



**State of New Hampshire**  
**DEPARTMENT OF ADMINISTRATIVE SERVICES**  
 OFFICE OF THE COMMISSIONER  
 25 Capitol Street – Room 120  
 Concord, New Hampshire 03301

CHARLES M. ARLINGHAUS  
 Commissioner  
 (603)-271-3201

JOSEPH B. BOUCHARD  
 Assistant Commissioner  
 (603)-271-3204

July 23, 2018

His Excellency, Governor Christopher T. Sununu  
 and the Honorable Council  
 State House  
 Concord, NH 03301

**REQUESTED ACTION**

Authorize the Department of Administrative Services (DAS) to enter into a contract with USI Insurance Services, LLC, (vendor #286651) in an amount not to exceed \$241,915.00 for Data Security and Privacy Cyber Liability insurance for New Hampshire state government upon Governor and Council approval for the period effective August 23, 2018 through August 23, 2019. **100% General Funds.**

Funding is available in the following account:

01-14-14-143510-29010000

FY19

Department of Admin Services, Risk Management Unit

\$241,915.00

211-500757 Catastrophic Casualty Ins.

**EXPLANATION**

The procurement of Data Security and Privacy Cyber Liability insurance for state government was included in the FY18/19 budget and is part of a strategic risk management plan to limit the State's exposure to financial loss from a breach in our data security. The Department of Information and Technology and Department of Administrative Services worked together to complete the application process and develop coverage specifications. This contract provides coverage to state government including the executive branch, legislative branch, judicial branch, State Treasury, and Secretary of State. Leadership from those entities were consulted during the application process.

USI Insurance Services (USI) arranged for this purchase in accordance with its contract with the State for *Producer Services*; approved by the Governor and Executive Council on May 16, 2018 (item #73). USI made inquiries to seven insurance markets about the program. Three markets responded with offers to provide coverage in compliance with specifications: Chubb ACE American Insurance Company thru Worldwide Facilities (wholesale market), Worldwide Facilities (retail market), and AIG.


Incumbent Chubb ACE American (Chubb) provided the most competitive terms and price for aggregate coverage in the amount of \$10,000,000 including full prior acts coverage. Chubb's quote maintains the premium at \$241,915 but includes a deductible increase from \$250,000 to \$300,000. The policy includes coverage for privacy/media liability, incident (breach) response, network extortion, digital data recovery, business interruption costs, terrorism and prior acts. Incident response coverage includes the necessary forensics, notification response requirements, call centers, identity protection and crisis management. The prior acts coverage extends coverage to claims for unknown data breaches that occurred prior to inception of this policy. Due to the evolving technological changes in the cyber security industry, policies like this only provide for a 12-month term with no option to extend. The quotes received from other vendors included premiums ranging from \$300,000 to \$500,000 with deductibles ranging from \$500,000 to \$1,000,000. DAS will work to include the expected increases in the FY20/21 budget.

Costs are increasing throughout the Cyber Security Insurance industry. Because state government is a diverse conglomerate of industries that may be subject to various data security and privacy vulnerabilities, DAS anticipates that the next procurement for 2019-2020 of Data Security and Privacy Cyber Liability insurance will result in increased costs higher than what is typical in non-state government. The industry is projecting up to 5 percent annual increases for non-state government individual purchasers. Those purchasers do not have large healthcare programs, like Medicaid and the State Employee and Retiree Health Benefit Plan, nor point of sale (POS) retail operations like Liquor, under the same policy. Because of the State's diverse cyber risk, DAS estimates future State premium increases to exceed 20 percent. Under such circumstances, DAS will work with USI in order to manage the State's risk and the rising cost of cyber security insurance by negotiating policy terms and increased deductibles to reduce the amount of future premium increases. It is not uncommon for deductibles to be as high as \$1 million dollars for a healthcare cyber security policy because they cover the most costly data breaches in the cyber security industry.

