



RESPONSE TO REQUEST FOR PROPOSAL

to provide INSURANCE BROKERAGE & CONSULTING SERVICES

JUNE 24, 2022



RIOT



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**“PROTECTING ASSETS IS WHAT WE DO,
MAKING A DIFFERENCE IS WHO WE ARE.”**

ROB COHEN, *Chairman & CEO, IMA Financial Group*



1705

Company Information



+ Legal name

IMA Financial Group, Inc.

+ Parent company name

IMA Financial Group, Inc.

+ General corporate contact information

- Address

1705 17th Street
Suite 100
Denver, CO 80202

- Phone number

BRIAN BOVASSO

Office 303.534.4567 | Direct 303.615.7449 | Mobile 720.320.6800

- Website

imacorp.com

- Tax ID number

IMA FEIN: 20-2557329



+ VISIT RIOT'S
CUSTOM MICROSITE

+ Authorized individual to negotiate and sign agreements/contract for services

- Name

- Phone number

- Title

- Email



BRIAN BOVASSO

Managing Director, Executive Risk Solutions

Office 303.534.4567 | Direct 303.615.7449 | Mobile 720.320.6800

brian.bovasso@imacorp.com

+ Primary contact

- Name

- Phone number

- Title

- Email

Same as above.

+ General description of Firm history, size, organization, capabilities and recent performance (overall and/or examples)

IMA HISTORY

Insurance Management Associates, Inc. was formed in 1974 when three agencies joined together, forming the basis for the present company. Our goal, then and now, is to be an innovative leader in the commercial insurance, risk management, surety and employee benefits brokerage & consulting industry. In 2020, IMA changed our corporate name to IMA Financial Group, Inc. as our original name did not adequately describe our business and the breadth of the services we provided.

IMA is the 3rd largest privately held broker in the country and 21st largest overall. Our over 1,700 associates are located across offices in Alaska, California, Colorado, Hawaii, Kansas, Michigan, Oregon, Pennsylvania, Texas, Utah and Washington, and throughout the U.S. and Canada.



IMA was founded in Wichita, KS and is now headquartered in Denver, CO.

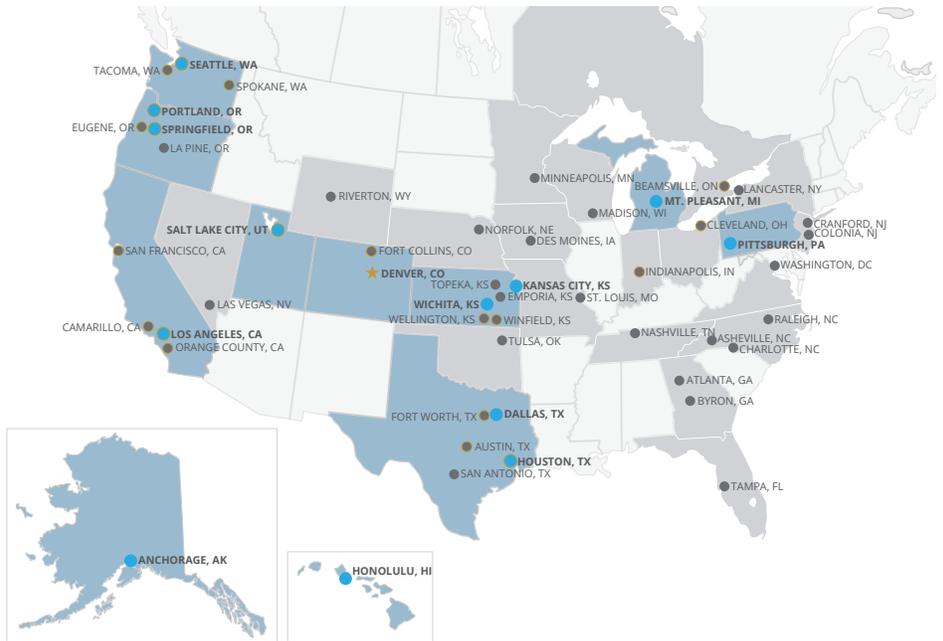
To date, IMA Financial Group, Inc. services 5,883 Property & Casualty clients throughout our network. Of those clients, 951 are managed out of our Denver office.

IMA Financial Group



OFFICE LOCATIONS

- + Alaska – Anchorage
- + California – Los Angeles
- + Colorado – Denver
(Corporate Headquarters)
- + Hawaii – Honolulu
- + Kansas – Kansas City, Wichita
- + Michigan – Mount Pleasant
- + Oregon – Springfield, Portland
- + Pennsylvania – Pittsburgh
- + Texas – Dallas
- + Utah – Salt Lake City
- + Washington – Seattle, Spokane



IMA FAST FACTS

- + Incorporated in 1974
- + Headquartered in Denver
- + 2nd largest broker/consultant in Colorado
- + 3rd largest privately-held broker in the country
- + 21st largest broker overall
- + Employee-owned
- + Over 1,700 employees – 350+ in Denver
- + National in reach, local in service
- + Premium placements of over \$8 billion annually
- + Revenues in excess of \$450 million
- + Client Retention Leads the Industry at 95%
- + 8% Revenues invested in value-added client services – twice the industry average of 3.8%
- + IMA has clients with physical operations, exposures, and/or employees in every state in the U.S. as well as in over 100 countries around the world

IMA
REINVESTS
2X
NATIONAL AVERAGE
IN CLIENT SERVICES

EMPLOYEE OWNED
FOR OVER
45 YEARS

IMA IS EMPLOYEE-OWNED

WHY EMPLOYEE OWNERSHIP MATTERS?

IMA is one of the fastest growing and largest brokers/consultants in the U.S., and our ownership structure is the cornerstone of our success. Employee ownership is a crucial difference between IMA and other private or public insurance brokers. Our ownership structure has enabled us to maintain a model focused on service and value rather than simply sales.

The following results from our ownership structure are critical for Riot to understand:

+ Reinvestment in Our Company

IMA has always maintained the belief that reinvesting profits into talent, services or resources will ensure stronger client relationships and help retain clients on a long-term basis. We are not constrained to deliver excessive profits on a quarterly basis to ensure viability. Reagan Consulting, a financial & management consulting firm that specializes in services for insurance agencies, recently performed a national survey of the top 350 brokers. The survey was performed to provide benchmarks for best practices and services provided to accounts generating a minimum of \$250,000 in annual premiums. The resulting data indicated that the typical independent brokers invest 3.8% of revenues into value added services, while IMA invests 8%. **In other words, IMA invests more than 2 times the national average into value added services & resources for its clients.** This fact is due to our ownership structure and service philosophy.

+ Attracting & Retaining Talent

Our business is essentially the delivery of intellectual capital, and the competition for attracting and retaining talented individuals is fierce. Offering employees ownership is a key advantage in this competition and is a major selling point for employment at IMA. From your perspective, each IMA employee that works with you will have a vested interest in working with you, and we believe this translates into better service. Our culture naturally attracts talented people who are enabled to be innovators.

+ Perpetuation Planning

The founders of IMA had the foresight and vision to create this ownership structure as a plan for continuation that avoids becoming a public company or being sold to another broker. When either of these scenarios occurs, it usually causes the sellers to reduce staff or services in order to improve profitability for the impending sale. These changes impact all clients.

IMA's ownership structure has allowed us to perpetuate internally through an organic system without making structural changes. It has enabled us to remain independent and continue to reinvest in staff and resources for our clients as opposed to potentially selling and causing major service disruption to our clients.

+ Ownership Culture

Ultimately, owners think differently about the services and products they deliver to clients. As an employee-owned organization, IMA associates have a personal stake in maintaining successful partnerships with our clients. This fosters a positive culture that our clients feel through superior service.



COMPANY MISSION, VISION AND VALUES

IMA's ownership structure serves as the foundation to our mission, vision and core values. As an employee-owned organization, IMA is unique in the insurance brokerage marketplace. Ultimately, owners think differently about the services and products they deliver to their clients. Each IMA associate has a personal stake in maintaining successful partnerships with our clients. We have an entrepreneurial, non-bureaucratic, creative approach to assist our clients in meeting the objectives of their employee benefits and risk management programs.

One of our guiding principles as an organization is to share generously within the communities in which we are doing business. That is why we created the IMA Community Action Committee and IMA Foundation, to ensure that we are giving back in a meaningful way.

CORE VALUES

Professionalism

We set the standard with an unwavering commitment to excellence.

Relationships

We nurture relationships built on trust, integrity, honesty, humility and mutual respect.

Expertise

We are knowledgeable hands-on, collaborative and innovative and passionate about service.

Balance

Our environment encourages a balance of work, family and community.

Results

We constantly strive for profitable growth.

Equity

We embrace diversity, equity and inclusion and are uncompromising in our support and encouragement of all voices.

IMA'S VISION

- + Be a trusted advisor to our clients
- + Build and perpetuate a great company
- + Benefit our employees and their families
- + Remain independent



WHY PEOPLE WORK AT IMA

We don't make widgets or other tangible products. We deliver only intellectual capital, and the competition for attracting and retaining industry leading talent is fierce. The ability to offer ownership to prospective employees with the background and expertise to make a difference for clients is a key advantage in this competition and is a major selling point for employment at IMA. From Riot's perspective, each member of your service team will have a vested interest in your satisfaction, which ultimately translates into better service.



Our culture naturally attracts talented people who are enabled and empowered to be innovators on our clients' behalf.

Developing a great culture requires transparency with employees and clear communication across the organization.

With a dynamic and ever-changing workforce, leaders need to be prepared to think strategically about how to develop an employee experience that speaks to their culture. In the end, IMA's culture naturally attracts talented people who are enabled to be innovators.



Unlimited PTO



Charitable Donation Matching Program



Maternity and Paternity Leave



Local Transit Pass



Sabbatical



Onsite Fitness Center and Health Club Reimbursement

IMA COMMUNITY INVOLVEMENT

One of our guiding principles as an organization is to support and share generously within the communities in which we do business. IMA team members tutor students, deliver meals to the elderly, fund raise for cultural institutions, support the United Way, build homes, work to improve early childhood education, adopt schools, donate to reduce homelessness and volunteer at dozens of local organizations. This is demonstrated through the examples of our leadership, as well as the financial contributions of our corporation and the time dedicated by our employees. Of course, we do these things not for acclaim, but because we live, work, learn and play in our communities..

I MAKE A DIFFERENCE DAY

IMA's mission to make substantial change for the cities it supports was on display during I Make a Difference Day when nine communities came together at once to make lasting improvements. Associates rolled up their sleeves and flew the IMA flag to show that corporate responsibility is everyone's responsibility.

IMA employees, families and friends donated approximately 1,500 hours across the country. It was the annual event's largest showing. Most importantly, IMA showed kids we care, beautified cultural icons and supported the disadvantaged.

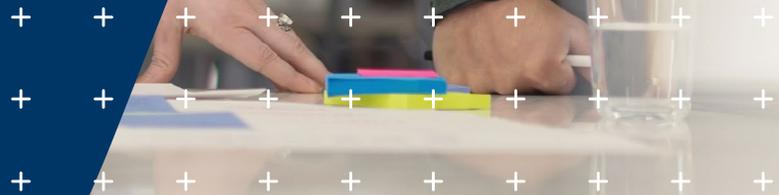


IMA'S BUSINESS MODEL REVOLVES AROUND PEOPLE.
WE KNOW OUR GREATEST ACHIEVEMENTS OCCUR
WHEN WE WORK TOGETHER.





Account Information and Capabilities



+ Staffing and organization



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ERIC RIDDLEBERGER

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- + Describe the organization structure of your team, how it will accomplish the work, and how it will be managed. Identify the full project team proposed by your firm identifying: (1) principal of the Firm who has overall responsibility for the account; (2) the account manager(s); and (3) other key members.



NOTE: IMA will work with Riot to coordinate the exact service team that best aligns with your operations and goals upon being hired. As your current broker for Executive Risk Services (D&O) and ESS Metron's full insurance program, we will involve those service teams to provide input on how to best serve Riot.

The reason IMA enjoys a 95% client retention rate is due to our exceptional service teams and the results they deliver to our clients. We will ensure that Riot has access to the team with the proper technical knowledge and complementary personalities to protect Riot's assets and make a difference in your operations and corporate goals.

- + Provide the following for each key team member:
 - Name, Title;
 - Description of tasks he/she will perform; and
 - Resume including each staff member’s three major accounts (at a minimum) describing the team member’s specific involvement (position, responsibilities, major accomplishments and length of service), and providing relevant client reference contacts.

To protect the confidentiality and privacy of our clients and partners, our major accounts cannot be disclosed within this response.



TEAM BIOGRAPHIES



BRIAN BOVASSO | *Managing Director, Executive Risk Solutions*

Brian joined IMA in 2013 as Director of Executive Risk. He specializes in D&O and related executive liability insurance, and is responsible for client consultation and relationships, insurance program design and implementation, insurance carrier relationships and strategic business development. In addition to representing publicly-traded companies, Brian’s practice focuses on pre-IPO companies, Private Equity & VC firms, financial institutions and other companies with complex risk profiles. At IMA, Brian has secured coverage for principals from some of the leading private equity firms in the world, including Warburg Pincus, Trilantic Capital Partners, Riverstone, Yorktown Partners and Deerfield Capital Management. Prior to joining IMA, Brian served most recently as the IPO D&O practice leader within Aon’s Financial Services Group.

Brian holds a Bachelor of Arts degree from Creighton University and a Juris Doctorate from Creighton University School of Law.



GARRETT DROEGE | *Director of Innovation + Strategy*

Garrett serves as Director of Innovation + Strategy for IMA. His role oversees IMA's national focus in the technology, life science and advanced manufacturing verticals. He is also co-managing IMA's insurtech investment and strategy with BrokerTech Ventures. Prior to his current role, he served as Executive Director of TechAssure Association, Inc., an international consortium of insurance agents/brokers specializing in technology-related risks. Previously he founded the Innovation Risk Practice at Wade & Associates, a NC-based insurance and risk management firm specializing in technology and life science risks. Garrett's expertise includes Errors & Omissions, Cyber Liability and Technology Risk Management.

Garrett is an alumnus of University of North Carolina at Wilmington and The Hartford School of Insurance. He was named to the *Charlotte Business Journal's* 40 Under Forty list and *Insurance Business America's* Young Guns of Insurance list. He holds the esteemed Chartered Property Casualty Underwriter (CPCU) and Certified Insurance Counselor (CIC) industry designations, among others. He has been a featured keynote speaker for numerous organizations, including: Federal Bureau of Investigation, National Public Radio, CIO Magazine, Society of CPCU, Net Diligence, Healthcare Information & Management Systems Society (HIMSS), Information Systems Audit and Control Association (ISACA), North Carolina Technology Association and many more.

Recently, Garrett led TechAssure to its first nomination and win for Insurance Network of the Year by *Insurance Business America* magazine. He was named to the 2020 Hot 100 List – a group of the top 100 insurance professionals that have “moved the industry forward” over the past 12 months. Garrett also serves as an advisor and mentor to several technology startup companies and has extensive relationships with global accelerator programs and investors.



BRIAN MOTYKOWSKI | *Vice President, Account Executive*

Brian has 20 years of experience in the insurance industry and joined IMA in 2015 as an Account Executive in the Technology and Manufacturing Industry Practice. With a broad range of experience, Brian is frequently able to find creative solutions to even the most complex insurance challenges with his extensive knowledge about the exposure's currently facing companies across many lines of coverage. Brian's primary responsibility is for coordination and delivery of all insurance and technical services across all of IMA's valued added services.

Brian has a Bachelor of Arts in Marketing from Governors State University in University Park, IL and holds a designation as a Certified Insurance Counselor (CIC).



SHANE VALPEY | *Vice President, Executive Risk Solutions*

Shane is a member of IMA's Executive Risk Solutions group. Shane manages a portfolio of accounts and is directly responsible for the day-to-day brokerage duties, including pre-renewal preparation, placement negotiations and claims advocacy.

Previous to being a broker, Shane has 19 years of prior management liability underwriting experience with The Chubb Corporation and Arch Insurance Group, most recently managing Arch's Executive Assurance Group (all commercial public companies, private companies, financial institutions/financial services, alternative asset companies) for the Western Region.

Shane's specialization includes Directors and Officers Liability, Employment Practices Liability, Fiduciary Liability, Errors & Omissions, Fidelity, Kidnap & Ransom, and other related management liability coverages. Areas of particular focus include public company, Fortune 1000, energy (utilities, E&P, midstream), technology, life sciences, defense, manufacturing, retail, homebuilders, financial institutions and more complex placements (distressed/bankruptcy scenarios, M&A, IPO's, etc.).

Shane holds a Bachelor of Science in Management Information Systems/Business Administration from California Polytechnic State University at San Luis Obispo.



CJ PRUE | *Account Executive*

CJ serves as an Account Executive for IMA. CJ focuses on IMA's Manufacturing, Life Sciences, and Technology clients. CJ manages a portfolio of accounts and is directly responsible for the customary brokerage duties, including renewal strategy, placement, and client service. CJ began his career in Enterprise Risk Management. From there, he has focused on the successful design and implementation of insurance programs for large, complex companies.

CJ holds the Certified Insurance Counselor (CIC) industry designation and a Bachelor of Science degree from the University of Colorado. At IMA, he will continue to provide state-of-the-art solutions to companies with complex risk profiles.





ERIC RIDDLEBERGER | *Director of Property, Risk Control*

Eric is the newly appointed Director of Property, Risk Control. Prior to joining with IMA, Eric spent 18 years working for FM Global in their Risk Engineering department. Within those 18 years, he was able to gain valuable experience in commercial insurance evaluating property risk from an engineering perspective. Some of the industries that he has extensive experience with are data centers, manufacturing (plastic, ceramics, woodworking), heavy manufacturing (molten materials, glass plants, steel mills, foundries, etc.), pharmaceutical industries, warehousing (public and private), soft occupancies (luxury high-rise offices/buildings, universities, R&D, apartments, etc.) and many other industries. As a property specialist he further developed his skills by becoming a windstorm specialist, flood specialist for natural hazard perils, as well as a molten materials specialist for high hazard occupancies. He was looked at as a leader within his operations by mentoring several incoming engineers as well as experienced engineers in the high hazard classifications.

Eric is a graduate of Clemson University with a Bachelor’s of Science in Industrial Engineering and a Master’s of Business Administration from University of Colorado at Denver.

“**IMA’s management** is empowered to direct the resources of the company **to serve its customers first** rather than to meet the quarterly earnings expectation of Wall Street.”

KEVIN M. STIPE, CPCU, REAGAN CONSULTING

- + Please note any particular or special qualifications of your personnel for the requirements of this account.

STRENGTH UPFRONT – Senior Experts Serving You Every Day

Since the beginning of our partnership, our commitment to Riot has been that the senior members of the firm have been involved in the day-to-day service of your account. We have consistently demonstrated this to you over the past seven years. Our approach is unique in that our service model is based on the active involvement of our most senior colleagues, thereby bringing you sophisticated, highly developed expertise in meeting your ongoing service needs. It's just the way we do business, and it's how we know that Riot will always get the very best from us.

The senior members of your team are the same individuals who will negotiate with underwriters on your behalf and who will be involved with you every step of the way in the event of a claim. Ask our long-time clients and they will tell you that continuity of the service team, and particularly the senior members of the team, is a hallmark of how we do business. As needed, we will add resources to the team, in response to your evolving needs. Your team leader and point person will be **Brian Bovasso**, who will be responsible for all aspects of your account, including claims. Having one key broker relationship for Riot Blockchain, Whinstone and ESS Metron will ensure that nothing is missed and your ease of doing business and oversight is greatly enhanced.



KEY TAKEAWAY

You get the “A” team at every stage of your growth, not the B or C teams. Unlike the institutional brokers, we don't parachute experts in to win the business, just to have them disappear when the real work begins. We are the experts and will be there each and every day. Moreover, our teams are collaborative and incented to assist each other and **not work in silos**, as often occurs with large, disjointed brokers.

IMA has a number of direct peer company clients that closely mirror Riot Blockchain's operations. This is key, as structuring a program for cryptocurrency mining operations is highly nuanced and experience matters. Our Advanced Industries team has a specialization in digital asset and blockchain risk and frequently consults with the carrier marketplace on coverage innovations.

