

CYBER SECURITY LIABILITY COVERAGE FORM

COVERAGES E., F., AND G. ARE CLAIMS MADE AND REPORTED COVERAGES.

CLAIM EXPENSES ARE INCLUDED WITHIN THE AVAILABLE LIMIT OF INSURANCE. ANY CLAIM EXPENSES PAID UNDER THIS COVERAGE FORM WILL REDUCE THE AVAILABLE LIMITS OF INSURANCE AND MAY EXHAUST THEM COMPLETELY. PLEASE READ THE ENTIRE POLICY CAREFULLY.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the **named insured** shown in the Declarations, and any other person or organization qualifying as a **named insured** under this policy. The words "we," "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in bold have special meaning. Refer to Section III.
DEFINITIONS.

In consideration of the payment of the premium and in reliance upon all statements and information furnished to us, including all statements made in the **application** form, its attachments and the material incorporated therein, which are incorporated herein and deemed to be a part of this policy, we agree as follows:

I. **INSURING AGREEMENTS**

We will only provide coverage under this policy when a limit of insurance is shown in ITEM 4 in the Declarations, and only until such limit of insurance has been exhausted. Any payment or reimbursement to you or on your behalf shall reduce the available POLICY AGGREGATE LIMIT OF INSURANCE stated in the policy Declarations. We, in your name and on your behalf, shall have the right and duty to investigate, defend and conduct settlement negotiations, including selection of defense counsel, in any **claim** or suit.

A. **Loss of Digital Assets**

We will indemnify you for **loss** you incur, in excess of the applicable deductible, including **special expenses**, as a direct result of damage, alteration, corruption, distortion, theft, misuse, or destruction of your **digital assets**, directly caused by a **covered cause of loss**.

Such **covered cause of loss** must first occur and be discovered by a **knowledgeable person** during the **policy period**, and must be reported by you to us as soon as practicable, however in no event no later than sixty (60) days after the expiration of the **policy period**. Covered expenses and costs will be reimbursed for a period of up to twelve (12) months following the discovery of the damage, alteration, corruption, distortion, theft, misuse, or destruction of your **digital assets**, unless specified otherwise by endorsement to this policy. We will only indemnify you for **losses** where you provide clear evidence that **loss** resulted from a **covered cause of loss**.

B. **Non-Physical Business Interruption and Extra Expense**

We will reimburse you for income loss, **interruption expenses**, and **special expenses** incurred by you during the **period of restoration** directly as a result of the total or partial interruption, degradation in service, or failure of the **computer system** that exceeds the **time retention** shown in the Declarations, and which is caused directly by a **covered cause of loss**.

A **covered cause of loss** under this section must first occur and be discovered by a **knowledgeable person** during the **policy period**, and reported by you to us no later than sixty (60) days after the expiration of the **policy period**.

C. Cyber Extortion Threat

We will reimburse you for the **extortion expenses** and **extortion monies**, in excess of the applicable deductible shown in the Declarations, paid by you and resulting directly from any **credible threat** or series of **credible threats** that include a demand for **extortion monies** that first occurs during the **policy period**.

Extortion expenses and **extortion monies** shall not be paid without prior consultation with us and with our express written **consent**. You must make every reasonable effort to notify the local law enforcement authorities; and notify the Federal Bureau of Investigation or similar equivalent foreign agency, before surrendering any **extortion monies** in response to an extortion demand.

D. Security Event Costs

We will reimburse you for **security event costs** and **special expenses**, in excess of the applicable deductible shown in the Declarations, up to the Limit of Liability for Insuring Agreement **D.** shown in the Declarations, when you incur **security event costs** or **special expenses** during the **period of recovery** from a **security breach, privacy breach, or breach of privacy regulations** that first occurs and is reported to us during the **policy period** and such costs directly result from either:

1. Complying with any statute, rule or regulation or from a judgment or settlement to which we have consented in writing, consent decree, or other legal obligation, to notify the affected individuals of such **security breach**; or
2. Minimizing harm to your brand or reputation from an **adverse media report**.

Such **security event costs** shall include **claim expenses**, subject to our express written consent, as a result of a civil regulatory action including a regulatory compensatory award, civil penalty or fine, to the extent insurable by law, when imposed by a state, federal or governmental regulatory body against you. **Security event costs** shall also include amounts which you are legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a regulatory proceeding (including such amounts required to be paid into a "Consumer Redress Fund"); but shall not include payments to charitable organizations or disposition of such funds other than for payment of consumer claims for losses caused by an event covered under Insuring Agreements E. or F. of this policy. You must report such costs no later than sixty (60) days after the expiration of the **policy period**.

All **security event costs** and **special expenses** incurred solely to minimize harm to your brand or reputation from a **newsworthy event** require our prior written consent; such consent shall not be unreasonably withheld. We will not make any payment under Insuring Agreement **D.** unless the **security breach, privacy breach, or breach of privacy regulations** first occurs within the **policy period** and after the **retroactive date** stated in the Declarations; is discovered by a **knowledgeable person** within the **policy period** and is reported to us within sixty days (60) after the end of the **policy period**.

Coverage under this paragraph is limited to the aggregate limit of insurance shown in the Declarations as applying to Insuring Agreement **D.** In no event will we provide coverage for such costs where they are recoverable under Insuring Agreement **B.**

E. Network Security And Privacy Liability Coverage

We shall pay on your behalf those amounts, in excess of the applicable deductible shown in the Declarations, which you are legally obligated to pay as **damages** and **claim expenses**

arising from your acts, errors or omissions, or from acts, errors or omissions of others for whom you are legally responsible, including outsourcers or vendors, provided such acts, errors or omissions follow a **security breach** or **privacy breach** and occur on or after the **retroactive date** set forth in the Declarations and before the end of the **policy period**.

Damages and **claim expenses** must arise from a **claim(s)** first made against you during the **policy period** and reported to us in writing within sixty days (60) after the end of the **policy period** or within the Supplemental Extended Reporting Period, if purchased.

F. Employee Privacy Liability Coverage

We shall pay on your behalf those amounts, in excess of the applicable deductible shown in the Declarations, which you are legally obligated to pay as **damages** and **claim expenses** arising out of a **privacy breach** or the breach of **privacy regulations** by you or by others for whom you are legally responsible, including outsourcers and vendors, that results in damage to any **employee** or **employees** of yours provided the breach occurs on or after the **retroactive date** set forth in the Declarations and before the end of the **policy period**. **Damages** and **claim expenses** must arise from a **claim(s)** first made against you during the **policy period** and reported to us within sixty days (60) after the end of the **policy period** or within the Supplemental Extended Reporting Period, if purchased.