The challenge to maintain a low state government premium was apparent during the marketing and negotiation of this contract. Chubb offered an initial quote of \$295,000 to maintain the deductible at \$250,000. USI was only able to negotiate an arrangement to keep the premium flat in the current budget year by increasing the deductible. Chubb also explicitly cautioned the State that it intends to incrementally increase both the premium and deductible in future years to better align with the market.

The total cost of the premium is \$241,915.00. The quoted premium is void of agency fee or commission. USI recommends that coverage be secured through Chubb. DAS concurs with that recommendation. I respectfully request your approval.

Respectfully submitted,

  
Joseph Bouchard, Asst. Comm.  
Charles M. Arlinghaus,  
Commissioner

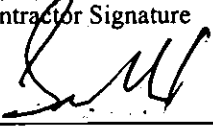
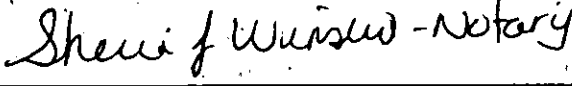
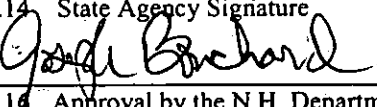
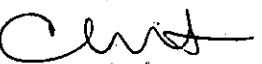
**Notice:** This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

The State of New Hampshire and the Contractor hereby mutually agree as follows:

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name Department of Administrative Services		1.2 State Agency Address 25 Capitol Street, Concord, NH 03301	
1.3 Contractor Name USI Insurance Services, LLC VC 286651		1.4 Contractor Address 3 Executive Park Drive, Suite 300 Bedford, NH 03110	
1.5 Contractor Phone Number 603-669-3218	1.6 Account Number 01-14-14-143510-29010000	1.7 Completion Date August 23, 2019	1.8 Price Limitation \$241,915
1.9 Contracting Officer for State Agency Joyce I. Pitman, Director Risk and Benefits		1.10 State Agency Telephone Number 603-271-3080	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Sean Hood USI Insurance Services, Regional President, NH	
1.13 Acknowledgement: State of <u>New Hampshire</u> , County of <u>Hillsborough</u> On <u>July 19, 2018</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace  [Seal]		<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>Sherri J. Winslow</b>                      Notary Public, State of New Hampshire                      My Commission Expires March 21, 2023                 </div>	
1.13.2 Name and Title of Notary or Justice of the Peace			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory <u>Joseph Bouchard, Assistant Comm.</u>	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) (if applicable) By:  On: <u>7/24/18</u>			
1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____			

**2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED.** The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

**3. EFFECTIVE DATE/COMPLETION OF SERVICES.**

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

**4. CONDITIONAL NATURE OF AGREEMENT.**

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

**5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.**

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.

5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

**6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.**

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. In addition, the Contractor shall comply with all applicable copyright laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

**7. PERSONNEL.**

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this

Contractor Initials *SA*

Date 7/19/18

Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

#### 8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

#### 9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. **TERMINATION.** In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. **CONTRACTOR'S RELATION TO THE STATE.** In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. **ASSIGNMENT/DELEGATION/SUBCONTRACTS.** The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written notice and consent of the State. None of the Services shall be subcontracted by the Contractor without the prior written notice and consent of the State.

13. **INDEMNIFICATION.** The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

#### 14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; and

14.1.2 special cause of loss coverage form covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than thirty (30) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than thirty (30) days prior written notice of cancellation or modification of the policy.

**15. WORKERS' COMPENSATION.**

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

**16. WAIVER OF BREACH.** No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further, or other Event of Default on the part of the Contractor.

**17. NOTICE.** Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

**18. AMENDMENT.** This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire unless no

such approval is required under the circumstances pursuant to State law, rule or policy.