IMA is proud to manage the insurance programs for Bitcoin mining companies that produce over 40% of the collective hashrate in the United States. This includes 3 of the top 5 publicly-traded cryptocurrency miners in the country and many of the largest privately-held miners. Our DeFi and Digital Asset team works with clients across the blockchain and web3 ecosystem and has the market relationships to drive meaningful results for clients involved in this vertical.

As with any emerging industry, building insurance coverage for crypto mining is incredibly difficult. From capacity issues to pricing, crypto miners face a number of unique and arduous challenges. Our team has the experience and market knowledge to build insurance programs that are fit-for-purpose for crypto miners.

Our Digital Asset practice is led by **Garrett Droege** who has been one of the few brokers globally involved in crypto insurance from the beginning. Prior to joining IMA, Garrett was CEO of TechAssure – a global consortium of insurance brokers that specialize in complex technology risks. In this role, he helped create many of the insurance products that are currently in the market to address cryptocurrency mining's unique risk profile. He also co-leads **IMA web3 Labs** and helped IMA become the first broker to set up a **risk management facility in the metaverse** and issue an industry-first certificate of insurance via NFT.



Additionally, our in-house risk control team has particular expertise in helping Bitcoin mining operations improve their risk profile and become more attractive to the insurance marketplace. Led by **Bobby Galindo** and **Eric Riddleberger**, IMA helps our mining clients understand what underwriters consider best-in-class when it comes to large energy-dependent organizations. We have authored a number of risk management articles and whitepapers to help our cryptocurrency mining clients truly separate themselves and highlight their commitment to risk mitigation and avoidance.



+ **Designate the office or offices that will accomplish the work of this account and describe current workload.**

The service team assigned to Riot Blockchain will be located in IMA's Denver office.

DENVER OFFICE HISTORY

Our Denver office opened in 1989 and has been the driving force of our company's growth over the past several years. It currently operates as our headquarters and would also be the office where all services are provided to Riot Blockchain. In the last 10 years alone, our Denver office has grown from 85 to over 300 employees and we have become one of the largest consultants/brokers in the U.S. Additionally, our revenue has doubled over the past five years and we have maintained 95% of our customers, including those lost to M&A activity. With the increased consolidation in the insurance broker community, our rate of growth and client retention is truly remarkable.

All services provided to Riot Blockchain will be out of our Denver Office:

IMA, Inc. – Corporate HQ
1705 17th Street, Suite 100
Denver, CO 80202



+ References

- To fully understand your most recent relevant experience providing risk management and insurance services to Bitcoin miners, please identify:

Three (3) existing accounts with cryptocurrency miners or other digital asset entities

Building an insurance program that is fit-for-purpose and will effectively transfer risk is difficult and often impossible when the broker is not properly equipped. However, our Advanced Industries practice has a dedicated team focused on the unique risks of blockchain technology, cryptocurrency, digital assets and other DeFi-related operations. We are currently working with over twenty-five clients in the industry – many being well-known and sophisticated operations, including **Iris Energy, Marathon Digital Holdings, and Compass Mining.**

IMA is uniquely qualified to serve clients in the crypto mining space for a myriad of reasons. By volume, our three largest industry specialties are Construction, Energy and Advanced Industries, which includes our Digital Asset practice. These three business units work in concert with our Bitcoin mining clients to offer unparalleled and streamlined service and communication. With most of our mining clients having evergreen construction projects on new mining facilities, being able to properly coordinate between these departments is vitally important. This ensures adequate coverage and eliminates the gaps created when communication is poor between these industry specialties.

As a leading broker serving clients in the Bitcoin mining industry, we have the expertise of daily execution that allows us to remain on the bleeding edge of market knowledge.



+ Describe the Firm's and staff's relevant expertise in the management and administration of claims for Bitcoin mining companies.

IMA's Claims Management services play a key role in any organizations' risk management program. At IMA, we believe in claims advocacy and management, not simply claims monitoring. Our experienced, persistent, energized claims advocacy team works with all elements of a loss, whether it's workers' compensation, general liability, property, financial services, or executive risk. The purpose of us as advocates is to effect positive change in the management of claims at the TPA and Carrier level on behalf of our clients.

Riot Blockchain's IMA Claims Advocates would be **Heidi Springer, Carol Riggs** and **Travis Murtha**. Their role is to represent your interests, while communicating between all parties, assuring that the necessary information flows effectively and is timely. One of the first initiatives would be to perform an Open Claims analysis and engage in helping you close out the respective claims as efficiently as possible.

In developing your service plan, the following claims management capabilities of IMA will be combined with your existing techniques to provide the best possible claims management program:

- + Review of your claim process
- + Emergency or complex claims reporting assistance
- + Policy interpretation and coverage analysis
- + Administrative oversight of prior and current policy year claims as necessary
- + Coordinate and conduct in-service claim reviews with carriers and Riot on open claims to ensure timely and cost effective closure
- + Serve as your claims advocate on all lines of insurance

If Riot Blockchain would like to unbundle the claim services, your IMA Claims Advocates would work with you to prepare Request for Proposals to third-party administrators, independent adjusting firms, nurse triage firms, and/or claim cost containment administrators with Riot Blockchain's needs at the forefront. Once the proposals are received, the IMA Claims Advocates will provide a comparison of the proposals and coordinate vendor interviews with prepared interview questions. Once the vendor is chosen, the IMA Claims Advocates will provide an onboarding platform to ensure the transition to be seamless.

When Riot Blockchain experiences larger, more complex property claims, the IMA Claims Advocates will provide assistance with expediting the claim, securing advances and help establish a recovery plan with the Riot Blockchain representative. The recovery plan would include response coordination, communication with the carriers, reconciliation of carrier and contractor estimates, and organization of business interruption calculation expertise. IMA Claims Advocates are "boots on the ground" if Riot Blockchain needs their assistance.

Not only will IMA Claims Advocates, Heidi, Carol and Travis, work with Riot Blockchain on their claim challenges, IMA will bring in other claims advocates from their pool of claims advocates across the country if a specific claim expertise is necessary. Consequently, the IMA Claims Advocates work as a team to serve our clients, so we really do not track accounts per person or number of monitored claims per person. IMA will bring the claims staff to Riot Blockchain as required to ensure the claim needs of Riot Blockchain are addressed timely and skillfully.

OUR PHILOSOPHY IS TO MANAGE CLAIMS, NOT JUST MONITOR THEM.

CLAIMS LIFECYCLE

PRIOR TO CLAIM

- + Review current claim program by line of coverage
- + Develop custom reporting procedures
- + Assign designated adjusters
- + Pre-determine settlement goals and consultative amounts
- + Defense counsel selections

REVIEWING COMPLEX CLAIMS

- + Review all claim facts with you
- + Identify any potential coverage issues
- + Determine your desired outcome
- + Strategize with you to develop an action plan
- + Respond promptly, advise and advocate

CONTROLLING CLAIMS

- + Provide proactive claims updates
- + Development of clear and concise action plans with your carriers
- + Provide written claim summaries
- + Ensure claim adjusters are proactively managing outcomes

CONCLUDING THE CLAIM

- + Important to communicate potential settlement prior to claim closure
- + A good claim is a closed claim
- + Continually monitor and revise protocols

CLAIMS DENIAL

In the event you receive a claim denial or reservation of rights letter from the carrier, IMA's Claims Account Executive and Claims Director will:

- + Thoroughly review letter to determine which, if any, of the insurer's coverage position statements are reasonable
- + Discuss our findings with you and determine the best course of action
- + Engage the claims adjuster to understand their position and ensure they are fully aware of all pertinent facts surrounding the claim
- + Fully communicate with you what options remain and develop a go-forward strategy
- + Continue to guide you through the claim adjustment process, troubleshoot coverage issues and protect your rights under your insurance policies
- + If necessary, leverage IMA's prominent position as a leading broker in the industry and reach out to executive-level contacts with the insurer to attempt negotiation of an insured-friendly interpretation of any ambiguities regarding coverage

LITIGATION MANAGEMENT

- + Review, analyze and discuss large claims
- + Assist legal team with coverage and liability case assessments
- + Provide customized executive summaries, management reports, flow charts and open item lists covering claim activities

THIRD-PARTY ADMINISTRATORS

IMA regularly facilitates the screening process for the TPA on behalf of and in conjunction with the client and will do so for Riot Blockchain.

The process includes:

- + Coordinating RFP development, distribution and evaluation
- + Negotiating services and pricing with selected Markets
- + Assistance with transition and implementation of the new TPA
- + Work with you and TPA to develop claims reporting procedures
- + Conduct regular claim reviews and detailed status reports in conjunction with the TPA
- + Serve as resource, advocate ongoing claims management issues

NOT YOUR TYPICAL CLAIM REVIEWS

IMA Claims will conduct claim reviews with each TPA and/or past carriers to ensure all open claims are being handled proactively and according to the special claim handling instructions. The frequency of these claims reviews will be what Riot Blockchain deems necessary.

Claim reviews have historically been about carving out time to talk to the adjuster about individual claims over a certain threshold. Ideally this discussion would be about information that is not already in the adjusters notes and/ or to check to make sure the adjuster is hitting their marks in trying to resolve the claim favorably and expeditiously.

IMA claim reviews focus on driving the adjusters to appropriate reserving, proper and proactive action plans to resolve the claim. IMA conducts a forensic analysis of the claim experience to assist Riot Blockchain in developing a more effective Risk Control/Risk Reduction strategy.

Certain claims start as large losses due to the nature of the claim and will be large claims regardless of any intervention (ex. fractured skull) and develop 3x the original incurred. However, other claims appear to be 'minor' claims for a period, and then grow unexpectedly into large claims, often developing nearly to the level of the certain large losses resulting in development of 24x the estimated cost in the first year.

By identifying claims early that have risk factors that lead to bad outcomes, we can develop a strategy that focuses on the highest risk claims with the goal of minimizing the probability of bad outcomes. An interesting example of one of the tools our complex risk team uses to assess the risk associated with a reported claim is a variable slide tool that allows Riot Blockchain to see the probability of a claim becoming a large claim based on the key words found in the adjuster notes and claim descriptions. These key words in the description either increase or decrease the probability of that claim being a large loss.



- + Any special resources or in-house technical expertise which your firm may bring to the account and will specifically benefit Riot should your firm be selected. You may also submit any articles, books, brochures or other materials which may help convey the breadth and depth of the experience of your firm.

IMA has a long history in designing risk management and insurance programs for the most innovative and complex industries in the market. While traditional financial institution risks are well-known and easily addressed in the insurance marketplace, digital assets and blockchain risks require a broker with advanced knowledge and quality relationships in the market to address the unique risks associated with this emerging industry.

Bitcoin mining operations have similar insurance requirements as other businesses, but their risk exposures are different. Many insurers will not underwrite conventional policies for mining operations, creating more risk exposure and possibility for losses. We have partnered with leadership at some of the largest insurance carriers in the world to prevent those losses.

In this evolving market, there is a lot of carrier education required for this risk. Partnering with a broker who is at the forefront of educating underwriters in this unfamiliar space is top priority. IMA works to ensure companies are comfortable with mining operations to open their underwriting appetite. We are excited for the opportunity to serve you and your business.

Our most recent “Cryptocurrency” Markets in Focus (MiF) publication is provided in [Appendix A](#).





Scope of Services and Fee Structure



+ Specifically state the scope of services and associated fee structure.

Our fee structure is all inclusive. IMA is 100% transparent and would make you are aware of any additional fees that could be charged for work outside of our comprehensive scope of services, which include:

- + Policy Services (Program Procurement)
- + Claims Management
- + Risk Control
- + Technology Experience
- + Contract Administration

An advantage of IMA's private ownership structure is that it allows us complete flexibility in designing a compensation package that is fair to our client and adequately compensates us for our work to ensure resources are fully available and deployed. Our goal is to see that our clients have full access to the complete range of services and resources we offer and engage in open communication without concerns that the meter is running. Most of our clients are on an annual inclusive flat fee-for-service.

In our opinion, an inclusive flat fee-for-service allows for the following:

- + **Transparency** – We believe it is important for our clients to understand and see the compensation we are making on behalf of the work we do. Traditionally, these amounts are buried in premiums charged to the insured. Breaking these out of the premiums provide transparency to the client and we feel you won't ever wonder why we promoted one insurance carrier over another – our interests will fully align.
- + **Preventing Increased Commission** – In the event of a premium increase due to high claims or exposure increases that do not impact our service levels, we do not believe we should be making more income despite our workload not changing.
- + **Evaluation** – Typically we evaluate our fees on an annual or bi-annual basis; this puts increased focus on making sure our team is engaged and committed the entire year. Additionally, it provides an avenue and opportunity to discuss the work done over the past year.

Variations of compensation can include any of the following:

1. Maintain the existing commission structure on all lines of insurance, where the commissions are built into the premiums. IMA is paid by each carrier according to contract.
2. Remove all commissions, where possible, and establish a flat fee amount to be reviewed annually.
 - a. In some cases, removing commissions is not possible. This is typically the case for executive risk and cyber lines of coverage. Lastly, brokers are unable to remove commissions that are paid to wholesale brokers or program administrators. This can be an issue for crypto mining clients, as most still rely on the Excess and Surplus Lines marketplace to get capacity.
 - b. In either scenario, any commissions that are not able to be removed, will be accepted and those amounts will be reduced from the fee agreement.
3. A combination of above.

+ Breakout scope and fees to an appropriate level.

Should Riot determine that a fee structure makes the most sense, we would develop a mutually agreed upon scope of services agreement that clearly outlines the expectations for policy procurement, management and claims services. IMA will proactively assist Riot throughout every stage of the insurance procurement cycle to craft a program that is right for you.

The available policy services that are included in IMA's Fee-for-Service include:

1. Prepare detailed submission to insurance carriers for each line of coverage.
2. Present your account to selected markets.
3. Negotiate with insurance carriers to secure the best coverage at the lowest cost.
4. Prepare and present detailed insurance proposals by line of coverage.
5. Develop finance and payment options.
6. Bind coverage with successful market(s).
7. Prepare binders and auto ID cards.
8. Issue Certificates of Insurance.
9. Prepare billing and invoice policies.
10. Secure policies from insurance carriers and review for accuracy.
11. Deliver policies.
12. Manage all coverage changes and endorsements throughout policy term.
13. Meet 120 days in advance of Riot's renewal to determine a "game plan."
14. Begin renewal process.
15. Insurance carrier premium audit reviews.

In addition to the services noted above, IMA will:

- + Audit your existing program to determine gaps in coverage and make recommendations on risk transfer mechanisms to protect your critical assets. Ultimately, it is Riot's decision on the placement of coverage and choice of carriers, but it is IMA's job to bring you alternatives with detailed explanations to facilitate your decision.
- + Prepare in-depth coverage analysis and comparisons to assist you with coverage selection, and enhance your understanding of the complexities of various coverages and to outline the salient differences in policy language.

Our claims management services are also designed in conjunction with our clients' input. Prompt reporting, early intervention, aggressive investigation, timely settlements and excellent communication are the foundation of IMA's Claims Management philosophy, which helps to ensure the fair and timely resolution of claims.

- + At a minimum delineate the fee and scope of services proposed for the executive lines placement, property and casualty placement, and claims management services.

For Property & Casualty (P&C) lines, our proposal would be to leave our compensation on a commission basis as opposed to a fee. The main reason for this is due to the fact that most of Riot's P&C coverage is placed in the Excess and Surplus lines market and commission cannot be removed by the wholesale broker.

If a fee is determined to be in Riot's best interest, we would credit the Fee-for-Service with the amount that IMA receives as commission for that annual policy period. If the policy is subject to a premium audit adjustment at the end of the policy term, the commission offset will be calculated after the audited adjustment has been processed.

With most lines of coverage requiring the modification outlined above, the Fee-for-Service would simply be an open disclosure of the net commissions of the program, rather than a traditional fee. In all cases, Riot would have full visibility into IMA's compensation.

IMA believes there are significant savings and efficiencies to be captured from taking a consolidated and holistic approach to Riot's risk management program.

IMA is completely flexible as to the method of compensation for our services. **We work with clients on several different arrangements and would be pleased to agree upon any one of the following:**

- + Traditional Commission
- + Flat Fee
- + Combination of the two

There are pros and cons to each scenario that we would be happy to discuss. For instance, the vast majority of our clients work with us on a commission basis for Directors & Officers (D&O) because D&O carriers will typically include standard commission amounts in their quotations without a resulting impact on the premium, saving our clients an out-of-pocket fee.

Regardless of structure, IMA seeks to develop a compensation methodology that is commensurate with Riot's expectations and representative of the final program structure and services we agree upon. Our goal is to find a structure that allows IMA to **deliver the full arsenal of our resources on an "anytime, anywhere, anyplace" basis.**

With a better understanding of Riot's corporate and risk management objectives, we would be pleased to put part of our compensation at risk, setting a floor and ceiling with incentives for reaching certain agreed-upon benchmarks, etc. The key to such arrangements will be to develop an incentive program based on mutually established goals and objectives by clearly outlining the benchmark objectives identified by Riot and incorporated into our Client Service Plan that would trigger modifications to our compensation.



We do not believe in ‘nickel and diming’ our clients for additional services that might be necessary during our relationship. Instead, whether we are compensated by standard carrier commissions or on a flat fee basis, **our compensation is our total compensation** and includes all available IMA services (including claims handling).

IMA is also committed to open communication, transparency, and full disclosure. We will share with Riot a complete accounting of all income earned by IMA, whether it is in the form of commissions, fees, or other revenue, inclusive of contingent income.

We are passionately committed to the strategies and service commitments we have presented and believe in our ability to drive meaningful results for Riot.

+ If applicable, clearly state preferred bonus and incentive structure, as well as, performance criteria and measurement.

If a Fee-for-Service is determined to be feasible, we would jointly agree upon performance metrics and determine a Fee at Risk structure. We are so confident in our ability to drive meaningful results for Riot that we are willing to put a certain portion of the Fee-for-Service at risk.

HOW WILL IT WORK?

We will meet with Riot to outline our mutual objectives for your P&C, which will include five major categories. Each category will have a 20% penalty if IMA does not meet any of our mutually agreed upon objectives for that particular category. IMA will meet quarterly with Riot to go over these objectives, and Riot can “claim the penalty” and receive the credit if we are not meeting our mutually agreed upon objectives.

HOW WILL THE MUTUALLY AGREED UPON OBJECTIVES BE TRACKED?

IMA will track objectives through utilization of IMA’s automated Client Service Plan (CSP).

WHAT ARE THE CATEGORIES? (SAMPLE)

- + Program Placement Results
- + Claims Handling
- + Policy Services
- + Risk Control
- + Category to be determined by Riot



+ Describe the Firm's philosophy on transparency in fees and commissions.

IMA is committed to 100% transparency regarding its compensation for insurance brokerage services provided to Riot Blockchain. IMA believes in compensation set for value provided and that is accomplished through disclosure and negotiation with the Insured. IMA formally discloses commissions or fees related to newly placed or renewed lines of coverage each year following a client's renewal.

+ Indicate whether the Firm receive revenues from contingencies, overrides, bonus commissions, expense reimbursements, and/or any similar type of compensation from any third parties in any way connected to the placement of insurance. If so, describe the nature of such arrangements.

IMA believes that contingent income arrangements are legitimate forms of compensation as long as it is transparent to the client, and if they are not tied to specific placement of accounts. This income is used to reinvest in IMA's value added resources and people which benefit our clients. IMA will provide complete transparency of our income sources upon request. If a client requests that IMA not receive this contingent/supplemental compensation, IMA can accommodate.

+ List and describe services which are not required by this RFP, but believed to be integral to successful performance of the account.

CONTRACT REVIEW

Our team is engaged to assist with contract reviews and contract language recommendations in line with Riot Blockchain's risk management philosophy.

IMA is one of the few brokers in the country to employ in-house attorneys who function solely as contract administrators to assist our clients. Our clients asked if we could help solve the issue of having to use outside counsel for the review of contracts. In addition to the hourly costs charged by outside attorneys, many of their reviews resulted in recommendations that were not based in generally accepted practices or rooted in the real construction world.

IMA felt that this service was best suited in the same risk management firm that understood the client's risk tolerance, philosophies towards risk, insurance coverages and generally accepted practices. By concentrating this service in our firm, we are able to see emerging trends in contract construction and assist our clients before they realize it. This approach ensures we are aligned with Riot Blockchain's risk management philosophy.

