Liability

Aggregate Limit Multiple	Aggregate Limit Factor
1.000	1.000
1.667	1.200
2.000	1.300
2.500	1.450
3.000	1.550
4.000	1.775
5.000	2.000

Step 4: Retention Modifiers

Retention in \$	Revenue (\$) (in Millions)			
	<= 16.5	>16.5, <=100	>100, <=650	>650
0	1.425	1.549	1.891	2.615
500	1.209	1.300	1.582	2.209
750	1.126	1.207	1.481	2.087
1,000	1.080	1.151	1.396	1.967
1,500	1.037	1.101	1.334	1.886
2,500	1.000	1.058	1.274	1.804
5,000	0.954	1.000	1.165	1.642
7,500	0.914	0.952	1.078	1.518
10,000	0.880	0.911	1.000	1.405
15,000	0.825	0.848	0.941	1.268
25,000	0.728	0.734	0.862	1.161
50,000	0.650	0.650	0.742	1.000
75,000	0.585	0.590	0.672	0.905
100,000	0.560	0.560	0.625	0.842
150,000	0.518	0.520	0.566	0.763
175,000	0.504	0.500	0.541	0.730
200,000	0.490	0.485	0.525	0.707
250,000	0.462	0.456	0.500	0.673
300,000	0.434	0.430	0.476	0.642
500,000	0.392	0.400	0.433	0.583
750,000	0.377	0.380	0.395	0.533
1,000,000	0.372	0.370	0.365	0.492

For retentions not shown, linear interpolation/extrapolation should be used

Step 5: Risk Characteristics Factor

The factors in the following charts should be applied multiplicatively to the premium developed in Section 1.

A. Nature and Amount of 3rd Party Personal Information (of others) Processed or Stored

Low Risk -- Applicant only processes or stores employee information	0.75
Average Risk -- Applicant processes or stores less than 1,000,000 records	1.00
Moderate Risk -- Applicant processes or stores 1,000,000 to 5,000,000 records	1.15
High Risk -- Applicant processes or stores greater than 5,000,000 records	1.25
Unknown from Application	1.00

B. Location/Jurisdiction Factor

Favorable -- Company has very little or no operations in jurisdictions subject to data localization or breach notification laws	0.80
Moderate -- Company has some operations in jurisdictions subject to data localization or breach notification laws	1.00
Unfavorable -- Company has extensive operations in jurisdictions subject to data localization or breach notification laws	1.15
Unknown from Application	1.00

C. Incident Response Plan

Low Risk -- Company has incident response plan in place that has been tested	0.80
Moderate Risk -- Company has incident response plan and no or unknown testing	1.00
High Risk -- Company has no incident response plan in place	1.15
Unknown from Application	1.00

D. Formal Business Continuity & Disaster Recovery Plans

Low Risk--Company has a Business Continuity Plan and Disaster Recovery Plan in place with a recovery time objective of under 24 hours	0.75
Average Risk-- Company has a Business Continuity Plan or Disaster Recovery Plan in place with a recovery time objective of under 24 hours or an unknown recovery time objective	1.00
Moderate Risk-- Company has a Business Continuity Plan or Disaster Recovery Plan in place with a recovery time objective of 24 hours or more	1.15
High Risk--Company has no Business Continuity Plan or Disaster Recovery Plan in place	1.25
Unknown from Application	1.00

E. Payment Card Transactions

Low Risk -- PCI level 1, or no payment card transactions	0.80
Moderate Risk-- PCI level 2 or 3	1.00
High Risk -- PCI level 4	1.15
Unknown from Application	1.00

F. Asset Inventory and Data Destruction

Excellent--Company has a data destruction and asset inventory program in place	0.80
Acceptable--Company has a data destruction or asset inventory program in place	1.00
Minimal--Company has no data destruction or asset inventory program in place	1.15
Unknown from Application	1.00

G. Regulatory Preparedness

Low Risk --Company is compliant with applicable regulatory statutes and uses an outside 3rd party or vendor to review compliance program	0.80
Moderate Risk--Company is compliant with applicable regulatory statutes or uses an outside 3rd party or vendor to review compliance program	1.00
High Risk--Company is not compliant with applicable regulatory statutes and does not use an outside 3rd party or vendor to review compliance program	1.15
Unknown from Application	1.00

H. Vulnerability

Excellent--Company has next generation firewall, anti-virus, intrusion detection, and a vulnerability assessment program in place	0.60
Acceptable--Company has next generation firewall, anti-virus, intrusion detection, or a vulnerability assessment program in place	1.00
Minimal--Company does not have any next generation firewall, anti-virus, intrusion detection, or a vulnerability assessment program in place	1.15
Unknown from Application	1.00

I. Employee Training

Excellent--Company has an employee training program in place that includes training on social engineering and an authentication process	0.80
Acceptable--Company has an employee training program in place, but does not include training on social engineering and an authentication process	1.00
Minimal--Company has no employee training program in place	1.15
Unknown from Application	1.00

J. Access Control

Excellent – Company has access control procedures and multi-factor authentication process in place	0.75
Acceptable - Company has access control procedures or multi-factor authentication process in place	1.00
Minimal - Company does not have an access control procedures or multi-factor authentication process in place	1.15
Unknown from Application	1.00

K. Use of Encryption

Excellent-- Applicant uses encryption at-rest, in-transit and on mobile devices	0.75
Acceptable--Applicant uses encryption in two of the three: at-rest, in-transit or on mobile devices	1.00
Minimal-- Applicant does not use encryption or only uses encryption at-rest, in-transit or on mobile devices	1.15
Unknown from Application	1.00

