

# INTEGRATED TECHNOLOGY E&O AND CYBER RISK COVERAGE FORM

## COVERAGES A.1., A.2., A.3., A.4., AND A.5. 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 an **insured organization** 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, regulatory proceeding**, or suit.

#### A. **LIABILITY INSURING AGREEMENTS**

##### 1. **Technology Errors and Omissions Coverage – Products and Services**

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** resulting from any **claim** first made against you during the **policy period** for a **wrongful incident** which first occurs on or after the **retroactive date** and prior to the end of the **policy period**.

##### 2. **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** resulting from any **claim** first made against you during the **policy period** arising from a **security breach** or **privacy breach** which first occurs on or after the **retroactive date** and prior to the end of the **policy period**.

### 3. **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** resulting from any **claim** first made against you during the **policy period** arising from a **privacy breach** that results in damage to any **employee** or **employees** of yours, provided that the **privacy breach** first occurs on or after the **retroactive date** and prior to the end of the **policy period**.

### 4. **Media 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** resulting from any **claim** first made against you during the **policy period** for a **media incident** which first occurs on or after the **retroactive date** and prior to the end of the **policy period**.

### 5. **Privacy Regulation Defense and Fines Liability**

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 **regulatory fines** and **claim expenses** resulting from any **regulatory proceeding** commencing during the **policy period** arising from a **privacy breach** which first occurs on or after the **retroactive date** and prior to the end of the **policy period**.

## B. **FIRST PARTY INSURING AGREEMENTS**

### 1. **Loss of Digital Assets and Computer Bricking**

We will reimburse you for **digital asset expenses** you incur, in excess of the applicable deductible shown in the Declarations, including **special expenses**, as a direct result of damage, alteration, corruption, distortion, theft, misuse, or destruction of your **digital assets** caused by a **security breach** or **privacy breach** first discovered by a **knowledgeable person** during 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.

### 2. **Non-Physical Business Interruption and Extra Expense**

We will reimburse you for **business interruption loss**, **extra expenses**, and **special expenses** incurred by you during the **period of restoration** directly as a result of the total or partial **interruption in service of your computer system** that exceeds the **time retention** shown in the Declarations, and which is caused by a **security breach** first discovered by a **knowledgeable person** during the **policy period**.

### 3. **Cyber Extortion Threat**

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

**Extortion expenses** and **extortion monies** shall not be paid without prior consultation with us and without our express written consent. You must make

every reasonable effort to notify the local law enforcement authorities and the Federal Bureau of Investigation or similar equivalent foreign agency before surrendering any **extortion monies** in response to an extortion demand.

#### 4. Security Event Costs

We shall pay on your behalf **security event costs** and **special expenses**, in excess of the applicable deductible shown in the Declarations, resulting directly from a **security breach** or **privacy breach** first discovered by a **knowledgeable person** during the **policy period** and where such costs directly result from either:

- a. 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; or
- b. Minimizing harm to your brand or reputation from an **adverse media report** or **newsworthy event**.

In no event will we provide coverage for such costs where they are recoverable under Insuring Agreement B.1. Loss of Digital Assets

#### 5. Cyber Terrorism Coverage

We will reimburse you for **business interruption loss**, **extra expenses**, and **special expenses** incurred by you during the **period of restoration** directly as a result of the total or partial **interruption in service of your computer system** that exceeds the **time retention** shown in the Declarations, and which is directly caused by an **act of cyber terrorism** first discovered by a **knowledgeable person** during the policy period.

## II. DEFINITIONS

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

**A. Act of cyber terrorism** means the premeditated use of disruptive activities against any **computer system** by an individual or group of individuals, or the explicit threat by an individual or group of individuals to use such activities, with the intention to cause harm, further social, ideological, religious, political, or similar objectives, or to intimidate any person(s) in furtherance of such objectives. **Act of cyber terrorism** does not include any such activities which are part of or in support of any **war** or **cyber war**.

**B. Additional insured** means any person or entity for whom you are required by written contract or agreement to provide insurance coverage under this policy as an **additional insured**, but only with respect to a **claim**:

1. Arising out of any **wrongful incident** committed after you and the **additional insured** entered into such written contract or agreement; and

2. For any **wrongful incident** committed by, on behalf of, or at the direction of you.

Coverage afforded to such **additional insured** shall be subject to the lesser of the limits of insurance required by such written contract or agreement between you and the **additional insured**, or the applicable Limits of Insurance of this policy. Such coverage is excess over any other valid and collectible insurance that is available to the **additional insured** for a loss covered under this policy.