This service will provide important assistance to Riot Blockchain's team in those areas of the country and businesses where Riot Blockchain has operations and projects. The department consists of 15 individuals with diverse insurance and legal backgrounds. The services provided are designed to assist Riot Blockchain with contractual risk transfer mechanisms as they relate to insurance and risk management.

The contractual Risk Review Department can provide contractual risk review for the following types of documents:

MASTER SERVICES AGREEMENTS	LEASE AGREEMENTS	SUPPLY + DELIVERY CONTRACTS	RENTAL AGREEMENTS
SUBCONTRACTOR AGREEMENTS	RELEASE OF LIABILITY WAIVERS	FRANCHISE AGREEMENTS	MERGER + ACQUISITION CONTRACTS OR DOCUMENTS

Our Contract Review department will assist Riot Blockchain in designing and instituting a plan for assuring that the contractually required risk transfer components are being complied with by its tenants, vendors and customers. Our team will review the indemnification portions of your agreements to make sure the contracts sync with and support the language of your risk management and insurance policies. This assistance has traditionally included a review of the current insurance policies and contracts that you may be using and the drafting of language to best protect Riot Blockchain and appropriately transfer risk from your assets. Once the review is completed, IMA works with your risk management department, legal department and other staff involved with due diligence and tracking customer and vendor compliance issues.

RISK CONTROL

Riot Blockchain has unique exposures and should not simply base its risk management strategy off of similar cryptocurrency mining organizations. That said, the DeFi and Blockchain industry clients typically have a risk profile that requires the use of risk mitigation, risk retention and risk transfer, as transferring all risk through insurance and contracts is not always achievable.

We see a number of distinct exposures in the digital asset industry, including:

PROPERTY RISKS

Property insurance for crypto mining operations is a very difficult placement, as there are few markets and the risk controls necessary to obtain viable quotes are often quite stringent. Our internal Risk Control team will be critically important in helping Riot Blockchain understand what proper risk mitigation techniques need to be in force prior to seeking an insurance proposal.

Some key Property issues for crypto mining companies are:

- + A/C and Cooling Design (Single-phase, Liquid Immersion Cooling is ideal)
- + Automatic Fire Suppression System
- + Building Construction and Configuration
- + Security Details (highly important to property underwriters)

BUSINESS INTERRUPTION

Due to the perception that cryptocurrency mining operations are of higher risk, securing coverage for business interruption is often a challenge. IMA would work with Riot Blockchain using a proprietary bitcoin mining calculator to illustrate the exposure and secure coverage in the event it was desired.

Illustrative Bitcoin Mining Calculator			
Year of Revenue			
Revenue	\$1,000,000	Bitcoin Price (\$/BTC)	
Expenses	\$500,000	ASIC Cost (\$/unit)	
Profit	\$500,000	ASIC Life (years)	
Revenue	\$1,000,000	Revenue per ASIC	
Expenses	\$500,000	Expenses per ASIC	
Profit	\$500,000	Profit per ASIC	
Less Power	\$100,000	Power Cost (\$/kWh)	
Less Taxes	\$50,000	Tax Rate (%)	
Less Non-Continuing Working Charges	\$25,000	Non-Continuing Working Charges	
Net Profit	\$325,000		

CARGO RISKS

With most ASICs being manufactured in and shipped from China, there are numerous ocean cargo and inland marine risks for Riot Blockchain. The values of ASICs often fluctuate wildly, and the shipped cost is often higher than the invoice listing. IMA's experience in securing replacement cost for ASICs is a huge differentiator, as a large order for Bitmain or Antminer can fluctuate in value by the millions.

CRIME RISKS

As previously noted, security controls are of paramount importance to underwriters in the crypto space. Riot Blockchain has both direct and indirect exposure to the loss of digital assets. IMA would design a crime insurance program that is fit for purpose for cryptocurrency crime-related risks, including social engineering risk, physical theft of mining equipment, funds transfer fraud, rogue employees, etc.

CYBER RISKS

A large scale DDoS or ransomware attack could deliver an existential blow to Riot Blockchain's operations. Bitcoin mining companies are the frequent target of such attacks. IMA's Cyber Risk team is highly-skilled in building cyber insurance programs for technology-reliant companies like Riot Blockchain and has experience with large, multi-carrier placements.

Additionally, IMA uses cyber benchmarking, threat intel and cyber analytics to help our clients better understand their unique cyber risk posture and which risk mitigation efforts are mission critical.

There are a number of other risks facing Riot Blockchain that IMA would build a comprehensive strategy to manage, through controls or transfers.

+ List and describe elective services and fees that would enhance Riot's ERM capabilities.

As a full-service broker, IMA does not tier service offerings and does not limit services with specific dollar amounts or time restrictions. All services are provided as-needed and without limitations.



Work Process and Quality



- + Provide an integrated calendar of events that illustrates an ability to optimize Riot and Firm time and resources over a diverse scope of services and activities.

Included here is our proposed transition framework and timeline. A more detailed transition plan and broker services calendar will be developed in collaboration with Riot Blockchain as part of our Initial Planning Phase.

INITIAL START DATE	PHASE/ACTIVITY	RESPONSIBLE PARTY
JULY/AUG 2022	KICK-OFF MEETING AND INITIAL PLANNING PHASE	
	Introduction of IMA to Riot Blockchain key stakeholders	Riot + IMA
	Review communication protocols within Riot Blockchain	Riot + IMA
	Broker of Record (BOR) Letters sent to Riot Blockchain for execution	IMA
	Development of Broker Services 12-month calendar draft for Riot Blockchain’s review including open items meetings, claim reviews, budgeting process, actuarial, renewal strategy and renewal presentation meetings	IMA
	Begin interim policy review and gap analysis	IMA
	Obtain prior brokers list of open items	Riot + IMA
AUG 2022	STRATEGY MEETING	
	Review Riot Blockchain’s long and short-term goals	Riot + IMA
	Discuss Riot Blockchain’s current and desired future risk management initiatives	Riot + IMA
	Review Riot Blockchain’s current Total Cost of Risk	Riot + IMA
	Discuss options for different program structures and determine next steps	Riot + IMA
	Identify opportunities for education and training	Riot + IMA



- + Describe strategic and tactical work processes that will be utilized to ensure the scope of work is managed in an effective and efficient manner with a high degree of predictability, reliability, and quality.

IMA'S APPROACH TO QUALITY MANAGEMENT

In order to deliver results to clients, IMA firmly believes that ensuring quality in our products and services is paramount. As a result, IMA has a formal Service Quality Management Program. This program is comprised of numerous policies and procedures to ensure quality products and services for our clients. At the same time, IMA has rigorous continuing education requirements and opportunities so IMA can continue to develop associates.

IMA staffs a Quality & Audit Department with a full-time Quality and Audit Manager to oversee the quality management program. The quality management program includes, but is not limited to, the development and implementation of standard operating procedures in all the agency sales and service/ support units and oversees internal auditing of the same.

The following are some policies from our Quality Management Program:

General Service Quality Management

IMA is committed to professionalism and quality with the service delivered. It is the foundation of the way IMA does business and another reason why IMA is confident in our stability and future. IMA has a formal quality management program that is designed to:

- + Establish a written standard of professionalism
- + Raise IMA's quality standards improving overall organizational effectiveness and capabilities
- + Provide a program of education and self-improvement for our associates
- + Deliver ever-improving value to customers, contributing to market success

Peer Review System

Another IMA standard is to have client work product reviewed by team members for accuracy. Quality assurance is important when handling client policy information that is relied upon by carriers, client executives, and employees. Before prepared information is released to a client, fellow team members check it for errors and accuracy.



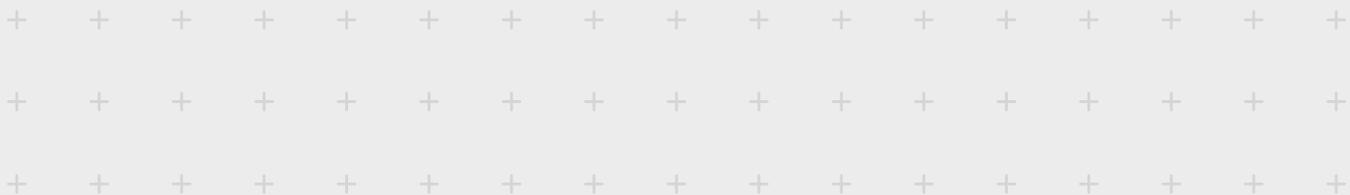
Top Twelve Client Quality Service Standards

These standards are designed to enhance our value to clients, are provided to each new IMA employee, and reviewed with staff on a regular basis. The list includes:

1. Know your clients (internally and externally) and always make their needs a priority.
2. Every IMA client is your client.
3. Frequently communicate task status with clients (avoid black hole syndrome).
4. Summarize the action plan after a meeting/conference call in writing and follow up to ensure the items are completed.
5. Don't hide behind e-mail; develop a relationship and call your client or underwriter.
6. Return phone calls immediately. If unavailable, return within one business day.
7. Answer phone and leave voicemail message cheerfully and attentively.
8. Change voicemail message daily, especially if you will be out of the office.
9. Be proactive and not reactive.
10. You can delegate everything but responsibility. The responsibility stays with you.
11. Take pride and ownership in what you do.
12. Treat everyone with respect and thank your client (internal and external) for their business.

Client Surveys & Retention

In addition to these guidelines, IMA is committed to regular client satisfaction reviews that enables IMA to measure effectiveness in meeting and exceeding client expectations. Most recently, IMA partnered with an organization – Active Retention – that performed an in-depth one-on-one interview/analysis with our clients as a follow-up to a detailed questionnaire that was disseminated to and completed by each client. **IMA found that 95% of clients were committed to IMA**, with a very high level of loyalty (95% is the very upper echelon for a service company). In addition, the survey focused on specific service factors from performance and responsiveness of the carriers and the IMA service teams. Opportunities were tracked through an online system and follow-up communication with our clients was a required part of the process. IMA has doubled our revenue over the past five years while maintaining 95% of our clients, including those lost to M&A activity.





Market Intelligence

+ + + + + + + + + +
+ + + + + + + + + +
+ + + + + + + + + +

+ Provide an assessment of the current state of risk management and insurance market for Bitcoin miners.

For Property & Casualty (P&C), the insurance marketplace remains quite difficult to navigate. There are very few carriers willing to offer significant capacity, whether limited by appetite or reinsurance treaties. This is problematic, particularly on the Property program where the needed limits are often into the hundreds of millions or billions of dollars in total assets. The challenge to overcome for Bitcoin miners is to locate a broker with the right market relationships who understands how to navigate the space and build programs. IMA has been successful in securing terms for some of the largest Bitcoin mining facilities in North America and has market intelligence that only comes from working in the space on a daily basis.

Trends in the P&C insurance market have been progressing in a positive manner up until the market downturn. Several key markets, including many on Riot's current property tower, have indicated they are pausing all new crypto-related underwriting, which could indicate a problematic property renewal. Capacity has also started to tighten. It was previously common to find \$50M in capacity with a single carrier. Many have been recently reluctant to offer the full limit available, making it all the more challenging to build a tower with significant limits.

That said, given IMA's extensive expertise and volume of crypto business, we have helped many Bitcoin miners locate better terms and improved pricing, simply by re-allocating the markets used and their position in the tower. It is not uncommon for IMA's Digital Asset team to be called in for a "rescue operation" for another broker's inability to secure capacity or a bloated fee/premium design.

Our understanding of the unique risk profile of crypto mining enables us to properly protect these companies by designing fit-for-purpose and cost effective programs.

With regards to the Executive Liability coverages in the crypto space, and particularly Directors & Officers Liability, the market remains in a "hard market" state, although there are reasons to be optimistic. Compared to the broader marketplace for all public companies, premiums and retentions in the crypto space are elevated due to a constraint on insurance capital. Additionally, many insurers will attempt to restrict the breadth of coverage to further limit their exposure. While there has been claims activity in the crypto space, insurers are also pricing their capital to account for the still-maturing nature of the sector and the volatility the sector is experiencing. With that said, IMA's experienced, technical team, and its unique process, has translated into premiums, self-insured retentions, and coverage terms that are much more favorable than the broader marketplace. Additionally, while still somewhat constrained, we are seeing capital enter the marketplace for crypto companies, which provides the opportunity to better leverage the competition. While pricing and insurance capital for crypto companies may be a bit "lumpy" over time, we anticipate, and are experiencing, favorable trends for crypto companies.

Our most recent "Cryptocurrency" Markets in Focus (MiF) publication is provided in [Appendix A](#).



+ Provide benchmark data and analysis.

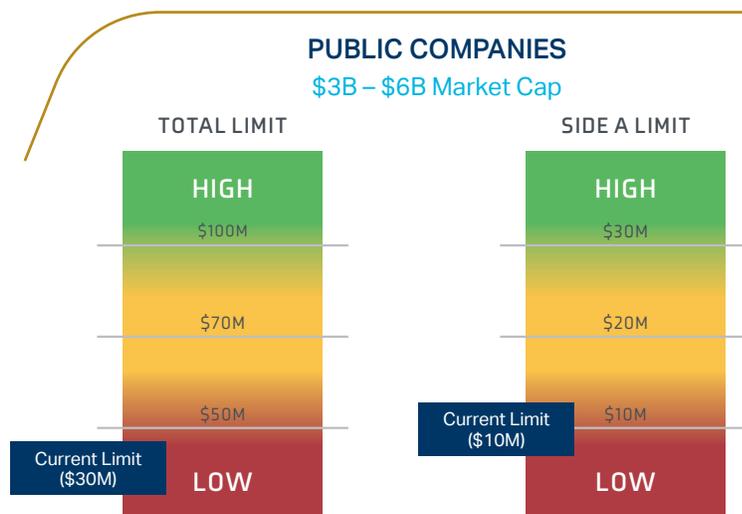
Related to Property & Casualty, benchmarking for crypto mining is difficult due to the rapid evolution of the marketplace. With limited actuarial data, carriers have priced crypto risks incredibly conservatively. This is especially true for property insurance. However, with new markets entering the space weekly, the rates have had a downward trend over the past 12 months. In 2021, property rates averaged over \$1.00 per \$100 total insurable value (TIV). In Q1 of 2022, we saw a decrease to around \$0.75 per \$100.

Today, we have secured rates as low as \$0.25 per \$100 – though many factors impact the ability to obtain such rates. The risk management strategy and property protection, as well as cooling sources, security details and geography all play key roles in pricing. Given IMA's experience in the space, we know which underwriters are capable of the best rates and what they are looking for from a property standpoint. Truly, without advanced knowledge and market relationships, missteps on property rates can cost Bitcoin miners significant sums of money.

IMA is a founding member of TechAssure – the global network of technology-risk experts. TechAssure produces an annual benchmarking study for Technology-related industries that includes details on coverage limits and costs per million for middle-market companies. This is the only multi-broker benchmarking report in the industry specifically for Technology, Errors & Omissions (E&O), Cyber and Directors and Officers (D&O). Our independent data analytics company, Sigma Actuary, compiles the anonymized data and produces the report which is attached for Riot's reference in [Appendix B](#).

When considering benchmarking for Directors & Officers Liability, it is important to look at the trailing two-year market cap high, as that encompasses the relevant statute of limitations for securities litigation under the Securities Act of 1934. If a securities claim is brought against a company and its directors and officers, the alleged damages will likely be based off of this market cap high. Additionally, while the frequency of litigation can vary by sector, the ultimate amount of a claim settlement is not impacted by the specific sector the company is in. Looking at Riot Blockchain's two-year performance, the Company had a market cap high of approximately \$6 billion in February 2021. Therefore, IMA reviewed peer benchmarking for companies with market caps between \$3 billion and \$6 billion. Based on this information, Riot Blockchain is currently in the first quartile for total limits purchased. Pricing and available capacity in the marketplace have factored into this decision historically. It should also be noted that companies in more challenging sectors (IPO's, De-SPAC's, Cryptocurrency, Cannabis, etc.) tend to purchase limits in the first quartile for the reasons mentioned above.

In addition to the peer benchmarking data shown above, IMA also utilizes a proprietary loss modeling tool, which takes into account historical settlement information, defense costs, inflation, etc. Loss modeling, in addition to the peer benchmarking data, will allow Riot Blockchain to make an informed decision on the total limit being purchased.



- + Provide and describe emerging risks and alternative mitigation strategies.

SEEING AROUND CORNERS

There is a phrase in the underwriting community that says, “You can’t drive a car looking in the review mirror the entire time.” This is often said to young underwriters who use loss history as their chief source of underwriting information. The same can be said for identifying potential risk. As trained risk professionals, we have a strong understanding of Riot Blockchain’s industry. We have created an internal infrastructure where we constantly scan the environment to identify emerging trends that could affect our clients, negatively or positively.

The infrastructure includes:

- + Client Interactions
- + Industry Observations
- + Insurance Carriers
- + Court cases
- + Potential legislation
- + Economic conditions
- + Accountants
- + Outside Consultants
- + Industry Associations
- + Economists



SEEING
AROUND
CORNERS

IMA'S INTEGRATION WITH RIOT BLOCKCHAIN'S RISK MANAGEMENT TEAM

IMA's overall approach to managing risk with Riot Blockchain will be for our team to become an integration of Riot Blockchain's risk management department. The ERM framework facilitates the ease in which IMA can fit into the areas that supplement and complement the risk management needs of our clients.

We believe there are seven ways to treat risk. Insurance is the most reactionary and expensive method. We want to help our clients with the first six ways, which will in turn make insurance more efficient (cheaper) and effective (broader). By helping our clients manage risk, both insurable and non-insurable using the full spectrum of risk management techniques, we want to turn risk into a competitive advantage for our clients thus making their business better (more profitable).

We view the seven ways as follows:

TECHNIQUE	COMMENTS	IMA RESOURCES
Avoidance	Avoidance could take the form of passing on an opportunity and outright just not do something. Subcontracting work is a form of avoidance although it does not remove 100% of the risk.	Subcontractor Prequalification, Contract Risk Management
Awareness	Awareness, in and of itself, is considered a control as functions within Riot Blockchain or individuals can modify their decision making and behavior based on being more knowledgeable. By raising awareness of the risk, individuals close to the risk can often think of new methods to mitigate the risk that are specific and fit within Riot's processes and culture.	IMA ERM, IATs/Emerging Risks, Training and Development
Assume	Riot Blockchain could assume the identified risk in a conscious manner. This is effective after risk is identified and assessed (i.e. quantified) as all "eyes are wide open." Conversely, Riot could assume a risk unintentionally for which IMA refers to as "accidental self-insurance."	IMA ERM, Mergers & Acquisitions Practice, Predictive analysis of impact of larger retentions, Contract Risk Management
Mitigate Frequency	Efforts to prevent the risk event from occurring.	Loss Control – Risk Score, Peer Practices, Perception Survey, Forensic Architect, IMA Cyber Risk Hub, KRIs, Total Rewards
Mitigate Severity	Efforts to prevent the financial consequences after a risk event has occurred.	Workers' Compensation Care Coordinator, Forensic Architect, Legal Claims Advocacy, Predictive Claim Models
Non-Insurance Contractual Transfer	Non-insurance contractual transfer through the use of hold harmless and indemnity agreements. Does not insulate 100% of the risk to Riot and is only as good as the quality of the contract and funds available to rectify the financial consequences.	Contractual Risk, Management Service, Subcontractor, Prequalification
Insurance	Risk Transfer/Risk Retention and Risk Financing mechanisms that could include captives. All designed to finance the loss after a risk event. Note: A key objective with a captive will be structuring a mechanism to create a guaranteed cost structure for the general liability, auto liability and workers' compensation. IMA, working together with Riot, is confident this can be accomplished.	Tailored and Proactive Coverage Review, TCoR Reduction, Alternative Risk Financing, IMA ERM

The techniques listed above and the IMA Resources to assist in each area is backed by our suite of data analysis tools. Qualitative and quantitative tools are utilized to identify right-sized solutions. More importantly these tools are used to measure the effectiveness of risk control technique. That way the effectiveness of the efforts can be gauged, and improvements or abandonment decisions can be supported.

That plan should include all necessary vendors such as outside counsel, forensic investigators and crisis management firms. Our approach is to align your Incident Response Plan (IRP) with your Cyber policy, so it functions as a seamless funding mechanism. Our experience has been the greatest impediment to a smooth utilization of coverage is a lack of understanding of carrier expectations.