**19. CONSTRUCTION OF AGREEMENT AND TERMS.**

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

**20. THIRD PARTIES.** The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

**21. HEADINGS.** The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

**22. SPECIAL PROVISIONS.** Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

**23. SEVERABILITY.** In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

**24. ENTIRE AGREEMENT.** This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

**Data Security and Privacy Cyber Liability Insurance Coverage for  
State Government  
Contract Agreement Between  
The Department of Administrative Services  
and USI Insurance Services, LLC**

**Exhibit A - Scope of Services**

**ARTICLE 1. SCOPE OF SERVICES**

This EXHIBIT A, Scope of Services, is made a part of the P-37 Agreement (the "Agreement") and is made according to the terms of paragraph 2 of the Form P-37. This EXHIBIT A to the Agreement is between the State of New Hampshire ("State") and USI Insurance Services, LLC ("USI"). USI, hereinafter called the Contractor, agrees to provide Data Security and Privacy Cyber Liability insurance coverage for the State of New Hampshire to include the executive branch, legislative branch, judicial branch, state treasury, and secretary of state.

**ARTICLE 2. EFFECTIVE DATE**

Effective Date of Agreement: August 23, 2018  
Expiration Date of Agreement: August 23, 2019  
12:01 AM Standard Time at the address of the State stated herein.

**ARTICLE 3. INSURANCE COVERAGE DETAILS**

The coverage consists of Data Security and Privacy Cyber Liability insurance coverage with an aggregate limit of \$10,000,000 and \$300,000 deductible for (1) Privacy Liability (including regulatory defense and penalty coverage Payment Card Industry [PCI] fines and penalty coverage); (2) Media Liability; (3) Incident Response (breach) Costs (notifications, call centers, identity protection, crisis management, public relations costs, and forensics); (4) Network Extortion; (5) Digital Data Recovery costs; (6) Business Interruption losses including extra expenses; (7) Terrorism coverage; and (8) Full Prior Acts coverage.

**ARTICLE 4. ACCOUNT MANAGEMENT**

USI shall manage this policy in accordance with the terms and conditions of the *Producer Services and Safe Driving Program Administration*, effective July 1, 2018.

Contractor Initials

Date

804  
7/19/18

**Data Security and Privacy Cyber Liability Insurance Coverage for  
State Government  
Contract Agreement Between  
The Department of Administrative Services  
and USI Insurance Services, LLC**

**Exhibit B – Price and Method of Payment**

This EXHIBIT B, Contract Price, Limitation on Price, Payment is made a part of the Agreement and is made according to the terms of paragraph 5 of the Form P-37.

ARTICLE 1. CONTRACT PRICE

USI Insurance Services, LLC hereby agrees to provide the services in complete compliance with the terms and conditions specified in Exhibit A at the price below for the term of the contract ("contract price"). The total Contract Price for the term of the Agreement as shown in block 1.8 of the P-37 is \$241,915 which reflects the annual premium for the coverage period of August 23, 2018 to August 23, 2019.

The appropriate account number for the P-37 form, section 1.6 is: 01-14-14-143510-29010000-211-500757.

The quoted premium is void of agency fee or commission.

ARTICLE 2. INVOICING

USI Insurance Services, LLC shall submit an invoice to:

The State of New Hampshire  
Department of Administrative Services  
Risk Management Unit  
25 Capitol Street, Rm 412  
Concord, NH 03301  
Or via email to Risk Manager

The premium payment of \$241,915 is due within thirty days from the date of contract approval by Governor and Council. The State shall not make payments to USI Insurance Services, LLC prior to the Agreement effective date of August 23, 2018.

ARTICLE 3. PAYMENT

The State shall make payment to USI Insurance Services, LLC electronically via ACH or by check mailed to the address in Section 1.4 of the P-37. Payment terms are net thirty days subject to approval of the submitted invoice.