However, no natural person or entity shall be an **additional insured** with respect to any **claim** arising solely out of such natural person's or entity's independent act, error, or omission, nor to any act, error, or omission committed before that contract or agreement was executed.

- C. Adverse media report** means a broadcast or publication to the general public of a **newsworthy event**.
- D. Advertisement** means a notice that is broadcast or published to the general public or specific market segments about your goods, products, or services for the purpose of attracting customers or supporters. For the purposes of this definition:
1. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  2. Only that part of a website that is about your goods, products, or services for the purposes of attracting customers or supporters is considered an **advertisement**.
- E. Advertising, access, and content activities** means:
1. Advertising, broadcasting, publishing, or telecasting;
  2. Designing or determining content of websites for others; or
  3. Providing internet search, access, or content services.
- F. Application** means all applications, including any attachments thereto, and all other information and materials submitted by you 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.
- G. Bodily injury** means any physical injury, sickness, disease, disability, mental anguish, mental injury, or emotional distress sustained by a person, including resulting death at any time.
- H. Business interruption loss** means:
1. The difference between the amount of your net profit actually earned before income taxes and the amount of your net profit that would have been earned before income taxes had no **interruption in service of your computer system** occurred.
  2. With respect to Insuring Agreement B.2. 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. 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 **interruption in service of your computer system** and the probable experience had no **interruption in service** 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. The 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 and variations in the business or other circumstances affecting the business before or after the **interruption in service of your computer system** which would have affected your business had the **interruption in service of your computer system** 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**.
- I. **Claim** means a written demand received by you for monetary or non-monetary **damages**, the service of a suit, or institution of arbitration proceedings arising from your actual or alleged 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** against you involving an alleged act, error, or omission.
- J. **Claim expenses** means:
- 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 **regulatory proceeding** arising in connection therewith, or circumstance which might lead to a **claim** or **regulatory proceeding**, 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**, **regulatory proceeding**, or circumstance that might lead to a **claim** or **regulatory proceeding** 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** or **regulatory proceeding** against you; provided we shall have no obligation to appeal or to obtain bonds.
- K. **Costs** means:
- 1. **Digital asset expenses;**
  - 2. **Business interruption loss;**
  - 3. **Extra expenses;**
  - 4. **Special expenses;**
  - 5. **Extortion expenses;**
  - 6. **Extortion monies;** and
  - 7. **Security event costs**
- L. **Computer hardware** means the physical components of any **computer system** including central processing units (CPUs), memory storage devices, storage media, and other peripheral devices and components, including but not limited to cables, 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.
- M. **Computer program** means an organized set of instructions that, when executed, causes a computer to behave in a predetermined manner. **Computer programs** include but are

not limited to communications, networking, operating systems, internet hosting applications, data processing, and related computer programs used to create, maintain, modify, process, retrieve, store, and/or transmit **electronic data**.

- N. Computer system** means **computer hardware, computer programs, electronic data**, telephone systems, and firmware, including but not limited to associated input and output devices, data storage devices, mobile devices, networking equipment, storage area network, wired or wireless peripherals, electronic backup facilities, and media libraries.
- O. Continuity date** means those dates set forth as such in ITEM 6 in the Declarations.
- P. Corporate information** means an organization's non-public information that:
1. Is in your care, custody, or control; and
  2. Was provided to you under a written confidentiality or non-disclosure agreement.
- Q. Credible threat** means the actual or threatened:
1. Release, divulgence, dissemination, destruction, encryption, corruption, or use of **your computer system** or **digital assets** through an actual or threatened **security breach** or **privacy breach**;
  2. Release, divulgence, dissemination, destruction, encryption, corruption, or use of **your computer system** or **digital assets**; or
  3. Restriction, access, or **interruption in service** to **your computer system** or **digital assets**, including the threat of a criminal or malicious **denial of service**.
- R. Credit protection services** means credit reports, 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 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 beginning on the date of your discovery of such **security breach** or **privacy breach**, unless there is a rule, regulation, agreement, or statute requiring otherwise.
- S. 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:
1. Comply with state, federal, or international 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; and
  2. Minimize harm to your brand or reputation from an **adverse media report** or **newsworthy event**.
- Customer notification expenses** do not include **public relations expenses** or other consultant or vendor services
- T. Cyber war** means any unauthorized access to or electronic attack against **computer systems**, carried out by or on behalf of a sovereign state, that directly results in another sovereign state becoming an **impacted state**.

