

Cyber Liability Insurance

Financial Professionals and Referral Representatives of

Avantax Wealth Management

Policy Period: December 31, 2024 to December 31, 2025

Avantax

Wealth Management®

Broker/Administrator

Arthur J. Gallagher Risk Management Services, Inc.
License #0D69293

Coverage Underwritten by:

National Fire & Marine Insurance Company
(a Berkshire Hathaway company)



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Avantax

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Cyber Insurance Coverage Highlights

Policy Number:	42-EPP-319558-04
Policy Period:	12/31/2024 to 12/31/2025
Policy Period:	National Fire & Marine Insurance Company (a Berkshire Hathaway company) – Non-Admitted Carrier with an A.M. Best Rating of A ++ (Superior)
Policy Limits:	\$250,000 Each and Every claim (including Claims Expenses) per Insured Rep/Agent \$10,000,000 in the Aggregate for all Insured Rep/Agents (including Claims Expenses)* <i>* For claims and expenses that involve Cetera Financial Group and any of its affiliates there is a \$30,000,000 coverage limit.</i>
Policy Retention:	\$1,000 Each and Every Claim (including Claims Expenses) per Insured Rep/Agent and 12 hours in respect of Business Income.

The information and descriptions contained in this handbook are intended as general information and are not complete descriptions of all terms, exclusions and conditions applicable to the products and services offered by Arthur J. Gallagher & Co. or any insurance company represented by us. This is not a guarantee of coverage. The information contained throughout this summary is not an insurance policy or contract of insurance. The insurance coverage afforded by Gallagher is subject to the terms and conditions of the policies as issued. This discussion is not legal advice.

Cyber Policy Insuring Agreements

The Primary Security and Privacy Liability Insurance (also known as the Cyber Policy) provides several different types of coverage. Provided below are summaries of the insuring agreements in the policy. Please refer to the Cyber Policy for complete details.

I. Network Security & Privacy Liability Coverage:

The Network Security & Privacy Liability insuring agreement provides protection against the unauthorized release of Personally Identifiable Information (PII), Protected Health Information (PHI), and corporate confidential information of third parties and employees, and violations of a person's right to privacy, publicity, etc.

The policy will cover legal expenses and settlement costs in excess of the retention resulting from a Network Security and Privacy Claim made and reported to the carrier during the policy period.

II. Privacy Regulatory Defense, Fines and Penalties:

The Privacy Regulatory Defense, Fines and Penalties insuring agreement provides coverage for the costs arising from actions brought by a regulatory body alleging violation of a federal, state, local or foreign statute or regulation with respect to privacy regulations as a result of a breach.

The policy will pay civil monetary fines or penalties and legal expenses in excess of the retention resulting from a Regulatory Proceeding made and reported to carrier during policy period, to the extent permitted by law.

III. Breach Expenses Coverage:

The Breach Expenses Coverage insuring agreement provides coverage for the costs arising from a breach resulting in the personally identifiable, non-public information of your customers or employees being compromised, or any unauthorized access to the failure or disruption of your computer system or an authorized third-party's inability to access your computer system.

The policy shall reimburse any reasonable and necessary fees, costs and expenses in excess of the retention that are incurred in connection with investigating and responding to a breach. This covers notification to customers whether or not required by applicable Privacy breach notice law. It also includes: The hiring of an approved public relations consultant to help avert or mitigate damage to your brand and reputation, IT forensics to determine the cause and extent of a potential security breach, legal expenses incurred to determine your legal obligations in connection with a breach, and mitigating measures including credit monitoring and identity restoration. Breach expenses also include the costs incurred to restore, recollect or recreate Electronic Data. The breach must be discovered and reported to carrier during policy period.

IV. Media Liability Coverage:

The Media Liability insuring agreement provides coverage against allegations that include: defamation, libel, slander, emotional distress, invasion of the right to privacy, copyright and other forms of intellectual property infringement (patent excluded), that arise from communication of electronic media content (data, digital code, images, graphics, sounds) in electronic (website, social media, etc.) forms.

The policy shall pay for legal expenses, settlement costs and judgments in excess of the retention for Claims made and reported during the policy period.

V. Network Extortion Coverage:

The Network Extortion insuring agreement provides coverage for costs incurred as a result of a threat from a third party to harm your computer network. Coverage under this insuring agreement also applies if a third party threatens the disclosure of confidential information or disruption of your business in conjunction with a demand for money to eliminate or mitigate the threat. Coverage for ransomware attacks would be contemplated under this insuring agreement.