Contractor Initials   *ST*    
Date   7/19/18



**Data Security and Privacy Cyber Liability Insurance Coverage for  
State Government  
Contract Agreement Between  
The Department of Administrative Services  
and USI Insurance Services, LLC.**

**Exhibit C – Special Provisions**

Form P-37, section 14 Insurance, is amended per the attached certificate of insurance from USI Insurance Services, LLC to include the following coverage enhancements:

1. General Liability coverage with limits of \$1,000,000 per occurrence/\$2,000,000 in the aggregate
2. Automobile Insurance coverage with combined single limits of \$1,000,000 per accident
3. Excess/umbrella insurance coverage with limits of \$25,000,000 per occurrence and in the aggregate
4. Workers compensation coverage with statutory limits and Employers' Liability with limits of \$1,000,000 per accident and \$1,000,000 policy limit
5. Errors and Omissions liability insurance coverage with limits of \$10,000,000 and in the aggregate

Contractor Initials

Date

*8/18*  
7/15/18

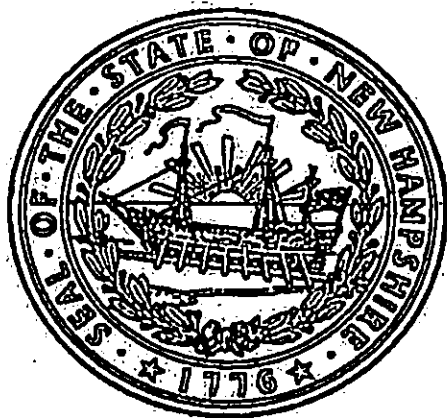
**State of New Hampshire**  
**Department of State**

**CERTIFICATE**

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that USI INSURANCE SERVICES LLC is a Delaware Limited Liability Company registered to transact business in New Hampshire on September 24, 2007. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: 584972

Certificate Number: 0004088274



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed  
the Seal of the State of New Hampshire,  
this 25th day of April A.D. 2018.

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner  
Secretary of State

**USI INSURANCE SERVICES LLC**

(A Delaware Limited Liability Company)

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**Written Consent of the Manager  
Pursuant to the Delaware Limited Liability Company Act**

The undersigned, as the sole Manager (the "**Manager**") of USI Insurance Services LLC, a Delaware Limited Liability Company (the "**Company**"), does hereby take the following actions and adopts the following resolutions by written consent pursuant to the Delaware Limited Liability Company Act, and hereby waives notice and the holding of a meeting and hereby agrees that such resolutions shall have the same force and effect as if unanimously adopted at a duly convened meeting:

**RESOLVED**, that it is advisable and in the best interests of the Company that the following individuals be appointed as an authorized signatory empowered and authorized to execute contracts related to the State of New Hampshire Producer Services Contract on behalf of the Company to serve in such capacity until he or she has been removed or their respective successor shall have been duly appointed:

Sean Hood – USI Insurance Services – New England Region

**RESOLVED**, that all actions previously taken by any officer, employee or agent of the Company in connection with or related to the matters set forth in or reasonably contemplated or implied by the foregoing resolutions be, and each of them hereby is, adopted, ratified, confirmed and approved in all respects as the acts and deeds of the Company.

**IN WITNESS WHEREOF**, the undersigned Manager has executed this consent as of the 17<sup>th</sup> day of July, 2018.



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Ernest J. Newborn, II  
Manager

# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
1/30/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER  
USI Insurance Services, LLC  
533 Westchester Avenue, Suite 102  
White Plains, NY 10604

CONTACT NAME: Deanna Zawistowski  
PHONE (A/C, H/O, Ext): 914.459.6200 FAX (A/C, H/O):  
E-MAIL ADDRESS: Deanna.Zawistowski@usi.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Liberty Insurance Corporation	42404
INSURER B: Employers Ins. Co. of Wausau	21458
INSURER C: Liberty Insurance Corporation	42404
INSURER D: Hartford Ins. Co. of the Midwest	37478
INSURER E: Hartford Casualty Insurance Co.	28424
INSURER F:	

INSURED  
USI Insurance Services, LLC  
100 Summit Lake Drive  
Suite 400  
Valhalla, NY 10595