Notwithstanding our burden of proof, which shall remain unchanged by this clause, in determining attribution of **cyber war** to a sovereign state, we and you will consider such

objectively reasonable evidence that is available to us. This may include formal or official attribution by the government of the sovereign state in which the **computer systems** affected by the **cyber war** are physically located to another sovereign state or those acting at its direction or under its control.

**U. Damages** means a monetary judgment, award, or settlement amount you become legally obligated to pay on account of any **claim**.

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

1. Your future profits, restitution, or disgorgement of profits or lost income;
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, to the extent such amount exceeds the amount for which you would have been liable in the absence of such contract;
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. Punitive damages or exemplary damages, or 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. This limitation does not apply to the extent that such punitive or exemplary damages, or multiple part of any multiplied damage award are insurable under the applicable laws of any jurisdiction which most favors coverage for such damages;
7. Costs to comply with injunctive, non-monetary, or declaratory relief orders, including specific performance or any agreement to provide such relief;
8. Taxes, fines, penalties, or sanctions other than covered **regulatory fines** if insuring agreement A.5. Privacy Regulation Defense and Fines Liability is purchased;
9. Loss, costs, or expenses incurred to convert, re-perform, correct, or complete any work;
10. **Costs**; or
11. Discounts, coupons, refunds, or other incentives offered to your customers or clients.

**V. Denial of service** means the 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 such **computer system** or **digital assets**.

**W. Digital assets** means **electronic data, computer programs, personally identifiable information, or corporate information** that exist in a **computer system**. **Digital assets** do not include **computer hardware**.

**X. Digital Asset Expenses** means:

1. Reasonable and necessary expenses and costs you incur to replace, restore, repair, reproduce, correct, research, complete, adjust, re-collect, or re-create **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.

If it is determined that the **digital assets** cannot be replaced, restored, repaired, reproduced, corrected, researched, completed, adjusted, re-collected, or re-created, we will only reimburse your actual and necessary expenses incurred up to the point where you make such determination.

2. The replacement or repair costs of **computer hardware** that are part of **your computer system** which have been damaged electronically without physical **property damage**, but only when determined by us at our sole discretion, to:
  - a. Be more practical and cost-effective to physically replace such **computer hardware** rather than to repair or restore through the replacement, restoration, recreation, re-collection, or recovery of **digital assets**; or
  - b. Be permanently vulnerable or unstable due to the corruption or destruction of firmware.

If the impacted **digital asset** or **computer hardware** 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 1. above, or the lesser of the cost to purchase replacement **computer hardware** that is identical to the **computer hardware** being replaced, or the cost to purchase replacement **computer hardware** that is most functionally equivalent to that being replaced even if such **computer hardware** has technological advantages or improvements in function.

The definition of **digital asset expenses** shall not include or mean:

3. Restoring or updating **digital assets** and **computer hardware** to a level beyond that which existed prior to the **security breach** or **privacy breach** or replacing them with a level of **digital assets** or **computer hardware** beyond that which existed prior to the **security breach** or **privacy breach**;
  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 errors or vulnerabilities; or to restore to a level of functionality beyond that which existed prior to the **security breach** or **privacy breach**; or
  6. Any amounts paid under Insuring Agreements B.2. or B.5.
- Y. **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**.