INCIDENT RESPONSE PLANNING ALIGNMENT

We think carriers can use their collective purchasing power and experience to provide discounts and complimentary solutions.

As an example, AIG provides a wide variety of products and services to their policy holders. Many of those items are already purchased by our customers. We work with the IT Team to identify needs and understand their IT stack and loss control strategies. We have been able to assist in providing clients with either products they could not afford previously or at a substantial discount.

WE SWEAT THE DETAILS WITH YOU TO DEFINE THE SCOPE IRP AND COVERAGE ALIGNMENT.



IMA RISK MANAGEMENT CENTER

The IMA Risk Management Center is a unique web-based software suite of safety and risk management tools designed to empower your organization's risk prevention efforts. It is easy to access and use, and provides a cost-effective risk reduction and safety center for your entire organization across all departments and locations.

The Risk Management Center is right for any organization that wants to proactively manage their risk exposures and develop effective workplace safety programs to reduce claims, losses, and associated costs.



The goal of any risk management program is to reduce risks and injuries, while improving profitability.

The Risk Management Center enables employers to:

- + Efficiently manage your hazard communication program and safety data sheets
- + Access a best-practices safety and HR library of written policies and procedures
- + Train employees efficiently and effectively with a multitude of bilingual PowerPoints and E-learnings
- + Manage certificates of insurance to limit liability and risk
- + Create job descriptions and modified duty programs

CUSTOMIZED SAFETY EDUCATION

Safety Leadership Training

- + It is evident that Riot Blockchain strives to be innovative and ahead of the curve. This training goes beyond safety compliance and trains leaders within the organization on why safety matters and how to effectively change or enhance a safety culture. IMA Risk Control can deliver this training to your company and it is customizable based on your needs.

Emergency Response Drills & Training

- + We can help establish, or improve your current, written emergency action plan. In addition we can participate in drills whether they be table-top or in-person.
- + This is an area that affects many of our manufacturing and distribution clients who find their programs are lacking or not as robust to survive an event. We can help turn this around and ensure you are prepared and can handle an event at any scale.

Interactive Safety Training

- + Augment your safety training with training delivered by IMA's Certified Safety Professionals. Base regulatory, competent person and train-the-trainer safety training programs are supported through handouts, demonstrations, exercises and videos.

Driver Safety

- + Employees driving on company business is the second-highest source of claims. Any type of driver can expose a company to substantial financial liability. Defensive driving education, MVR review programs, Driver Monitoring and Substance Abuse Testing can be tailored to assist in management of fleet safety.



DATA ANALYTICS AND BENCHMARKING

Our data analysis and benchmarking services will be provided by **John Seeger**, Director of Marketing, Market Intelligence & Insight. John provides expert analysis on program benchmarking, risk financing, retention analysis, loss trends and performance development, forecasting and IBNR review, rate analysis and premium ratios, and financial review of collateral obligations. John will customize your data analysis in a meaningful and intuitive format for review, and his presentations allow our clients to easily identify problem areas and develop strategies that mitigate risk and minimize losses. Analyzing losses can help provide the basis for program recommendations and forecasting, including alleviating pain, streamlining policies with consolidation, and framing the message for a potential master safety program.

Combining the normalized and detailed loss trends with ongoing hazard and exposure analyses with IMA Risk Control Services has proved an efficient methodology for our clients to identify, roadmap, and improve risk management programs and organizational goals. While losses are accidents, not all accidents develop into losses and our integrated working partnership strives to keep both accidents and losses at their lowest levels possible.

Additionally, our team can help prepare and present financial reports on insurance program costs to your board, or any other outside party, as necessary. With regards to additional risk modeling capabilities, we create PML (probable maximum loss) reports for clients that utilize two standard modeling systems – AIR and RMS. These tools assist with flood/earth movement/wind CAT modeling.

We also use risk meter for determining an estimated EQPML (earthquake probable maximum loss). For flood, we can look at individual locations using the FEMA map center and create individual FIRMettes. Utilizing a variety of standard resources combined with our industry expertise helps to identify and interpret potential exposures help to best protect our client’s assets and interests.

In terms of retention analysis, IMA has a proprietary model and loss database for customers like Riot Blockchain. Historical losses are shown in context of retained losses at various retention options, and the associated loss shares by Riot Blockchain and carriers. This helps in the marketing process to help understand sheer loss ratios and paid loss ratios for potential risk transfer. The model also assists to show, historically, how the deductible options and purchased limits would have responded in those different program parameters to help Riot Blockchain ascertain future financial performance with changing program structures.

Moreover, our abilities with loss forecasting and reserve analysis help to compare premiums and retained losses against any potential cost-benefit with greater deductibles, as Riot Blockchain’s finance and risk managers prepare for any future risk-transfer of financial liabilities. IMA views benchmarking as a critical piece of our risk management consulting services for clients to better understand their risk profile, market presence, and industry trends.



**Riot Program
Critical Review and
Recommendations**

+ + + + + + + + + +
+ + + + + + + + + +
+ + + + + + + + + +

- + Provide a conceptual risk transfer framework to address and optimize Riot's risk management structure and programs. In developing the ERM framework, the Firm should consider the most cost effective self-insured retentions including both traditional and alternative risk transfer methods. The Firm should also provide an assessment of the current state of the insurance market for Bitcoin miners.

We work with our clients in the crypto space to determine the best self-insured retention strategy, as this can play a key role in underwriters' desire to offer coverage. Maintaining a high-deductible has a positive impact on the overall pricing and capacity available, however there is a cost benefit analysis that needs to be conducted to determine what the exact amount should be. IMA has also recently undergone a captive feasibility assessment for Executive Risk lines of insurance, namely Directors & Officers (D&O). It is a common question on whether a captive would offer a better alternative than the traditional insurance risk transfer and it is something we can explore with Riot Blockchain. However, many miners underestimate the startup and ongoing capital requirements for a single-parent captive, as well as the management and administration.

- + Provide a critical review of Riot's current insurance programs with respect to coverage, terms, limits, and premiums.

As the incumbent broker for Directors & Officers Liability for Riot Blockchain, as well as ESS Metron's full insurance portfolio, we are confident in our placement and believe we continue to deliver a best-in-class result for the lines of insurance for which we are responsible. In response to this question, we've included as an addendum the complete policy review and coverage analysis for Riot Blockchain's Property & Casualty (P&C) insurance, including Whinstone. See [Appendix C](#). We reviewed each of your policies and provided commentary, detailed analysis and recommendations.

At a high level, we conclude the following about Riot's Property & Casualty (P&C) program:

- + Overall insurance program: "C+"
- + There are major duplications of coverage (CGL) and small (but potentially major) mistakes like incorrect addresses that denote a multiple broker strategy and things "falling through the cracks."
- + There are notable omitted lines of coverage that should be considered (cyber, aviation, E&O, etc.).
- + Riot maintains a significant number of contractual relationships that require a full review for compliance and oversight.
- + Property program can be improved with new markets and a change of position for others.
- + Riot's rapid growth has created a disjointed insurance program on the P&C and consolidation would lower costs and administrative burden.
- + It would be better for Riot to have their risks reviewed and underwritten by underwriters based in inland states (e.g., Denver, CO and Dallas, TX) rather than in California and New York; rates generated by coastal underwriters, even those with the same carrier, tend to be skewed and materially higher than their in-land counterparts due to significant differences in the litigation environment, claims experience and CAT exposures.
- + A fresh broker perspective provided by IMA will ensure that Riot Blockchain outperforms the insurance market on price, coverage, and service.

- + Provide comparative analysis with benchmark data (similar industry, operations, market cap, and/or capital structure).

See prior response in the Market Intelligence section regarding Benchmark Data and Analysis on [page 40](#).



Appendix A

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MARKETS IN FOCUS

CRYPTOCURRENCY



Insurance Pricing &
Market Update

Q2 2022

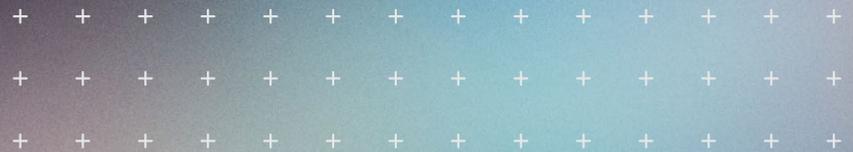
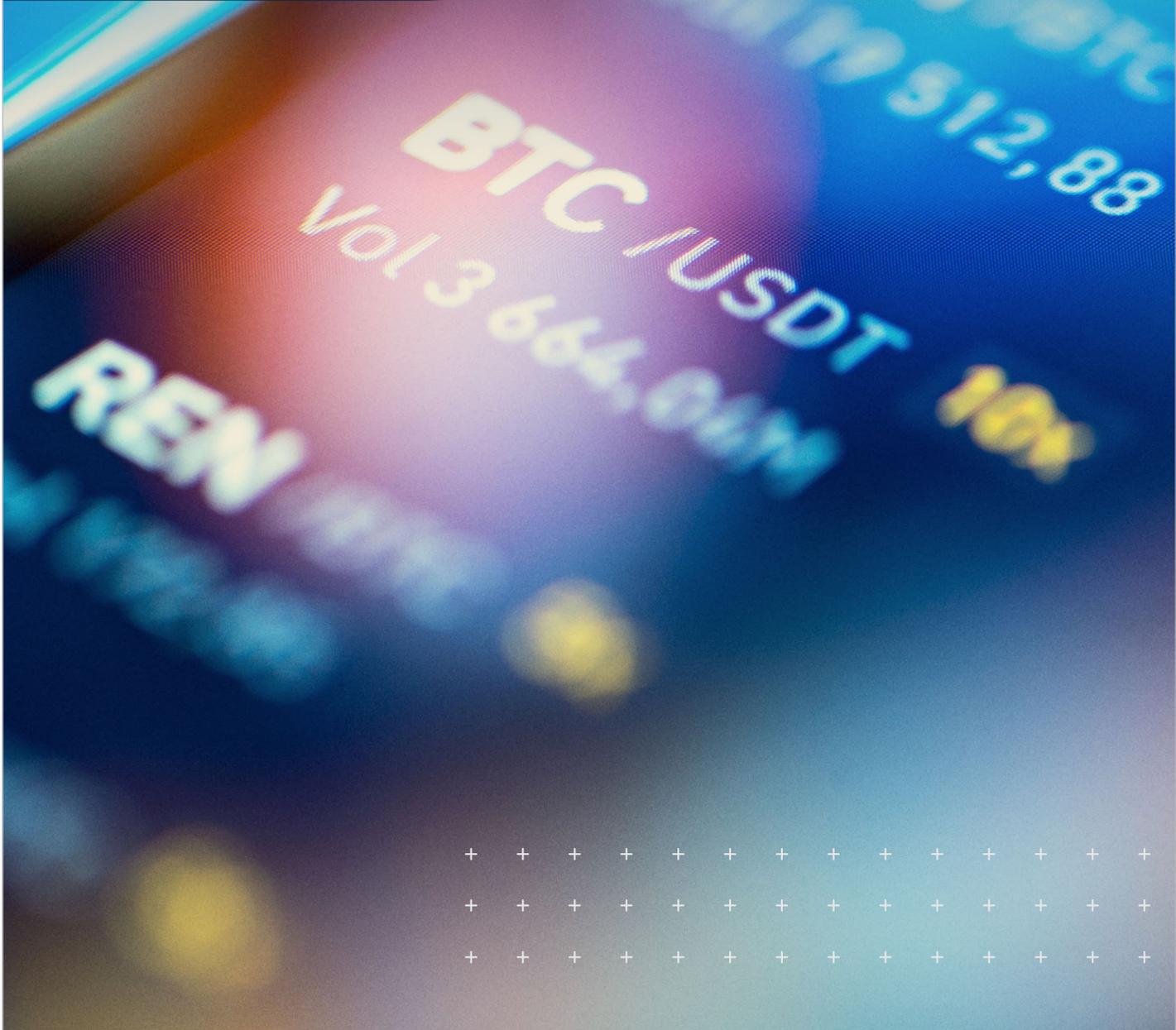


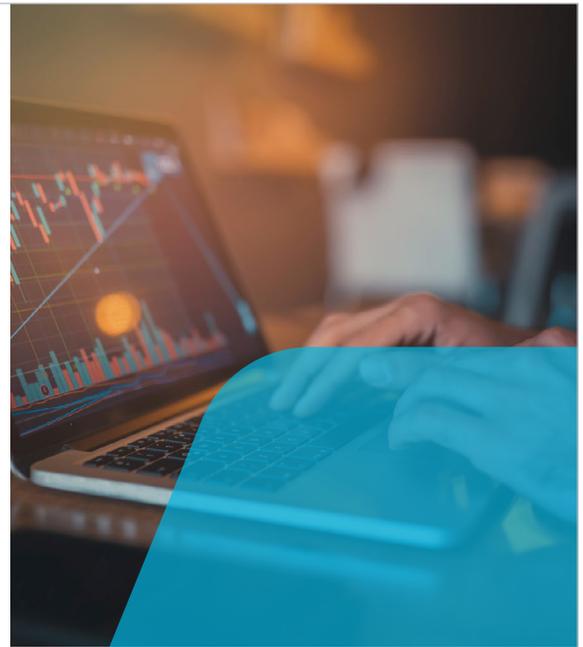


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Introduction

Over the past few years, we have seen Cryptocurrency, blockchain technology and Decentralized Finance (DeFi) develop from a niche corner of the internet into mainstream technology. Within the realm of blockchain, DeFi, Non-fungible tokens (NFTs) and Cryptocurrency mining, we classify these assets as “digital risks,” and will be referred to as such collectively throughout. In 2021, digital risks grew in valuation at an exponential pace, as NFTs, the Metaverse and staking all added more intrigue and ways for a wide array of participants to engage in this rapidly burgeoning industry. With governments, corporations, investors and retail all looking to capitalize on this new form of commerce, the industry continues to experience growth and new entrants continue to pour into the space.



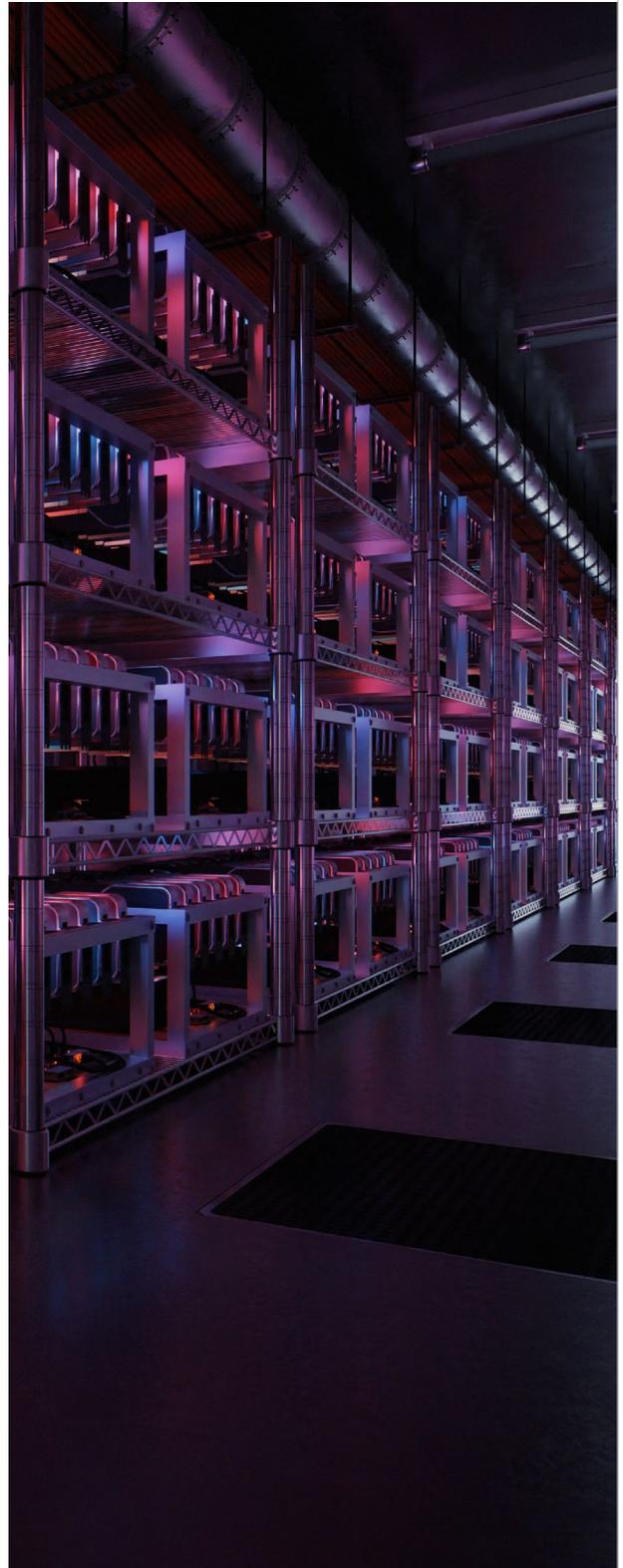
The Metaverse

The Metaverse has become a hot-button term, with corporations ranging from PWC to Microsoft using it in their business plans, but recently massive investment banks such as Morgan Stanley and J.P. Morgan have also added it to their lexicon.¹ With the complexity of the blockchain process, it makes committing fraud very difficult since the blocks of the network are constantly in the process of being validated. This creates a “single source of truth,” which increases the speed of exchange, reduces the number of intermediaries (and the costs associated with each), improves security, digitalizes assets, provides better bookkeeping and enhances regulatory compliance.² As financial institutions and other industries across the globe continue to accept this, it is clear the world will continue to see a rise in the use of digital assets and thus commercial insurance brokers must be on the forefront of understanding this space. To better understand and be a leader in digital asset insurance, we have invested in digital real estate in Decentraland (making us the first insurance broker to do so) for research and development and to better serve clients’ growing and varied digital asset insurance needs.



Blockchain

Blockchain and digital asset innovation comes at a cost, and household-name companies and financial institutions are making the initial push. These companies have invested money to advance the blockchain industry or are utilizing the technology to improve its state of evolution, growth and adoption.³ In fact, thirteen of the world's largest banks have funded \$3 billion into crypto and blockchain companies over the last few years, according to analytics company Blockdata.⁴ Outside of banks and financial services, many other divisions such as Health Care, Insurance, Energy, Real Estate, Government and travel companies have adopted the new wave of blockchain by validating smart contracts, thereby minimizing the delay time of transactions and decreasing fraud exposure. In addition, many prominent business owners and entrepreneurs have invested heavily in digital assets such as the Winklevoss twins, Elon Musk, Michael Saylor, Warren Buffett and Mark Cuban.^{5,6,7} In reality, this technology is a game-changer for any business that involves trading, contracts or protection from identity theft and will eventually be ubiquitous throughout these industries. To elaborate on the identity theft aspect, the blockchain technology can be useful for public sectors like elections, managing public records, healthcare (having records that are private but readily available) and retail for large transactions like real estate or auto.⁸ As popularity grows, it is evident that the global adoption of cryptocurrencies, blockchain and other digital assets will be a part of daily life in the not-so-distant future.