L. Reliance on Critical Vendors or Service Providers

Low Risk – Company does not rely on critical vendors/service providers and a vendor contract management/audit process in place	0.75
Moderate – Company relies on critical vendors/service providers or a vendor contract management/audit process in place	1.00
High Risk – Company relies on critical vendors/service providers and no vendor contract management/audit process in place	1.15
Unknown from Application	1.00

M. Patch Management

Low Risk – Patch management program in place with a 30 day or more frequent release for critical patches	0.75
Moderate - Patch management program in place with over 30 day release for critical patches or unknown timeframe of release	1.00
High Risk – Company has no patch management program in place	1.15
Unknown from Application	1.00

N. Data Backup

Excellent – Company has daily or more frequent data backup, off site backup storage, and tests restoration of data	0.80
Acceptable - Company has daily or more frequent data backup, off site backup storage, or tests restoration of data	1.00
Minimal – Company has no data backup process	1.15
Unknown from Application	1.00

O. Formal IT Risk Management

Low Risk – Company has individual responsible for privacy/cyber security and has formal enterprise cyber security program in place	0.80
Moderate - Company has individual responsible for privacy/cyber security or has formal enterprise cyber security program in place	1.00
High Risk – Company has no individual responsible for privacy/cyber security and no formal enterprise cyber security program in place	1.15
Unknown from Application	1.00

P. Claim Free Experience

Yes	0.85
No	1.00
Unknown from Application	1.00

Step 6: Significant Terms and Conditions Factor

Apply the Significant Terms and Conditions Factor below based on the endorsements added to the policy not specified in Step 6.

Significant Terms and Conditions Factor = Product of Restrictive Endorsement Factor * Expansive Endorsement Factor.

Restrictive Endorsement Factor selected based on the following chart.

Four or more very restrictive endorsements	0.65
Two or Three very restrictive endorsements	0.75
One very restrictive endorsement	0.80
Four or more restrictive endorsements and no very restrictive endorsements	0.80
Two or Three restrictive endorsement and no very restrictive endorsements	0.90
One restrictive endorsement and no very restrictive endorsements	0.95
No restrictive endorsements	1.00

Expansive Endorsement Factor selected based on the following chart.

Four or more very expansive endorsements	2.00
Two or Three very expansive endorsements	1.50
One very expansive endorsement	1.30
Four or more expansive endorsements and no very expansive endorsements	1.20
Two or Three expansive endorsements and no very expansive endorsements	1.10
One expansive endorsement and no very expansive endorsements	1.05
No expansive or very expansive endorsements	1.00

Step 7: Schedule Rating Modifications

Individual risks may be credited or debited based on the particular characteristics of the risk. The following are areas of evaluation that may be considered, along with the range of credits or debits to be applied.

A. Strength of Corporate Governance	Analysis of Company's System of Rules, Practices, Controls & Processes to Manage risk and conflicts of interest	-20% to +25%
B. Loss Experience	Analysis of Company's Claim and Loss experience over the past 3 years	-20% to +25%
C. Overall Financial Liquidity	Analysis of Company's Risk of defaulting on debt covenants, including risk of filing for bankruptcy protection	-20% to +25%
D. Quality of Management	Analysis of the Company's management team and board or directors experience and expertise	-20% to +25%
E. Unusual Risk Not Otherwise Reflected		-20% to +25%

The total debit or credit from the above schedule rating factor(s) is subject to a maximum by state as shown in the following chart.

Maximum Available Debits/Credits Range	States
+/- 15%	NY
+/- 25%	AK, AL, CA, CO, CT, DE, DC, FL, IA, ID, LA, MI, MN, MO, NJ, ND, NV, OH, OR, PR, SD, UT, WA
+/- 40%	AR, KS, ME, MD, MS, MT, NE, NH, OK, PA, RI, TX, WV
+40%; -50%	GA
+/- 50%	AZ, IL, IN, KY, MA, NM, NC, TN, VT, VA, WI, WY
+25%; -40%	SC

Step 8: Additional Cyber Coverages

Increased Limit Factor will be derived as described in Step 2. Retention Factor will be derived as described in Step 4.

Optional Coverage Enhancement Equation:

Optional Coverage Enhancement Premium = Selected percentage below in relation to the Exposure for Optional Coverage Enhancement * [(Limit Liability Modifier for Optional Coverage Enhancement/Limit Liability Modifier used to derive Core Cyber Premium) / (Aggregate Limit Factor in Step 4)] * (Retention Factor for Optional Coverage Enhancement/Retention Factor used to derive Core Cyber Premium) * Cyber Core Premium (CCP) * (Waiting Period Factor, if applicable to the Optional Coverage Enhancement)

The Waiting Period factor is only applicable to Business Interruption (Coverage 3), Dependent Business Interruption (Coverage 4), System Failure (Coverage 5), Dependent System Failure (Coverage 6) and Non-IT Service Provider Interruption/Failure (Coverage 16).