- Z. Electronic media** means floppy disks, CD-ROMs, hard drives, magnetic tapes, magnetic discs, or any other media on which **electronic data** is recorded or stored.
- AA. Employee** means any individual in your service, including any past, present, or future part-time, seasonal, or temporary employee who is compensated by salary, wages, fees, or commissions and whom you have the right to direct and control. **Employee** also includes leased workers and independent contractors while acting on your behalf and for whom you are legally responsible to indemnify. **Employee** also includes volunteers and un-paid interns in your service while performing duties equivalent to those of an **employee**. Except with respect to Insuring Agreement A.3. Employee Privacy Liability, **employee** shall not include any of your partners or directors.
- BB. Extortion expenses** means all reasonable and necessary expenses you directly incur with our prior consent, such consent not to be unreasonably withheld, under Insuring Agreement B.3., other than **extortion monies**. **Extortion expenses** shall include costs directly incurred to acquire and/or set up a cryptocurrency or alternative currency account.
- CC. Extortion monies** means any funds or property you will pay, including cryptocurrency or alternative currency, with our prior consent, such consent shall not be unreasonably withheld, to a person or persons reasonably believed to be responsible for the **credible threat** insured under Insuring Agreement B.3. Cyber Extortion Threat for the purpose of terminating that threat and all residual effects.
- DD. Extra expenses** means reasonable and necessary:
1. Expenses incurred by you to avoid, mitigate, or minimize an **interruption in service** of **your computer system** caused directly by a **security breach** or **privacy breach** that you would not have incurred had no **interruption in service** occurred. The amount of such **extra expenses** recoverable under this subparagraph 1, shall in no case exceed the amount by which the covered **business interruption loss** is reduced by such incurred expenses; and
  2. Expenses incurred by you to reduce the **period of restoration**.
- The definition of **extra expenses** shall not include or mean:
- a. **Special expenses;**
  - b. **Digital asset expenses;**
  - c. Costs or expenses incurred to identify, repair, restore, remediate, replace, reprogram, redesign, reconfigure, maintain, patch, remove or eradicate software program errors, or to restore **your computer system** to a level of functionality beyond that which existed prior to the **security breach** or **privacy breach**;
  - d. Any liability to third parties for whatever reason, including legal costs and expenses of any type;
  - e. Fines or penalties imposed by law; or
  - f. Loss of goodwill and reputational harm.
- EE. Impacted state** means any sovereign state that suffers a major detrimental impact on its:
1. Ability to function; or

2. Defense and security capabilities;

as a direct result of any unauthorized access to or electronic attack against **computer systems**, carried out by or on behalf of another sovereign state.

**FF. Indecent content** means words, phrases, postings, pictures, **advertisements**, or any other material that:

1. Is sexually explicit and is in violation of a statute prohibiting such content;
2. Is sexually explicit and posted without the consent of the natural person(s) depicted in the material;
3. Encourages, facilitates, incites, or threatens abuse, molestation, or sexual exploitation, including human trafficking or human sex trafficking; or
4. Encourages, facilitates, incites, or threatens physical violence, self-inflicted violence, or any other related harm, including terrorism.

**GG. Incident** means a **wrongful incident, security breach, privacy breach, credible threat, media incident, or act of cyber terrorism.**

**HH. Infrastructure** means any of the following operated or supplied by a third party:

1. Electricity, gas, fuel, energy, water, telecommunications, or other utility;
2. Internet infrastructure, including any Domain Name System (DNS), Certificate Authority, or Internet Service Provider (ISP);
3. Satellite; or
4. Financial transaction or payment process platform, including a securities exchange.

**II. Insured** means the **named insured**, any **insured organization**, or any past, present, or future director, officer, or **employee** thereof, but only with respect to an **incident** committed within the scope of such natural person's duties performed on behalf of the **Insured.**

**JJ. Insured organization** means the **named insured** and any **subsidiaries** of the **named insured** as disclosed on your **application** for this insurance. **Insured organization** shall also include any person or entity for whom the **Insured Organization** is required by written contract or agreement to provide insurance coverage under this policy as an **additional insured.**

**KK. Interrelated incidents** means all **incidents** that have as a common nexus any act, fact, circumstance, situation, event, transaction, cause, or series of related acts, facts, circumstances, situations, events, transactions, or causes.

**LL. Interruption in service** means a detectable interruption, degradation, or failure in service of **your computer system** caused by a **security breach.**