Companies Using Blockchain Technology



Source: 101blockchains.com/companies-using-blockchain-technology/

BLOCKDATA

TOP BANKS INVESTING IN CRYPTO & BLOCKCHAIN COMPANIES (AUGUST 2021)



| PROFILE/COMPANY | HQ | ASSETS UNDER MANAGEMENT | NUMBER OF INVESTMENTS | SIZE OF FUNDING ROUNDS AS A PROXY OF INVESTMENT | COMPANIES INVESTED IN |
|----------------------|-------------------------|-------------------------|-----------------------|---|---|
| standard chartered | London, United Kingdom | \$789B | 6 | \$380M | Ripple, Cobalt, Dianrong, Metaco, Linklogis |
| BNY MELLON | New York, United States | \$470B | 5 | \$321M | Fireblocks, HQLAx, R3, Fnality International |
| citibank | New York, United States | \$2,260B | 14 | \$279M | BUCK, Chain, SETL, Axoni, Cobalt, Digital Asset, HQLAx, R3, Komgo, Symbiont |
| UBS | Zürich, Switzerland | \$1,126B | 5 | \$266M | Axoni, R3, Fnality International, ConsenSys |
| BNP PARIBAS | Paris, France | \$3,081B | 9 | \$236M | Digital Asset, HQLAx, METRON, R3, TradeIX, Komgo, Token |
| Morgan Stanley | New York, United States | \$1,116B | 3 | \$234M | NYDIG, R3, Securitize |
| JPMORGAN CHASE & CO. | New York, United States | \$3,386B | 8 | \$206M | Axoni, ConsenSys, Digital Asset, R3, HQLAx |
| Goldman Sachs | New York, United States | \$1,163B | 8 | \$204M | Axoni, HQLAx, R3, Coin Metrics, Circle, Blockdaemon, Veem |
| BARCLAYS | London, United Kingdom | \$1,842B | 22 | \$196M | RealBlocks, Safello, Avenews-GT, Chainalysis, R3, Crowd, Everledger, Evernym, INVIU, Wave, Photocert, Post-Quantum, Fnality International, ResonanceX, The Sun Exchange, SendFriend |
| MUFG | Tokyo, Japan | \$3,408B | 6 | \$185M | bitFlyer, Coinbase, R3, Komgo, Fnality International |
| ING | Amsterdam, Netherlands | \$1,147B | 6 | \$170M | HQLAx, R3, Komgo, Fnality International, Vakt |
| BBVA | Bilbao, Spain | \$796B | 5 | \$167M | Covault, Cambridge Blockchain, Everledger, R3, Solarisbank |
| NOMURA | Tokyo, Japan | \$432B | 5 | \$146M | Quantstamp, Komainu, R3, Securitize |

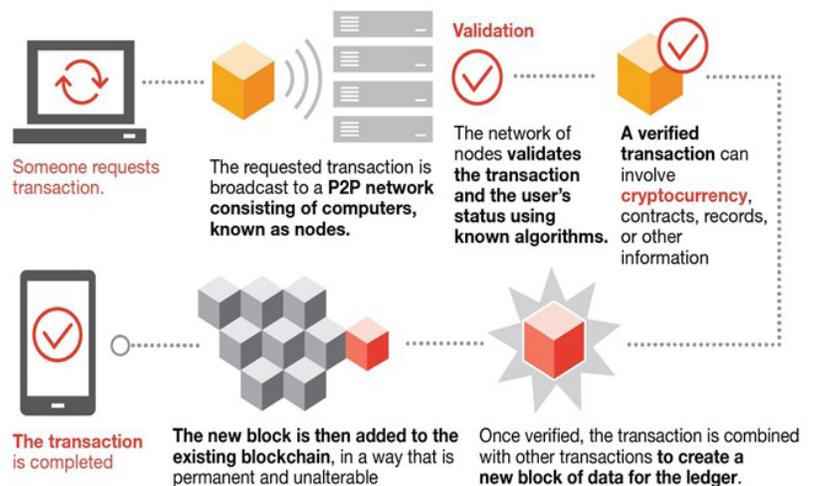
Source: <https://www.blockdata.tech/blog/general/banks-investing-blockchain-companies>

The Rise of Mining

Some examples of larger cryptocurrencies by market cap are Bitcoin, Ethereum, Tether, Binance Coin, USD Coin, Terra, Litecoin, Ripple, Tezos and Cardano, with Bitcoin leading the pack in market cap, user base and date of evolution (2009).⁹ Since then, many other coins have become very popular. The majority of the tokens and coins today are derived from Bitcoin, which uses open-source code and a censorship-resistant architecture, meaning anybody can copy or tweak the code to create their own coin. Essentially, this allows other coins to join the Bitcoin network and transact in it as another form of cryptocurrency.¹⁰

Today, there are only about 4 cryptocurrencies within the top 10 market caps that are mineable on a large scale – Bitcoin, Ethereum, Litecoin and Bitcoin Cash. These top 4 make up about 65.5% of the crypto ecosystem and have a market cap of around \$91.7 billion.¹¹ Within the top 20 cryptocurrency market caps, there are 8 mineable coins (Bitcoin, Ethereum, Litecoin, Bitcoin Cash, Bitcoin SV, Monero, Dash and Ethereum Classic). The number of mineable coins is actually quite minimal when considering the total number of tracked digital currencies fluctuates around 2,121.¹² The majority of these mineable coins can be mined with a standard CPU and ASIC machines.¹³ The remainder of the digital assets have been minted, such as Ripple, Stellar and others that use the proof-of-stake (PoS) mechanism.¹⁴ The process generally referred to as “mining” was intentionally designed to protect the currency’s value through difficulty and scarcity.¹⁵

However, high levels of processing power and energy are required in the mining process, which has been criticized for its contribution to climate change due to the carbon burned while running the computers. This has resulted in the rise of many miners turning to renewable energy, primarily hydroelectric and solar power, to run their operations. With energy costs on the rise, tax credit opportunities and the ability to sell excess power back to the grid in some states, solar power is becoming more and more attractive in this venture. As the worlds of energy, construction and digital asset risks collide for crypto miners, it will be important to work with a broker who has experience in all of these risk areas so that holistic risk management solutions can be achieved.



Source: <https://www.pwc.com/us/en/industries/financial-services/fintech/bitcoin-blockchain-cryptocurrency.html>

Insurance Market Review

Per Chubb’s Bermuda Large Loss Benchmark Report, “In 2021, the forces fueling liability and loss trends grew even more powerful. Social inflation – estimated to have increased commercial auto liability claims alone by more than \$8 billion in the last decade – is exacerbated by surging social consciousness, ideological divides, and economic inflation, with the United States currently experiencing its highest inflation rate increase in over forty years.¹⁶

Litigation funding by third-party investors seeking portions from plaintiffs’ recoveries reached \$17 billion¹⁷ in 2021, and the attractive returns from financing commercial lawsuits, mass torts, and other cases are drawing new categories of investors and facilitating more litigation.”¹⁸

Changing climate and extreme weather again pummeled the global insurance and reinsurance markets in 2021. Insured natural catastrophe losses reached an estimated \$122.4 billion¹⁹ in 2021, marking the fifth consecutive year of above-average catastrophe losses. Actuarial models struggle to play catch-up and reflect the unprecedented frequency and secondary-peril-driven severity of these catastrophic events.²⁰

The global pandemic has amplified already-formidable exposures such as strained logistics and supply chains, shifting workplaces and employment practices and accelerating digitization. Businesses face growing risks that no longer seem cyclical, and our collective thinking about risk, rate and capital deployment must adapt to this reality.²¹

By-Line Third Quarter 2021 Rate Changes Ranged From 0.3% to +15.0%

| | COMM'L AUTO | WORKERS' COMP | COMM'L PROPERTY | GEN'L LIABILITY | UMBRELLA | AVERAGE |
|---------------------|-------------|---------------|-----------------|-----------------|----------|---------|
| Fourth Quarter 2021 | 8.0% | 0.3% | 10.5% | 6.4% | 15.0% | 8.1% |
| Third Quarter 2021 | 7.4% | -0.3% | 10.3% | 6.3% | 16.9% | 8.1% |
| Second Quarter 2021 | 6.8% | 0.3% | 9.9% | 6.0% | 17.4% | 8.1% |
| First Quarter 2021 | 9.0% | 1.0% | 12.0% | 6.2% | 19.7% | 9.6% |
| Fourth Quarter 2020 | 9.1% | 0.4% | 12.9% | 7.3% | 21.3% | 10.2% |
| High | 28.6% | 24.9% | 45.4% | 26.0% | 51.9% | 35.3% |
| Low | -11.6% | -12.3% | -15.0% | -13.6% | -13.5% | -13.2% |

Per CIAB, latest version available: <https://www.ciab.com/resources/q4-p-c-market-survey->



2022 Insurance Market Outlook

Early 2022 market conditions are suggesting that pricing trends continue to improve from the highs in late 2020 across most lines and regions for accounts with desirable risk characteristics.²² Factors like inflation-driven higher claims costs across all lines of business, along with social inflation in the U.S. and low interest rates are still drivers for the elevated pricing environment, but underwriters are generally willing to extend capacity to risks they like. It is this level of discipline that has helped soften many markets and why we are referencing this current market state the “disciplined market” as opposed to the “hard market.”²³ Granted, there are still difficult classes of business to write and loss history will continue to be paramount for new business and renewals. Strong recovery from the COVID-19 pandemic has also boosted the market outlook, but economic growth is expected to slow down over the next few years as the Fed looks to apply decelerating monetary policies, coupled with supply chain issues and inflation risks.²⁴ On top of these factors, CAT risk exposures will continue to add volatility to the market. Despite intense competition, the global recovery trend is clear and investors are still optimistic about the insurance market with an influx of new investments entering in the future.²⁵ In regards to technology initiatives in the P&C market, this sector is primed for investments: reports show that Insurtech investments reached \$7.4 billion in the first half of 2021 as carriers look to utilize AI and machine learning to lower underwriting costs.²⁶ According to Market Watch, “The high adoption of advanced technology and the presence of large players in this region are likely to create ample growth opportunities for the market and hopefully additional capacity will follow.”²⁷



Property

Property pricing continues to be volatile, but the market is generally healthy. The availability of capacity and pricing depends on risk perception as well as geographic location, particularly in Texas, Louisiana and Florida given these state's CAT exposure and questions raised around quality control as demonstrated in the recent Sunnyside, Florida condo collapse. The recent wildfire impacts in the west have caused a significant shortage in capacity. The situation is especially pressing in California, Oregon, Washington, Utah, Idaho and Colorado where high winds and low humidity have made containment operations more difficult.

+ A major concern for carriers is the ongoing shortages of building materials and increased labor costs, which is having an inflationary impact on property values. The gap between reported and replacement values have consistently been a pain point for carriers and underwriters when a claim arises.

In the past, coverage was mostly offered by Lloyds and Bermuda-based carriers; now we are seeing a handful of standard markets entering the space with significant capacity (up to \$50M primary). Building towers into the hundreds of millions is much easier than in the past, but still requires many E&S players.

+ The E&S market remains at the forefront of this coverage while admitted carriers are generally reallocating their exposure portfolio in certain geographical areas. Although these markets are still wary when insuring property, the E&S markets will continue to be an important outlet for property insurance capacity and may be the only option for operations in those regions with a higher CAT exposure.



Property coverage is one of the most essential lines of business for cryptocurrency miners from a cost standpoint. Depending on the type of construction for the building, rates can be higher or lower. **The two main types of buildings for crypto miners are:**

- + **Modified shipping containers** – Many sites are built with a substation and multiple modified containers to house their ASIC miners. This allows miners to spread out the risk and reduce business interruption exposure.
- + **Retrofitted data centers/mills/factories** – This class of building is tougher to insure due to the age of the building, construction is not always suitable for extremely high-energy operations. When planning new sites, insureds should consider the location and construction type specifically with regards to the cooling and ventilation requirements. These retrofitted centers can be much more expensive and difficult to write.

Concerning content, typical property policies provide replacement cost coverage, which can be difficult for insuring ASIC machines due to their price volatility with chip shortages and supply chain constraints. Due to the difficulty in assessing the value of ASIC computers in the event of a loss, carriers can exclude losses or cap coverage for these losses.

To ensure lower rates and adequate coverage capacity, both building classes need to implement cooling systems (with liquid immersion cooling being the best), A/C and ventilation requirements, automatic shutoffs, clean agent fire-suppression (not sprinklers) and very-early-smoke-detection-systems (VESDA). Additionally, ASIC miners are highly valued on the black market and theft is a major issue, so a robust security detail is another major consideration. Some precautions insureds need to consider are 24/7 monitoring, security fencing, ram-proof barriers, motion cameras, smart fencing, guard shacks and alarm systems.

Business Interruption (“BI”)

Business Interruption coverage is currently a grey area for cryptocurrency mining due to the lack of historical data for actuarial modeling, industry volatility and underwriting difficulty. Cryptocurrency mining has many exposures and liabilities due to its complexity, leaving most carriers sitting on the sidelines with questions as opposed to extending and expanding their portfolio capacity. Per Garrett Droege, our Director of Innovation + Strategy, "This is still a developing market. With our direction and guidance, carriers are beginning to understand this area of exposure and are beginning to offer tailored coverage options based on our proprietary crypto business interruption methodology."

For miners using solar energy to power their operations and are in states that allow them to sell power back to the grid, this could cause a complication for BI claims. For example, during the Great Texas Freeze in 2021, some Bitcoin miners were able to power down their operations and sold their excess electricity back to the grid or their neighborhoods for profit.²⁸ This income could potentially diminish or preclude any business interruption recovery since this would technically show that the business wasn't completely incapable of generating revenue.

Extra Expense

This coverage pays for any additional costs on top of the normal operating expenses that an organization must incur to proceed with business during the repairs to the property damaged by a covered loss. If a mining facility experienced a fire, snowstorm, power outage or any other loss event that would suspend operations, extra expense would help cover the costs to allow the business to operate until the insured property is functioning at its normal level. Due to the more straightforward nature of these claims (i.e., renting a new facility to continue operations, or paying overtime to employees or temporary workers as a result of the loss, etc.) and loss pricing volatility associated with their costs, these endorsements and coverages are generally easier to achieve with underwriters than BI.



Builder's Risk

The Builder's Risk market is seeing increases in pricing and retentions not only due to significant losses as a result of large fires but also an increased frequency with smaller claims. Large wood frame, modular construction, and renovation projects continue to be the most challenging projects to place. Property developers need to clearly communicate with their contractors when retrofitting data centers or other facilities for mining operations due to all the necessary building upgrades, complexity of the contractual agreements and to also ensure the improvements are sufficient for the operations. Overall, rate increases are becoming more common given the current demand and price for lumber and other building materials. The insurance industry is currently experiencing a major crisis with labor shortages and supply chain issues causing unwelcome delays in projects. This has led many insureds to seek extensions which can be problematic for carriers because their risk models may not accurately reflect this situation as it exists today.

+ Many Builder's Risk carriers are also accessing specific deductibles for water damage and water intrusion, which can be \$100k or greater. Given these significant deductible levels, it will be important for those looking to build or retrofit a space to understand these large potential hits to cash flow and to have discussions with their contractors regarding who will be contractually responsible, should certain events occur.





Executive Risk & Specialty Coverages

Cyber

With cyberattack frequency and severity on the rise, digital assets are at extreme risk. Those in the cryptocurrency space would be wise to consider **Cyber Insurance** as a backstop to robust cyber risk management protocols. Since digital assets are non-tangible and held within digital wallets, hackers and cyberattacks are inevitable. Digital currencies are highly sought after due to its high values and various uses, but blockchain technology can encompass much more valuable information like smart contracts, personal information, medical documents and various other ledgers containing valuable information to hackers.

Since digital assets are non-tangible and held within digital wallets, hackers and cyberattacks are inevitable.

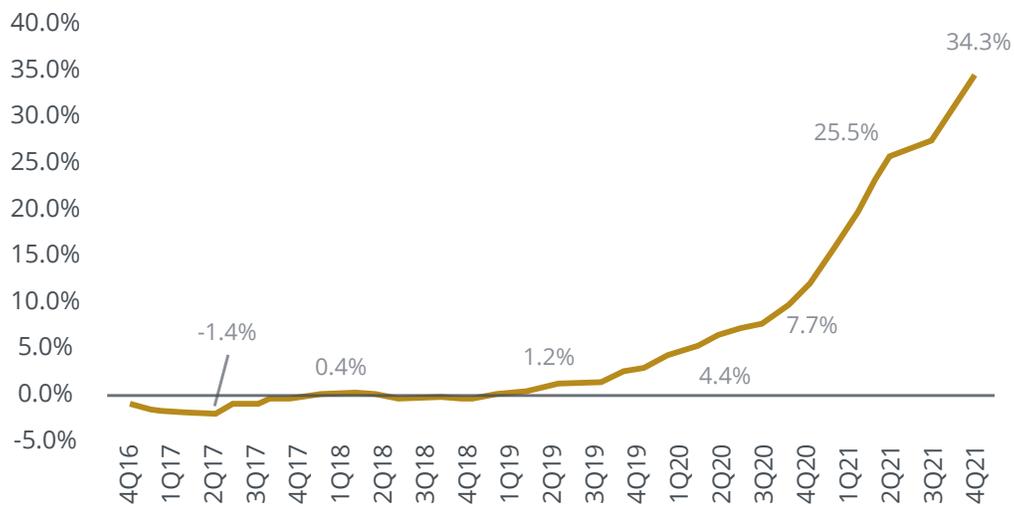
The most common forms of cyberattack are phishing, ransomware, and cyber extortion. Many threat actors are gaining access through unsecure Wi-Fi networks or Internet of Things (IoT) devices (which are all used in the exchange or mining process for digitals). The cost of these incidents can be very high. For example, according to Investopedia, "in January 2018 a massive cyberattack happened to Coincheck which amounted to nearly \$534 million. This hack was one of the biggest theft incidents in the history of digital assets and an unsecured hot wallet was the culprit in the theft."²⁹

As more high-profile attacks make news headlines and concerns over more attacks resulting from geopolitical tensions increase, carriers have responded by increasing rates, limiting language and diminishing capacity. Additionally, due to the high severity of losses and the need for more disciplined capacity in the space, there has been an emergence of InsurTech carriers in the world of cyber insurance. These firms have moved beyond static questionnaires and are using proprietary technology to probe insureds' cyber defense and response systems in their underwriting processes to determine what coverage and limits will be offered. Regardless of the carrier looking at the business, insureds will need to prove that they have sophisticated cybersecurity controls in place just to receive a quote. One such control carriers are demanding to see out of insureds is Multi-Factor Authentication (MFA) since this protocol can deter ransomware and social engineering attacks. Many carriers will not even quote accounts without MFA implemented or will make binding subjective to a 30 to 60-day adoption of a stringent MFA policy across the company.



For public companies, it is also important to note that the Securities and Exchange Commission issued a new rule aiming to enhance and standardize disclosures regarding cybersecurity risk management and incident reporting. The new rule will require companies to disclose via 8-K information about a material cybersecurity incident within four business days. It also requires updated disclosures on previously disclosed incidents, as well as when a series of undisclosed immaterial cybersecurity incidents become material in the aggregate. Lastly, it requires reporting companies to describe their cybersecurity policies and procedures, if any, management's role in implementing cybersecurity policies and procedures and whether the board of directors possesses cybersecurity expertise.

Premium Change for Cyber, Q4 2016 - Q3 2021



Source: ciab.com/resources/q4-p-c-market-survey-2021/

Technology Errors & Omissions (Tech E&O)

For companies providing advisory services, creating blockchains or selling software in the digital asset space, Tech E&O will be an important line of coverage to consider. Tech E&O compensates claims related to professional mistakes that cause third-party damage. For example, a loss related to software you sold to a client had glitches that caused them to lose a month's worth of billing data would be covered by Tech E&O and would pay for the cost to recreate the billing data and additional costs associated with collecting the billings.

Directors & Officers (D&O)

For the last two years, D&O claim filings have trended downward compared to their elevated levels in 2017, 2018 and 2019. In 1Q22, 47 total D&O cases were filed, which would imply an annualized estimate of 188 total filings in 2022. This would represent the third year in a row of year-over-year decreases in total cases filed (210 cases were filed in 2021 and 328 were filed in 2020). Given this downward trend, elevated lawsuit dismissal rates, frequency of SPAC-related litigation still evolving and new capacity entering the marketplace, D&O pricing for recent renewals have consistently been more favorable than the rate highs of 2020. Companies considering an IPO, or a de-SPAC transaction should continue to expect elevated pricing and retentions, but both are generally more favorable than a year ago. Given market conditions and the need to ensure proper coverage for IPOs and de-SPACs, it will be paramount to engage your D&O team as early as reasonably possible.





