



STATEMENT OF DISCLOSURE

GREAT AMERICAN E & S INSURANCE COMPANY
Cincinnati, Ohio 45202

This Statement of Disclosure is not an insurance policy or a Certificate of Insurance. This is a condensed summary of the terms and conditions of a claims-made based Compromised Data expense Reimbursement Contractual Liability Insurance policy (the "Policy") issued to the Named Insured. This Statement of Disclosure may not include all terms and conditions of the Policy. The Insured may request a copy of the Policy by writing to the Named Insured or the Insurance Company. Coverage is claims-made.

| COMPROMISED DATA EXPENSE REIMBURSEMENT CONTRACTUAL LIABILITY INSURANCE | |
|--|-----------------------------------|
| Named Insured: Jetpay, LLC | |
| Policy Period: 03/01/2009 – 03/01/2010 | Policy Number: 7285730 |
| Limit of Liability: \$50,000 | Retroactive Date: March 1st, 2009 |
| Eligible Merchants: Merchant levels 2, 3 and 4 (based upon Visa transaction volume over most recent 12 months) | |

COVERAGE. The Company will either reimburse or pay on behalf of the **merchant** those **expenses** which the **merchant** is contractually obligated to pay to the **claimant** under one or more **merchant agreements** as a result of an **incident**; provided always that the **incident** is discovered during the **Policy Period**. In no event shall the Company be obligated to pay **expenses** after the applicable Limit of Liability has been exhausted by payment of **expenses**. The Company shall have the right to investigate, contest, defend, appeal and/or settle any **claim**, as it deems expedient. The Company shall have no duty to defend the **Named Insured** or the **merchant** against any legal action or proceeding to which this insurance applies.

POLICY PERIOD, TERRITORY. This Policy becomes effective on the Policy Effective Date shown in Item 2 of the Declarations and shall continue for the initial **Policy Period** shown in Item 2 of the Declarations. This Policy shall automatically renew continuously for successive twelve (12) month terms upon expiration unless canceled or non-renewed by the Company or the **Named Insured**, pursuant to the provisions set forth in **VI. Condition 10**. This policy applies only to **expenses** contractually due from **merchants** domiciled in the United States of America (including its territories and possessions).

LIMIT OF LIABILITY. Regardless of the number of **claims** made, the Company's liability for all **expense** arising from the **merchant** from an **incident** shall be limited to the lesser of: actual **expenses** less any "Each **Incident**" Deductible appearing in Item 5 of the Declarations; or the "Each **Incident**" Limit of Liability appearing in Item 4 of the Declaration less any "Each **Incident**" Deductible appearing in Item 5 of the Declarations. The Company's liability may be further limited by certain "Per Occurrence" and "Aggregate" Limits of Liability as delineated in paragraphs 4 thru 7 below. All **expenses** arising from the same **incident** shall be considered a single **claim** for the purpose of this policy and shall be subject to a single Limit of Liability and Deductible. Prior to the Company having any obligation to pay **expenses**, the **merchant** shall retain in **expenses** an amount equal to the "Each **Incident**" Deductible appearing in Item 5 of the Declarations. Any "Per Occurrence" Limit of Liability appearing in Item 4 of the Declarations is the total limit of the Company's liability under this policy for all **expenses** arising from the same **incident** or chain of related **incidents**; regardless of the number of **MID's**, **merchants** or **merchant agreements**. Any "Aggregate MID" Limit of Liability appearing in Item 4 of the Declarations is the total limit of the Company's liability under this policy for all **expense** arising from a single **MID**. Any "Aggregate Merchant" Limit of Liability appearing in Item 4 of the Declarations is the total limit of the Company's liability under this policy for all **expense** arising from a single **merchant**; regardless of the number of **MID's** or **merchant agreements**. Any "Aggregate" Limit of Liability appearing in Item 4 of the Declarations is the total limit of the Company's liability under this policy for all **expense** arising from the policy.

