



Product Liability
Insurance Proposal
Prepared for:

Lucas Luggage Bags, Inc
San Francisco, CA 94114

Proposed by:

PAPERLESS INS SERVICES INC/PHS
San Francisco, CA 94121

Proposal Date: 08/27/2014, 3:02 PM

Proposal Created by:

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Total Estimated Annual Premium for Spectrum: \$ 1,581.00

This document is a proposal of insurance for the applicant indicated above. It is not to be used as proof of coverage, unless bound by an authorized agent.

Important Messages:

The descriptions of coverage and programs are necessarily brief and are subject to policy provisions, limitations and exclusions that can only be expressed in the policy itself. Coverages and programs vary by state and are not available in all states. For a complete explanation of coverage, please consult our representative and your legal adviser.

Reference Number: 57XXX123456X - 001

Spectrum Proposal
with A+ Rated Company
A member company of A+ rated group of companies
8/27/2014 - 8/27/2015

<u>Liability Coverage</u>	<u>Limits of Insurance</u>	<u>Premium</u>
Business Liability:		
Broad Form Named Insured includes subsidiaries in which greater than 50% of voting stock is owned by the Named Insured	\$ Included	\$ Included
Defense Costs outside of the Limits of Insurance	\$ Included	\$ Included
Employees and Volunteers included as Insureds	\$ Included	\$ Included
Incidental Malpractice	\$ Included	\$ Included
Mental Anguish resulting from bodily injury, sickness or disease	\$ Included	\$ Included
Newly Acquired Organizations	\$ 180 days	\$ Included
Non-Owned watercraft under 51 feet	\$ Included	\$ Included
Per Location General Aggregate - owned or rented premises	\$ Included	\$ Included
Personal and Advertising Liability includes coverage for discrimination or humiliation (other than employment-related)	\$ Included	\$ Included
Property Damage to borrowed equipment not being used to perform operations at the job site	\$ Included	\$ Included
Unintentional failure to disclose hazards	\$ Included	\$ Included
Additional Insured - Coverage is automatically extended to persons or organizations whose written contracts or permits with the insured require insurance to be provided	\$ Included	\$ Included
Each Occurrence	\$ 1,000,000	
General Aggregate	\$ 2,000,000	\$ 560
Products/Completed Operations Aggregate	\$ 2,000,000	\$ Included
Personal and Advertising Injury	\$ 1,000,000	\$ Included
Damage to Premises Rented to You Medical Expenses	\$ 1,000,000	\$ Included
Hired and Non-owned Auto	\$ 10,000	\$ Included
Product Contamination	\$ 1,000,000	\$ 156
Product Recall	\$ 10,000	\$ 156
Data Breach		
Responses Expenses Limit Includes the following:	\$ 10,000	\$ 38
• Notification expenses		
• Public Relation Expenses		
• Legal and Forensic IT Review - \$5000 sub-limit		
• Good Faith Advertising Expenses - \$5,000 sub-limit		
• Services for Impacted Individuals (credit monitoring, help line, etc)		
Data Breach Deductible	\$ 1,000	
1st Party Retroactive Date: 8/27/2014		
Data Breach - Defense & Liability Limit	\$ 50,000	\$ 58
3rd Party Retroactive Date: 8/27/2014		
Defense costs apply within limit		
Policy Base Premium		\$ 77
Terrorism	\$ Included	\$ 31

Policy Level

Property Coverage

Limits of Insurance

Special Property Coverage Form automatically includes the following coverages at no additional charge:

Accounts Receivable Coverage Off Premises	\$	25,000
Accounts Receivable Coverage On Premises	\$	25,000
Appurtenant Structures - business personal property within appurtenant structure	\$	5,000
Arson Reward	\$	10,000
Business Income - Civil Authority - 30 Days - A waiting period applies	\$	Included
Business Income to Dependant Properties	\$	5,000
Business Personal Property Seasonal Automatic Increase: 25%	\$	Included
Data and Software	\$	10,000
Definition of Premises: 1000 feet	\$	Included
Extended Business Income - 30 consecutive days	\$	Included
Fire Department Service Charge	\$	25,000
Fire Extinguisher Recharge	\$	Included
Forgery Coverage	\$	5,000
Leasehold Improvements	\$	25,000
Lease Assessment	\$	2,500
Lock and Key Replacement	\$	1,000
Money and Securities - Inside	\$	10,000
Money and Securities - Outside	\$	5,000
Newly Acquired or Constructed Property - Building - 180 Days Max	\$	500,000
Newly Acquired or Constructed Property - Business Income 180 Days Max	\$	50,000
Newly Acquired or Constructed Property - Business Personal Property - 180 Days Max	\$	250,000
Ordinance or Law Coverage:		
• Tenants Improvements & Betterments Increased Cost of Construction	\$	25,000
Outdoor Property - Aggregate	\$	10,000
Outdoor Property - For any one tree, shrub or plant	\$	1,000
Outdoor Signs - Attached to buildings - Per sign	\$	5,000
Personal Effects	\$	10,000
Property Off-Premises - Business Personal Property	\$	2,500
Tenant's Glass	\$	25,000
Valuable Papers Coverage Off Premises	\$	25,000
Valuable Papers Coverage On Premises	\$	25,000