Navigating 2022

- + **Building Valuations** – Building owners or lessors need to make sure the value of the building reflects recent changes made (i.e., new ventilation systems, adding more mining ASIC computers, automatic shutoffs, clean agent fire-suppression and VESDA, etc.) This will help with potential coinsurance problems and mitigate surprises to cash flow due to underinsured losses. It is important to keep your broker up to date with any changes made to the building, and update coverage to reflect sufficient values to ensure there are no gaps with your insurance coverage.
- + **Care Custody & Control** – Cryptocurrency mining operations need to consider care custody solutions when mining or holding coins for another company or individual. Custody solutions are one of the most recent innovations to evolve in the cryptocurrency ecosystem.³⁰ Private keys are used to conduct transactions or access to crypto holdings, and therefore losing physical custody is a real possibility for hot wallets or wallets connected to the internet.³¹ According to Investopedia, “The other important reason for the existence of cryptocurrency custody solutions is regulation. According to SEC regulation promulgated as part of the Dodd Frank Act, institutional investors that have customer assets worth more \$150,000 are required to store the holdings with a 'qualified custodian.’”³² For investors who do not want to manage or hold their own digital assets, it is important to understand the third-party custody security measures and effectively communicate these precautions with your broker.

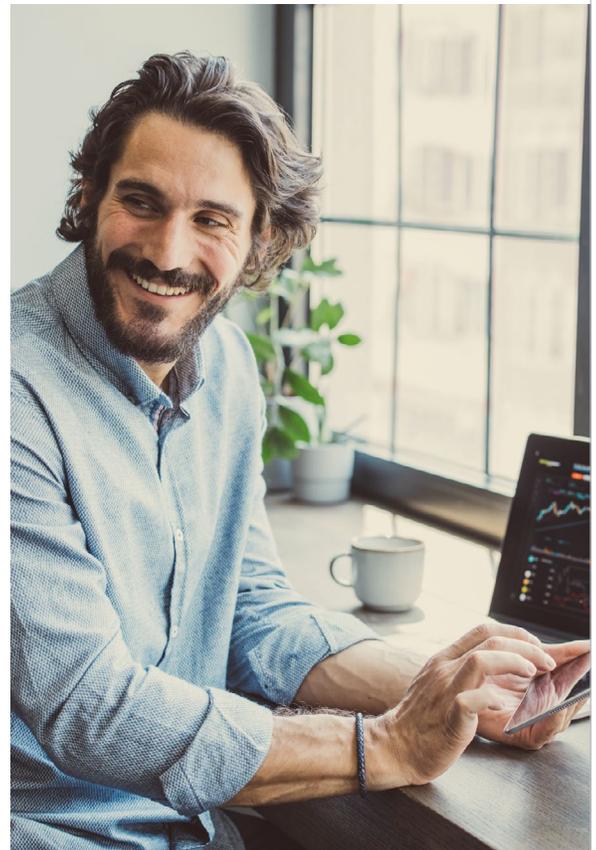
+ **Cyber Security** – Digital assets have been one of the fastest growing industries over the past decade, approaching nearly \$3 trillion in total value, and are showing no signs of a slowdown.³³ This exponential growth has unfortunately caught the attention of the cyber-criminal world.³⁴ According to Techradar, “This has led to an explosion in cryptocurrency scams in the past year, with Action Fraud estimating that such scams have risen by 57%.”³⁵ With the probability of cryptocurrencies becoming a mainstream asset class in the near future, it is critical for investors and players in this space to have a security-first approach by implementing multifactor authentication, using hardware wallets when available to store in cold wallets or offline computer environments.³⁶ The average cost of a data breach is unknown for cryptocurrency, but the Wall Street Journal reported that \$1.7 billion in cryptocurrency has been stolen in recent years.³⁷ Stock exchanges facilitate trading but do not actually hold securities on behalf of the investor, whereas cryptocurrency exchanges charge trading fees and store securities for investors. According to analysts, this makes crypto exchanges sitting ducks for theft.³⁸ Cryptocurrency exchanges are “easy to breach, with minimum effort and expense from attackers and with maximum return on investment,” said Robert Statica, president of BLAKFX, a cybersecurity firm in New York.³⁹ Since cryptocurrencies are fully decentralized, with no central authority monitoring transactions and low levels of regulation, it makes cryptocurrencies a criminal’s playground. All business and exchanges that use cryptocurrency exchanges are exposed to many risks and cyber security is at the top of the list.⁴⁰ Depending on the operations, if the digital assets are being held on behalf of another party, it is important to maximize your security measures and implement care, custody and control.

Cryptocurrency scams have risen by **57%** in the past year



Keys To Success In 2022

- + **Begin the Renewal Process Early** – The **General Liability, Excess/Umbrella, Cyber, and Property** markets have become constrained and more difficult to navigate in the disciplined market. Additionally, many carriers in the digital asset space are weary to place certain coverages or are offering less capacity and thus more carriers are being required to achieve desired limits. Due to general price increases across all lines of coverage and all industry sectors in the disciplined market, underwriters are being inundated with submissions as brokers and insureds look to minimize the additional costs. As such, turnaround times for quotes are increasing. To ensure success, insureds should start their renewal processes earlier than usual and allow brokers the time necessary to successfully canvass markets. If an underwriter is not yet decided on a company's terms of coverage or how much it will cost for insurance, then negotiating prices might become necessary, something which could lead some businesses into entering a captive since they cannot attain enough information from primary sources regarding pricing trends and capacity.
- + **Partner with Industry Experts** – The digital asset space presents a unique set of challenges and risks, and it is important to work with a broker who truly understands the business and the market for placing the risk. With the challenges insureds are facing in the more disciplined insurance market, it will be paramount to have a team able to best represent your risks, offer risk control services to improve processes, and demonstrates strong, reliable carrier relations. We take pride in our strong relationships with key trading partners, but even more so in difficult times. It is an evolving market and there is a lot of carrier education required for this risk, so partnering with a broker who is at the forefront of educating underwriters in this unfamiliar space is top priority. We have taken the initiative to plead client's cases and bridge that gap of conformability with new exposures like digital risks. This interaction not only builds rapport and allows the client to put a face (or voice) to a submission by telling their company's story; it also allows for insureds to control the narrative of their risk versus letting underwriters decide. This is particularly true if there have been losses and insureds are then able to explain what happened and use the opportunity to discuss lessons learned and what new practices have been implemented as a result, as opposed to underwriters simply reading a loss run.



- + **Client Advantage** – When insureds are considering new operations or entering the industry for the first time, it is important to communicate with your broker on the front end to ensure adequate valuations and coverages. Our experts can consult during the process of building new facilities, as well as in the acquiring, designing and implementing of new technologies. To avoid costly events during this process, it is important to be fully transparent and partner with a broker who is knowledgeable in this space.

- + **Highlight Cybersecurity** – With cyber policies becoming more expensive and difficult to place, it will be important for insureds to highlight the specificity of their cybersecurity programs. It is vital to highlight any additions in cybersecurity staffing or upgrades to programs as well as lessons learned from previous attacks or from remote learning. Insureds in the digital asset world should consider cold wallets verses hot wallets and have a multitude of security measures implemented when the transfer of assets takes place.

- + **Familiarity of State and Federal Laws** – Insureds should strive to be familiar with the laws applicable to their insurance program, risk management strategy and operations. There can be significant differences in litigation outcomes state by state and even county by county depending upon the jurisdiction. When insureds are looking to move or start operations at a new location, best practices would be to partner with your account team for consultation and optimal results when placing coverage.



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More Than Just Insurance

IMA is an integrated financial services company specializing in risk management, insurance, employee benefits and wealth management. It is the third-largest privately-held and employee-owned insurance broker in the country and employs more than 1,700 associates.

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Appendix B



2022 TECHASSURE

Technology Industry Benchmarking Study

Results as of 6/22/22

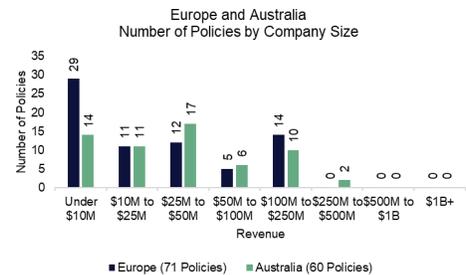
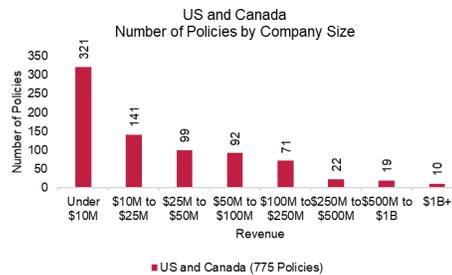


DATABASE

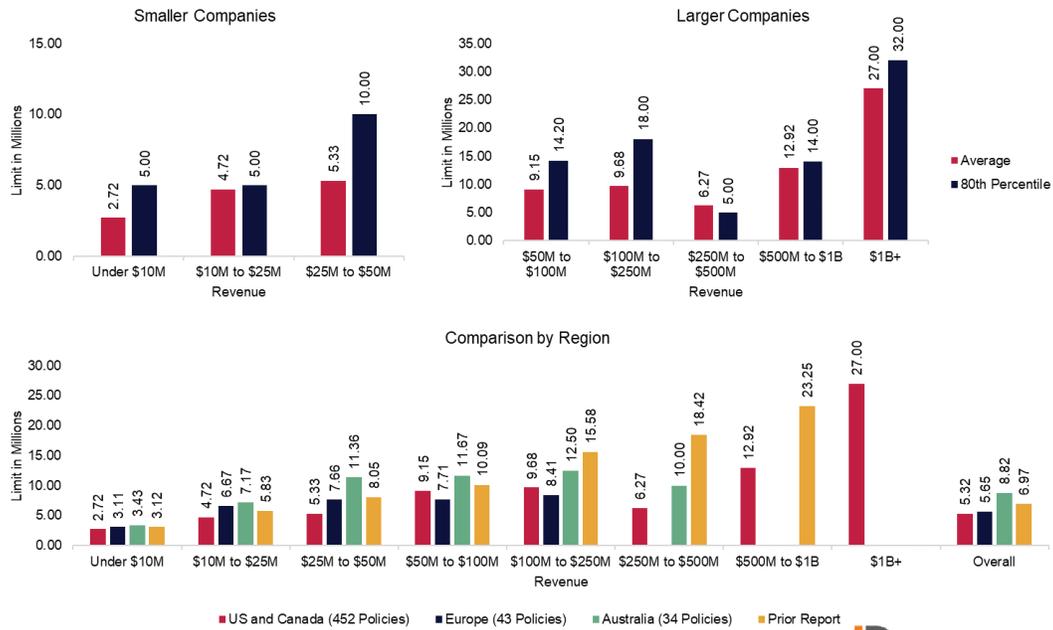
| Member | Number of Companies | Coverage | Number of Policies |
|---------------------------------|---------------------|-----------------------|--------------------|
| <u>US/Canada:</u> | | | |
| AHT Insurance | 29 | Package E&O and Cyber | 319 |
| Axis | 69 | E&O | 101 |
| Brown & Brown of New York, Inc. | 25 | Cyber | 109 |
| Cothrom | 24 | D&O | 377 |
| Diversified Insurance Group | 30 | | |
| Gregory & Appel | 27 | | |
| Holmes Murphy | 29 | | |
| IMA | 25 | | |
| Lawrie Insurance Group | 32 | | |
| MTM | 30 | | |
| Plexus | 25 | | |
| RHSB | 52 | | |
| Risk Balance | 29 | | |
| Wade Associates | 20 | | |
| <u>Europe:</u> | | | |
| Innovation Broking | 16 | | |
| Jori Armengol | 8 | | |
| Keaney Insurance Brokers, Ltd. | 9 | | |
| <u>Australia:</u> | | | |
| Avatar | 4 | | |
| Honan | 24 | | |
| <hr/> | | | |
| Number of Members | 19 | | |
| Number of Companies | 507 | | |

Comments

- Data is segmented by coverage, region and revenue.
- Values are converted to USD for comparison purposes.
- Database for Europe and Australia is small.



E&O AND CYBER LIMIT



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TECHASSURE

E&O AND CYBER LIMIT

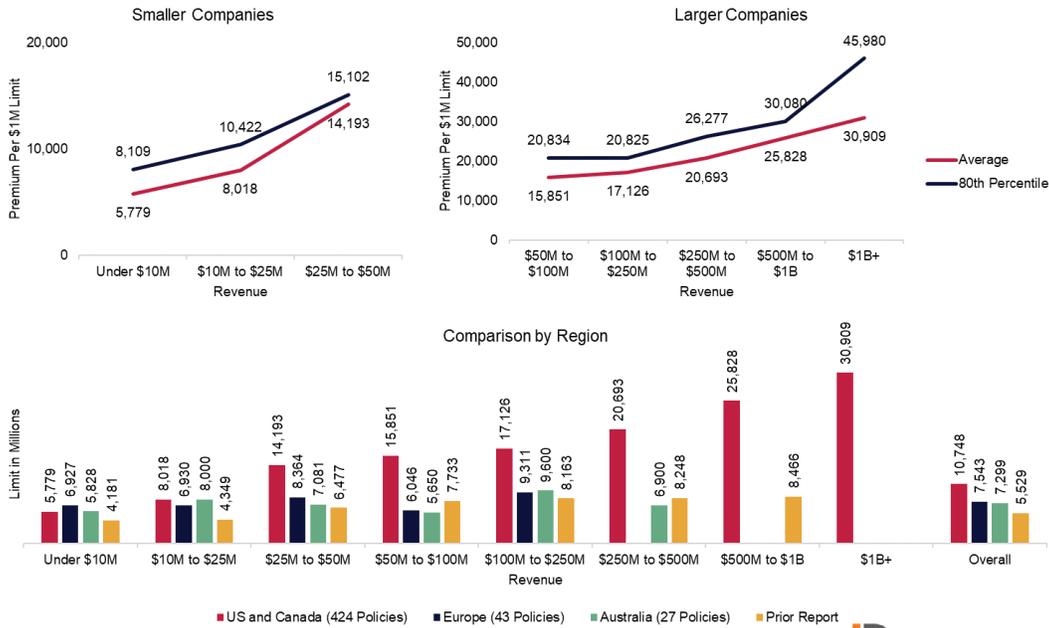
Comments

- Overall US and Canada limits purchased are down 9% annually (24% over 3-year period).
- Larger companies had a more drastic reduction in limits.
- Limits in Europe are comparable to limits in the US & Canada. Limits in Australia are higher than limits in the US & Canada. A larger database for Europe and Australia may lead to different results.

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E&O AND CYBER PREMIUM PER \$1M LIMIT

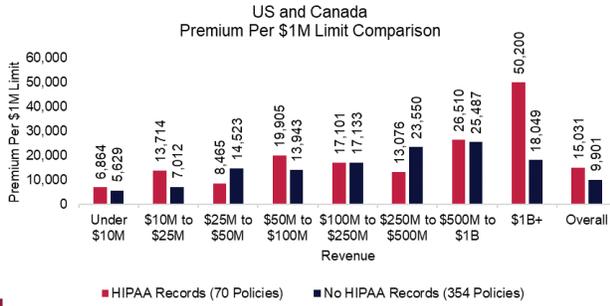
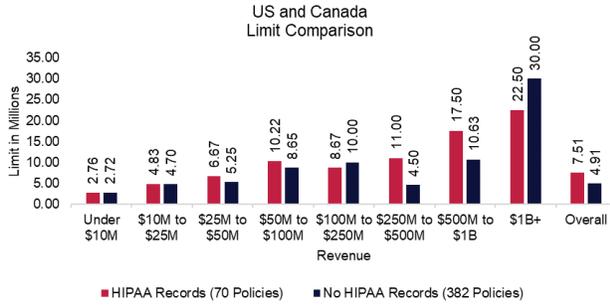


E&O AND CYBER PREMIUM PER \$1M LIMIT

Comments

- Overall US and Canada premiums per \$1M limit are up 25% annually (94% over 3-year period).
- In the US and Canada, larger companies pay significantly more per million of coverage than smaller companies. This could be because larger companies may have higher exposure (higher potential for more claims) and may be a greater target for cyber attacks.
- Overall premiums per \$1M limit in Europe and Australia are lower than premiums per \$1M limit in the US and Canada, particularly for larger companies. A larger database for Europe and Australia may lead to different results.

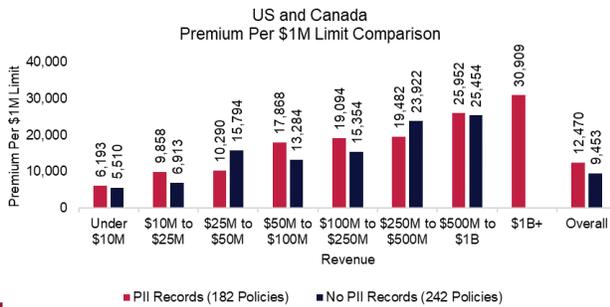
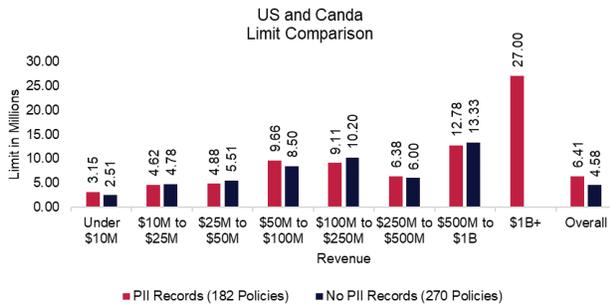
E&O AND CYBER – HIPAA RECORDS



Comments

- 15% of companies in the US and Canada indicated that they keep HIPAA records.
- Overall limits and premiums per \$1M limit are higher for companies in the US and Canada that keep HIPAA records.

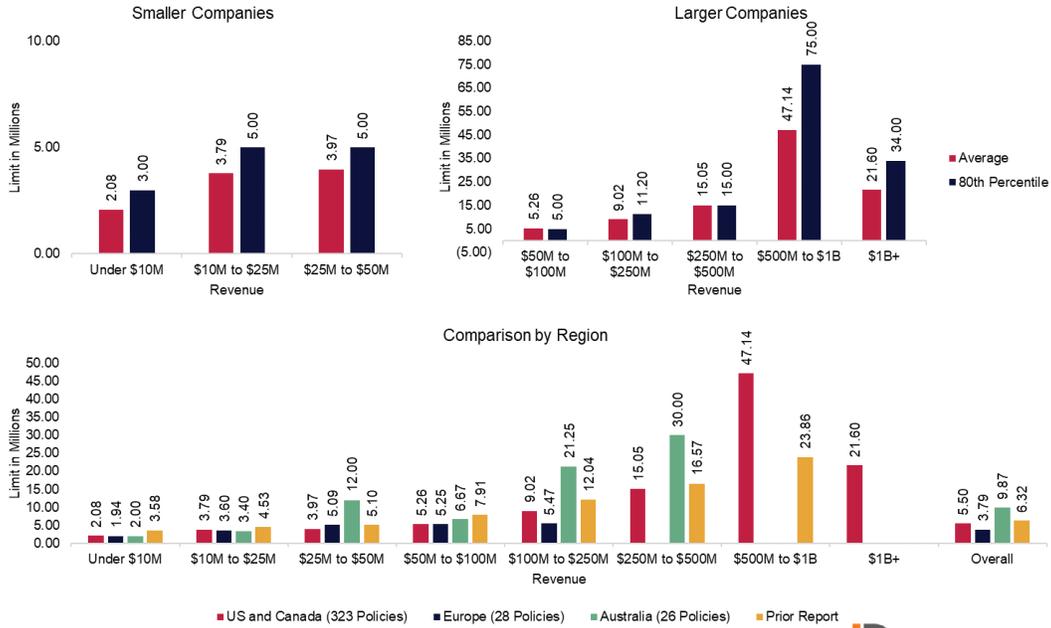
E&O AND CYBER – PII RECORDS



Comments

- 40% of companies in the US and Canada indicated that they keep PII records.
- Overall limits and premiums per \$1M limit are higher for companies in the US and Canada that keep PII records.