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	ADDRESS	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC OTHER:	X X	TB7Z11260203018	01/01/2018	01/01/2018	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Per occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000
<input type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY <input type="checkbox"/> OTHER:	X X	ASCZ11260203028	01/01/2018	01/01/2018	COMBINED SINGLE LIMIT (Per accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE Ded: <input checked="" type="checkbox"/> RETENTIONS \$10,000	X X	TH7Z11260203048	01/01/2018	01/01/2018	EACH OCCURRENCE \$25,000,000 AGGREGATE \$25,000,000
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY EMPLOYEE OR PARTNER/EXECUTIVE OFFICER/ MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	X	16WNS60600 16WECPK5850	01/01/2018 01/01/2018	01/01/2018 01/01/2018	PER STATUTE OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
Evidence of Liability coverages as respects insurance brokerage operations.

CERTIFICATE HOLDER:  Evidence of Insurance	CANCELLATION  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE  Ute Scott

# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/14/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. **IF SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).


<b>PRODUCER</b> USI Insurance Services LLC 530 Preston Avenue Moriden, CT 06450 855 874-0123	CONTACT NAME: Lynn Owen PHONE (A/C, No, Ext): E-MAIL: Lynn.Owen@usi.com ADDRESS:	FAX (A/C, No):
	<b>INSURER(S) AFFORDING COVERAGE</b>	
<b>INSURED</b> USI Advantage Corp. 100 Summit Lake Drive, Suite 400 Valhalla, NY 10595	INSURER A: All Specialty Insurance Company	NAIC # 37885
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES      CERTIFICATE NUMBER:      REVISION NUMBER:

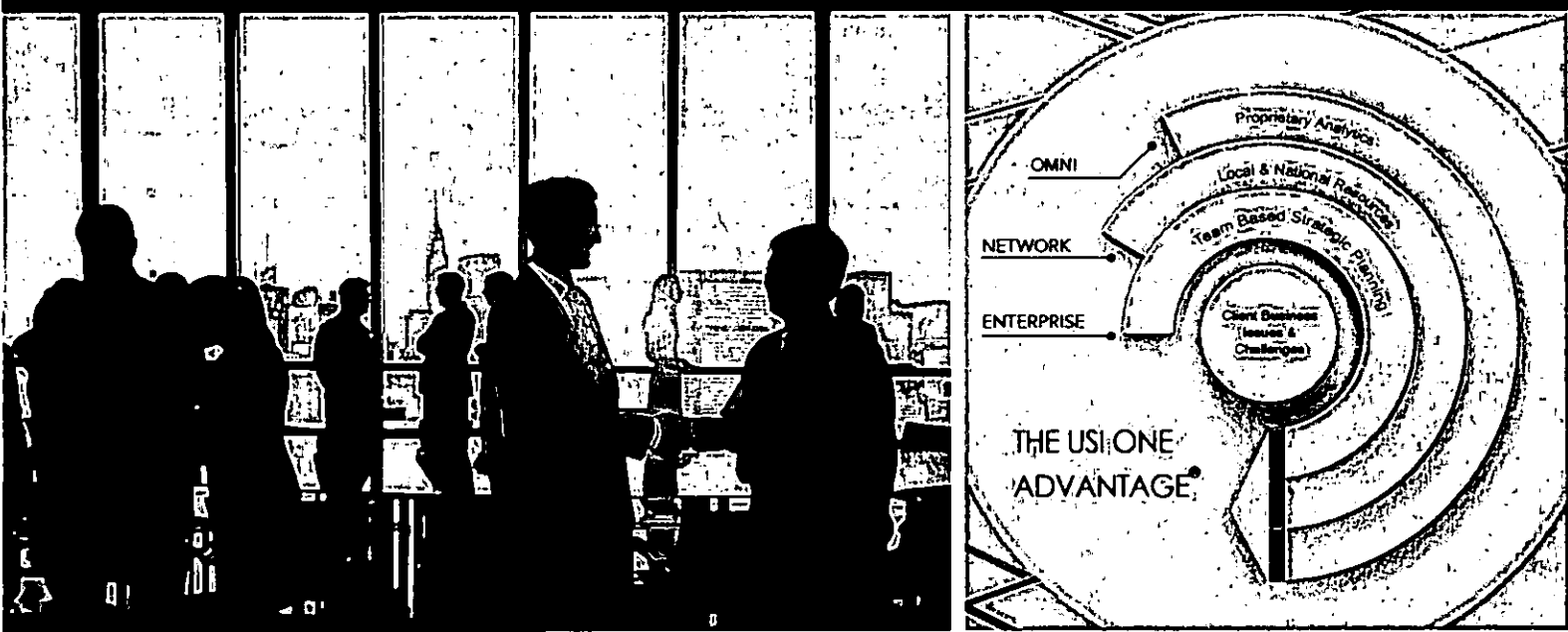
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CLASS	TYPE OF INSURANCE	AGGREGATE LIMIT PER YEAR	POLICY NUMBER	POLICY EFF. (MM/DD/YYYY)	POLICY EXP. (MM/DD/YYYY)	LIMITS	
A	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER					EACH OCCURRENCE \$ DAMAGE TO RENTED EQUIPMENT (CA Damage) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$	
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (E&P included) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE					EACH OCCURRENCE \$ AGGREGATE \$ \$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A				PER. STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$	
A	Professional Liability (E&O)		ELU15348817	12/31/2017	12/31/2016	\$10,000,000 per claim \$10,000,000 aggregate	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 Professional Liability / E&O Liability coverage is extended to all subsidiaries and dba's of USI Advantage Corp. / USI Insurance Services, LLC. All USI employees are covered under this policy for the work performed as directed by USI.  
 RE: USI Insurance Services LLC