EXCLUSIONS. The Company shall not be obligated to pay, and this policy does not apply to, any **claim**, **demand** or **expenses** arising from or in connection with: 1. an **incident** discovered outside of the **policy period**. 2. a **merchant**: classified as **PCI Compliance Level 1** on the **date of discovery**; or that is not an Eligible **Merchant** as defined in Item 6 of the Declarations; or that was not reported to the Company on the Report Schedule for coverage during the Reporting Period in which the **incident** was discovered. 3. the **card** transaction is not an Eligible Card Transaction as defined in Item 7 of Declarations. 4. a condition specifically known to the **Named Insured** or the **merchant** to exist on or before the **policy period** that gives rise to an **incident**. This exception does not apply to network equipment, operating systems, or software applications in the possession of the **merchant**. 5. any fraudulent, illegal, dishonest or criminal act committed by, at the direction of, or with the knowledge of: any director, officer, employee, representative, consultant or contractor of the **Named Insured**; or the **card association**, card issuer, acquiring bank, **ISO** or **processor**; or any director or officer of the **merchant**. 6. an inadvertent accounting or arithmetic error or omission. 7. any subsequent **incident** or claim made by or against a **merchant** that has suffered a data breach as determined by the **mandatory audit**, until **PCI Compliance Level 2, 3 or 4** status is subsequently attained, maintained or reacquired by such **merchant**. 8. any costs or expenses incurred or required for a **merchant** to become PCI compliant. 9. any breach, damage, cost, penalty or fine incurred, assessed, transferred or charged back by any **card association**, card issuer, acquiring bank, **ISO** or **processor** for non-compliance with accepted **PCI Data Security Standards** other than an **expense** contractually recoverable from a **merchant** under the **merchant agreement** arising from a **data compromise** at the **merchant** level. 10. war (whether or not declared), civil war, insurrection, rebellion, or revolution; military, naval, or usurper power, governmental interventions, expropriation, or nationalization; or any of the foregoing including acts of terrorism. 11. any software not within the control of the **merchant**. 12.

any **data compromise** that occurs in any computer network in which multiple merchants have their merchant accounts hosted on the same web server or in which multiple merchants are using the same hardware resources, the same network connection, and the same software.

13. an actual or alleged incident without: (a.) a formal written notification by the **card association** to either the acquiring bank, **ISO** or **merchant** of either an actual or suspected **incident** at the **merchant** level; or (b.) a contractually enforceable **demand** by the **card association** for **expense** reimbursement by the **merchant**. 14. any uncollectible **chargeback** of a consumer transaction, unless arising from an **incident** and such **chargeback** is specifically covered by the policy as a **related cost**.