G. Electronic Media Liability Coverage

We shall pay on your behalf all sums, in excess of the applicable deductible shown in the Declarations, which you are legally obligated to pay as **damages** and **claim expenses** as a result of any **claim** first made against you during the **policy period** and reported in writing to us within sixty days (60) after the end of the **policy period** for an **electronic media peril** provided that such **electronic media peril** occurs on or after the **retroactive date** set forth in the Declarations and before the end of the **policy period**, or within the Supplemental Extended Reporting Period, if purchased; for any **electronic media peril** that first occurred on or after the **retroactive date**.

H. Cyber Terrorism Coverage

We will reimburse you for income loss, **interruption expenses** and **special expenses** in excess of the applicable deductible shown in the Declarations, incurred by you during the **period of restoration** directly as a result of total or partial interruption, degradation in service, or failure of the **computer system** that exceeds the **time retention** and which is directly caused by an **act of terrorism**. Such **act of terrorism** must be discovered by a **knowledgeable person** during the **policy period** and reported to us within sixty (60) days after the end of the **policy period**.

II. COVERED CAUSES OF LOSS

A. Accidental Damage or Destruction

1. Accidental physical damage or destruction of **electronic media**, so that stored **digital assets** are no longer machine-readable;
2. Failure in power supply or under/over voltage, only if such power supply is under your direct operational control. Direct operational control includes back-up generators; or
3. Electrostatic build-up and static electricity.

B. Administrative or Operational Mistakes

An accidental, unintentional, or negligent act, mistake, error or omission in:

1. The entry or modification of your **electronic data**;

2. The creation, handling, development, modification, or maintenance of your **digital assets**; or
3. On-going **computer system** operation or maintenance, excluding the design, architecture, or configuration of the **computer system**.

by your **employee** or a **BPO service provider** or **outsourced IT service provider**.

Administrative or operational mistakes shall not include normal wear and tear or degradation of your **computer system** or any **computer system** for which you are legally liable, due to normal use.

C. Computer Crime and Computer Attacks

An act, mistake, negligent error or omission in the operation of your **computer system** or handling of your **digital assets** by your **employee**, or by a **BPO service provider** or **outsourced IT service provider**, that fails to prevent or hinder any of the following attacks which was intended to maliciously cause harm to your **computer system**:

1. **Denial of service**;
2. **Malicious code**;
3. **Unauthorized access**; or
4. **Unauthorized use**.

III. DEFINITIONS

The following definitions shall apply equally to the singular and plural forms of the respective words:

- A. **Act of terrorism** means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of, or in connection with any organization(s) or government(s), committed for political, religious, ideological, or similar purposes including the intention to influence any government and/or put the public, or any section of the public, in fear.
- B. **Adverse media report** means a broadcast or publication to the general public of a **newsworthy event**.
- C. **Application** means all applications, including any attachments thereto, and all other information and materials submitted by or on your behalf to us, in connection with the underwriting of this policy. All such applications, attachments, information and materials are deemed attached to and incorporated into this policy.
- D. **Bodily injury** means physical injury, sickness, disease, disability, mental anguish, mental injury or emotional distress caused by a person, including death resulting therefrom at any time.
- E. **BPO service provider** means any third party independent contractor that provides business process outsourcing services for your benefit under a written contract with you, including but not limited to, call center services, fulfillment services, and logistical support.
- F. **Claim** means a written demand received by you for monetary or non-monetary **damages**, or the service of a suit or institution of arbitration proceedings arising from your acts, errors or omissions or from acts, errors or omissions of others for whom you are legally responsible, including outsourcers or vendors. **Claim** shall also include any request to toll the statute of limitations relating to a potential **claim** involving an alleged act, error, or omission.

G. Claim expenses mean:

1. Reasonable and necessary fees charged by an attorney whom we pre-approve in writing;
2. All other legal costs and expenses resulting from the investigation, adjustment, defense and appeal of a **claim**, suit, or proceeding arising in connection therewith, or circumstance which might lead to a **claim**, if incurred by us, or by you with our prior written consent, such consent not to be unreasonably withheld. However **claim expenses** do not include your overhead expenses or any salaries, wages, fees, or benefits of your **employees** for any time spent in cooperating in the defense and investigation of any **claim** or circumstance that might lead to a **claim** notified under this policy; or
3. Appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required in any **claim** against you; provided we shall have no obligation to appeal or to obtain bonds.

H. Coinsurance percentage means the percentage of contribution that you will retain of covered **losses** or expenses.

I. Computer hardware means the physical components of any **computer system** including CPU's, memory storage devices, storage media, and input/output devices and other peripheral devices and components including but not limited to cable, connectors, fiber optics, networking equipment, **electronic data** storage devices, input and output devices, backup facilities, wire, power supply units, keyboards, display monitors and audio speakers.

J. Computer program(s) means an organized set of instructions that, when executed, causes a computer to behave in a predetermined manner. **Computer program(s)** include but are not limited to communications, networking, operating system, internet hosting applications, data processing and related **computer programs** used to create, maintain, modify, process, retrieve, store, and/or transmit **electronic data**.

K. Computer system means an electronic, wireless, web or similar systems (including all **computer hardware**, **computer programs** and **electronic data**) used to process data or information in an analog, digital, electronic or wireless format, including but not limited to, associated input and output devices, data storage devices, networking equipment, wired or wireless peripherals, electronic backup facilities, and media libraries, that is owned or leased, operated and controlled by you or operated by an independent contractor authorized to provide **BPO services** or **outsourced IT services** for you.

L. Continuity date means those dates as set forth as such in ITEM 6 in the Declarations.

M. Covered cause of loss means the types of perils covered by this policy, as defined in Section II. above.

N. Credible threat means a threat to:

1. Release, divulge, disseminate, destroy or use your **digital assets** acquired by **unauthorized access** or **unauthorized use** of your **computer system**;
2. Introduce **malicious code** into your **computer system**;
3. Corrupt, damage or destroy your **computer system**;
4. Electronically communicate with your customers and falsely claim to be you or to be acting under your direction in order to falsely obtain personal confidential information of your customers (also known as "pharming," "phishing," or other types of false communications); or

5. Restrict or hinder access to your **computer system**, including the threat of a criminal or malicious **denial of service**;
- O. **Credit protection services** means free credit report, identity theft protection services, credit monitoring services, credit freezes or fraud alerts for the affected individuals as appropriate. **Credit protection services** must be reasonable and necessary costs for which you incur subject to our prior written consent, such consent not to be unreasonably withheld. With respect to credit monitoring services or identity theft protection services, we will reimburse only for twelve (12) months of such costs for each affected individual who is at least eighteen (18) years old beginning on the date of your discovery of such **security breach** or **privacy breach**, unless there is a rule, regulation, or statute requiring otherwise.
- P. **Customer notification expenses** means reasonable and necessary legal expenses, postage expenses, and related advertising expenses you incur and to which we pre-approve in writing in order to comply with state or federal privacy legislation mandating customer notification in the event of the actual or suspected **unauthorized access** by a third party to non-public personal financial or medical information of an individual person. **Customer notification expenses** do not include **public relations expenses** or other consultant or vendor services.
- Q. **Damages** means a monetary judgment, award, or settlement, including punitive damages or exemplary damages where insurable by law, as determined by the applicable law that most favors coverage for such **damages**, but does not include the multiple part of any multiplied damage award, fines, taxes, sanctions or statutory penalties, including those based upon legal fees whether imposed by law, court or otherwise.