Coverage Part	Low Risk	Moderate Risk	High Risk
1. Breach Response Coverage	10%	25%	40%
2. Cyber Extortion Coverage	10%	25%	40%
3. Business Interruption	10%	25%	40%
4. Dependent Business Interruption	10%	25%	40%
5. System Failure	10%	25%	40%
6. Dependent System Failure	10%	25%	40%
7. Data Recovery	10%	25%	40%
8. Reserved for Future Use			
9. Privacy Regulatory	5%	15%	30%
10. Social Engineering	5%	15%	30%
11. Payment Card Liability	2%	8%	15%
12. Funds Transfer Fraud	2%	8%	15%
13. Utility Fraud	2%	8%	15%
14. Criminal Reward	0%	0%	0%
15. Reputational Harm	2%	8%	15%
16. Non-IT Service Provider Interruption/Failure	2%	8%	15%
17. Bricking Coverage	2%	8%	15%
18. Betterment Coverage	2%	8%	15%
19. Invoice Manipulation	2%	8%	15%
20. Reserved for Future Use			
21. Reserved for Future Use			
22. Contingent Bodily Injury	2%	8%	15%
23. Reserved for Future Use			
24. Employed Lawyers Coverage (incl Moonlighting)	2%	8%	15%
25. Employed Lawyers Coverage (excl Moonlighting)	2%	8%	15%

Waiting Period (Hours)	Factor
1 Hour	2.000
2 Hours	1.750
4 Hours	1.500
6 Hours	1.250
8 Hours	1.000

10 Hours	0.900
12 Hours	0.800
18 Hours	0.750
24 Hours	0.700
48 Hours	0.600
72 Hours	0.500

Media

Rating Methodology

The Media premium will be calculated as follows:

Media Premium (MP)

$$\text{MP} = \text{CMBP} * \text{MLLM} * \text{ALF} * \text{RM} * \text{PAF} * \text{RCF} * \text{CEF} * \text{SM}$$

Rounded to the nearest dollar

MP means the Media Premium

CMBP means the Core Media Base Premium as determined in **Step 1**

MLLM means the corresponding Media Limit of Liability Modifier as determined in **Step 2**

ALF means the corresponding Aggregate Limit Factor as determined in **Step 3**

RM means the corresponding Retention Modifier as determined in **Step 4**

PAF means the corresponding Prior Acts Factor as determined in **Step 5**

RCF means the Risk Characteristics Factor as determined in **Step 6**

CEF means the Coverage Endorsement Factor as determined in **Step 7**

SM means the Schedule Modifier as determined in **Step 8**

Step 1: Core Media Base Premium

The Core Media Base Premium is calculated as a percentage of Cyber Base Premium. If Cyber is not covered, Media Premium is then calculated on a percentage of one of the other coverages in the following order: Miscellaneous Professional Liability, Technology E&O Liability.

The percentage applied is based on the table below.

Minimal - Company has little exposure to a media event given their controls and/or the Company has a low amount of online or social media presence	10.0%
Moderate – Company has some exposure to a media event given their controls and/or the Company has a moderate amount of online or social media presence	20.0%
High – Company has meaningful exposure to a media event given their controls and/or the Company has a meaningful amount of online or social media presence	30.0%
Severe – Company has extensive exposure to a media event given their controls and/or the Company has an extensive amount of online or social media presence	40.0%

Step 2: Media Limit of Liability Modifier

Please refer to Cyber Premium calculation step 2 to calculate the Limit of Liability Modifier.

Step 3: Aggregate Limit Factor

Please refer to Cyber Premium calculation step 3 to calculate the Aggregate Limit Factor.

Step 4: Retention Modifier

Please refer to Cyber Premium calculation step 4 to calculate the Retention Modifier.

Step 5: Prior Acts Factor

Coverage for prior acts is provided based on the following chart.

Prior Acts Coverage	Prior Acts Factor
3+ yrs	1.00
2 yrs	0.95
1 yr	0.87
No Prior Acts	0.77

Step 6: Risk Characteristics Factor

The factors in the following charts should be applied multiplicatively to the premium developed in Section 1.

A. Claim Free Experience

Yes	0.850
No	1.000

B. Editorial Procedures

Written and formalized including legal review	0.800
Written and formalized, unknown legal review	0.900
Ad Hoc	1.000
None	1.100
Unknown from Application	1.000

C. Clearance Procedures

Written and formalized, including client review and sign-off of material	0.800
Written and formalized, unknown client review or sign-off	0.900
Ad Hoc	1.000
None	1.100
Unknown from Application	1.000

D. Use of Content

Insured disseminates content developed by a third party	0.800
Insured disseminates content developed by the insured	0.900
Insured develops content for others	1.000
Insured develops and disseminates content for others	1.100
Unknown from Application	1.000

Step 7: Optional Coverage Endorsements for Media

The Total Coverage Endorsement Factor = 1 + Sum of the Factors below.

Coverage Endorsement	Negligible	Low	Moderate	High
Contingent BI/PD	0%	15%	50%	75%
Contingent PD	0%	5%	10%	25%

Step 8: Schedule Debits/Credits

Individual risks may be credited or debited based on the particular characteristics of the risk. The following are areas of evaluation that may be considered, along with the range of credits or debits to be applied.

Media Risk Severity	-20% to +25%
Financial Condition	-20% to +25%
Claims/Litigation History	-20% to +25%
Nature of Content	-20% to +25%
Unusual Risk Not Otherwise Reflected	-20% to +25%

The total debit or credit from the above schedule rating factor(s) is subject to a maximum by state as shown in the following chart.