D&O LIMIT

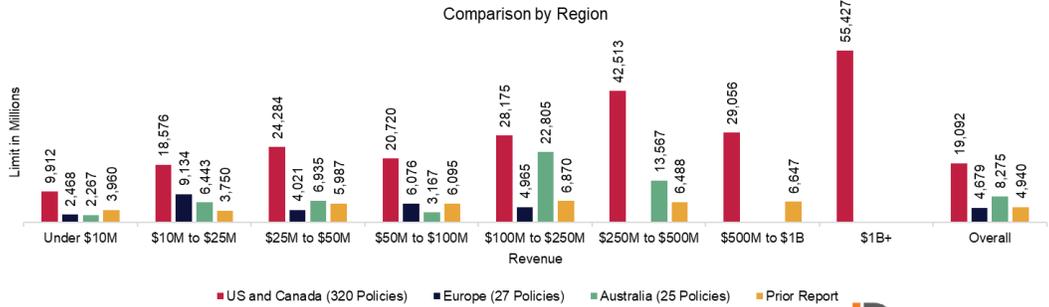
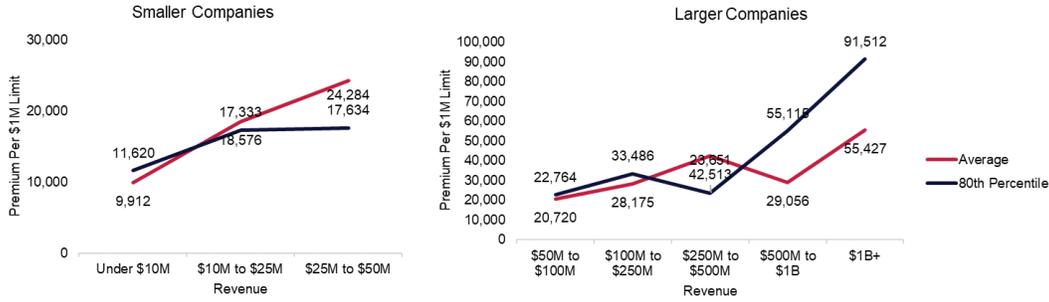


D&O LIMIT

Comments

- Overall US and Canada limits purchased are down 5% annually (13% over 3-year period).
- Limits in Europe are comparable to limits in the US & Canada. Limits in Australia are higher than limits in the US & Canada. A larger database for Europe and Australia may lead to different results.

D&O PREMIUM PER \$1M LIMIT



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D&O PREMIUM PER \$1M LIMIT

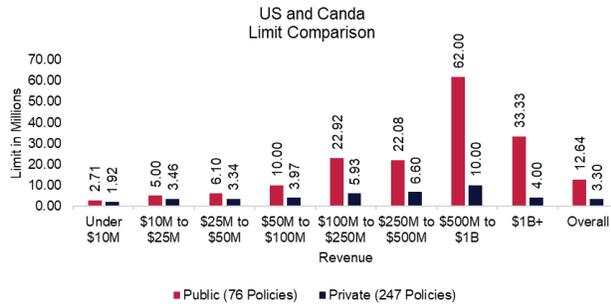
Comments

- Overall US and Canada premiums per \$1M limit are up 57% annually (286% over 3-year period).
- In the US and Canada, companies pay significantly more per million of coverage than companies in Europe and Australia. A larger database for Europe and Australia may lead to different results.

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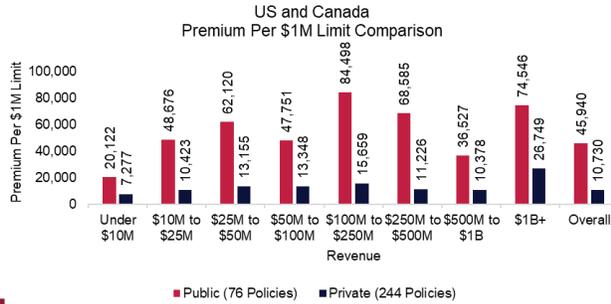
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D&O – PUBLIC AND PRIVATE



Comments

- 78% of companies in the US and Canada indicated that they are privately held.
- Overall limits and premiums per \$1M limit are significantly lower for companies in the US and Canada that are privately held.



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 TECHASSURE

OTHER COMMENTS

Feedback

- Do you anticipate any other trends in these coverages?
- How could this report be enhanced to further benefit its users?
- Other?

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 TECHASSURE



Appendix C



Policy Review for Riot Blockchain



POLICY REVIEW AND COMMENTARY – MACRO OVERVIEW

As the incumbent broker for Directors and Officers Liability for Riot Blockchain, as well as ESS Metron's full insurance portfolio, we are confident in our placement and believe we continue to deliver a best-in-class result for the lines of insurance for which we are currently responsible. In response to the question posed on the RFP, we've included our complete policy review and coverage analysis for Riot Blockchain's P&C, including Whinstone. We reviewed each of your policies and provided commentary, detailed analysis, and recommendations. At a high level, we conclude the following about Riot's P&C program:

- + Overall insurance program: "C+"
- + There are major duplications of coverage (CGL, Property) and small (but potentially major) mistakes like incorrect addresses that denote a multiple broker strategy and things "falling through the cracks." For instance, we cannot find Riot as a named insured on Whinstone's policies.
- + Renewal date consolidation should be considered, as there are more than 6 expiration dates in your current program.
- + There seems to be a major overlap in Riot (page 2) and Whinstone's (page 9) operations and a consolidated approach will result in lower costs and a more streamlined program design. In the event of a claim with multiple policies triggered (such as one location being covered by two carriers), coverage denials are to be expected due to a "other insurance" notable condition, which is found in all insurance policies.
- + There are notable omitted lines of coverage that should be considered such as cyber insurance, professional liability (E&O), aviation liability, crime, etc. A thorough investigation of risks will be advantageous to ascertain the need and risk threshold for Riot.
- + Riot maintains a significant number of contractual relationships that require a full review for compliance and oversight.
- + Riot's Property program can be improved with new markets and a change of position for others.
- + Riot's rapid growth has created a disjointed insurance program on the P&C and consolidation would lower costs and administrative burden.
- + It would be better for Riot to have their risks reviewed and underwritten by underwriters based in inland states [e.g., Denver, CO and Dallas, TX] rather than in California and New York; rates generated by coastal underwriters, even those with the same carrier, tend to be skewed and materially higher than their in-land counterparts due to significant differences in the litigation environment, claims experience and CAT exposures.
- + A fresh broker perspective provided by IMA will ensure that Riot Blockchain outperforms the insurance market on price, coverage, and service.



POLICY REVIEW AND COMMENTARY – EXECUTIVE SUMMARY

IMA would like to thank Riot Blockchain, Inc (“RIOT”) for the partnership over the last several years. We are very confident that we remain uniquely qualified to serve as RIOT’s insurance broker for your holistic insurance program, which includes ESS Metron and Whinstone. Our RFP response will hopefully illustrate our capabilities in the cryptocurrency mining space and the resources and tools that is at RIOT’s disposal.

Our Digital Asset + Blockchain team performed a complete audit on RIOT’s Property & Casualty program and the results of that audit follow. As noted, as your current broker for ESS Metron’s entire portfolio and RIOT’s Executive Risk (Directors & Officers Liability), we remain confident these placements are of high-quality and outperform the market.

RIOT’s current P&C program leaves much to be desired. On the surface, many of the markets used are of good quality and limits seem mostly adequate for a company of your size. However, digging into the policy language and the work product of the current P&C program, it’s clear that attention to detail has been missing. There are very basic procedural issues that do not appear to have been addressed. There are duplications of coverage, including separate General Liability/Property policies for each location. The addresses do not match in many cases. There are more than half a dozen renewal dates that could be easily consolidated for an annual renewal for all lines at a time convenient for RIOT. These are basic insurance management issues that we would consider to be of paramount importance.

Understanding the relationship between the RIOT and Whinstone policies would help us determine how to properly arrange the risk transfer between the entities and ensure that no gaps in coverage exist. For instance, having the entities listed as named insureds on the corresponding policies is a simple and cost-free best practice. Consolidating coverage should be considered for both a coverage and cost standpoint.

The pricing for the overall program is high. While it is true that obtaining coverage for Bitcoin Mining is more costly than more traditional industries, IMA places coverage for more than 40% of the collective hash rate in the US and we expect RIOT would enjoy some of the best-in-class rates given Whinstone’s state of the art facility. In a portfolio audit, we commonly find premiums more elevated than our current IMA partners, as most brokers do not have a sizable volume of crypto mining clients. IMA has relationships and market intelligence to deliver more for our clients, as is evidenced by your experience with our Executive Risk Services team handling your Directors & Officers Liability.

There are also coverage items that we would expect to see for a company like RIOT that are missing, including: cyber, E&O, aviation, crime, etc. Perhaps these have been explored and declined or perhaps coverage was unable to be obtained for some reason. We would seek to advise RIOT on their entire risk profile and obtain insurance options for review.

In the pages that follow, you will see notes from our team on coverage concerns, questions to be asked, as well as general commentary for each policy. Problematic exclusions and endorsements are listed along with the basic policy details. Ideally, we would review this in detail with the appropriate RIOT team to address as many of these issues and re-write coverage where necessary.

Our grade of a **C+** is due to the lack of attention to detail, missed consolidation opportunities, above market pricing, and an overly chaotic renewal schedule.



POLICY REVIEW AND COMMENTARY – RIOT PROPERTY + CASUALTY

Carrier: AIX Specialty Insurance Co. (Hanover) → **New York Location (Primary)**
Policy Period: 9/14/2021 - 9/14/2022
Policy Premium: \$100,485
Named Insured: Riot Blockchain, Inc.

Overall Commentary: Coverage was bound using a wholesale broker (RT Specialty). While not an inherent issue, the NY office rarely places crypto business and we would expect to improve on this policy in a number of ways. The rate is high, even for Excess and Surplus lines carriers. We would seek to find a better primary carrier with lower rates and coverage designed specifically for the crypto mining industry. Hanover is not known for having crypto mining in their appetite.

- + Mailing Address: 202 6th Street Suite 401 Castle Rock CO 80104
 - + Dec Page: \$10,000,000 Occurrence Limit – Primary Loss Limit Policy; permission for excess Endorsement
 - o Deductible \$25K per Occurrence
 - o Replacement Cost / Special Form
 - + **Property Address: 194 Country Route 45, Messena NY 13662**
 - o \$10M Business Personal Property – Insured
 - o No business interruption
 - + Endorsements
 - o EXCLUSION – Pollution
 - o EXCLUSION – Pre-Existing Damage
-

Carrier: Kinsale Insurance Carrier → **New York Location (Excess)**
Policy Period: 9/14/2021 - 9/14/2022
Policy Premium: \$40,463
Named Insured: Riot Blockchain, Inc.

Overall Commentary: Coverage was bound using a wholesale broker (RT Specialty). While not an inherent issue, the NY office rarely places crypto business and we would expect to improve on this policy in a number of ways. The rate is high, even for Excess and Surplus lines carriers. We would seek to find a better excess carrier with lower rates and coverage designed specifically for the crypto mining industry.

- + Mailing Address: 202 6th Street Suite 401 Castle Rock CO 80104
- + **Property Address: 194 Country Route 45, Messena NY 13662**



Policy Review for Riot Blockchain

- \$4.5M xs \$10M (Hanover)
 - + Endorsements
 - EXCLUSION – Pre-Existing Damage
 - EXCLUSION – Pollution
 - EXCLUSION – Flood
 - EXCLUSION – Earth Movement
 - EXCLUSION - Boiler & Machinery
-

Carrier: Hartford Steam Boiler → **NY Machinery Breakdown**
Policy Period: 9/14/2021 - 9/14/2022
Policy Premium: \$3,639
Named Insured: Riot Blockchain, Inc.

Overall Commentary: No major concerns with this policy. The cyber exclusion could play a role in the event of a ransomware attack that damages equipment. H-ANT is a file locking malware that targets ASICS with the threat of overheating. This policy should be broadened to cover all locations.

- + Mailing Address: 202 6th Street Ste 401 Castle Rock CO 80104
 - + **Property Address: 194 Country Route 45, Messena NY 13662**
 - \$14.5M Limit / \$25k Deductible / 24 Hrs Interruption of Service Waiting Period
 - Accident: Included
 - Electronic Circuitry Impairment: Included
 - Property Damage: Included
 - Civil Authority: Included
 - Extra Expense: \$1,000,000
 - Contingent BI: EXCLUDED
 - + Endorsements
 - Data Compromise Endorsement – Response Expenses & Defense & Liability: \$50K
-

Carrier: Mount Vernon Fire Insurance (USLI) → **CA Office Policy**
Policy Period: 9/8/2021 - 9/14/2022
Policy Premium: \$1,086
Named Insured: Riot Blockchain, Inc.



Overall Commentary: Excess and Surplus Lines Carrier. Could be improved by moving to standard market. Several coverage restrictions are added via endorsement. Addresses do not match other policies.

- + Mailing Address: 202 6th Street Suite 401 Castle Rock CO 80104 – *different than CO policy*
- + Property
 - o 650 Town Center Drive Suite 1670 Costa Mesa CA 92626
 - o \$15,000 Business Income with Extra Expense
 - o 80% Coinsurance Clause
 - o \$17,000 PP of Others (*CO is rated on Business Personal Property*)
 - o \$1,000 Deductible / 80% Coinsurance / RC
 - o Protective Devices or Services Provisions Endorsement – *Exclusions Added*
 - o P-6: All electric is on functioning and operational circuit breakers (9/8/2021)
 - o P-5 Functioning and operational smoke/heat detectors in all units or occupancies (9/8/2021)
- + CGL
 - o \$1M/\$3M (Prem Ops & Med Expense only)
 - o *AI/PI EXCLUDED*
 - o *PCO EXCLUDED*
 - o Rated on: 61228 Buildings or Premises
 - o 2,964 sq ft
 - o 156.062 Rate
- + Endorsements
 - o EXCLUSION: War/Terrorism – Absolute
 - o Expanded Definition of BI – Adds Mental Anguish to Exclusion – *Restriction*
 - o EXCLUSION – Products Completed Ops
 - o EXCLUSION – Unmanned Aircraft – *Drones would be excluded.*
 - o EXCLUSION – New entities – *Subsidiaries, holding companies, etc. are not automatically covered.*
 - o EXCLUSION – Personal & Advertising Injury
 - o EXCLUSION – Independent Contractors – *Likely a concern*
 - o EXCLUSION – Absolute Firearms Exclusion
 - o EXCLUSION – Bodily Injury – WC – adds/includes AI and family members of employees, ICs, Volunteers
 - o EXCLUSION – Absolute Professional Liability (*includes failure to protect in care, custody, or control*)
 - o EXCLUSION – Absolute Pollution
 - o Premises Limitation Endorsement – *Only applies to scheduled premises*
 - o EXCLUSION – Liquor Liability
 - o EXCLUSION – Earth Movement
 - o EXCLUSION – Water (flood)



Carrier: Mount Vernon Fire Insurance (USLI) → **CO Office Policy**
 Policy Period: 9/8/2021 - 9/14/2022
 Policy Premium: \$1,035
 Named Insured: Riot Blockchain, Inc.

Overall Commentary: Excess and Surplus Lines Carrier. Could be improved by moving to standard market. Several coverage restrictions are added via endorsement. Addresses do not match other policies.

- + Mailing Address: 834F S Perry Street Ste 443 Castle Rock CO 80104 – [different than CA policy](#)
- + Property
 - o 202 Sixth Street Suite 401 Castle Rock CO 80104 –Overhead transmission lines nearby
 - \$15K BI w/ EE – 80% Coinsurance Clause
 - \$17,000 Business Personal Property / \$1k Deductible / 80% - [CA is rated PPO](#)
 - Equipment Breakdown – Included – [CA does not include](#)
 - Protective Devices or Services Provisions Endorsement – [Exclusions Added](#)
 - o P-6: All electric is on functioning and operational circuit breakers (9/14/2021)
 - o P-5 Functioning and operational smoke/heat detectors in all units or occupancies (9/14/2021)
 - o P-1: Automatic Sprinkler System, Including related supervisory services (9/14/2021)
 - o P-7: Functioning and operational central station burglar alarms with a monitoring contract (9/14/2021)
- + GL
 - o \$1M/\$2M limit
 - [AI/PI Excluded](#)
 - [PCO Excluded](#)
 - Rated on: 61228 Buildings or Premises
 - 1,200 sq ft
 - 119.454 Rate
- + Endorsements
 - o EXCLUSION – Bodily Injury – WC – adds/includes AI and family members of employees, ICs, Volunteers
 - o EXCLUSION – Products Completed Ops
 - o EXCLUSION – Unmanned Aircraft – [Drones would be excluded.](#)
 - o EXCLUSION – New entities - [Subsidiaries, holding companies, etc. are not automatically covered.](#)



Policy Review for Riot Blockchain

- EXCLUSION – Personal & Advertising Injury
- EXCLUSION – Independent Contractors – [Likely a concern](#)
- EXCLUSION – Absolute Firearms Exclusion
- EXCLUSION: War/Terrorism – Absolute
- EXCLUSION – Absolute Professional Liability ([includes failure to protect in care, custody, or control](#))
- EXCLUSION – Absolute Pollution
- Premises Limitation Endorsement – only applies to scheduled premises
- EXCLUSION – Liquor Liability EXCLUSION – Absolute Pollution
- Premises Limitation Endorsement – only applies to scheduled premises – [However location is not referenced on endorsement! CGL coverage is questionable.](#)
- EXCLUSION – Liquor Liability
- EXCLUSION – Earth Movement
- EXCLUSION - Water
- Building Tenant Obligations - \$5,000 for Tenant Improvements & Betterments
- Maintenance of Heat Condition

Carrier: Mount Vernon Fire Insurance (USLI) → **TX Office Policy**
Policy Period: 9/8/2021 - 9/14/2022
Policy Premium: \$963
Named Insured: Riot Blockchain, Inc.

Overall Commentary: Excess and Surplus Lines Carrier. Could be improved by moving to standard market. Several coverage restrictions are added via endorsement. Addresses appears to be an apartment.

- + Mailing Address: 202 6th Street Suite 401 Castle Rock CO 80104
- + Property
 - 4810 Spicewood Springs Road Unit 260 Austin TX 78759 – [Appears to be an apartment or condo building. Has overhead transmission lines](#)
 - \$15,000 BI w/ EE – 80% Coinsurance
 - 17,000 BPP - \$1,000 Deductible – 80% Coinsurance Clause
 - Equipment Breakdown
 - Protective Devices or Services Provisions Endorsement – Exclusions Added
 - P-6: All electric is on functioning and operational circuit breakers (9/8/2021)
 - P-5 Functioning and operational smoke/heat detectors in all units or occupancies (9/8/2021)
- + CGL
 - \$1M/\$2M
 - [AI/PI Excluded](#)



- PCO Excluded
 - Rated on: 61228 Buildings or Premises (PCO EXCLUDED)
 - 2,373sq ft
 - 99.899 Rate
- + Endorsements
 - EXCLUSION – Bodily Injury – WC – adds/includes AI and family members of employees, ICs, Volunteers, etc.
 - EXCLUSION – Products Completed Ops
 - EXCLUSION – Unmanned Aircraft – Drones would be excluded.
 - EXCLUSION – New entities - Subsidiaries, holding companies, etc. are not automatically covered.
 - EXCLUSION – Personal & Advertising Injury
 - EXCLUSION – Independent Contractors – Likely a concern
 - EXCLUSION – Absolute Firearms Exclusion
 - EXCLUSION: War/Terrorism – Absolute
 - EXCLUSION – Absolute Professional Liability (includes failure to protect in care, custody, or control)
 - EXCLUSION – Absolute Pollution
 - Premises Limitation Endorsement – only applies to scheduled premises
 - EXCLUSION – Liquor Liability EXCLUSION – Absolute Pollution
 - Premises Limitation Endorsement – only applies to scheduled premises – However location is not referenced on endorsement! CGL coverage is questionable.
 - EXCLUSION – Liquor Liability
 - EXCLUSION – Earth Movement
 - EXCLUSION - Water
 - Building Tenant Obligations - \$5,000 for Tenant Improvements & Betterments

Carrier: Markel → **Texas Location (Property/Hardware/Transit)**
Policy Period: 12/31/2021 – 12/31/2022
Policy Premium: \$330,000
Named Insured: Riot Blockchain, Inc.

Overall Commentary: Markel is a good market for crypto mining. However, the pricing on this program is high compared to IMA's experience in placing with this market. We need to explore relationship with Whinstone to determine whether coverage can be consolidated. Flood/quake coverage should be considered. Property in transit limit may be insufficient for the transport of mining equipment.