<b>CERTIFICATE HOLDER</b> Evidence of Coverage	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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# Market Results-Cyber Enterprise Risk Management State of New Hampshire



Philip A. Cote, CPCU, AAI, LIA, Vice President  
Thomas A. Ciano, Sr Vice President-Regional MPS Practice Leader  
Date Prepared: July 12, 2018



## State of NH Marketing Results

For: Cyber Liability  
 Policy Effective Date: 8/23/2018-8/23/2019

USI Insurance Services LLC arranged for this insurance purchase in accordance with its contract with the State for Producer Services for Cyber Liability. Thomas A. Ciano, Sr Vice President-Regional MPS Practice Leader USI Insurance Services LLC approached the following carriers to provide a competitive insurance program for this exposure.

Carrier	Response
Chubb ACE American thru Worldwide Facilities	\$241,915. \$300,000 Retention
Chubb ACE American thru Worldwide Facilities	\$275,107. \$250,000 Retention
Worldwide Facilities	Approached the following: Endurance, Axis, AWAC, Aspen, Coalition, XL, Liberty \$500k minimum retention Lowest Premium Indication \$300,000
AIG	\$1mil minimum retention. Premium indication \$400k-\$500k range.
Beazley	Declined-unable to ascertain record count. State governments are generally not in their appetite.
Hiscox	Declined – unable to compete with expiring terms.
NAS/Lloyds	Declined-not a market for this size public entity.
Travelers	Declined-not interested in primary layer, will consider excess if desired.

Mr. Ciano recommends securing insurance coverage with Chubb ACE American as they presented the most competitive and comprehensive terms in comparison to other markets approached.