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

- NN. Malicious code** means unauthorized and corrupting or harmful computer code, including but not limited to computer viruses, spyware, ransomware, Trojan horses, worms, logic bombs, or mutations of any of the preceding.
- OO. Media incident** means the following offenses committed by you anywhere, including on the internet, **electronic data**, and printed material, except in your **advertisement**:
1. Infringement, misappropriation, dilution, or violation of any right to a trademark, trade name, service mark, service name, trade dress, title, slogan, or logo;
  2. Copyright infringement, plagiarism, or misappropriation of ideas under an implied contract;
  3. 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;
  4. Domain name infringement or improper deep-linking or framing;
  5. Infringement of intellectual property rights in computer software, including its source code or any other content of a software program. However, coverage for such infringement shall not apply if your infringement is a result of reverse engineering of computer code, methods, or processes; and
  6. Libel, slander, product disparagement, trade libel, or any other form of defamation, but only if committed by you if your business includes **advertising, access, and content activities**, or by you if you host, own, or exercise control over electronic chat rooms, bulletin boards, or similar interactive sites on which others may post content.
- PP. Named insured** means the individual, partnership, entity, or corporation designated as such in ITEM 1 in the Declarations.
- QQ. Newsworthy event** means an event that has been caused by an actual or potential **security breach** or **privacy breach** and such actual or potential **security breach** or **privacy breach** has been, or may reasonably be expected to be publicized to the general public through a media channel such as television, print media, radio or electronic networks, the internet, and/or electronic mail.
- RR. Payment card liability** means monetary fines, penalties, assessments, chargebacks, reimbursements, and fraud recoveries, including card reissuance costs, which you become legally obligated to pay due to actual or alleged non-compliance with payment card industry data security standards, EMV specifications, or mobile payment security requirements as a result of:
1. A **security breach** or **privacy breach**; or
  2. Failure to protect, handle, manage, store, or destroy **payment card** data, including **personally identifiable information**.
- SS. Payment card** means an authorized account or evidence of an account for a credit card, debit card, charge card, or stored value card issued by any payment provider whose payment method is accepted for processing.
- TT. Period of restoration** means the period of time that:
1. Begins after the **interruption in service** of the **computer system**; and

2. Ends on 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 **interruption in service**. In no event shall the **period of restoration** exceed sixty (60) days.

**UU. 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**.

**Personally identifiable information** will also mean any animal's name in combination with other veterinary records or details of services that is deemed confidential information according to the state of domicile.

**VV. Policy period** means the period of time from the effective date to the expiration date specified in ITEM 3 in the Declarations, or any earlier cancellation date.

**WW. 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.

**XX. 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 an actual or alleged violation of a **privacy regulation**, 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 or animal's private information. **Privacy breach** will also include unauthorized or accidental disclosure or loss of **corporate information**.

**YY. 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.

**ZZ. Privacy regulation** means any statutes or regulations associated with the confidentiality, access, collection, 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;
7. European Union General Data Protection Regulation or other similar privacy laws worldwide as they exist now or in the future; and
8. Any alleged violation of law regarding the confidentiality of animal records.

**AAA. 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. Tangible property does not include **electronic data**.

**BBB. Public relations 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 a **security breach** or **privacy breach**. **Public relations expenses** does not include **customer notification expenses**.

**CCC. Regulatory fines** means civil fines or civil penalties imposed by a government agency or governmental authority in a **regulatory proceeding**. **Regulatory fines** shall not include any fines or penalties that are not insurable by law, criminal fines, disgorgement, or the multiple portion of any multiplied damage award.

**DDD. Regulatory proceeding** means any civil investigative demand or administrative or regulatory proceeding by a government agency or governmental authority because of your alleged violation of a **privacy regulation**.

**EEE. Retroactive date** means those dates set forth as such in ITEM 4 in the Declarations.

**FFF. Security breach** means:

1. **Unauthorized access of your computer system** or **unauthorized use of your computer system** 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 system**; or
3. Infection of **your computer system** by **malicious code** or transmission of **malicious code** from **your computer system**,

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**.

**GGG. Security event costs** means all reasonable and necessary fees, costs, and outside expenses you incur with our prior written consent in connection with an actual, suspected, or alleged **security breach** or **privacy breach**, as described below:

1. 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 or those of any of your **employees**;
2. **Credit protection services** for the affected individual(s);
3. **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
4. **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.

**HHH. Special expenses** shall not include **Extra expenses** and shall mean the reasonable and necessary costs in excess of the applicable deductible 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; or
3. Purchase replacement licenses for programs because the copy protection system and/or access control software was damaged or destroyed by a **security breach** or **privacy breach**.