The definition of **damages** shall not include or mean:

1. Your future profits, restitution, or disgorgement of profits or lost income; or the cost to comply with orders granting injunctive relief, including specific performance, or any agreement to provide such relief;
 2. Return, reduction, loss, restitution or offset of fees, charges, royalties, lost profits or commissions for goods or services already provided or contracted to be provided;
 3. Liquidated damages pursuant to a contractual provision, fines or penalties;
 4. Any amount which you are not financially or legally obligated to pay;
 5. Matters that may be deemed uninsurable under the law pursuant to which this policy may be construed;
 6. Costs to comply with injunctive, non-monetary or declaratory relief orders; including specific performance or any agreement to provide such relief;
 7. Costs incurred to convert, re-perform or complete any work; or
 8. Discounts, coupons, refunds or other incentives offered to your customers or clients.
- R. **Denial of service** means unauthorized or unexpected interference or malicious attack by any person(s) or entity(ies) that restricts or prevents access to a **computer system** by persons or entities authorized to gain access to the **computer system** or **digital assets**.
- S. **Digital assets** mean **electronic data** and **computer programs** that exist in a **computer system**. **Digital assets** do not include **computer hardware**.
- T. **Electronic data** means machine-readable information that exists in a **computer system**, including but not limited to your business information and customer information, other than **computer programs**.

U. Electronic media means floppy disks, CD ROM's, hard drives, magnetic tapes, magnetic discs, or any other media on which **electronic data** is recorded or stored.

V. Electronic media peril means the display by you of **electronic data** on your internet or intranet site that directly results in any of the following:

1. Defamation, libel, slander, product disparagement or trade libel;
2. Invasion of an individual's right of privacy or publicity, including false light, intrusion upon seclusion, commercial misappropriation of likeness, and public disclosure of private facts;
3. Plagiarism or misappropriation of ideas under an implied contract;
4. Infringement, misappropriation or violation of any copyright, trademark, trade name, trade dress, title, slogan, service mark or service name; or
5. Domain name infringement or improper deep-linking or framing.

Electronic media peril does not mean infringement, misappropriation or violation of any patent.

W. Employee(s) means any individual in your service, including any part-time, seasonal, and temporary **employee**, who is compensated by salary, wages, fees or commissions and over whom you have the right to direct and control, but excluding any of your partners or directors. **Employee(s)** also include leased workers and independent contractors while acting on your behalf for whom you are legally responsible to indemnify.

X. Extortion expenses means all reasonable and necessary expenses you **directly** incur with our prior written consent, such consent not to be unreasonably withheld, as a result of a **loss** under Insuring Agreement **C.**, other than **extortion monies**.

Y. Extortion monies means any funds or property you will pay, with our prior written consent, such consent shall not be unreasonably withheld, to a person or persons reasonably believed to be responsible for the extortion threat insured under Insuring Agreement **C.** for the purpose of terminating that threat and all residual effects.

Z. Insured means the **named insured**, any **insured organization** or any director or officer thereof.

AA. Insured organization means the **named insured** and any **subsidiaries** of the **named insured** as disclosed on your **application** for this insurance.

BB. Interruption expenses mean those expenses incurred to:

1. Avoid or minimize the suspension of business as a result of the total or partial interruption, degradation in service, or failure of the **computer system** caused directly by a **covered cause of loss** that you would not have incurred had no **loss** occurred including, but not limited to, the use of rented/leased external equipment, substitution of other work or production procedures, use of third party services; or additional staff expenditures or labor costs. The amount of such **interruption expenses** recoverable under this Subparagraph **1.** shall in no case exceed the amount by which the covered income loss is reduced by such incurred expenses; and
2. Minimize or avoid a **covered cause of loss** and continue your business.

Interruption expenses do not include **special expenses**.

CC. Knowledgeable person means your President, Executive Director, Chairman, Chief Information Officer, Chief Technology Officer, Chief Security Officer, Risk Manager, General Counsel or his/her functional equivalent.

DD. Loss means expenses, costs and **special expenses** you incur as a direct result of a **covered cause of loss**. Loss shall not mean and we shall have no duty to reimburse you for:

1. Restoring or updating **digital assets** to a level beyond that which existed prior to the **covered cause of loss** or replacing them with **digital assets** to a level beyond that which existed prior to the **covered cause of loss**;
2. Physical damage to the **computer hardware** or data center, other than that covered under Section **II. A.**
3. Contractual penalties, liquidated or consequential damages, except those penalties or damages that the **insured** would be liable for in the absence of a contract or agreement;
4. Economic or market value of **digital assets**, unless specifically endorsed as an agreed value to this policy. Based upon an evaluation of the information you provided with the **application**, we may agree by endorsement to reimburse you based upon an agreed value amount for defined categories or specific **digital assets**;
5. Costs or expenses incurred to repair, restore, remediate, replace, reprogram, redesign, reconfigure, maintain, identify, patch, remove, or eradicate software program errors or **computer system** vulnerabilities; or to restore the **computer system** to a level of functionality beyond that which existed prior to the **covered cause of loss**; or
6. Any **losses** paid under Insuring Agreement **B.**

Loss under Insuring Agreement **B.** shall not mean, and we shall have no duty to reimburse you for:

- a. Any loss arising out of a natural peril, including but not limited to fire, wind, water, flood, subsidence, or earthquake, that results in physical damage to **computer hardware** and/or the data center;
- b. Any loss expense arising out of updating or replacing **digital assets** to a level beyond that which existed prior to the **covered cause of loss**;
- c. Any liability to third parties for whatever reason, including legal costs and expenses of any type;
- d. Fines or penalties imposed by law;
- e. Costs or expenses incurred to identify, patch, or remediate software program errors or **computer system** vulnerabilities;
- f. Loss of goodwill and reputational harm; or
- g. Costs or expenses incurred to repair, restore, remediate, replace, reprogram, redesign, reconfigure, maintain, identify, patch, remove or eradicate software program errors, or to restore the **computer system** to a level of functionality beyond that which existed prior to the **covered cause of loss**.

EE. Malicious code means unauthorized and corrupting or harmful computer code, including but not limited to computer viruses, spy ware, Trojan horses, worms, logic bombs, and mutations of any of the preceding.

FF. Named insured means the individual, partnership, entity or corporation designated as such in ITEM 2 in the Declarations.