Mr. Ciano has negotiated the following Coverage Enhancements that will be included in the renewal:

1. Amend the definition of Application, 12 month limitation – endorsement PF-49452
2. Amend the Period of Restoration from 90 days to 120 days – endorsement PF-48160
3. Amend Conduct Exclusion to final non-appealable adjudication – endorsement PF-49491
4. Amend Extended Reporting Period to 90 days – endorsement PF-49460
5. Amend to provide Pre-determined run-off of 100/150/225% for 1/3/6 years. – endorsement PF-48153
6. Amend Business Interruption and Contingent Business Interruption Waiting Period from 10 hours to 8 hours
7. Non-Malicious Computer Ace-System Failure-Business Interruption Sublimit \$5Mil
8. Breach Response Indemnatee-Final Non-Appealable Adjudication
9. Duty to Defend a Regulatory Proceeding
10. Extortion Threat Enhancement for Protected Information
11. Settlement within the Retention
12. Hardware or Equipment Replacement Endorsement



**Worldwide  
Facilities, LLC**

*Experience a World of Difference*

July 12, 2018 - REVISED #2

<b>Account:</b>	<b>State of New Hampshire</b>
<b>Address:</b>	<b>25 Capital Street, Rm 412 Concord, NH 03301</b>
<b>Line of Coverage:</b>	<b>Chubb Cyber Enterprise Risk Management Policy</b>
<b>Policy Form:</b>	<b>PF-48168 (10/16) / PF-48169 (10/16)</b>
<b>Type of Submission:</b>	<b>Renewal of G46804533 001</b>
<b>Insuring Company:</b>	<b>ACE American Insurance Company</b>
<b>Proposed Effective Date:</b>	<b>08/23/2018</b>
<b>Proposed Expiration Date:</b>	<b>08/23/2019</b>

Thank you for considering Westchester a Chubb Company as your market of choice. We look forward to working with you. Should you have any questions, please do not hesitate to contact me.

**Chubb. Insured.™**



**Cyber Enterprise Risk Management Premium Indication(s):**

**Chubb Cyber Enterprise Risk Management Policy**

**Option: 1**

**Maximum Single Limit of Insurance** \$10,000,000 **Total Annual Premium** \$241,915

**Maximum Policy Aggregate Limit of Insurance** \$10,000,000

**Optional Extended Reporting Period: 12 months for 100% of last annual premium (other options are quoted by endorsement)**

**First Party Insuring Agreements**

Check if Included	Insuring Agreement	Limit of Insurance Each Incident/Aggregate	Retention/Waiting Period Each Incident	Cyber Incident Response Coach Retention
<input checked="" type="checkbox"/>	Cyber Incident Response Fund	Data Breach Team (Inside the Limit)*		
	Cyber Incident Response Team	\$10,000,000 / \$10,000,000	\$300,000	\$0
	Non-Panel Response Provider	\$1,000,000 / \$1,000,000	\$300,000	\$300,000
<input checked="" type="checkbox"/>	Business Interruption Loss and Extra Expenses	\$10,000,000 / \$10,000,000	\$300,000/10 Hours	N/A
<input checked="" type="checkbox"/>	Contingent Business Interruption Loss and Extra Expenses			
	Unscheduled Providers	\$5,000,000 / \$5,000,000	\$300,000/10 Hours	N/A
	Scheduled Providers	NIL	N/A	N/A
<input checked="" type="checkbox"/>	Digital Data Recovery	\$10,000,000 / \$10,000,000	\$300,000	N/A
<input checked="" type="checkbox"/>	Network Extortion	\$10,000,000 / \$10,000,000	\$300,000	N/A

\* Limits will automatically increase to the limits referenced in the Cyber Incident Response Fund Sidecar endorsement option if the Cyber Incident Response Team is used and subject to all terms of the endorsement. Please refer to the terms and conditions of the Cyber Incident Response Fund Sidecar endorsement.