**III. 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 VI. J. 1. Newly Acquired Subsidiaries must be fulfilled.

- JJJ. Technology products** means any goods, products, warranties, or representations related to such products that are designed, created, manufactured, sold, handled, distributed, leased, or licensed for or to others by or on behalf of you including repair and maintenance for such products.
- KKK. Technology professional services** means any services or acts performed by or on behalf of you to others other than those excluded in **SECTION III – EXCLUSIONS** below.
- LLL. Time retention** means the time period set forth in ITEM 4 in the Declarations, stated in hours, which commences with the start of the **interruption in service** of the **computer system** and that must transpire before we participate in payment of any covered **business interruption loss** or **extra expenses**.
- MMM. Unauthorized access** means the gaining of access to a **computer system** by an unauthorized person or persons.
- NNN. Unauthorized use** means the use of a **computer system** by an unauthorized person or persons or an authorized person in an unauthorized manner. **Unauthorized use** shall include the intentional acts of an **employee** or **employees**, either acting alone or in collusion with others.
- OOO. Your computer system** means a **computer system** leased, owned, or operated by you or operated solely for the benefit of you by a third party under written contract with you.
- PPP. War** means:
1. War, invasion, acts of foreign enemies, hostilities or warlike operations (whether war is declared or not), civil war, rebellion, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
  2. Action taken in controlling, preventing, suppressing, or in any way relating to item 1. above.
- QQQ. Wrongful incident** means any negligent act, error, or omission committed or alleged to have been committed by you or any person for whom you are legally responsible in the rendering of your **technology professional services** or provision of your **technology products**.

### III. EXCLUSIONS

This insurance does not apply to:

#### A. Bodily Injury

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 A.2. Network Security and Privacy Liability Coverage, A.3. Employee Privacy Liability Coverage, A.4. Media Liability Coverage or A.5. Privacy Regulation Defense and Fines Liability.

#### B. Communications Decency

Any **claim** or **regulatory proceeding** alleging, based upon, arising out of, or attributable to the failure of you or others for whom you are legally responsible, to prevent the publication or dissemination of **indecent content**.

#### C. Contest or Game of Chance

Any actual or alleged gambling, contest, lottery, promotional game, or other game of chance including redemption or over-redemption of tickets or coupons.

**D. Contractual Liability**

Any contractual liability or obligation or any breach of any contract, including any liability of others assumed by you; however, this exclusion shall not apply to:

1. Any liability or obligation you would have even in the absence of such contract or agreement;
2. Unintentional breach of contract arising from a **wrongful incident**; or
3. A breach of your **privacy policy**.

**E. Cost Guarantees or Estimates**

Any guarantee, representation, or promise you make relating to contract price, fees, charges, costs, cost savings, return on investment, or profitability, including your failure to meet cost guarantees, representations, or contract price; or any allegation of inaccurate, inadequate, or incomplete description of the price of your goods, products, or services.

**F. Costs to Recall, Repair, Replace, or Comply**

Any cost or expense incurred by you or others:

1. To recall, repair, replace, upgrade, correct, reproduce, adjust, inspect, or otherwise improve your **technology products** or your **technology professional services**;
2. To recall, remove or withdraw your **technology products** or your **technology professional services** from the market or from use by any person or organization for any reason; or
3. To comply with any warranty for your **technology products** or your **technology professional services**.

This exclusion shall not apply to any otherwise covered **claim** for breach of warranties or representations relating to fitness, quality, suitability, or performance arising from a **wrongful incident** under Insuring Agreement A.1. Technology Errors and Omissions Coverage.

Paragraph 2. of this exclusion shall not apply to any **claim** brought by a third party for loss of use resulting from the recall, removal, or withdrawal of **technology products** or your **technology professional services**.

**G. Derivative or Shareholder Actions**

Any **claim** brought by or on behalf of any of your stockholders, including a derivative action. This exclusion applies regardless of whether any part of a **claim** would otherwise be covered by this policy.

**H. Employment Practices, Discrimination, or Harassment**

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.

**I. ERISA or Similar Act**



Any actual or alleged violation of the responsibilities, obligations, or duties imposed by the Employee Retirement Income Security Act of 1974, as amended, or any similar state, federal or foreign statutes or regulations.

**J. Failure to Maintain Insurance or Bond**

Any failure to effect or maintain any insurance or bond.

**K. Force Majeure**

Loss, however caused, arising out of or in any way involving fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, electromagnetic pulse or radiation, tidal wave, landslide, hail, or act of God.

**L. False Claims Act**

Any **claim** or **regulatory proceeding** alleging, based upon, arising out of, or attributable to any actual or alleged violation by the Insured of the False Claims Act (31 U.S.C. §§ 3729-3733), and amendments thereto or any rules or regulations promulgated thereunder, amendments thereof, or any similar federal, state, or common law anywhere in the world.

**M. Governmental Authority**

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.

**N. Infrastructure Outage**

Any failure, interruption, disturbance, degradation, corruption, impairment, or outage of **infrastructure** not under your direct operational control.