DEFINITIONS. When used in this policy, including endorsements and schedules forming a part hereto. "**card**" means credit cards, debit cards, stored value cards, and pre-funded cards. "**card association**" means any one of the following entities formed to administer and promote cards: MasterCard International, Inc., VISA U.S.A., Inc., VISA International, Inc., Discover Financial Services, American Express, JCB International Credit Card Company, Ltd. or any of the following Debit Provider Networks: Exchange/Accel, Interlink, Maestro, NYCE, Plus, PrestoLink, Shazam and STAR. "**card replacement cost**" means any written **demand** received from the **card association** for reimbursement of the monetary costs required to reproduce and distribute **cards** as a direct result of **data compromise** incurred by the **merchant**. "**claim**" means a contractual **demand** against the **merchant** for monetary reimbursement under the **merchant agreement** for **expenses** as a result of an **incident**. "**claimant**" means either a: **card association** or acquiring bank assessing **PCI Assessments, related costs** and/or **card replacement cost** against the **merchant**; or **qualified security assessor** incurring and seeking reimbursement for authorized **mandatory audit** fees; making **demand** for **expense** reimbursement from the **merchant** of such amounts. "**data compromise**" means the exposure of **card** information that compromises the security, confidentiality, or integrity of personally identifiable information due to the **merchant's failure of security**. "**date of discovery**" means the date appearing on the first formal written notification by the **card association** to either the acquiring bank, **ISO** or **merchant** of either an actual or suspected **incident** at the **merchant** level or a request for a **mandatory audit**. This **date of discovery** shall be the date of loss for **claim** under this policy. "**demand**" means any written request by the **claimant** for payment by the **merchant** of contractually recoverable **PCI Assessments, related costs, mandatory audit** fees and/or **card replacement cost** under the **merchant agreement**. "**expenses**" means **PCI Assessments, related costs, mandatory audit** fees, and/or **card replacement cost** contractually assessed by the **card association** against the **merchant** as a result of an **incident**. **Expense** does not include: any other economic damage, legal expenses, punitive or exemplary damages, legal or regulatory fines or penalties assessed directly against any **merchant**; the return of fees or other consideration paid to the **merchant**; that portion of any award or judgment caused by the trebling or multiplication of actual damages under federal or state law; or the cost to restore consumer identities or monitor or verify the creditworthiness, credit accuracy or damage to credit of any consumer (including but not limited to paying for any credit bureau report). "**failure of security**" means: the actual failure and inability of the security of the **merchant's** computer system to mitigate loss from or prevent computer data infiltration; physical theft of hardware or firmware controlled by the **merchant** (or components thereof) on which electronic data is stored from a premises occupied and controlled by the **merchant**. **Failure of security** shall also include such actual failure and inability above, resulting from the theft of a password or access code by non-electronic means; or physical loss of information from the **merchant** (including loss of receipts, employee theft and stolen databases). "**incident**" means one or more actions, inactions, errors, omissions, unauthorized accesses, intrusions, breaches of security and/or breaches of duty by or to the **merchant** resulting directly or indirectly in a verifiable **failure in security** and resulting **data compromise** as identified in and evidenced by a written **demand** letter issued by the **card association**. Regardless of the number of unauthorized accesses, intrusions, security breaches or **data compromise** events, all activities resulting from common intruders (or conspiracy of intruders) or unauthorized software installations shall be considered a single **incident**. A **data compromise** that involves either (i) multiple intrusions into the **merchant's** computer system that are enabled by the insertion of a worm, virus, key logger, trojan, or other device or (ii) the repeated use of a stolen or compromised password or access code shall be considered a single **incident**. "**ISO**" means registered Independent Sales Organization or merchant service provider. "**mandatory audit**" means a forensic legal and/or information technology examination of the **merchant** required by the **card association** or acquiring bank that has been triggered by one or more cardholders indicating potential or actual fraudulent activities that the **card association** has cause to believe occurred due to the **merchant's** non-compliance with accepted **PCI Data Security Standards**. **Mandatory audits** must be initiated by the **card association** or acquiring bank in writing and must be conducted by a **qualified security assessor** selected by either the **Named Insured**, the acquiring bank or the **merchant**. The **mandatory audit** requires the **qualified security assessor** to examine the physical operations of the **merchant** in order to either locate the source of the problem or to determine if non-compliance of the **PCI Data Security Standards** actually occurred. "**merchant**" means a sole proprietorship, partnership, corporation (including affiliates and subsidiaries), limited liability company, holding company or other legal entity (regardless of the number of **MIDs** held) properly authorized by the **processor** to enter and secure approval for **card** transactions through: the **processor's** payment system; or the payment system of a third-party acting in the **processor's** behalf, and for whom **processor** provides **card** processing services, including forwarding sales drafts and **card** vouchers to a **card** issuer. Unless specifically indicated by endorsement, the **merchant** is not an Additional Insured under this policy. "**merchant agreement**" means an executed written contract between a **merchant** and either an acquiring bank or **ISO** establishing the **merchant's** contractual liability for **PCI Assessments, related costs, mandatory audit** fees, and **card replacement costs** resulting from a **data compromise**. "**MID**" means a **merchant** identification number. "**Named Insured**" means the entity named in Item 1 of the Declarations. "**PCI**" means Payment Card Industry. "**PCI Assessment**" means any written **demand** against the **merchant** by the **card association** or acquiring bank for monetary assessments or fines due to the **merchant's** non-compliance with accepted **PCI Data Security Standards** that result in a **data compromise** incurred by the **merchant**. "**PCI Data Security Standards**" means generally accepted and published Payment Card Industry standards for data security (DSS), including but not limited to the following objectives: Install and maintain a firewall configuration to protect cardholder data; Do not use vendor-supplied defaults for system passwords and other security parameters; Protect stored cardholder data; Encrypt transmission of cardholder data across open, public networks; Use and regularly update anti-virus software; Develop and maintain secure systems and applications; Restrict access to cardholder data by business need-to-know; Assign a unique ID to each person with computer access; Restrict physical access to cardholder data; Track and monitor all access to network resources