The policy shall pay for expenses incurred in excess of the retention in connection with responding to the threat, including ransom payments, for extortion threats made and reported during policy period.

VI. Business Interruption Coverage:

The Business Interruption Coverage insuring agreement provides lost income and expenses incurred in excess of the retention (and waiting period) resulting in a total or partial interruption, suspension or deterioration of your business directly caused by a breach that occurs and is reported during the policy period.

Commonly Asked Questions

What if I have a data breach involving customer data that is not related to my broker/dealer (i.e.: life insurance customers I have written through another entity)? Is there coverage for that?

Yes, provided the outside business activity is disclosed and approved by Avantax. This policy is designed to provide coverage for data which you have a responsibility to keep confidential, up to the individual per claim limit of \$250,000 in a policy period.

Does this policy cover loss of money/value of trades if the incident originated from a cyber breach?

No. The policy does not cover any trading losses or liabilities, changes in account value or monetary value of any electronic fund transfers for any account under your control, nor for any customer account.

Is my partnership, corporation or Registered Investment Advisor organization covered?

Yes. This policy provides coverage for any corporation, partnership, or other business which is owned by you as a Registered Representative.

What type of coverage does the policy provide when a security breach affects multiple insureds on the same system?

Any security breach that impacts multiple insureds, for example, multiple Registered Representatives in one office, will generally be treated as a single loss incident, subject to the \$1,000 retention and \$250,000 per/claim limit.

Does the Cyber Liability Insurance extend to Registered Representatives working on the premises of a financial institution?

The Cyber Liability Insurance does not cover Registered Representatives who access or use a depository institution's system to transact business. However, coverage will apply to a Registered Representative who only utilizes a depository institution's Wi-Fi for internet connectivity to access their own separate network that is not connected to the network of the depository institution.

How do I report a claim?

As soon as you are aware of any actual or suspected information security incident or breach, you must immediately email sirt@avantax.com and **contact your firm's Compliance Department by phone and email.**

Policy Exclusions

The coverage under this Policy shall not apply to any Claim, **Breach or Extortion Threat made against any Insured**:

A. Conduct

based upon, arising out of, or relating to:

1. any criminal, intentional, dishonest, fraudulent or knowing wrongful act, error or omission or any willful violation of any statute, rule or law by an **Insured**; or
2. any **Insured** gaining any personal profit, financial advantage or remuneration that such **Insured** is not legally entitled to receive;

provided, however, that:

- a. this exclusion shall apply only if a final and non-appealable adjudication adverse to an **Insured** in the underlying proceeding establishes that such conduct occurred; and
- b. this exclusion shall not apply to any **Breach or Extortion Threat** by a **Rogue Employee**

B. Bodily Injury/Property Damage

based upon or arising out of **Bodily Injury** or **Property Damage**; provided, however, that this exclusion shall not apply to any **Claim** for mental anguish or emotional distress.

C. Employment Practices

based upon or arising out of any employment practice, including, but not limited to, wrongful dismissal, discharge or termination, discrimination, harassment, retaliation or other employment-related claim.

D. ERISA

based upon or arising out of any actual or alleged violation of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974, as amended, or any similar federal, state, local or foreign statutory law;

provided, however, that this exclusion shall not apply to any **Breach**.

E. SEC

based upon or arising out any actual or alleged:

1. purchase, sale, offer or solicitation of an offer to purchase or sell securities; or
2. violation of any securities law, including the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any state "Blue Sky Laws" or any similar federal, state, local or foreign law;

provided, however, that this exclusion shall not apply to any **Breach**.

F. Anti-Trust / Unfair Competition/RICO

based upon or arising out of any actual or alleged:

1. antitrust violation, restraint of trade, or violation of the Sherman Anti-Trust Act, the Clayton Act, or Robinson-Patman Act, as amended or rules or regulations promulgated under or in connection with the foregoing acts or any similar federal, state, local or foreign laws or statutes;
2. unfair competition, false, deceptive or unfair trade practices, or violation of any consumer protection laws; provided, however, that this sub-paragraph shall not apply to **Insuring Agreements A.** or **B.**; or
3. violation of the Organized Crime Control Act of 1970 (Racketeer Influenced and Corrupt Organizations Act, or "RICO").