**O. Infringement of Intellectual Property Rights or Laws**

Any **claim** or **regulatory proceeding** based upon, arising out of, or in any way involving any of the following:

1. Patent, process, style of doing business, or trade secret;
2. Infringement, misappropriation, dilution, or violation of any right to a trademark, trade name, service mark, service name, trade dress, title, slogan, or logo;
3. Copyright infringement, plagiarism, or misappropriation of ideas under an implied contract;
4. 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;
5. Domain name infringement or improper deep-linking or framing; or
6. Other intellectual property rights in computer software, including its source code or any other content of a software program.

However, this exclusion shall not apply to any **damages** and **claim expenses** as a result of any covered **claim** for a **media incident**, if insuring agreement A.4. Media Liability is purchased under this policy.

**P. Insured vs. Insured**

Any **claim** made, brought, or maintained by, on behalf of, or in the right of any **insured**, other than an **additional insured**.

However, this exclusion shall not apply to any **claim** arising out of a **privacy breach** involving the actual or alleged disclosure or theft of **personally identifiable information** of your **employees** or any member of a current or former **employee's** immediate family if insuring agreement A.3. Employee Privacy Liability is purchased under this policy.

**Q. Intentional Act**

Any dishonest, fraudulent, criminal, or malicious act, error, or omission committed by you, or any intentional or knowing violation of the law, or gaining of any profit or advantage to which you are not legally entitled.

This exclusion does not apply:

1. To **claims expenses** or our duty to defend any such **claim** or **regulatory proceeding**, 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, at which time you shall reimburse us for any **claims expenses** paid by us; or
2. To you if you did not participate in or know about the dishonest, fraudulent, criminal, or malicious act, error, or omission, or any intentional or knowing violation of the law, unless such intentional act was committed with your knowledge or consent or the knowledge or consent of any **knowledgeable person**.

**R. Intentional Unlawful Collection or Use of Protected Information**

Any **claim**, **regulatory proceeding**, or **incident** arising out of, alleging, or attributable to any:

1. Intentional unlawful collection or intentional unlawful use of **personally identifiable information**; or
2. Failure to provide adequate notice that **personally identifiable information** is being collected or used,

If committed by you with a **knowledgeable person's** awareness or consent.

**S. Nuclear Energy**

Any **claim**, **regulatory proceeding**, or **incident** arising out of or in any way involving the furnishing by an **insured** of services, products, materials, parts, or equipment in connection with the planning, construction, maintenance, operations, or use of any nuclear facility, nuclear material, nuclear reaction or radiation, or radioactive contamination.

**T. Payment card liability**

Any **claim** or **regulatory proceeding** arising out of, based upon, or in any way involving **payment card liability**.

**U. Personal and Advertising Injury**

Any injury, including consequential **bodily injury**, arising out of one or more of the following offenses:

1. False arrest, detention, or imprisonment;

2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies, committed by or on behalf of its owner, landlord, or lessor;
4. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services;
5. Oral or written publication, in any manner, of material that violates a person's right of privacy;
6. The use of another's advertising idea in your **advertisement**; or
7. Infringing upon another's copyright, trade dress, or slogan in your **advertisement**.

Paragraph 4. of this exclusion does not apply to the extent the offense constitutes a covered **media incident**.

Paragraph 5. of this exclusion does not apply to the extent the offense constitutes a covered **media incident** or a covered **privacy breach**.

#### V. **Pollution**

Any discharge, dispersal, release, or escape of any solid, liquid, gaseous, biological, radiological, electromagnetic field or radiation, 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**.

#### W. **Prior Knowledge and Pending Matters**

Any **incidents, claims** or **regulatory proceedings**:

1. That any **knowledgeable person** knew or could reasonably have foreseen such **incident, claim, or regulatory proceeding** prior to the earlier of the effective date of this policy or on or before the **continuity date** of any policy or coverage part issued by us of which this policy is a continuous renewal or replacement; or
2. Related to acts, pending or prior litigation, or written notice given and accepted under any other policy of which this policy is a renewal or replacement on or before the **continuity date** of this policy as well as all future **claims, regulatory proceedings**, or litigation that constitute **interrelated incidents**.

#### X. **Professional Services**

Any **claim** or **regulatory proceeding** arising out of, resulting from, based upon or in consequence of the rendering or failure to render the following professional services:

1. Legal or accounting services;
2. Architect and civil or structural engineering services;

3. Accountant;
4. Attorney;
5. Third-party administrator or actuarial services;
6. Insurance or real estate services; or
7. Any healthcare or healthcare-related advice or instruction including any medical, surgical, dental, x-ray or nursing services treatment, advice or instruction or any professional services that cannot lawfully be performed by an individual without a government or regulatory license issued to such individual.