and cardholder data; Regularly test security systems and processes; and Maintain a policy that addresses information. **"PCI Compliance Level"** means the Payment Card Industry compliance level assigned by the **card association**. **"Policy Period"** means the period of time beginning at 12:00 a.m. at the address shown in Item 1 of the Declarations on the Policy Effective Date shown in Item 2 of the Declarations and ending at 12:00 a.m. on the earlier of the Policy Expiration Date shown in Item 2 of the Declarations or its earlier cancellation date, if applicable. **"Processor"** means an acquiring bank, **ISO** or other Payment Card Industry (PCI) compliant system vendor approved by the acquiring bank to provide card processing services. **"qualified security assessor"** shall mean a security assessor that has been certified as such by the PCI Security Standards Council. **"related costs"** means any other costs in the process leading up to the **PCI Assessment** as demanded in writing the **card association** and for which the merchant is liable under the **merchant agreement**. **Related costs** includes compliance case costs of the card issuer associated with the monitoring of at risk credit card accounts filed under the rules of the card brands. **Related costs** does not include the amount of fraud losses or charge backs incurred on cards included in a **data compromise** event filed under the rules of the card brands. **"chargeback"** means the procedure by which a Sales Draft or other indicator of a **card** transaction (or disputed portion thereof) is returned, the liability for which is the **merchant's** responsibility. **"debit card"** means a card used at a **merchant** location bearing a **card association** logo where the issuing bank is not extending credit to the cardholder, but where the **card** is connected to either a deposit account, a prepaid account or a prepaid benefit account.