G. Governmental

1. brought by or on behalf of any federal, state, local or foreign government or governmental agency provided, however, that this exclusion shall not apply to any:
 - a. **Breach** expressly covered under **Insuring Agreement A.**; or
 - b. any **Claim** brought by such entity when acting in the capacity as a customer.
2. based upon or arising out of or relating to a violation of the False Claims Act (31 U.S.C. §§ 3729-3733), or any similar provision of any federal, state, local or foreign law.

H. Pollution

1. based upon or arising out of any actual or alleged or threatened discharge, release, escape, seepage, migration or dispersal of any solid, liquid, biological, gaseous, radiological or thermal contaminant or irritant, including, but not limited to, chemicals, acids, alkalis, soot, fumes, germs, spores, fungi, fibers, vapor, dust, mold, smoke and any nuclear materials (collectively "Pollutants"), or any request, demand, order, direction, or statutory or regulatory requirement that any **Insured** or others test for, monitor, remove, contain, treat, detoxify, neutralize, clean up, or in any way respond to or assess the effects of such Pollutants.

I. Advertising

based upon or arising out of any:

1. false advertising or misrepresentation in any **Electronic Content**, including but not limited to, inaccurate, misleading or inadequate description of the price of products or services or any failure of products or services to conform with quality or performance as represented in **Electronic Content**; or

- J. infringement of trademark or trade dress by any products or services displayed or contained in any **Electronic Content**.

K. Assumed Contractual Liability

based upon or arising out of any:

1. liability that an **Insured** has assumed under any contract; or
2. breach of any express or implied warranty or guarantee.

L. Intellectual Property

based upon or arising out of any invalidity, infringement, violation or misappropriation of:

1. any patent or trade secret by or on behalf of the **Insured**; or

2. any copyright, service mark, trade name, trademark, provided, however, that this sub paragraph shall not apply to **Insuring Agreement B**.

M. Licensing / Rights Dispute

based upon or arising out of:

1. any action brought by or on behalf of intellectual property licensing or rights organizations, including but not limited to the American Society of Composers, Authors and Publishers ("ASCAP"), the Society of European Stage Authors and Composers ("SESAC"), or Broadcast Music, Inc. ("BMI"); or
2. any disputes brought by a third party relating to the ownership or exercise of rights in material or content, or the obligation to pay royalties or licensing fees arising from the use of material or content.

M. Power Failure / Act of God / War

based upon or arising out of any:

1. electrical or mechanical failure of infrastructure not under the control of the **Insured**, including but not limited to, any electrical power interruption, surge, brownout or blackout;
2. failure of any satellite, telephone or data transmission or other telecommunication or network infrastructure not under the control of the **Insured**;
3. fire, smoke, explosion, lightening, wind, water, earthquake, volcanic eruption, tidal wave, landslide, act of God or any other physical event, however caused; or
4. strike or similar labor action, war, invasion, act of foreign enemy or warlike operation (whether declared or not), civil war, or mutiny; provided, however, this sub paragraph shall not apply to **Breaches** or **Extortion Threats** occurring as a result of **Cyber Terrorism**.

N. Unsolicited Communication

based upon or arising out of any unsolicited electronic communication by or on behalf of the **Insured**, including but not limited to, any action brought under the Telephone Consumer Protection Act, or any similar federal, state, local or foreign anti-spam statutes, provided, however, that this exclusion shall not apply to any **Claim** covered under **Insuring Agreement A.1**.

O. Fund Transfer

based upon or arising out of any:

1. electronic fund transfer or transaction by an **Insured**;
2. theft of money or securities from an **Insured** or the transfer or loss of money or securities from or to an **Insured's** account or any account under the **Insured's** control, including but not limited to, any customer account; or
3. financial trading loss or change in account value.

P. Depository Institutions

based upon or arising out of any **Registered Representative** who accesses or uses a depository institutions system to transact business as a registered representative of a broker dealer owned by the **Company** provided, however, that this exclusion shall not apply to any **Registered Representative** who utilizes a depository institution's Wi-Fi for internet connectivity to access their own separate network that is not connected to the network of the depository institution.

Important Contacts

If There is a Claim or a Potential Claim:

As soon as you are aware of any actual or suspected information security incident or breach, you must immediately email sirt@avantax.com and **contact your supervisor and the firm's Compliance Department by phone and email.**

For Any Questions on the Coverage:

Contact: **Suzie Wittmann**

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E-mail: [Suzie Wittmann@ajg.com](mailto:Suzie_Wittmann@ajg.com)