GG. Newsworthy event means an event that has been caused by an actual or potential **privacy breach, security breach**, or violation of **privacy regulations**, and such actual or potential **privacy breach, security breach**, or violation of **privacy regulations** has been publicized to the general public through a media channel, such as television, print media, radio or electronic networks, the internet and/or electronic mail.

HH. Outsourced IT service provider means a third party independent contractor that provides information technology services for your benefit under a written contract with you. Outsourced services include but are not limited to hosting, security management, co-location, and data storage. **Outsourced IT service provider** shall also mean a sub-contractor or sub-vendor, added by endorsement to this policy.

II. Period of recovery and period of restoration mean the period of time that:

1. Begins after the time of interruption, degradation or failure of the **computer system**; and
2. Ends on the earlier of:
 - a. The date when the **computer system** is restored or could have been repaired or restored with reasonable speed to the same condition, functionality and level of service that existed prior to the **loss** plus no more than thirty (30) consecutive days after the restoration of the **computer system** to allow for restoration of the business; or
 - b. One hundred and twenty (120) consecutive days after the notice of **loss**.

The expiration date of this policy will not cut short the **period of recovery** or the **period of restoration**.

JJ. Personally identifiable information means any individual's name in combination with any one or more of the following, whether in electronic or paper format:

1. Social security number;
2. Driver's license number or any other state identification number;
3. Non-public medical or healthcare data including protected health information;
4. Any account number, or credit or debit card number in combination with any required password, access or other security code that would permit access to the financial account; or
5. Non-public personal information as defined in any **privacy regulation**.

KK. Policy aggregate limit means the Policy Aggregate Limit of Insurance for this policy set forth in ITEM 4 in the Declarations.

LL. Policy period means the period of time from the effective date to the expiration date specified in ITEM 1 in the Declarations, or any earlier cancellation date.

MM. Pollutants mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

- NN. Privacy breach** means a common law or statutory breach of confidence or violation of any common law or statutory rights to privacy, including but not limited to breach of your **privacy policy**, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, or public disclosure of a person's private information.
- OO. Privacy policy** means your policies in written or electronic form that govern the collection, dissemination, confidentiality, integrity, accuracy or availability of **personally identifiable information** provided to your **employees** or third parties.
- PP. Privacy regulations** means the following statutes and regulations associated with the confidentiality, access, control and use of **personally identifiable information** including but not limited to:
1. Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191), known as HIPAA, including Title II that requires protection of confidentiality and security of electronic protected health information and the rules and regulations promulgated thereunder as they currently exist and as amended, including related state medical privacy laws as they currently exist and as amended;
 2. Gramm-Leach-Bliley Act of 1999 (G-L-B), also known as the Financial Services Modernization Act of 1999, including sections concerning security protection and standards for customer records maintained by financial services companies, and the rules and regulations promulgated thereunder as they currently exist and as amended;
 3. State Attorneys General and Federal Trade Commission enforcement actions regarding the security and privacy of consumer information;
 4. Governmental privacy protection regulations or laws, such as California Database Protection Act of 2003 (previously called SB 1386), as they currently exist now or in the future, associated with the control and use of personal information, including but not limited to requirements to post privacy policies, adopt specific privacy controls, or inform customers of actual or suspected breaches of security that has or may impact their personal information;
 5. Privacy provisions of consumer protection laws, such as the Federal Fair Credit Reporting Act (FCRA) and the California Consumer Credit Reporting Agencies Act (CCCRAA);
 6. Children's Online Privacy Protection Act or similar laws as they exist now or in the future; and
 7. EU Data Protection Act or other similar privacy laws worldwide as they exist now or in the future.
- QQ. Professional service** means those acts or services requiring specialized knowledge, skill or professional judgment, which you render, or for which any person or entity renders on your behalf, to others pursuant to a written agreement and for a fee or other consideration.
- RR. Property damage** means physical injury to tangible property, including all resulting loss of use of such property or loss of use of tangible property that is not physically injured.
- SS. Proposal** means your signed **application** and any attachments to such **application**, submitted in connection with the underwriting of this policy, including an **application** submitted as a renewal or midterm for a newly acquired **subsidiary**.
- TT. Public relations expenses**, other than **customer notification expenses**, means the reasonable and necessary expenses you incur to re-establish your reputation or public image that was damaged as a direct result of Section II. C. of the **covered causes of loss**.

UU. Retroactive date means those dates as set forth as such in ITEM 6 in the Declarations.

VV. Security breach means:

1. **Unauthorized access** of your **computer system** or **unauthorized use of computer systems** including **unauthorized access** or **unauthorized use** resulting from the theft of a password from your **computer system**;
2. A **denial of service** attack against your **computer systems**; or
3. Infection of your **computer systems** by **malicious code** or transmission of **malicious code** from your **computer systems**,

whether any of the foregoing is a specifically targeted attack or a generally distributed attack.

A series of continuing **security breaches**, related or repeated **security breaches**, or multiple **security breaches** resulting from a failure(s) of computer security, shall be considered a single **security breach** and be deemed to have occurred at the time of the first such **security breach**.

WW. Security event costs means all reasonable and necessary fees, costs, and outside expenses you incur with our prior written consent in connection with a **security breach**, **privacy breach** or breach of **privacy regulations**, as described below:

1. Notification costs and related expenses that you incur to comply with requirements of governmental statutes, rules or regulations, or which you incur as a result of a judgment, settlement, consent decree, or other legal obligation, including the services of an outside legal firm to determine the applicability of and actions necessary to comply with governmental statutes, rules or regulations;
2. Computer forensic costs of outside experts retained to determine the scope, cause, or extent of any theft or unauthorized disclosure of information, but such expenses will not include your compensation, fees, benefits, or expenses of those of any of your **employees**;
3. **Credit protection services** for the affected individual.

XX. Special expenses shall not include **interruption expenses** and shall mean the reasonable and necessary costs in excess of the applicable deductible or co-insurance percentage you incur to:

1. Prevent, preserve, minimize, or mitigate any further damage to your **digital assets**, including the reasonable and necessary fees and expenses of specialists, outside consultants or forensic experts you retain;
2. Preserve critical evidence of any criminal or malicious wrongdoing;
3. Purchase replacement licenses for programs because the copy protection system and/or access control software was damaged or destroyed by a **covered cause of loss**;
4. **Customer notification expenses**, but only if an amount is shown in ITEM 4 in the Declarations for the Customer Notification Expenses Aggregate Sublimit or provided by endorsement to this policy; and
5. **Public relations expenses**, but only if an amount is shown in ITEM 4 in the Declarations for Public Relations Expenses Aggregate Sublimit or provided by endorsement to this policy.