The following Property coverages are applicable at all locations:

Property Deductible	\$	250		
Automatic Equipment Breakdown Coverage which includes:	\$	Included	\$	17
• Mechanical Breakdown	\$	Included	\$	Included
• Artificially Generated Electric Current	\$	Included	\$	Included
• Explosion of Steam Equipment	\$	Included	\$	Included
• Loss or damage to Steam Equipment	\$	Included	\$	Included
• Loss or damage to Water Heating Equipment	\$	Included	\$	Included
• Contamination by Hazardous Substance	\$	50,000	\$	Included
• Expediting Expenses	\$	50,000	\$	Included
Business Income And Extra Expense Specified Limit coverage -12 mos.	\$	100,000	\$	91
Identity Recovery Coverage	\$	15,000	\$	Included

Location/Building Level

Location/Building Information

Location No./Building No. : 001/001
Street Address : TBD
City, State and Zip Code : San Francisco, CA 94114
Protection Class : 02
Class Code : 31611
Description : Luggage Manufacturing - Cloth
Construction : Frame
Year Built : 1925
Sprinklered : No
Area : 1,200
Annual Sales/Receipts : \$100,000

Location/Building Coverage

Limits of Insurance

Premium

Business Personal Property	\$ 25,000	\$ 317
Fungi Limited Coverage	\$ 50,000	\$ Included
Fungi Limited Business Interruption	30 Days	\$ Included

Stretch Endorsements

Premium

Super Stretch for Manufacturers	See Stretch Summary Attached	\$ 236
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The Limits of Insurance for the following Additional Coverages are in addition to any other limit of insurance provided under this policy.

Super Stretch for Manufacturers Summary

Blanket Coverage Limit of Insurance: \$250,000

Blanket Coverages

Accounts Receivable - On/Off Premises

Computers and Media

Debris Removal

Personal Property of Others

Temperature Change

Valuable Papers and Records - On/Off Premises

Coverage

Advertising to Regain Customers
Brands and Labels
Claim Expenses
Computer Fraud
Contract Penalty
Employee Dishonesty (including ERISA)
Fine Arts
Forgery
Laptop Computers- Worldwide Coverage
Off Premises Utility Services - Direct Damage
Outdoor Signs
Pairs or Sets
Product Contamination
Product Recall
Property at Other Premises
Salespersons' Samples
Sewer and Drain Back Up
Sump Overflow or Sump Pump Failure
Tenant Building and Business Personal Property Coverage-
Required by Lease
Transit Property in the Care of Carriers for Hire
Unauthorized Business Card Use

Limits of Insurance

\$ 2,000
Up to Business Personal Property Limit
\$ 10,000
\$ 5,000
\$ 1,000
\$ 25,000
\$ 25,000
\$ 25,000
\$ 10,000
\$ 25,000
Full Value
Up to Business Personal Property Limit
\$ 10,000
\$ 15,000 / \$ 25,000
\$ 25,000
\$ 50,000
Included up to Covered Property Limits
\$ 50,000
\$ 20,000
\$ 10,000
\$ 5,000

The Limits of Insurance for the following Coverage Extensions are a replacement of the Limit of Insurance provided under the Property Coverage Form.

<i>Coverage</i>	<i>Limits of Insurance</i>
Newly Acquired or Constructed Property - 180 Days	
Building	\$ 1,000,000
Business Personal Property	\$ 500,000
Business Income and Extra Expense	\$ 500,000
Outdoor Property	\$ 25,000 aggregate / \$ 1,000 per item
Personal Effects	\$ 35,000
Property Off-Premises	\$ 50,000

The following changes apply only if Business Income and Extra Expense are covered under this policy. The Limits of Insurance for the following Business Income and Extra Expense Coverages are in addition to any other Limit of Insurance provided under this policy:

Business Income Extension for Off-Premises Utility Services	\$ 50,000
Business Income Extension for Web Sites	\$ 50,000 / 7 days
Business Income from Dependent Properties	\$ 50,000

The following Limit of Insurance for the following Business Income Coverage is a replacement of the Limit of Insurance provided under the Property Coverage Form.