**Third Party Liability Insuring Agreements**

Check if Included	Insuring Agreement	Limit of Insurance Each Claim/Aggregate	Retention Each Claim	Retroactive Date	Pending or Prior Proceedings Date
<input checked="" type="checkbox"/>	Cyber, Privacy And Network Security Liability	\$10,000,000 / \$10,000,000	\$300,000	Full Prior Acts	08/23/2017
	Payment Card Loss	\$10,000,000 / \$10,000,000	\$300,000	Full Prior Acts	08/23/2017
	Regulatory Proceedings	\$10,000,000 / \$10,000,000	\$300,000	Full Prior Acts	08/23/2017
<input checked="" type="checkbox"/>	Electronic, Social And Printed Media Liability	\$10,000,000 / \$10,000,000	\$300,000	Full Prior Acts	08/23/2017

**The Following Notice(s) and Endorsement(s) will be added to the basic contract(s)**

1. Chubb Producer Compensation Practices & Policies	ALL-20887a (03/16)
2. Cyber Services for Incident Response – Notice to Policyholders	PF-48259 (10/16)
3. Cyber Services for Loss Mitigation	PF-48260 (10/16)
4. U.S. Foreign Account Tax Compliance Act – FACTA Notice	ALL-42490b (07/16)
5. U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) Advisory Notice	ILP 001 (01/04)
6. Policyholder Disclosure Notice of Terrorism Insurance Coverage	TR-19606d (01/15)
7. Disclosure Pursuant to Terrorism Risk Insurance Act	TRIA11d (03/16)
8. Cap on Losses From Certified Acts of Terrorism	PF-45354 (01/15)
9. Trade or Economic Sanctions Endorsement	PF-46422 (07/15)
10. Loss Control Right to Inspect (To attach only if Loss Control is required by Chubb)	PF-48268 (10/16)
11. Termination Amended - Non Cancelable Except Nonpayment of Premium	PF-48340 (10/16)
12. Additional Insured – Blanket Pursuant to a Contract – Cyber ERM	PF-48155 (09/16)
13. Signature Endorsement	CC1k11h (03/14)
14. Specified Incident Exclusion Breach at DHHS (NH Hospital) and 2 separate DDoS attacks (Vikindom actor) against NivistNH.com site and NH.gov site as referenced in Liberty 2017 application	PF-48161 (09/16)
15. Amendatory Endorsement – New Hampshire	PF-48314 (03/17)
16. Application Amended	PF-49452 (08/17)
17. Period of Restoration – Fill In 120 DAYS	PF-48160 (09/16)
18. Conduct Exclusion Amended – Final, Non-appealable Adjudication	PF-49491 (08/17)
19. Extended Reporting Period Election Time Period Endorsement 90 DAYS	PF-48460 (08/17)
20. Optional Extended Reporting Period (Item 7) Amended a. 100%/150%/175%/250% @ 12/24/36/72 MONTH	PF-48153 (09/16)
21. Non-Malicious Computer Ace – System Failure – Business Interruption Sublimit \$5M	PF-48274 (08/17)
22. Breach Response Indemnitee – Final Non-Appealable Adjudication	PF-49491 (08/17)
23. Duty to Defend a Regulatory Proceeding	PF-49445 (08/17)
24. Extortion Threat Enhancement for Protected Information	PF-48495 (09/17)
25. Settlement Within The Retention	PF-49471 (08/17)
26. Hardware or Equipment Replacement Endorsement	PF-49492 (08/17)

**Subjectivities:**

Chubb hereby indicates the coverage described below. However, any obligations the Insurer may have under this indication are conditioned upon each of the following conditions having first been met

1. The Applicant has submitted to the Insurer the following documents, and the Insurer has received such documents no later than close of business **PRIOR TO BINDING**:
  - a. Estimated number of credit cards to be processed in 2018 and PCI compliance level;
  - b. Estimated PII/PHI held in NH Hospital;
  - c. Copy of expired cyber liquor policy loss runs;
2. If coverage is subsequently bound by the Insurer, the Applicant has remitted the premium specified below to the Insurer so that the Insurer receives the premium no later than close of business on the 30th day from the date of the Binder or the Effective Date of the policy, whichever is later.

**Please Note the Following for the Terrorism Risk Insurance Act:**

Coverage for acts of terrorism is included in your policy. The portion of your annual premium that is attributable to coverage for acts of terrorism is \$0, and does not include any charges for the portion of losses covered by the United States government under the Act.