YY. Subsidiary means any entity of yours:

1. If you own it directly and such **subsidiary** is disclosed on the **application** for this insurance; or
2. If through one or more **subsidiaries**:
 - a. You own more than fifty percent (50%) of the issued or outstanding voting securities, provided the entity was so owned on the inception date of this policy and such **subsidiary** is disclosed on the **application** for this insurance ;
 - b. It becomes so owned after the inception date of this policy, provided the assets of the newly acquired entity do not exceed twenty-five percent (25%) of your assets as set forth in your most recent financial statement; or
 - c. It becomes so owned after the inception date of this policy, provided that if the assets of the newly acquired entity exceed twenty-five percent (25%) of your assets as set forth in your most recent audited financial statement, the provisions of Section **VII. J. 1.** must be fulfilled.

ZZ. Time retention means the time period set forth in ITEM 5. III. in the Declarations, stated in hours, that commences with the start of the interruption, degradation or failure of the **computer system** and that must transpire before we participate in payment of any covered **loss** under Insuring Agreement **B.**, or Insuring Agreement **H.**

AAA. Unauthorized access means the gaining of access to a **computer system** by an unauthorized person or persons.

BBB. Unauthorized use means the use of a **computer system** by an unauthorized person or persons or an authorized person in an unauthorized manner.

IV. EXCLUSIONS

We will not be liable for expenses, costs, income loss, **interruption expenses, special expenses, extortion monies, extortion expenses** or other **losses** based on, alleging, arising out of or from, or attributable, directly or indirectly, to:

- A. Any failure, outages, or disruption of power, utility services, satellites, or telecommunications external services not under your direct operational control, including but not limited to electrical disturbances, surge, brownout, or blackout;
- B. Any seizure, destruction or damage to, or loss of use of, the **computer system** or **electronic data** arising out of any action of a governmental authority, including any delay caused by the restrictions or requirements imposed by any governmental authority;
- C. Any failure caused by bankruptcy, financial impairment or insolvency;
- D. Fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God, or any other physical event or peril, unless explicitly covered under this policy;
- E. Failure in design, architecture or configuration of your **computer system**, including failure to design for traffic and capacity requirements;
- F. Failure to ensure that the **computer system** is reasonably protected by security practices and systems maintenance procedures that are equal to or superior to those disclosed in the **proposal**;
- G. Any **loss**, circumstance, act, error, or omission committed prior to the inception date, if on or before the inception date of this policy a **knowledgeable person** knew or could

reasonably have foreseen such circumstance, act, error, or omission may be the basis of any **loss** under the Insuring Agreements or **covered cause of loss**;

- H. Any **loss** or circumstance you previously provided notification of to a prior insurer;
- I. Any **act of terrorism**, strike or similar labor action, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder, defend, control, prevent or suppress any of the foregoing; provided, however, that this exclusion shall not apply to coverage otherwise provided under Insuring Agreement **H. Cyber Terrorism Coverage**, if purchased.
- J. Any discharge, dispersal, release or escape of any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, spores, fungi, germs, soot, fumes, asbestos, acids, alkalis, chemicals and waste (including but not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials) into or upon land, the atmosphere or any water-course or body of water or any cost or expense arising out of any direction, request or voluntary action to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **pollutants**;
- K. Ordinary wear and tear or gradual deterioration of the **computer system** or **digital assets**;
- L. Any actual or alleged **bodily injury**; provided, however, that this exclusion shall not apply to mental injury, mental anguish or emotional distress with respect to any otherwise covered **claim** under Insuring Agreements **E. Network Security and Privacy Liability Coverage**, **F. Employee Privacy Liability Coverage** or **G. Electronic Media Liability Coverage**;
- M. Infringement, misappropriation or violation of any patent, copyright, trademark, service mark, trade dress or trade name; provided, however, that this exclusion shall not apply to any otherwise covered **claim** under Insuring Agreement **G. Electronic Media Liability Coverage** if such Insuring Agreement **G.** is purchased under this policy;
- N. Any employment practices or discrimination against or harassment of any person or entity on any basis, including but not limited to: race, creed, color, religion, ethnic background, national origin, age, handicap, disability, gender, marital status, sexual orientation or pregnancy;
- O. The rendering of or failure to render **professional services**;
- P. Any dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law, or gaining of any profit or advantage to which you are not legally entitled; however, we will defend suits alleging the foregoing until there is a judgment, final adjudication, adverse admission, plea nolo contendere or no contest or finding of fact against you as to such conduct;
- Q. Any guarantee, representation or promise you make relating to contract price, costs, cost savings, return on investment or profitability, including your failure to meet cost guarantees, representations or contract price;
- R. Any contractual liability or obligation or any breach of any contract, including any liability of others assumed by you, unless such liability would have attached to you even in the absence of such contract;
- S. Any failure to effect or maintain any insurance or bond;
- T. Any violation of the Securities Exchange Act of 1933 as amended, the Securities Exchange Act of 1934 as amended, any state Blue Sky or Securities Law or rules, regulations or amendments issued in relation to such acts, or any similar state, federal or foreign states or regulations;

- U. Any **claim** brought by, on behalf of, or at the behest of, or for the benefit of any **insured**;
- V. Any pending or prior litigation as of the **continuity date** of this policy as well as all future **claims** or litigation based on the prior litigation derived from the same or essentially the same facts (actual or alleged) that gave rise to the prior or pending litigation;
- W. Any act committed prior to the **policy period** and subsequent to the **retroactive date** for which you gave notice under any prior insurance policy or which you had any basis to believe might reasonably be expected to give rise to a **claim** under this policy;
- X. Any unsolicited electronic dissemination of faxes, emails, or other communications to multiple actual or prospective customers by you or any other third party, including actual or alleged violations of:
 1. The Telephone Consumer Protection Act (TCPA) as amended;
 2. The CAN-SPAM Act of 2003 as amended; or
 3. Any other federal, state or foreign anti-spam or telemarketing statute;
- Y. Any express warranties or guarantees or any liability you assume under contract unless you would have been legally liable in the absence of such contract;
- Z. Any dispute involving your fees or charges, or for any alleged inaccurate, inadequate or incomplete description of the price of your goods, products or services; or
- AA. Any actual or alleged gambling, contest, lottery, promotional game or other game of chance.

V. YOU AND YOUR ORGANIZATION

As used throughout this policy, whether expressed in singular or plural:

You shall mean the **named insured** and any **subsidiary** of yours (together the **insured organization**).

VI. TERRITORY

Coverage provided under this policy shall extend to **loss** occurring anywhere in the world, or any **claim** made against you anywhere in the world.

VII. POLICY TERMS AND CONDITIONS

A. Limits of Coverage

1. We shall not be liable for more than the **policy aggregate limit** shown in ITEM 4 in the Declarations during a **policy period**. The **policy aggregate limit** shown in ITEM 4 of the Declarations is the most we will pay for **loss** under this policy for all coverages combined, regardless of the number of **covered causes of loss**, persons or entities covered by this policy, claimants, **losses** reported, or Insuring Agreements triggered.