Extended Business Income	90 Days
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The following changes apply only if the Special Property Coverage Form applies to this policy. The Limits of Insurance for the following Additional Coverages are a replacement of the limit of insurance provided under the Special Property Coverage form:

<i>Coverage</i>	<i>Limits of Insurance</i>
Precious Metal Theft Payment Changes	\$ 25,000
Theft of Patterns, Dies, Molds and Forms	Up to Business Personal Property Limit

The following changes apply to Loss Payment Conditions:

<i>Coverage</i>	<i>Limits of Insurance</i>
Valuation Changes	
Commodity Stock	Included
"Finished Stock"	Included
Mercantile Stock - Sold	Included

Your Spectrum policy contains classes and coverages that may be subject to an annual audit. Your quoted premium may change based on the actual annual audit records provided to us.

Direct Bill Options

The Direct Bill System puts you in control of making premium payments deciding the bill plan that best fits your budget.

YOU DECIDE HOW YOUR PAYMENTS ARE MADE...

- **Repetitive EFT:** Sign up for Repetitive Electronic Funds Transfer (EFT) and have payments automatically withdrawn
 - **Pay Online**
 - **Pay by Check:** Send a check with your remittance stub in the envelope enclosed with your bill
 - **Pay by Phone:** Call toll-free

The chart below illustrates how you may be billed based upon the bill plan you select. The due date(s) and minimum amount(s) due shown below were calculated based on the anticipated effective date of your policy provided as part of the quote process. These dates and amounts may change based on when your new policy is processed. State surcharges are fees that are assessed by the state(s) on the policy and paid by the carrier to the appropriate government agency. The full amounts of these fees are typically included in the down payment according to state regulations.

Total Annual Estimated Premium for Spectrum: \$1,581.00				
Bill Plan and Installments	Due Date(s) & Minimum Amount(s) Due		+ Installation Fee (EFT)	Or + Installation Fee (Non-EFT)
Full Pay	09/18/14 - \$1,581.00		-	-
Two Pay Down Payment Installment Final Installment	09/18/14 - \$948.60 02/16/15 - \$632.40		\$5.00 per Installment	\$7.00 per Installment
Three Pay Down Payment Installment Remaining Installments	09/18/14 - \$632.40 01/16/15 - \$474.30 05/17/15 - \$474.30		\$5.00 per Installment	\$7.00 per Installment
Four Pay Down Payment Installment Remaining Installments	09/18/14 - \$474.30 12/17/14 - \$395.25 03/19/15 - \$395.25 06/16/15 - \$316.20		\$5.00 per Installment	\$7.00 per Installment
Ten Pay Down Payment Installment Remaining Installments	09/18/14 - \$395.23 10/17/14 - \$132.17 11/16/14 - \$131.70 12/17/14 - \$131.70 01/16/15 - \$131.70 02/16/15 - \$131.70		03/19/15 - \$131.70 04/16/15 - \$131.70 05/17/15 - \$131.70 06/16/15 - \$131.70 \$5.00 per Installment	\$7.00 per Installment

An Installation Fee is assessed on each installment invoice except where prohibited by law.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Terrorism Coverage and Premium

In accordance with the federal Terrorism Risk Insurance Act (as amended "TRIA"), we are required to make coverage available under your policy for "certified acts of terrorism." The actual coverage provided by your policy(ies) will be limited by the terms, conditions, exclusions, limits, and other provisions of your policy(ies), as well as any applicable rules of law.

The portion of your premium attributable to this terrorism coverage is shown in the premium section(s) of this quote proposal or binder.

Definition of Certified Act of Terrorism

A "certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism under TRIA. The criteria contained in TRIA for a "certified act of terrorism" include the following:

1. The act results in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and
2. The act results in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of an United States mission; and
3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Disclosure of Federal Share of Terrorism Losses

The United States Department of the Treasury will reimburse insurers for 85% of that portion of insured losses attributable to certified acts of terrorism that exceeds the applicable insurer deductible. However, if aggregate industry insured losses under TRIA exceed \$100 Billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. The United States government has not charged any premium for their participation in covering terrorism losses.