Maximum Available Debits/Credits Range	States
+/- 15%	NY
+/- 25%	AK, AL, CA, CO, CT, DE, DC, FL, IA, ID, LA, MI, MN, MO, NJ, ND, NV, OH, OR, PR, SD, UT, WA
+/- 40%	AR, KS, ME, MD, MS, MT, NE, NH, OK, PA, RI, TX, WV
+40%; -50%	GA
+/- 50%	AZ, IL, IN, KY, MA, NM, NC, TN, VT, VA, WI, WY
+25%; -40%	SC

Miscellaneous Professional Liability

RATING METHODOLOGY

The Miscellaneous Professional Liability premium will be calculated as follows:

MPL Solutions Premium (MPLSP)

$$\text{MPLSP} = \text{MPLCP}$$

Rounded to the nearest dollar

$$\text{MPLCP} = (\text{MPLBP} * \text{IRCHF} * \text{LLM} * \text{RM} + \text{CEP}) * \text{PAF} * \text{RCF} * \text{STCF} * \text{SM}$$

Rounded to the nearest dollar.

MPLSP means the MPL Solutions Premium

MPLCP means the MPL Core Premium

MPLBP means the MPL Base Premium as determined in **Step 1**

IRCHF means the Industry Risk Classification Factor as determined in **Step 2**

LLM means the corresponding Limit of Liability Modifier as determined in **Step 3**

RM means the corresponding Retention Modifier as determined in **Step 4**

PAF means the corresponding Prior Acts Factor as determined in **Step 5**

RCF means the Risk Characteristic Factor as determined in **Step 6**

CEP means the Coverage Endorsement Premium as determined in **Step 7**

STCF means the Significant Terms & Conditions Factor as determined in **Step 8**

SM means the Schedule Modifier as determined in **Step 9**

MPL Solutions Premium Calculation

Step 1: MPL Base Premium

Premium for the first \$1 million of limits with Base Retention will be determined on the basis of the revenue of the covered entity and its covered affiliates. Note Base Retention differs by size of Ratable Revenue.

Calculate the base premium from the chart depending upon the Ratable Revenue.

For Industry Class = "Printers", Ratable Revenue = Total Revenue * 25%, rounded to the nearest dollar.

For All Other Industry Classes, Ratable Revenue = Total Revenue.

MPL Base Premium = Base Premium from table below + Rate * (Ratable Revenue – Low End of Ratable Revenue Range) / 1,000

Ratable Revenue Range	Base Premium	Rate per Additional \$1,000 of Ratable Revenue	Base Retention
\$1 to \$100,000	478	NA	1,000
\$100,001 to \$200,000	478	8.790	1,000
\$200,001 to \$300,000	1,357	8.790	1,000
\$300,001 to \$400,000	2,236	8.790	1,000
\$400,001 to \$500,000	3,115	8.790	1,000
\$500,001 to \$1,000,000	3,994	6.940	1,000
\$1,000,001 to \$2,500,000	7,464	4.620	5,000
\$2,500,001 to \$5,000,000	14,394	3.700	5,000
\$5,000,001 to \$10,000,000	23,644	2.200	5,000
\$10,000,001 to \$20,000,000	34,644	1.740	5,000
\$20,000,001 to \$30,000,000	52,044	1.100	7,500
\$30,000,001 to \$40,000,000	63,044	1.050	10,000
\$40,000,001 to \$50,000,000	73,544	0.870	15,000
\$50,000,001 to \$65,000,000	82,244	0.550	15,000
\$65,000,001 to \$80,000,000	90,494	0.550	15,000
\$80,000,001 to \$100,000,000	98,744	0.550	15,000
\$100,000,001 to \$200,000,000	109,744	0.350	25,000
\$200,000,001 to \$250,000,000	144,744	0.350	25,000
\$250,000,001 to \$350,000,000	162,244	0.250	50,000
\$350,000,001 to \$500,000,000	187,244	0.210	75,000
\$500,000,001 to \$750,000,000	218,744	0.150	100,000
\$7,500,000,001 to \$1,000,000,000	256,244	0.120	100,000

Step 2: Industry Risk Classification Group Factor

The loss potential of the industry will be assessed. A hazard level and rating factor will be assigned based on the table below.

Hazard Level	Description	Modifier
1	Applicants whom we expect to see a low frequency and low severity of claims. No complexity in operations; no direct client or third party interaction; operating from a fixed office location only. Operations are very stable in a mature industry not subject to economic cycles.	0.50
2	Applicants whom we expect to see a high frequency and low severity of claims. Complexity in operations; regular direct client or third party interaction; regular off premises operations. Operations are less stable with the industry environment directly affected by economic cycles.	0.85
3	Applicants whom we expect to see a low frequency and high severity of claims. Above average complexity in operations with a history of regulatory scrutiny and litigation; regular direct client or third party interaction; regular off premises operations presenting moderate bodily injury and property damage exposure. Operations occur in an unstable industry environment directly affected by economic cycles.	1.00
4	Applicants whom we expect to see a high frequency and high severity of claims. Highly complex operations regularly scrutinized by regulatory review and prone to litigation; significant direct client or third party interaction; material off premises operations presenting very significant bodily injury or property damage exposure. Operations occur in an unstable industry environment directly affected by economic cycles.	1.30

Step 3: MPL Limit of Liability Modifier

For higher/lower limits, apply the following limit factors:

Desired Limits	Limit Of Liability Modifier
100,000/100,000	0.480
100,000/300,000	0.648
250,000/250,000	0.650
250,000/500,000	0.750
300,000/300,000	0.711
300,000/500,000	0.760
500,000/500,000	0.800
500,000/1,000,000	0.871
1,000,000/1,000,000	1.000
1,000,000/2,000,000	1.200
1,000,000/3,000,000	1.350
2,000,000/2,000,000	1.390
2,000,000/5,000,000	1.800
3,000,000/3,000,000	1.780
3,000,000/5,000,000	1.790
4,000,000/4,000,000	2.050
5,000,000/5,000,000	2.260
6,000,000/6,000,000	2.430
7,000,000/7,000,000	2.580
8,000,000/8,000,000	2.720
9,000,000/9,000,000	2.830
10,000,000/10,000,000	2.930
11,000,000/11,000,000	3.011
12,000,000/12,000,000	3.121
13,000,000/13,000,000	3.223
14,000,000/14,000,000	3.319
15,000,000/15,000,000	3.493

Step 4: MPL Retention Modifier

Premium for other retention levels may be obtained by applying the Retention Adjustment Modifier calculated as follows:

Retention Adjustment Modifier = (Selected Retention Factor based on the table below) / (Base Retention Factor based on the table below for Base Retention in table in Step 1.)