Any payments for **claim expenses, special expenses, customer notification expenses, public relations expenses**, loss of **digital assets**, non-physical business interruption or cyber extortion are part of, subject to, included within, and not in addition to, the **policy aggregate limit**.

2. Any sub-limits and Insuring Agreement Aggregate Limits shown in the Declarations or by endorsement are part of, subject to, included within, and do not increase, the **policy aggregate limit**. The Insuring Agreement Aggregate Limits shown in ITEM 4 in the

Declarations for each individual Insuring Agreement is the most we will pay for **loss** for each Insuring Agreement under this policy. We shall only be liable for **loss** under a particular Insuring Agreement if an amount is shown in ITEM 4 in the Declarations for that specific Insuring Agreement.

3. The Special Expenses Aggregate Limit shown in ITEM 4 in the Declarations is the most we will pay for **special expenses** under this policy.
4. The Customer Notification Expenses Aggregate Sublimit set forth in ITEM 4 in the Declarations is the most we will pay for **customer notification expenses** under this policy.
5. The Public Relations Expenses Aggregate Sublimit set forth in ITEM 4 in the Declarations is the most we will pay for **public relations expenses** under this policy.
6. All **loss** resulting from, based upon or arising out of the same act or a series of similar or related acts shall be considered a single **claim** and shall be considered first made during the **policy period** or the extended reporting period (if applicable), of the policy in which the earliest **claim** arising out of such act(s) was first made and all **loss** and **claim expenses** shall be subject to the each claim limit of liability.

B. Deductible

1. We shall be liable only for **loss** or **claim** in excess of the applicable deductible shown in ITEM 5 in the Declarations. The deductible shall apply to each and every **loss** or **claim**, irrespective of the number of such **losses** or **claims** reported during the **policy period**.
2. With respect to Insuring Agreement **B.**, the deductible is the **time retention** shown in ITEM 5 in the Declarations. The **time retention** applies to each **period of restoration**. Once the **time retention** is met, you will be responsible to pay the **co-insurance percentage** shown in ITEM 5 in the Declarations for all **covered causes of loss** except for **special expenses, customer notification expenses** and **public relations expenses**.
3. You shall, in the time and in the manner prescribed in this policy, give us notice of any **loss** or **claim** that might be covered by this policy, regardless of whether or not we are liable for such **loss** or **claim**. You shall file with us, upon our request, a brief statement giving the particulars of such **loss** or **claim**.

C. Loss Determination

1. With respect to Insuring Agreement **A. Loss of Digital Assets**, **loss** shall be determined as follows:
 - a. Reasonable and necessary expenses and costs you incur to replace, recreate or restore **digital assets** to the same state and with the same contents as before they were damaged, destroyed, altered, misused, or stolen, including expenses for materials and machine time, as well as costs associated with restoration, recreation and replacement;
 - b. If the impacted **digital asset** was purchased from a third party, we will pay only the lesser of the original purchase price or the reasonable and necessary costs incurred as defined in Paragraph **a.** above; or
 - c. If it is determined that the **digital assets** cannot be replaced, restored or recreated, we will only reimburse your actual and necessary expenses incurred up to the point where you make such determination.
2. With respect to Insuring Agreement **B. Non-Physical Business Interruption and**

Extra Expense, income loss will be determined by the following method to determine the amount of reduction of your income during the **period of restoration**:

- a. Your reasonably projected net income (net profit or loss before income taxes) that has been lost directly as a result of total or partial interruption, degradation in service, or failure of the **computer system** caused directly by a **covered cause of loss**. The revenue projection will take into account the prior experience of your business during the previous twelve (12) months immediately before the date of the **covered cause of loss** and the probable experience had no **covered cause of loss** occurred. Revenues include the amount of money paid or payable to you for goods, products, or services sold, delivered, or rendered in the normal course of your business. Revenue projection will be reduced by the extent to which you use substitute methods, facilities, or personnel to maintain your revenue stream. We will take into consideration your documentation of the trends in the business and variations in or other circumstances affecting the business before or after the covered **loss** which would have affected your business had the covered **loss** not occurred; and
- b. Any fixed operating expenses (including ordinary payroll) incurred, but only to the extent that such operating expenses must continue during the **period of restoration**.

D. In Case of Loss

1. If a **knowledgeable person** has knowledge from which it may be reasonably concluded that a **loss** covered under this policy is occurring, has occurred, or has been discovered, written notice shall be provided to us as soon as practicable.
2. You must provide evidence of the **loss** for which you are seeking coverage under this policy. You must provide detailed proof of all circumstances leading to the **loss** event, including the **loss** amount justification, as soon as practicable, but under no circumstances later than sixty (60) days after the **loss** event. You will provide us with details of the **loss**, threat or failure, including a description of the incident and as applicable, a description of the equipment involved, system logs, security logs, statements from outside experts or consultants, and a description of the **digital assets** involved.
3. You must take all reasonable steps to protect the **computer system** from further **loss** or damage, including taking all necessary and reasonable measures to ensure that all traces of **malicious code** (if it is the cause of the **loss**) have been removed prior to again using the **computer system**. If there is a further **loss** resulting from the original **malicious code**, this will initiate a new deductible, **coinsurance percentage**, or applicable **time retention**, which will be at one hundred and fifty percent (150%) of the original deductible, **coinsurance percentage**, or applicable **time retention**.
4. It is your sole responsibility to report the **loss** to any applicable governmental authorities, if appropriate.
5. You must complete and submit to us a signed Final Statement of Loss, in written or electronic form, within one hundred and twenty (120) days after the discovery of the **loss** (unless we agree otherwise) that includes a full description of the **loss** event, circumstances surrounding the event, and calculation of **loss** amounts as applicable. This statement must be duly sworn to by your Chief Financial Officer or by another **employee** of equal authority. The onus of proof is upon you in preparing your proof of **loss** to establish that any **loss** for which **claim** is made under any Insuring Agreement resulted directly from a **covered cause of loss** and not from any other contributing cause (e.g. economic conditions).
6. You must provide us all information and assistance that we request, within reason, and cooperate with us and our designated representatives in the investigation or settlement

of any **loss**. Once we pay you the adjusted covered **loss**, receipt of reimbursement will constitute a full release of liability under this policy.

E. Subrogation, Salvage and Recoveries

It is agreed that upon payment of any **loss** or **claim** under this policy, we shall become subrogated to all your rights, title, interest and causes of action with respect to such **loss** or **claim**. You must do nothing after **loss** or **claim** to impair those rights.