Cap on Insurer Liability for Terrorism Losses

If aggregate industry insured losses attributable to "certified acts of terrorism" under TRIA exceed \$100 Billion in a Program Year (January 1 through December 31), and we have met, or will meet, our insurer deductible under TRIA, we shall not be liable for the payment of any portion of the amount of such losses that exceed \$100 billion. In such case, your coverage for terrorism losses may be reduced on a pro-rata basis in accordance with procedures established by the Treasury, based on its estimates of aggregate industry losses and our estimate that we will exceed our insurer deductible. In accordance with the Treasury's procedures, amounts paid for losses may be subject to further adjustments based on differences between actual losses and estimates.

Note to Producer on TRIA: The premium for terrorism coverage and the TRIA disclosures above must be provided to the insured or prospect at the time of quoting. If you are not using this quote proposal, you can use Hartford's stand-alone TRIA disclosure form for quotes and binders, which is available on EBC or from the company.

Acknowledged and Accepted By

(Signature of the Insured)

(Date)

Reference Number: 57XXX123456X - 001
Total Estimated Annual Premium for Spectrum: \$1,581

Spectrum® Business Owner's Policy -
Optional Data Breach Insurance & Services

DATA BREACH : JUST THE FACTS

SMALL BUSINESS STATISTICS*

- 64% of data breaches investigated in 2010 were from organizations with fewer than 100 employees
- 95% of all credit card breaches are against small businesses
- 52% of small business owners reported they have no data security policy

Data Breach Defined

Loss, theft, accidental release or accidental publication of Personally Identifiable Information (PII) and Protected Health Information (PHI) including:

- Social security number
- Bank account number
- Credit or debit card numbers
- Driver's license number
- Email address
- Patient history and medications

How a Breach Can Occur

- Hacking
- Theft or release due to unauthorized access (such as by former employees or vendors)
- Stolen or lost paper and electronic files
- Stolen or lost laptop, smartphone, tablet, or computer disks
- Stolen credit card information
- Employee error or oversight

Who Needs Data Breach Coverage

Any business, small or large, that handles or stores any private business, customer, patient or employee data is at risk. The following businesses are at a higher risk for a data breach because of the quantity and type of sensitive information they handle and store:

- Healthcare practices
 - Law offices
 - Accounting offices
 - Retailers
 - Restaurants
 - Financial Services
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continued

How Data Breach Insurance Can Help

- Offers time-saving professional services to help quickly restore your business' reputation, guide you in handling a breach and assistance with regulatory compliance
- Covers response expenses, including mailing notification letters, credit monitoring services and public relations
- Provides coverage for defense and liability expenses in the event you are sued because of a breach

INSURANCE COVERAGE DETAILS

Response Expenses (1st Party)

Coverage includes:

- Legal & Forensic Services to assess whether a breach occurred and assistance with regulatory compliance if it is determined that a breach occurred (\$5,000 sub-limit applies)
 - Notification to impacted customers and employees and associated expenses such as letter preparation and mailing costs.
 - Crisis Management/Public Relations to inform your customers a breach has occurred and to help restore your business' reputation
 - Good Faith Advertising Services to organize and create a media response (\$5,000 sub-limit applies)
 - Monitoring Services to pay for credit, fraud, public records or other monitoring alerts, if warranted
- Available Limits: \$10,000; \$25,000; \$50,000; \$100,000
Per Claim Deductible: \$1,000 for \$10,000 and \$25,000 limits;
\$2,500 for \$50,000 and \$100,000 limits

Defense and Liability Expenses (3rd Party)

- **Coverage for civil awards, settlements and judgments that you're legally obligated to pay**

Available Limits: \$50,000; \$100,000; \$250,000; \$500,000
No deductible applies
Defense costs are within limits

SERVICE DETAILS

Access to a Data Breach Web Site Providing:

- Tips and resources to help you minimize the chance for a breach and safeguard PII and PHI
- Legal requirements by state
- Information on how to create a data breach incident response plan
- Guidance on what needs to be done if a breach occurs

Team of Breach Experts Who Will:

- Assist you if you believe a breach has occurred and determine the potential severity of the breach
 - Consult on "next steps" to address a breach situation
-

Contact us today to learn more and get a quote!
+1 (800) 339-0104

This document contains only general descriptions of coverages which may be provided and does not include all of the features, exclusions, and conditions of the policies it describes. Certain coverages, features, and credits vary by state and may not be available to all insureds.