Ratable Revenue

Retention	\$0 to \$999,999	\$1,000,000 to \$10,000,000	\$10,000,001 to \$50,000,000	> \$50,000,000
0	1.320	1.644	1.922	2.537
500	1.120	1.380	1.586	2.137
750	1.050	1.300	1.460	2.000
1,000	1.000	1.221	1.384	1.897
1,500	0.960	1.168	1.317	1.817
2,500	0.917	1.111	1.245	1.731
5,000	0.833	1.000	1.104	1.563
7,500	0.771	0.918	1.000	1.420
10,000	0.729	0.863	0.938	1.300
15,000	0.667	0.781	0.888	1.121
25,000	0.625	0.726	0.854	1.000
50,000	0.567	0.649	0.770	0.912
75,000	0.517	0.583	0.715	0.836
100,000	0.490	0.540	0.682	0.780
150,000	0.440	0.481	0.620	0.715
175,000	0.420	0.455	0.591	0.681
200,000	0.400	0.429	0.565	0.647
250,000	0.385	0.409	0.542	0.621
300,000	0.373	0.396	0.525	0.600
500,000	0.340	0.365	0.480	0.550
750,000	0.314	0.333	0.425	0.496
1,000,000	0.293	0.311	0.400	0.459

Minimum Retentions are based on size of Limit and are as follows:

Coverage Limit	Minimum Retention
100,000	\$0
250,000	\$500
300,000	\$500
500,000	\$500
1,000,000	\$1,000
2,000,000	\$1,500
3,000,000	\$2,500
4,000,000	\$2,500
5,000,000 or greater	\$2,500

Step 5: Prior Acts Factor

Coverage for prior acts is provided based on the following chart.

<u>Prior Acts Coverage</u>	
5+ yrs	1.000
4 yrs	0.962
3 yrs	0.923
2 yrs	0.885
1 yr	0.846
No Prior Acts	0.769

Step 6: Risk Characteristic Factors for MPL

The Risk Characteristic Factor = Product of the Factors below.

A. Number of Years in Business Factor

> 5 years	0.800
More than 3 years and up to 5 years	1.000
1 year and up to 3 years	1.100
< 1 year	1.250

B. Use of Independent Contractors Factor

75% or more	0.750
25% - 75%	0.850
25% or less	1.000
Unknown from Application	1.000

C. Utilization of Contracts Factor

Above Average Utilization of Contracts to Limit Liability – Applicant uses contracts greater than 90% of time and contract is reviewed by legal counsel	0.850
Average Utilization of Contracts to Limit Liability – Applicant uses contracts greater than or equal to 75% of time without legal review	1.000
Below Average Utilization of Contracts to Limit Liability – Contracts are used less than 75% of time	1.050

D. Percentage of Written Contracts Used Factor

0% to 49%	1.250
50% to 74%	1.150
75% to 99%	1.000
100%	0.850
Unknown	1.250

E. Contract Quality Factor

Contract reviewed by counsel and includes specific services, hold harmless and dual indemnification provisions	0.750
Contract reviewed by counsel or includes specific services, hold harmless and dual indemnification provisions	0.800
Contract not reviewed by counsel and limited RM provisions in contract	0.900
Contract not used or unknown from application	1.000

F. Use of Training and Written Policy & Procedures

Have employee training in place and written policies & procedures	0.850
Have employee training in place or written policies & procedures	1.000
No employee training in place or written policies & procedures or unknown from application	1.050

G. Average years of experience of your staff in this industry Factor

0 to 3 years of experience	1.150
More than 3 years and up to 5 years of experience	1.000
More than 5 years of experience	0.750
Unknown	1.000

H. Claims Free Experience

Yes	0.850
No	1.000

I. Jurisdiction Factor

Favorable - Company has very little or no operations in district or circuit court jurisdictions with multiple or complex laws and/or procedures.	0.750
Moderate - Company has some operations in district or circuit court jurisdictions with	1.000

multiple or complex laws and/or procedures.	
Unfavorable - Company has material operations in district or circuit court jurisdictions with multiple or complex laws and/or procedures.	1.250

Step 7: Class-Specific, General, and Optional Coverage Endorsements for MPL

For each selected Coverage Endorsement, the Coverage Endorsement Premium is calculated as follows:

Coverage Premium = MPL Base Premium * Industry Risk Classification Group Factor * Coverage LLM * Coverage Retention Factor / Base Retention Factor, rounded to the nearest dollar.