- + Mailing Address: 202 6th Street Suite 401 Castle Rock CO 80104



Policy Review for Riot Blockchain

- + 25% MINIMUM EARNED PREMIUM
- + **Property Address: 2721 Charles Martin Hall Road Building B Rockdale TX 76567**
 - o Protective Device/Service:
 - o 3-Guard 24/7 Security/Fire Watch Service; 500,000 Gallon water truck with firefighting hoses & pump – Coverage will be removed without 100% compliance.
 - o \$10M “hardware”
 - o No Business Income
 - o \$10k Additional Debris Removal
 - o \$2,500 Emergency Removal Services
 - o No Newly Acquired Locations Coverage
 - o \$500k Newly Purchased or Leased Hardware
 - o \$10k Property in Transit
 - o No Flood / EQ
 - o No Off-Premises Utility Service Interruption (overhead lines seen in Google)
- + Endorsements
 - o EXCLUSION – Cryptocurrency and/or Bitcoin

POLICY REVIEW AND COMMENTARY – WHINSTONE PROPERTY + CASUALTY

Carrier: Starr via ACE/Chubb → **Primary Property**
Policy Period: 10/1/2021 – 10/1/2022
Policy Premium: \$500,536
Named Insured: Whinstone US, Inc.

Overall Commentary: The most pressing concern with the primary property policy is the carrier (Starr) has issued a moratorium on all crypto business on a go-forward basis. It is unclear whether their reinsurance treaties will permit them to renew this policy. This would be a ground-up rebuild of Whinstone’s property program. The entire policy needs to be reassessed, as it has been modified via 32 endorsements which affect loss limits and limitations of coverage in ways unable to be determined. We would suggest a higher deductible and an evaluation of loss limit. For instance, Building F is valued higher than limits.

- + **Address: 2721 Charles Martin Hall Rd Rockdale TX 76567**
- + \$25,259,201 Limit of Liability / \$100k Deductible (Rate 0.2623)
 - o \$1M Flood
 - o \$5M Earthquake (exception CA)
 - o \$25,259,201 Named Windstorm



Policy Review for Riot Blockchain

- No Business Interruption
- \$50k Extra Expense (40/80/100% payout)
- \$50k Ingress/Egress
- \$10M Debris Removal
- \$100k Increased Cost of Construction & Demolition
- \$250k Newly Acquired Real & Personal Property
- \$50k Property in Transit
- \$50k Unintentional E&O
- \$50k Unnamed Locations
- + Endorsements
 - Boiler & Machinery Endorsement
 - Electronic Data Processing Endorsement
 - EXCLUSION: Virus, Bacteria, Microorganism
 - EXCLUSION: Mold
 - EXCLUSION: Political Risk
 - AP endorsement #31 adding \$83,700,869 Property to 2721 Charles Martin Hall Road Rockdale TX 76567
 - AP endorsement #32 (replaces #30) adding \$101,993,179 Equipment
 - AP Endorsement #33 - Adding Office Building #6 @ \$250k
 - AP Endorsement #34 - Adding Workshop Expansion @ \$502,685 Property

Carrier: RLI Insurance Company → **Electronic Data Processing (EDP)**
Policy Period: 3/4/2022 - 3/4/2023
Policy Premium: \$21,949
Named Insured: Whinstone US, Inc.

Overall Commentary: The pricing is high for an EDP policy of this size. An alternate wholesaler was used for some reason, which likely complicated the market and resulted in the cost. Perhaps desired, there is no coverage for Bldg D or E.

- + **Address: 2721 Charles Martin Hall Rd Rockdale TX 76567**
 - + \$5,010,675 Limit of Liability / \$25k Deductible
 - Mechanical Breakdown
 - No coverage for Protection and Control Systems, Telecommunications or Reproduction Equipment.
 - Software exclusion.
 - Server exclusion.
-



Policy Review for Riot Blockchain

Carrier: Chubb → **Commercial General Liability**
Policy Period: 11/1/2021 – 11/1/2022
Policy Premium: \$6,916
Named Insured: Whinstone US, Inc.

Overall Commentary: Excellent carrier. However, crypto mining is not within their appetite and we have seen them non-renew or decline to offer coverage for Riot's peers. The main issue with this policy is that it is auditable, meaning the rating basis used (revenue) can be audited to determine if the exposure was as initially represented. \$60M in revenue is grossly incorrect and Chubb may determine that more premium is owed after the policy's expiration. There are notable exclusions on this policy that may impact Riot's overall program.

- + Mailing Address: 2721 Charles Martin Hall Rd Rockdale TX 76567
- + GL Limit: \$1M/\$2M
 - o Rated on \$60M Revenues – This is incorrect and is subject to audit and large premium increase.
 - o 00183 "Electronic- Software Manufacturing – Low (risk)" – Incorrect classification can result in nonrenewal.
- + Employee Benefits Liability Limit: \$1M/\$2M - \$1K Deductible - 11/1/2021 Retroactive Date - Was there occurrence coverage before this?
 - o Rated on 133 employees – Incorrect and is subject to audit and premium increase.
- + Endorsements:
 - o \$50k Product Withdrawal Expenses & Crisis Assistance – With restrictions
 - o EXCLUSION – Professional Liability – Total
 - o EXCLUSION – Security Guards (Appears to be armed only, however Whinstone Security, LLC needs to indemnify Whinstone US, Inc. and named them as insured on separate CGL)
 - o EXCLUSION – Loss of Use of Electronic Data
 - o EXCLUSION – Alcoholic Beverages
 - o EXCLUSION – War
 - o EXCLUSION – Pollution – Total
 - o EXCLUSION – Damage to Property of Others- Total (Care, Custody & Control) – A concern

Carrier: Chubb → **Auto**
Policy Period: 11/1/2021 – 11/1/2022
Policy Premium: \$31,775
Named Insured: Whinstone US, Inc.



Overall Commentary: Excellent carrier. There are no major issues on this policy.

- + Mailing Address: 2721 Charles Martin Hall Rd Rockdale TX 76567
- + \$1M Limit - > Symbol 1 Liability
- + \$10k Med Pay - > Symbol 2
- + \$1,000 OTC & Collision Deductibles -> Symbol 2, 8
- + Vehicles
 - o 2019 Ford F150#6831
 - o 2019 Dodge Ram #2444
 - o 2014 Intl 4300M7 #8082
 - o 2021 Dodge 4500 #5782
 - o 2021 Chevy Silverado #1628
 - o 2019 Dodge 2500 #5616
 - o 2022 Freightliner M2 #7907
 - o 2020 Toyota 4Runner #3977
 - o 2019 Ford F150 #9248
 - o 2022 Dodge Ram #5131
 - o 2022 Dodge Ram #5132
- + HNO rated on 133 employees – [This is a possible an audit risk.](#)
- + Endorsements
 - o Primary Non-Contributory – per contract
 - o Drive Other Car – “Name of Individual: Full Coverage” - ?
 - o Rental Reimbursement - \$40/30 – [Only on 2020 Toyota #3977](#) - ?
 - o No towing & labor

Carrier: Chubb → **\$5M Excess Liability (Umbrella)**
Policy Period: 11/1/2021 – 11/1/2022
Policy Premium: \$6,585
Named Insured: Whinstone US, Inc.

Overall Commentary: Excellent carrier. However, as noted, crypto mining is not within their appetite and we have seen them non-renew or decline to offer coverage for Riot’s peers. This will follow the underlying liability forms, so any limited exclusions will be repeated here. It also does not appear to “sit above” Whinstone’s Employers Liability (Workers Compensation), which is an issue.

- + Mailing Address: 2721 Charles Martin Hall Rd Rockdale TX 76567
- + \$5M limit
 - o Underlying
 - o Chubb GL



Policy Review for Riot Blockchain

- Chubb Auto
 - Chubb EBL
 - [No Employers Liability \(Workers Compensation policy\)](#)
 - + Endorsements
 - EXCLUSION – Care, Custody, Control (Real & Personal Property) – [Concerning](#)
 - EXCLUSION – Professional Services
 - EXCLUSION – Pollution
 - EXCLUSION – Security Guards
 - EXCLUSION – Loss of Use of Electronic Data
 - EXCLUSION – War
-

Carrier: AIG → **\$10M x \$5M Excess Liability (Umbrella)**
Policy Period: 11/1/2021 – 11/1/2022
Policy Premium: \$25,250
Named Insured: Whinstone US, Inc.

Overall Commentary: Adequate carrier. This will follow the underlying liability forms, so any limited exclusions will be repeated here. It also does not appear to “sit above” Whinstone’s Employers Liability (Workers Compensation), which is an issue.

- + Mailing Address: 2721 Charles Martin Hall Rd Rockdale TX 76567
 - + \$10M limit
 - + Endorsements
 - EXCLUSION: Real Estate Development – Development or Construction – [A concern](#)
 - EXCLUSION – Construction Operations – [A concern](#)
-

Carrier: Liberty → **\$10M x \$15M Excess Liability (Umbrella)**
Policy Period: 11/1/2021 – 11/1/2022
Policy Premium: \$12,625
Named Insured: Whinstone US, Inc.

Overall Commentary: Adequate carrier. This will follow the underlying liability forms, so any limited exclusions will be repeated here. It also does not appear to “sit above” Whinstone’s Employers Liability (Workers Compensation), which is an issue.

- + Mailing Address: 2721 Charles Martin Hall Rd Rockdale TX 76567
- + \$10M limit
- + Endorsements



Policy Review for Riot Blockchain

- EXCLUSION: Real Estate Development – Development or Construction – [A concern](#)
 - EXCLUSION – Construction Operations – [A concern](#)
-

Carrier: Ascot → **Pollution Liability**
Policy Period: 10/1/2021 – 10/1/2022
Policy Premium: \$341,754
Named Insured: Whinstone US, Inc.

Overall Commentary: Good carrier. No major issues with coverage on this policy. Would seek alternative options as pricing may be high.

- + Mailing Address: 2721 Charles Martin Hall Rd Rockdale TX 76567
 - + \$25M Limit / \$100k Deductible / 72 Hr Waiting Period
 - Covered Location
 - Miscellaneous Pollution
 - Emergency & Crisis Management Costs
 - Business Income & Extra Expense
 - EXCLUSION: Underground Storage Tanks
-

Carrier: Allied World → **Contractors Pollution Liability**
Policy Period: 10/1/2021 – [10/1/2023](#)
Policy Premium: \$111,572
Named Insured: Whinstone US, Inc.

Overall Commentary: Good carrier. No major issues with coverage on this policy. Coverage extends through 2023 and has a 100% minimum earned premium, meaning Whinstone cannot cancel the policy or change carriers to seek premium savings or higher limits.

- + Mailing Address : 2721 Charles Martin Hall Road Rockdale TX 76567
- + [100% Minimum Earned Premium](#)
- + \$25M Limit / \$50 Deductible
- + Endorsements
 - \$250k Strategic Response Costs
 - \$50k Strategic Management Loss
 - Broadened Bodily Injury Definition
 - Covered Project & Completed Operations Extension – OCIP



Policy Review for Riot Blockchain

- Name: Whinstone Bldg D Bldg E Bldg F & Bldg G
 - Address: 2721 Charles Martin Hall Road Rockdale TX 76567
 - Owner: Whinstone US, Inc
 - Description: Construction of buildings D, E, F, G – [Future buildings or locations are not covered.](#)
 - TRIA Endorsement – includes certified act
 - Microbial matter & Pollution Incident Definition Amendment – [Excludes virus](#)
 - Other Insurance Amendment
 - EXCLUSION – Damage to Conveyance (during transportation unless third party)
 - EXCLUSION – Underground Storage Tank
 - EXCLUSION – War
-

POLICY REVIEW AND COMMENTARY – **WHINSTONE BUILDERS RISK + WRAP**

Carrier: Everest → **Builders Risk (Primary)**
Policy Period: 11/9/2021 – [4/30/2022](#)
Policy Premium: \$142,518
Named Insured: Whinstone US, Inc.

Overall Commentary: [Good carrier. Pricing was exceptionally high. We have placed similar sized BDR programs for a fraction of the premium cost, even with longer terms. There are notable exclusions and concerns with policy language. Flood limits are low. Hot testing language needs review and confirmation that Whinstone is not doing anything. However, unless this policy has been extended, it is no longer in force. It also references being “in excess of other insurance” which is problematic language for a primary BDR policy.](#)

- + Mailing Address: PO Box 1421 Rockdale TX 76567 – [This is different than other policies.](#)
- + Including TRIA
- + Total Project Value: \$161,630,320
- + Limits:
 - \$75M per Occurrence Property Damage - 100% Participation / \$25k Ded
 - \$0 Soft Costs
 - \$0 Delayed Opening
 - \$25M Earth Movement / \$100k Deductible
 - \$5M Flood / \$250k Deductible
 - \$75M Named Windstorm / 2% Varatol; \$100k Min



Policy Review for Riot Blockchain

- \$100k Fungus & Mold
 - \$100k Claim Preparation Costs
 - \$100k Pollution Cleanup
 - \$25k Rewards
-

Carrier: Starr → **Builders Risk (Excess \$86,630,320 X \$75M)**
Policy Period: 12/2/2021 – [5/30/2022](#)
Policy Premium: \$147,334
Named Insured: Whinstone US, Inc.

Overall Commentary: Good carrier. Pricing was exceptionally high. We have placed similar sized BDR programs for a fraction of the premium cost, even with longer terms. The biggest issue here is whether the underlying BDR policy was extended, as the dates do not match.

- + Mailing Address: PO Box 1421 Rockdale TX 76567
 - + Limit: \$86,630,320 Aggregate (xs of \$75M)
 - No Excess Flood, EQ
 - + EXCLUSION – Mold, Fungi, Wet Rot, Dry Rot & Bacteria
 - + EXCLUSION – Named Storm Exclusion
 - + EXCLUSION – Communicable Disease
-

Carrier: Allied World → **WRAP (Primary)**
Policy Period: 12/2/2021 – [12/2/2025](#)
Policy Premium: \$2,642,947
Named Insured: Whinstone US, Inc.

Overall Commentary: Good carrier. A full review of the scope of the project needs to be conducted by our Property Risk Control team to determine if this program is adequately protecting Riot/Whinstone. Pricing seems high. Similar to other policies, many details may have been missed after the Riot acquisition of Whinstone.

- + Mailing Address: 2721 Charles Martin Hall Road Rockdale TX 76567
- + 35% Minimum Earned Premium (Advance Premium: \$1,500,000)
- + Limit: \$2M/\$4M
- + Med Expense Excluded
- + TRIA Included
- + [Audit: Annually](#)
- + Location: 2721 Charles Martin Hall Road Rockdale TX 76567
- + Endorsements:



Policy Review for Riot Blockchain

- Primary & Non-Contributory
 - Waiver of Subrogation
 - EXCLUSION – Med Pay
 - Limitation of Coverage to Designated Premises, Project, or Operation: 2721 Charles Martin Hall Road Rockdale TX 76567
 - EXCLUSION – Fungi or Bacteria
 - EXCLUSION – EFIS
 - EXCLUSION – Silica
 - EXCLUSION – Contractors Professional Liability
 - Contractual Liability – Railroads: “Scheduled Railroad: all railroads all job sites” ([There is a railroad on/near location/site](#))
 - EXCLUSION – Aircraft Products & Grounding
 - EXCLUSION – Asbestos
 - EXCLUSION – Lead
 - EXCLUSION – Radioactive Matter
 - EXCLUSION – Residential Construction Operations
 - EXCLUSION – Chromated Copper Arsenate
 - Section V – Definitions Amendatory – “to be added” - [Problematic and vague](#).
 - Products-Completed Operations Hazard Extension of Coverage – [limits to 10 years?](#)
 - Additional Named Insured “to be added” – [Vague and problematic](#).
 - Damage to Your Product Amendment
- + AP Endorsement eff 5/4/2022 to add: 6980 FM 709 S. Corsicana, TX 75110

Carrier: Allied World → **WRAP (Excess)**
Policy Period: 12/2/2021 – [12/2/2025](#)
Policy Premium: \$1,606,500
Named Insured: Whinstone US, Inc.

Overall Commentary: Good carrier. A full review of the scope of the project needs to be conducted by our Property Risk Control team to determine if this program is adequately protecting Riot/Whinstone. Pricing seems high. Similar to other policies, many details may have been missed after the Riot acquisition of Whinstone.

- + Mailing Address: 2721 Charles Martin Hall Road Rockdale TX 76567
- + [Fully Earned Premium](#)
- + \$10M Limit
- + Endorsements
 - Defense Costs: Do not Erode
 - Non-Followed:
 - Liberalization Clause
 - Notice of Cancellation
 - Service of Suit



- Crisis Management
 - UM/UIIM
 - Adjustable Premium
 - \$2.10 per \$1,000 - > \$877,000,000 Estimated Total Cost
 - Limitation of Coverage
 - PCO Extension – 10 years from the earliest applicable time
 - EXCLUSION – Asbestos
 - EXCLUSION – Failure to Supply (gas, oil, water, electricity, or steam)
 - PNC
 - EXCLUSION – Auto
 - EXCLUSION – Communicable Disease
 - EXCLUSION - Property Damage to Designated Project during the course of Construction – [This is potentially a massive limitation. Unclear as to the intent from the underwriter.](#)

 - + Endorsement to add Corsicana TX – no AP
-

Carrier: Navigators → **WRAP (Excess \$15M x \$10M)**
Policy Period: 12/2/2021 – [12/2/2025](#)
Policy Premium: \$577,500
Named Insured: Whinstone US, Inc.

Overall Commentary: Good carrier. A full review of the scope of the project needs to be conducted by our Property Risk Control team to determine if this program is adequately protecting Riot/Whinstone. Similar to other policies, many details may have been missed after the Riot acquisition of Whinstone.

- + Mailing Address: 2721 Charles Martin Hall Road Rockdale TX 76567
 - + Minimum Earned Premium: \$144,375
 - + Limit: \$15M x \$10M
 - + Endorsements:
 - EXCLUSION – Communicable Disease
 - EXCLUSION – Residential
 - EXCLUSION – Condo or Townhome
 - EXCLUSION – EFIS
 - EXCLUSION – Professional Services
 - Construction project Endorsement with Completed Operations Extension
-



POLICY REVIEW AND COMMENTARY – WHINSTONE SECURITY

Carrier: Cincinnati Insurance → **Commercial General Liability**
Policy Period: 3/3/2022 – 3/3/2023
Policy Premium: \$32,523
Named Insured: Whinstone Security, LLC

Overall Commentary: Good carrier. There are several limiting endorsements that need to be removed. Whinstone US, Inc. and Riot Blockchain, Inc. both need to be named insureds on this policy.

- + Mailing Address: Po Box 1421 Rockdale TX 76567
 - + 25% Minimum Earned Premium
 - + Subject to Annual Audit
 - + TRIA Included
 - + \$1M/\$2M Limit / \$2,500 Deductible
 - o Med Expense Excluded
 - + Security Agency E&O Endorsement
 - + Location: 2721 Charles Martin Hall Rd Rockdale TX 76567 – policy only covers ops here
 - + Classification: 98751 – Security & Patrol Agencies
 - o Rated on \$630,000 Payroll
 - o \$50.807 Rate
 - + Endorsements
 - o EXCLUSION – BI to Contractors or Subcontractors – [Look to remove.](#)
 - o EXCLUSION – Communicable Disease, Contagious Disease, or Infectious Disease – [Look to remove.](#)
 - o EXCLUSION – Med Pay – standard for security guards
 - o EXCLUSION – Total Pollution
 - o EXCLUSION – Property Entrusted
 - o EXCLUSION – IP
 - o Limitation – No Stacking of Limits
-

Carrier: Ascot → **Excess Liability (Umbrella)**
Policy Period: 3/3/2022 – 3/3/2023
Policy Premium: \$27,615
Named Insured: Whinstone Security, LLC

Overall Commentary: Good carrier. No major issues other than a few endorsements that need to be reviewed to determine if problematic.

- + Mailing Address: Po Box 1421 2721 Charles Martin Hall Road Rockdale TX 76567



Policy Review for Riot Blockchain

- + 25% Minimum Earned Premium
 - + \$5M Limit
 - o Underlying: Cincinnati \$1M/\$2M
 - + Endorsements
 - o EXCLUSION – Communicable Disease
 - o EXCLUSION – Unmanned Aircraft (*Are any drones used for security?*)
 - o EXCLUSION – Cannabis
 - o EXCLUSION – Continuous or Progressive Injury or Damage
-

<END>



About IMA Financial Group

IMA Financial Group, Inc. (IMA) is an integrated financial services company specializing in risk management, insurance, employee benefits solutions and wealth management. It is the third-largest privately held and employee-owned insurance broker in the country and employs over 1,700 associates.