CONDITIONS. Premium Reporting and Billing. The **Named Insured** shown in Item 1 of the Declarations is responsible for the payment of premium and will be the payee for any return premiums. The **Named Insured** shall maintain records of the information necessary for premium computation and shall send copies of such records to Royal Group Services, Ltd. at such times as Royal Group Services, Ltd. may direct. Premium shall be computed in accordance with the Company's rates as specified in Item 8 of the Declarations or as amended. Within the number of days specified in Item 9 of the Declarations after the close of each periodic Reporting Period specified in Item 9 of the Declarations, the **Named Insured** shall remit all premiums due to Company accompanied by a Reporting Schedule detailing all **merchants** and **MID's** being included for coverage for such periodic Reporting Period. Coverage for expenses arising from a particular **merchant** or **MID** will only be effective for such periodic Reporting Period in which: the Company receives the Reporting Schedule; the **merchant** and **MID** is scheduled on such periodic Reporting Schedule; and the appropriate premium has been paid for such Reporting Schedule. Failure to report or remit premium for any periodic Reporting Period during the Policy Period shall be deemed a waiver of coverage for such Reporting Period. Reporting on the Reporting Schedule shall be in either an Excel or Access media format and shall contain: Reporting Period Coverage Effective Date (if different from first day of Reporting Period) **MID** number(s) **Merchant** Level (if applicable) All monies due from the **Named Insured** shall be wire transferred to the Company and Monies transferred to the Company should be readily reconcilable to the Reporting Schedule. **Duties of Insured in the Event of Claim:** As soon as practicable after the **date of discovery**, the **merchant** shall provide a written Notice of Claim to either the Company or Royal Group Services, Ltd. Such Notice of Claim shall include the fullest information obtainable, including but not limited to: the circumstances by which the **merchant** discovered the **incident**, including but not limited to, a copy of the first formal written notification by the **card association** to either the acquiring bank, **ISO** or **merchant** of either an actual or suspected **incident** at the **merchant** level or a request for a **mandatory audit**; **expenses** which may result or have resulted from the **incident**; evidence and description of the **incident** giving rise to the **claim**; a copy of the executed and legally binding **merchant agreement** or such other documentation (including merchant statements) establishing to the Company's satisfaction that the **merchant** is contractually liable for **expenses**; and any **demand**, notification letters, **mandatory audit** reports, fee and **expense** invoices and other documents pertinent to the **claim** that are in the possession of the **merchant**. the **merchant** and/or Royal Group Services LTD shall report **claims** and **incidents** giving rise to a **claim** to the Company as follows: Great American E & S Insurance Company, Attention: FIS Claims Department, 49 East Fourth Street, 9th Floor, Cincinnati, OH 45202, Toll Free: (800) 838-4182, E-mail: MPIClaims@gaic.com. The **merchant** shall cooperate with the Company in all investigations and, upon the Company's request, assist in making statements, in the conduct of suits and in enforcing any right of contribution or indemnity against any third party who may be liable to the **merchant** because of **damages**. If the Company is prejudiced by the failure of the **merchant** to comply with any of these duties, the Company's liability or obligation to the **merchant** as to that **claim** shall terminate. Payment by any party of **expenses** shall not automatically bind the Company with respect to any **claim**. No party shall, except at its own expense, assume any obligation, incur any cost, charge, or expense or enter into any settlement. In the event that the **merchant** is unable or unwilling to comply with any of the duties required herein, the **Named Insured** or any other party successively or contingently liable to the **claimant** for the **expenses** may assume part or all of such duties to comply with the terms and conditions of this policy. **Loss Payment.** Upon receipt of Notice of Claim to the Company or its agent, the Company shall commence investigation and request all items, statements and information that the Company reasonably believes will be required. Additional requests may be made if during the investigation of the **claim**, such additional requests are necessary. Upon receipt of all items, statements and information required by the Company to verify the **claim** and determine coverage, the Company shall notify the **Named Insured** and the **merchant** of the Company's acceptance or rejection of the **claim**. If the Company rejects the **claim**, in whole or in part, the Company shall state the reasons for the rejection. The parties may accept such rejection, exercise their rights under the policy, or submit an amended Notice of **Claim**. An amended Notice of **Claim** must be submitted within thirty (30) days of the Company's rejection and contain such additional information as necessary for the Company to reevaluate the reasons for rejection. Payment of the **claim** shall be made within thirty (30) days after the Company reaches agreement with the **claimant**, or the entry of a judgment against the Company. The Company will only make payment to the **claimant** unless it can be demonstrated by the **claimant** and the **Named Insured** that payment has already been made to the **claimant** by another party in the succession of contractual liability (whether that be the **Named Insured**, acquiring bank, **ISO** or **merchant**). In such event, the Company will make payment in reimbursement of such **expenses** to the one and only unreimbursed party in the succession of reimbursement. As a condition precedent to payment, the Company shall have the right to require any party, other than the **claimant**, receiving payment to execute a written release agreement acknowledging: (i.) payment by the Company is in satisfaction of liability to the **claimant** under the policy; and (ii.) such party's previous satisfaction of the liability to the **claimant** or such party's duty to remit payment to the **claimant**. **Other Insurance:** Neither the **merchant** nor the **claimant** shall be unjustly enriched by this insurance. The insurance provided hereunder shall be in excess of any other insurance: reimbursing or