The Total Coverage Endorsement Premium = Sum of the Coverage Premium for each selected Coverage

Coverage Endorsement	Negligible	Low	Moderate	High
Contingent BI/PD	0%	15%	50%	75%
Contingent PD only	0%	5%	10%	25%
Additional Insured	0%	0%	0%	10%
Copyright & Trademark Coverage	0%	10%	15%	25%
Copyright Coverage only	0%	10%	15%	25%
Lock Box PD	0%	10%	25%	50%

Step 8: Significant Terms and Conditions Factor

Apply the Significant Terms and Conditions Factor below based on the endorsements added to the policy not specified above in Step 7. Premium bearing endorsements are classified as expansive, very expansive, restrictive, or very restrictive.

Significant Terms and Conditions Factor = Product of Restrictive Endorsement Factor * Expansive Endorsement Factor.

Restrictive Endorsement Factor selected based on the following chart.

Four or more very restrictive endorsements	0.65
Two or Three very restrictive endorsements	0.75
One very restrictive endorsement	0.80
Four or more restrictive endorsements and no very restrictive endorsements	0.80
Two or Three restrictive endorsement and no very restrictive endorsements	0.90
One restrictive endorsement and no very restrictive endorsements	0.95
No restrictive endorsements	1.00

Expansive Endorsement Factor selected based on the following chart.

Four or more very expansive endorsements	2.00
Two or Three very expansive endorsements	1.50
One very expansive endorsement	1.30
Four or more expansive endorsements and no very expansive endorsements	1.20
Two or Three expansive endorsements and no very expansive endorsements	1.10
One expansive endorsement and no very expansive endorsements	1.05
No expansive or very expansive endorsements	1.00

Step 9: Schedule Debits/Credits

Individual risks may be credited or debited based on the particular characteristics of the risk. The following are areas of evaluation that may be considered, along with the range of credits or debits to be applied.

Financial Condition	-25% to 25%
Merger/Acquisition Activity	-25% to 25%
Material Changes in Revenues	-25% to 25%
Risk Management Procedures/Controls	-25% to 25%
Claims/Litigation History	-25% to 25%
Nature of Services	-25% to 25%

Unusual Risk Not Otherwise Reflected	-25% to 25%
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The total debit or credit from the above schedule rating factor(s) is subject to a maximum by state as shown in the following chart.

Maximum Available	States
+/- 15%	NY
+/- 25%	AK, AL, CA, CO, CT, DE, DC, FL, IA, ID, LA, MI, MN, MO, NJ, ND, NV, OH, OR, PR, SD, UT, WA
+/- 40%	AR, KS, ME, MD, MS, MT, NE, NH, OK, PA, RI, TX, WV
+40%; -50%	GA
+/- 50%	AZ, IL, IN, KY, MA, NM, NC, TN, VT, VA, WI, WY
+25%; -40%	SC

Technology E&O Liability

RATING METHODOLOGY

The Technology E&O Liability premium will be calculated as follows:

Technology Liability Premium (TLP)

$$\text{TLP} = \text{TLCP}$$

Rounded to the nearest dollar

$$\text{TLCP} = \text{TLBP} * \text{LLM} * \text{RM} * \text{PAF} * \text{RCF} * \text{CEF} * \text{STCF} * \text{SM}$$

Rounded to the nearest dollar

TLP means the Technology Liability Premium

TLCP means the Technology Liability Core Premium

TLBP means the Technology Liability Base Premium as determined in **Step 1**

LLM means the corresponding Limit of Liability Modifier as determined in **Step 2**

RM means the corresponding Retention Modifier as determined in **Step 3**

PAF means the corresponding Prior Acts Factor as determined in **Step 4**

RCF means the Risk Characteristics Factor as determined in **Step 5**

CEF means the Coverage Endorsement Factor as determined in **Step 6**

STCF means the Significant Terms & Conditions Factor as determined in **Step 7**

SM means the Schedule Modifier as determined in **Step 8**

Technology Liability Premium Calculation

Step 1: Technology Liability Base Premium

Premium for the first \$1 million of limits will be determined on the basis of the revenue of the covered entity and its covered affiliates.

Technology Liability Base Premium = Base Premium from table below + Rate * (Ratable Revenue - Low End of Ratable Revenue Range) / 1,000

Ratable Revenue Range	Base Premium	Rate per Additional \$1,000 of Ratable Revenue
\$1 to \$1,000,000	1,000	2.531
\$1,000,001 to \$2,500,000	3,533	1.358
\$2,500,001 to \$10,000,000	5,570	0.852
\$10,000,001 to \$50,000,000	11,960	0.451
\$50,000,001 to \$100,000,000	25,504	0.281
\$100,000,001 to \$500,000,000	30,061	0.259
\$500,000,001 to \$1,000,000,000	78,860	0.123

Step 2: Technology Limit of Liability Modifier

For higher/lower limits, apply the following limit factors:

Desired Limits	Limit Of Liability Modifier
100,000/100,000	0.486
100,000/300,000	0.656
250,000/250,000	0.650
300,000/300,000	0.688
500,000/500,000	0.809
500,000/1,000,000	0.930
1,000,000/1,000,000	1.000
1,000,000/2,000,000	1.300
1,000,000/3,000,000	1.450
2,000,000/2,000,000	1.565
2,000,000/4,000,000	2.034
3,000,000/3,000,000	1.851
3,000,000/5,000,000	2.222
4,000,000/4,000,000	2.084
5,000,000/5,000,000	2.286
5,000,000/10,000,000	2.971
6,000,000/6,000,000	2.465
7,000,000/7,000,000	2.627
8,000,000/8,000,000	2.776
9,000,000/9,000,000	2.914
10,000,000/10,000,000	3.044
11,000,000/11,000,000	3.166
12,000,000/12,000,000	3.282
13,000,000/13,000,000	3.393
14,000,000/14,000,000	3.498
15,000,000/15,000,000	3.600

Step 3: Technology Liability Retention Modifier

Premium for other retention levels may be obtained by applying the Retention Adjustment Modifier calculated as follows:

Retention Adjustment Modifier = (Selected Retention Factor based on the table below) / (Base Retention Factor based on the table below for Base Retention in table in Step 1). Note Base Retention differs by size of Ratable Revenue.