In the case of recovery after payment for any **loss** or **claim** under this policy, the amount recovered, after deducting the actual cost of obtaining or making such recovery but excluding your own labor or establishment costs, shall be applied in the following order:

1. To reimburse you in full for the part, if any, of such **loss** or **claim** that exceeds the amount of **loss** or **claim** paid under this policy (excluding the amount of any applicable deductible);
2. The balance if any, or the entire net recovery if no part of such **loss** or **claim** exceeds the amount of **loss** or **claim** paid under this policy to reimburse us;
3. To that part of such **loss** or **claim** you sustained by reason of the Deductible shown in the Declarations and/or to that part of such **loss** or **claim** is covered by any policy(ies) of insurance to which this policy is excess.

F. Other Insurance

Except for **special expenses, customer notification expenses** and **public relations expenses**, coverage provided under this policy shall be excess of any valid and collectible insurance available to you. **Special expenses, customer notification expenses** and **public relations expenses** shall be considered primary insurance under this policy.

G. Action Against Us

1. No action shall lie against us unless, as a condition precedent thereto, there shall have been compliance with all terms of this policy, and until the amount of your obligation to pay shall have been finally determined either by judgment entered in a court of law against you or by your written agreement with the claimant or claimant's legal representative and us.
2. Any person or the legal representatives thereof who has secured such a judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or entity shall have any right under this policy to join us as a party to any action against you to determine your liability, nor shall we be impeded by you or their legal representatives. Subject to Condition **VII. J. 2.**, your bankruptcy or insolvency of your estate or that of your successors in interest, as outlined in Condition **VII. J. 2.** shall not relieve us of our obligations under this policy.

H. Entire Agreement

By accepting this policy, you agree that this policy contains all agreements between you and us concerning this insurance. Notice to any agent or knowledge possessed by any agent or by any other person shall not be considered a waiver or a change in any part of this policy or stop us from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement signed by us and issued to become a part of this policy.

I. Two or More Coverage Parts Or Policies Issued By Us

It is our stated intention that the various coverage parts or policies issued to you by us, or by any company affiliated with us, do not provide any duplication or overlap of coverage for the same **claim** or **loss**. If this policy and any other coverage part or policy issued to you by us, or by any company affiliated with us, apply to the same **loss** or **claim**, the maximum Limit of Insurance under all such coverage parts or policies combined shall not exceed the highest applicable limit of insurance under any one coverage part or policy.

This condition does not apply to any Excess or Umbrella Policy issued by us specifically to apply as excess insurance over this policy.

J. Mergers and Acquisitions

1. Newly Acquired Subsidiaries

During the **policy period**, if you or any of your **subsidiaries** acquire another entity whose assets are more than twenty five percent (25%) of your total assets as set forth in your most recent CPA prepared financial statement, then you shall have no coverage under this policy for any **loss** related to the acquired entity unless you give us written notice at least thirty (30) days after the acquisition, obtain our written consent to extend coverage to such additional entities, and agree to pay any additional premium we require. Coverage for any acquired entities shall not be available unless specifically set forth in an endorsement to this policy.

2. Changes in Ownership or Control

In the event of:

- a. Your liquidation (whether voluntary or compulsory);
- b. The appointment of an Administrative Receiver, Receiver or Manager whether pursuant to any Fixed or Floating Charge or to any order of any competent court over the whole or any part of your assets or business;
- c. Any scheme of arrangement or composition with creditors;
- d. The appointment of a trustee or examiner under the Federal law, Title 11 of the United States Bankruptcy Code; or
- e. Control of you being taken over by any government or governmental authority or agency;

this policy shall immediately cease to afford coverage of any kind for **loss** discovered or of which we are notified subsequent to the events outlined in Subparagraphs **a.** through **e.** above. In the event that any **subsidiary** of yours named in the **application** and in the Declarations shall undergo any change of control, as described above under Subparagraphs **a.** through **e.**, this policy shall immediately cease to afford any coverage of any kind for **loss** with respect to such **subsidiary** that was discovered, or of which we are notified subsequent to the events outlined in sub-paragraphs **a.** through **e.** above.

You shall immediately advise us of any consolidation or merger you effect with another business entity and of any purchase, assignment, transfer, pledge or sale of assets or shares occasioning a change in ownership or control. As used in this Condition **J.**, control means the power to determine the management or policy of a controlling holding company of yours by means of voting share ownership. A change in ownership of voting shares which results in direct or indirect ownership by a shareholder or an

affiliated group of shareholders of ten percent (10%) or more of such shares shall be presumed to result in a change of control for the purposes of the required notice.

As a condition to continuation of this policy, you shall:

- (1) Give written notice to us within thirty (30) days of the event;
- (2) Promptly provide us with all such further information as we may require;
- (3) Obtain our written consent to continue some or all of the coverage provided by this policy;
- (4) Give written notice within thirty (30) days to us of your agreement to the terms and conditions which we require due to such change; and
- (5) Pay us any additional premium.

Failure to give notice to us in accordance with Paragraph (1) above or your failure to notify us of your agreement in accordance with Paragraph (4) above shall be considered as your election to not continue coverage.

Notification to us, as required by this condition, shall not be considered made unless you provide such notice in writing and we make written acknowledgement.

All notices and premium payments made under this paragraph shall be provided to us through the entity named in the Declarations.

K. Joint Insureds

If two or more **insureds** are covered under this policy, the first **named insured** shall act for all **insureds**. Our payment to the first **named insured** of any **loss** you sustain shall fully release us for such **loss**. If the first **named insured** ceases to be covered under this policy, the **insured** next named shall thereafter be considered as the first **named insured**.

L. Multiple Insureds

Our liability under any and all contracts of insurance evidenced or deemed to be evidenced by this contract shall be the liability so specified in this contract as applicable to any one such contract and shall not change or be deemed changed due to the number or types of **insureds** or **losses** under this contract.

M. Assignment

Your interest under this policy is not assignable, unless we provide written approval. If you shall die or be adjudged incompetent, such insurance shall cover your legal representative as the **insured** if permitted by this policy.

N. Headings

The descriptions in the headings of this policy and any endorsements attached hereto are solely for convenience, and form no part of the terms and conditions of coverage.

O. Arbitration

If we and you do not agree whether coverage is provided under this policy for a **claim** made against you or a **loss** incurred by you, then either party may make a written demand for arbitration.

When this demand is made, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within thirty (30) days, either may request that selection

be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the third arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in the county in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply.

A decision agreed to by two of the arbitrators will be binding.