paying on behalf of the **merchant**, or collected by the **claimant**; for **expenses** covered hereunder. **Multiple Policies:** If this policy and any other insurance policy issued by the Company to the **Named Insured** or the **merchant** applies to the same **incident** or **data compromise**, the maximum Limit of Liability under all policies combined shall not exceed the largest single "Per **Incident**" Limit of Liability from any one policy. **Subrogation:** In the event of any payment under this policy, the Company shall be subrogated to all rights of recovery therefore against any unaffiliated third parties. The **Named Insured** and the **merchant** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. Neither the **Named Insured** nor the **merchant** shall do anything after a loss to prejudice such rights without first obtaining the written consent of the Company. The Company shall not exercise any right of recovery against: the **merchant**; or the **ISO, processor, acquiring bank or card association** in respect of any **claim** paid under this policy unless such claim was the direct result of fraudulent, illegal, dishonest or criminal acts of such party. **Assignment:** Unless specifically allowed elsewhere in this policy, no duties of the **Named Insured** or the **merchant** may be assigned or transferred without the prior written consent of the Company. **Action Against Company:** No action shall lie against the Company unless, as a condition precedent thereto, there has been full compliance with all of the terms of this Policy, and both the **merchant's** liability and the amount of the **merchant's** obligation to pay has been finally determined either by judgment against the **merchant** after actual trial or by agreement of the **claimant** and the Company, in writing. Any person or organization, or the legal representative thereof, who has secured a judgment or written agreement as referenced in the preceding paragraphs, shall thereafter be entitled to recover under this Policy to the extent the Limit of Liability remains available for payment of **expenses**, and to the extent allowed by law. No person or organization shall have any right under this Policy to join the Company as a party to any action against the **Named Insured** or the **merchant** to determine the **merchant's** liability, nor shall the Company be impleaded by the **Named Insured** or the **merchant** or any legal representatives thereof. **Changes in Policy Terms:** No rights, terms or conditions of this policy may be waived, changed, altered, modified or deleted without the written agreement of the Company and the **Named Insured**. **Cancellation / Non-Renewal** This policy may be canceled or non-renewed by the **Named Insured** at any time by surrender of this insurance to the Company or by written notice of the future date cancellation or non-renewal is to take effect. Notice by the **Named Insured** shall constitute notice by and to any Additional Insureds. The Company may cancel this policy by mailing or delivering to the **Named Insured**, at the last mailing address known to the Company, fifteen (15) days notice of cancellation for fraud or material misrepresentation or non-payment of premium and sixty (60) days notice for any valid underwriting reason. Notice will include the effective date and reason(s) for cancellation. Certified mail of any notice will be sufficient proof of notice. Notice for non-payment of premium shall only require proof of mailing. Cancellation for non-payment of premium shall be invalid if payment is sent by certified mail and received by the Company or the Company's agent prior to cancellation date. The effective date of cancellation stated in the notice shall become the end of the **policy period**. The Company may non-renew this policy by mailing or delivering to the **Named Insured**, at the last mailing address known to the Company, sixty (60) days written notice prior to the policy Expiration Date for any legal reason. Notice will include the effective date and reasons for non-renewal. Proof of mailing of any notice will be sufficient proof of notice. If Notice of Non-Renewal is received within sixty (60) days prior to the policy Expiration Date, coverage shall continue to remain in effect until sixty (60) days after such notice is received by the **Named Insured**. Failure to provide renewal information or renewal premium requested by the Company prior to the policy Expiration Date shall be considered notice of the **Named Insured's** intent not to renew. Proof of mailing will be sufficient proof of notice. Notice of cancellation or nonrenewal by the Company to the **Named Insured** shall constitute notice of cancellation to any Additional Insureds. Any duty to notify **merchants** or Additional Insureds shall belong exclusively to the **Named Insured**. The Company will refund any return premium within thirty (30) days of notice of cancellation. Return premium shall be calculated on a pro-rata basis. **Inspection of Records:** The **Named Insured** and the **merchant** shall keep record of all information relative to this policy. The Company may examine such books and records, at any time during the **policy period** and within one (1) year after the end of the **policy period**, as far as it relates to the subject matter of this policy. By our right to examine or our making an examination, the Company makes no representation that such books and records are adequate or in compliance with any law, rule or regulation. **Bankruptcy:** Bankruptcy or insolvency of the **Named Insured** or any **merchant** shall not relieve the Company of any of its obligations under this Policy. In the event of such bankruptcy or insolvency, the Company shall have the right to assert any appropriate claim or demand in such proceedings for payment or any obligations, if any, due to the Company. **Sole Representative:** The **Named Insured** listed in Item 1. of the Declarations agrees to act on behalf of any Additional Insureds or interested parties with respect to providing notices to the Company and receiving communications relating to the policy.