Ratable Revenue Retention	\$0 to \$999,999	\$1,000,000 to \$25,000,000	\$25,000,001 to \$100,000,000	> \$100,000,000
0	1.439	1.659	1.996	2.818
500	1.221	1.392	1.669	2.381
750	1.161	1.319	1.579	2.261
1,000	1.091	1.232	1.473	2.120
1,500	1.047	1.179	1.408	2.032
2,500	1.000	1.122	1.338	1.939
5,000	0.900	1.000	1.188	1.739
7,500	0.850	0.939	1.080	1.580
10,000	0.800	0.878	1.000	1.474
15,000	0.750	0.817	0.941	1.330
25,000	0.650	0.695	0.850	1.212
50,000	0.500	0.512	0.760	1.000
75,000	0.450	0.451	0.680	0.905
100,000	0.400	0.390	0.620	0.823
150,000	0.370	0.353	0.550	0.746
175,000	0.360	0.341	0.525	0.713
200,000	0.350	0.329	0.509	0.691
250,000	0.330	0.305	0.484	0.658
300,000	0.310	0.289	0.459	0.627
500,000	0.280	0.266	0.422	0.570
750,000	0.260	0.250	0.397	0.515
1,000,000	0.240	0.234	0.372	0.465

Base Retentions are based on revenue and are as follows:

Ratable Revenue Range	Base Retention
\$1 to \$1,000,000	2,500
\$1,000,001 to \$1,500,000	2,500
\$1,500,001 to \$10,000,000	5,000
\$10,000,001 to \$50,000,000	10,000
\$50,000,001 to \$100,000,000	50,000
\$100,000,001 to \$500,000,000	75,000
\$500,000,001 to \$1,000,000,000	100,000

Minimum Retentions are based on size of Limit and are as follows:

Coverage Limit	Minimum Retention
100,000	\$0
250,000	\$500
300,000	\$500
500,000	\$500
1,000,000	\$1,000
2,000,000	\$1,500
3,000,000	\$2,500
4,000,000	\$2,500
5,000,000 or greater	\$2,500

Step 4: Prior Acts Factor

Coverage for prior acts is provided based on the following chart.

Prior Acts Coverage	Prior Acts Factor
5+ yrs	1.000
4 yrs	0.964
3 yrs	0.929
2 yrs	0.893
1 yr	0.821
No Prior Acts	0.714

Step 5: Risk Characteristic Factors

The Risk Characteristic Factor = Product of the Factors in A through N below.

A. Industry Risk Classification Group Factor

The computer and technology business is grouped into the following Hazard Classes for the purpose of establishing relative exposure levels. The classifications listed below are meant as examples. Insureds' operations will be classified in the Hazard Class that represents risks most similar in profile to the examples provided as per the underwriting guidelines.

Hazard Level	Description	Modifier
1	Applicants whom we expect to see a low frequency and low severity of claims. No complexity in operations; no direct client or third party interaction; operating from a fixed office location only. Operations are very stable in a mature industry not subject to economic cycles. Accounts generally provide non-critical products and services. Products have excellent documentation, product testing, and quality controls.	0.500
2	Applicants whom we expect to see a high frequency and low severity of claims. Complexity in operations; regular direct client or third party interaction; regular off premises operations. Operations are less stable with the industry environment directly affected by economic cycles. Accounts generally provide moderately-critical products and services. Products have adequate documentation, product testing, and quality controls.	0.8500
3	Applicants whom we expect to see a low frequency and high severity of claims. Above average complexity in operations with a history of regulatory scrutiny and litigation; regular direct client or third party interaction; regular off premises operations presenting moderate bodily injury and property damage exposure. Operations occur in an unstable industry environment directly affected by economic cycles. Accounts generally provide highly-critical products and services. Products have adequate documentation, product testing, and quality controls.	1.000
4	Applicants whom we expect to see a high frequency and high severity of claims. Highly	1.300

	complex operations regularly scrutinized by regulatory review and prone to litigation; significant direct client or third party interaction; material off premises operations presenting very significant bodily injury or property damage exposure. Operations occur in an unstable industry environment directly affected by economic cycles. Accounts generally provide extremely-critical products and services. Products have minimal or no documentation, product testing, and quality controls.	
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B. Number of Years in Business Factor

Years in Business	Factor
> 5 years	0.800
More than 3 years and up to 5 years	1.000
1 year and up to 3 years	1.150
< 1 year	1.250

C. Percentage of Use of Insured Standard Written Contracts Factor

90% or more	0.800
50% to 89%	1.000
Under 50% or unknown	1.150

D. Technology Services Factor

The applicant has greater than 6 of the following processes or procedures	0.800
The applicant has between 3 and 6 of the following processes or procedures	1.000
The applicant has less than three of the following processes or procedures	1.050

Processes or Procedures – Alpha/Beta testing, UAT measures, documented customer complaint/escalation, vendor or VAR certification, document project milestones, written functional specification requirements, final customer signoff requirements, 24/7 customer support, internal post project review, pre-release screening for design errors/flaws.