P. Extended Reporting Periods – Applicable to Insuring Agreements E., F. and G.

1. If we or you cancel or refuse to renew this policy for reasons other than non-payment of premium, we will provide to you a sixty (60) day Automatic Extension of the coverage granted by this policy, at no additional charge, for any **claim** first made against you and reported to us during the sixty (60) day extension period but only as respects acts, errors or omissions committed after the **retroactive date** (if any) stated in the Declarations and prior to the date of cancellation or non-renewal. In the event you purchase replacement coverage for this policy or a Supplemental Extended Reporting Period under **2.** below, said sixty (60) day Automatic Extension period will terminate upon the effective date of said replacement coverage or extended reporting period.
2. If we or you cancel or refuse to renew this policy for reasons other than non-payment of premium, you shall have the right to purchase, for the appropriate additional payment as listed in ITEM 9 in the Declarations, a Supplemental Extended Reporting Period of a duration and for a premium as described in the Declarations. This extension will provide coverage granted by this policy for any **claim** first made against you and reported to us during the Supplemental Extended Reporting Period. This Supplemental Extended Reporting Period only applies to acts, errors or omissions committed after the **retroactive date** (if any) stated in the Declarations and prior to the date of cancellation or non-renewal. You must apply for this extension in writing accompanied by payment of the appropriate premium prior to the expiration of the sixty (60) day Automatic Extension period under **1.** above, such premium for the Supplemental Extended Reporting Period shall be fully earned at inception.

3. Terms and Conditions of Basic and Supplemental Extended Reporting Period

- a. At policy renewal, our offer of a different premium, deductible, limit of insurance, or change in policy language shall not constitute non-renewal for the purposes of granting the optional extended reporting period.
- b. The right to the extended reporting period shall not be available to you when cancellation or non-renewal is due to non-payment of premium.
- c. The limit of insurance for the extended reporting period shall be part of, and not in addition to, our limit of insurance for the **policy period**.

Q. Notice and Claim Reporting Provisions

Notice hereunder shall be given by you or on your behalf in writing to us at:

**Claims Department
Philadelphia Insurance Company
P.O. Box 950
Bala Cynwyd, PA 19004**

Or:

Claimsreport@phlyins.com

You shall, as a condition precedent to our obligations under this policy, give written notice to us as soon as practicable during the **policy period**, or during the Supplemental Extended Reporting Period, if purchased of any **claim** made against you or any loss incurred by you.

R. Changes

Notwithstanding anything to the contrary, no provision of this policy may be amended, waived or otherwise changed except by endorsement issued by us to form part of this policy.

S. Cancellation or Non-Renewal

1. This policy may be canceled by you by surrender thereof and selection of a future date to us at the address stated in the Declarations or by mailing to us written notice stating when thereafter such cancellation shall be effective. If this policy is canceled by you, we shall retain the customary short-rate portion of the premium.
2. The policy may be canceled by us by mailing you written notice stating when, not less than forty-five (45) days thereafter or ten (10) days in the case of cancellation for non-payment of premium or deductible, such cancellation shall become effective. If the policy is canceled by us, earned premium shall be computed pro-rata.
3. In the event we refuse to renew this policy, we shall mail to you, not less than forty-five (45) days prior to the expiration of this policy, written notice of non-renewal. Such notice shall be inclusive on all of you.
4. The mailing of Notice of Cancellation or Non-Renewal aforementioned shall be sufficient notice of the intent to cancel or non-renewal. The effective date of cancellation or non-renewal specified in the notice shall terminate this **policy period**.

T. Conformity to Statutes

Terms of this policy which are in conflict with the statutes of the state wherein this policy is issued are hereby amended to conform with such statutes.

U. Authorization Clause

By acceptance of this policy, you agree that the statements in the **application** are your agreements and representations and that this policy is issued in reliance upon the truth of such representations. This policy embodies all existing agreements between you and us relating to this insurance.

V. Liability Coverage Disputed and Reservation of Rights

If a controversy or dispute arises with regard to whether coverage exists with respect to a **claim** submitted by you under the coverage sections of this policy, we may elect to provide a defense under a Reservation of Rights whereby we reserve our rights to deny and reject any **claim** for **damages**. In the event it is finally established by judgment or agreement that we have no liability with respect to such a **claim**, you shall reimburse us upon demand all sums and monies paid by us to defend and/or settle such **claim**.

W. False or Fraudulent Claims

If you shall commit fraud in presenting any **claim** as regards amounts or otherwise, this insurance shall become void as to such **insured** from the date such fraudulent **claim** is presented.

X. Consent to Settle

We shall not settle any **claim** without your consent; such consent not to be unreasonably withheld. Should you refuse to consent to any settlement recommended by us, and acceptable to the claimant, and elect to further contest the **claim**, our liability for such **claim** shall not exceed the amount for which the **claim** could have been settled, including **claim expenses** incurred, up to the date of such refusal, plus fifty percent (50%) of covered **damages** and **claim expenses** in excess of such settlement amount, it being a condition of this insurance that the remaining fifty percent (50%) of such **damages** and **claim expenses** excess of the first settlement amount shall be borne by you at your own risk and be uninsured. Notwithstanding the foregoing, this paragraph shall not apply until the settlement amount exceeds the applicable deductible amount stated in ITEM 5 of the Declarations.

You shall not admit liability for, or make any voluntary settlement, or incur any costs or expenses in connection with any **claim** except with our written consent, unless such expenses are directly related to reducing a **claim** exposure that we have already agreed would be otherwise covered under this policy.

We shall not be obligated to pay any **claim** or judgment or **claim expenses** or to defend any suit after the applicable limits of insurance have been exhausted.

Y. Representations and Severability

You represent that the particulars and statements contained in the **Application** are true, accurate, and complete, and agree that this policy is issued in reliance upon that representation, and that such particulars and statements, are the basis of the policy.

In the event of any material misstatement, misrepresentation or omission in connection with any of the particulars or statements in the **Application**, the knowledge of any one natural person Insured will not be imputed to any other natural person Insured, provided, however, that this policy will be void:

1. With respect to any natural person Insured who knew of such misstatement, misrepresentation or omission; and
2. With respect to the Named Insured (you), if, any **knowledgeable person** knew of such misstatement, misrepresentation or omission.

Z. Coordination Among Insuring Agreements

Coverage exists only for those Insuring Agreements designated as included in Item 4. COVERAGE LIMITS in the Declarations and attached to this policy. Each contains terms which limit coverage to the scope of the coverage grant for that Insuring Agreement. Should two or more of the Insuring Agreements E., F., or G. apply to the same Claim we will not pay more than the lesser of the actual loss or the highest available Limit of Liability under any one of Insuring Agreements E., F., and G. Should two or more of the Insuring Agreements A., B., C., D., or H. apply to the same Loss; we will not pay more than the highest applicable Limit of Liability. In no instance, will we be required to pay more than the Policy Aggregate Limit of Insurance identified in the Declarations.

If coverage is provided under more than one Insuring Agreement for the same claim or loss, the maximum applicable deductible or time retention shall be the highest applicable deductible or time retention that applies under any Insuring Agreement providing coverage.

IN WITNESS WHEREOF, WE HAVE CAUSED THIS POLICY TO BE SIGNED BY OUR PRESIDENT AND SECRETARY. THIS POLICY SHALL NOT BE VALID UNLESS SIGNED ON THE DECLARATIONS PAGE BY OUR DULY AUTHORIZED REPRESENTATIVE.

SPECIMEN