E. Contract Quality

Contract reviewed by counsel and includes specific services, hold harmless and dual indemnification provisions	0.750
Contract reviewed by counsel or includes specific services, hold harmless and dual indemnification provisions	0.800
Contract not reviewed by counsel and limited RM provisions in contract	0.900
Contract not used or unknown from application	1.000

F. Use of Training and Written Policy & Procedures

Have employee training in place and written policies & procedures	0.850
Have employee training in place or written policies & procedures	1.000
No employee training in place or written policies & procedures or unknown from application	1.050

G. Average Years' Experience of Your Staff in This Industry

0 to 3 years of experience	1.150
More than 3 years and up to 5 years of experience	1.000
More than 5 years of experience	0.750
Unknown	1.000

H. Software Copyright

Above Average Intellectual Property Infringement Safeguards – Agreements with hired contractors includes indemnification or hold harmless agreements specific to intellectual property, and work product identified as 'work made for hire' provisions	0.850
Average Intellectual Property Infringement Safeguards – Agreements with hired contractors includes indemnification or hold harmless agreements specific to intellectual property	1.000
Below Average Intellectual Property Infringement Safeguards – Agreements with hired contractors do not include either of the above	1.050

I. Utilization of Contracts Factor

Above Average Utilization of Contracts to Limit Liability – Applicant uses contracts greater than 90% of time and contract is reviewed by legal counsel	0.850
Average Utilization of Contracts to Limit Liability – Applicant uses contracts greater than or equal to 75% of time without legal review	1.000
Below Average Utilization of Contracts to Limit Liability – Contracts are used less than 75% of time	1.050

J. Claim Free Experience

Yes	0.850
No	1.000

K. Jurisdiction Factor

Favorable - Company has very little or no operations in district or circuit court jurisdictions with multiple or complex laws and/or procedures.	0.800
Moderate - Company has some operations in district or circuit court jurisdictions with multiple or complex laws and/or procedures.	1.000
Unfavorable - Company has material operations in district or circuit court jurisdictions with multiple or complex laws and/or procedures.	1.100
Very Unfavorable - Company has the majority of their operations in district or circuit court jurisdictions with multiple or complex laws and/or procedures.	1.250

L. Large Contracts – Frequency of Use, Duration, & Value

Insured has no single contract with a value of goods or services exceeding 50% of the annual company revenue	0.850
The insured has a contract with a value of goods or services greater than or equal to 50% of the annual company revenue"	1.000
The insured does not use contracts or unknown from application	1.150

M. Vendors & Contractors Factor

Insured requires vendors/contractors to carry professional liability insurance	0.850
The insured does not use vendors/contractors or unknown from application	1.000
Insured does not require vendors/contractors to carry professional liability insurance	1.150

N. Percentage of Outsourced Operations or Services

75% or more of the Insured's technology services are provided by a third party on behalf of the insured	0.750
25%-75% of the Insured's technology services are provided by a third party on behalf of the insured	0.850
25% or less of the Insured's technology services are provided by a third party on behalf of the insured	0.950
Unknown from application	1.000

Step 6: Optional Coverage Endorsements

The Total Coverage Endorsement Factor = 1 + Sum of the Factors below.

Coverage Endorsement	Negligible	Low	Moderate	High
Contingent BI/PD	0%	15%	50%	75%
Contingent PD	0%	5%	10%	25%

Step 7: Significant Terms and Conditions Factor

Apply the Significant Terms and Conditions Factor below based on the endorsements added to the policy not specified in Step 6.

Significant Terms and Conditions Factor = Product of Restrictive Endorsement Factor * Expansive Endorsement Factor.

Restrictive Endorsement Factor selected based on the following chart.

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Four or more very restrictive endorsements	0.65
Two or Three very restrictive endorsements	0.75
One very restrictive endorsement	0.80
Four or more restrictive endorsements and no very restrictive endorsements	0.80
Two or Three restrictive endorsement and no very restrictive endorsements	0.90
One restrictive endorsement and no very restrictive endorsements	0.95
No restrictive endorsements	1.00

Expansive Endorsement Factor selected based on the following chart.

Four or more very expansive endorsements	2.00
Two or Three very expansive endorsements	1.50
One very expansive endorsement	1.30
Four or more expansive endorsements and no very expansive endorsements	1.20
Two or Three expansive endorsements and no very expansive endorsements	1.10
One expansive endorsement and no very expansive endorsements	1.05
No expansive or very expansive endorsements	1.00

Step 8: Schedule Debits/Credits

Individual risks may be credited or debited based on the particular characteristics of the risk. The following are areas of evaluation that may be considered, along with the range of credits or debits to be applied.

Use of Content	-20% to +25%
Claims/Litigation History	-20% to +25%
Outsourced Operations or Services Procedures	-20% to +25%
Nature of Services	-20% to +25%
Unusual Risk Not Otherwise Reflected	-20% to +25%

The total debit or credit from the above schedule rating factor(s) is subject to a maximum by state as shown in the following chart.

Maximum Available Debits/Credits Range	States
+/- 15%	NY
+/- 25%	AK, AL, CA, CO, CT, DE, DC, FL, IA, ID, LA, MI, MN, MO, NJ, ND, NV, OH, OR, PR, SD, UT, WA
+/- 40%	AR, KS, ME, MD, MS, MT, NE, NH, OK, PA, RI, TX, WV
+40%; -50%	GA
+/- 50%	AZ, IL, IN, KY, MA, NM, NC, TN, VT, VA, WI, WY
+25%; -40%	SC