**Y. Property Damage**

Any **claim, regulatory proceeding, or incident** arising out of or based upon any actual or alleged **property damage**.

**Z. Securities Law Violation**

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 statutes or regulations.

**AA. Terrorism**

Any **claim, regulatory proceeding, or incident** arising out of or based upon any **act of cyber terrorism**; provided, however, that this exclusion shall not apply to coverage otherwise provided under Insuring Agreement B.5. Cyber Terrorism Coverage, if purchased.

**BB. Unfair Trade Practices**

Any **claim or regulatory proceeding** arising out of or in any way related to:

1. Statutory or common law unfair competition including any antitrust statutes;
2. Tortious or intentional interference with contract, business relations, or prospective economic advantage;
3. Violation of any law addressing consumer protection, other than violation of a **privacy regulation**; or
4. Violation of any law addressing trade practices or anti-deceptive practices, statutes prohibiting false advertising, the Lanham Act, or any state statutes prohibiting unfair business practices.

**CC. Unsolicited Communications**

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.

**DD. War and Cyber War**

Any **claim, regulatory proceeding, or incident** arising directly or indirectly out of:

1. **War**; or
2. **Cyber war**

including any **claim, regulatory proceeding, or incident** relating to any **computer systems** which are physically located outside of an **impacted state**.

**IV. LIMITS OF INSURANCE****A. Maximum Policy Aggregate Limit of Insurance**

We shall not be liable for more than the Maximum Policy Aggregate Limit shown in ITEM 4 in the Declarations during a **policy period**. The Maximum Policy Aggregate Limit shown in ITEM 4 of the Declarations is the most we will pay under this policy for all coverages combined, regardless of the number or amount of **incidents, claims, regulatory proceedings, costs, damages, claim expenses**, or persons, entities, or claimants covered by this policy, Insuring Agreements triggered, or endorsements added.

Any payments for **claim expenses, costs, and damages** are part of, subject to, included within, not in addition to, and shall reduce the Maximum Policy Aggregate Limit.

**B. Aggregate Limit Under Any One Insuring Agreement**

The Insuring Agreement Aggregate Limit shown in ITEM 4 in the Declarations for each individual Insuring Agreement is the most we will pay under this policy for each Insuring Agreement during a **policy period** regardless of the number or amount of **incidents, claims, regulatory proceedings, costs, damages, claim expenses**, or persons, entities, or claimants covered by this policy. Coverage for each Insuring Agreement only applies if an amount is shown in ITEM 4 in the Declarations for that specific Insuring Agreement.

**C. Limit of Insurance for Each Claim or Sublimit Under Any One Insuring Agreement**

We shall not be liable for more than the Each Claim limit or Sublimit shown for each individual Insuring Agreement in ITEM 4 in the Declarations for the sum of all **claim expenses, costs, and damages**. The Each Claim limit or Sublimit shown for each Insuring Agreement in ITEM 4 in the Declarations or by endorsement are part of, subject to, included within, and do not increase the Maximum Policy Aggregate Limit. Coverage for each Insuring Agreement only applies if an amount is shown in ITEM 4 in the Declarations for that specific Insuring Agreement.

**D. Maximum Limit of Insurance for All Interrelated Incidents and Claims**

All **claims or regulatory proceedings** arising out of the same **incident** and all **interrelated incidents** shall be considered one single **claim or regulatory proceeding** 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 or regulatory proceeding** arising out of such act(s) was first made regardless of whether such date is before or during the **policy period**.

We shall not be liable for more than the highest single limit of insurance shown in ITEM 4 in the Declarations, regardless of whether the **claim expenses, costs, and damages** from a single **incident or interrelated incident** are covered under more than one insuring agreement. Any payments for **claim expenses, costs, and damages** are part of, subject to, included within, not in addition to, and shall reduce the Maximum Policy Aggregate Limit.

Coverage exists only for those Insuring Agreements designated as included in ITEM 4 in the Declarations and attached to this policy. Each contains terms which limit coverage to

the scope of the coverage granted for that Insuring Agreement. Should two or more of the First Party Insuring Agreements apply to the same **costs**, we will not pay more than the lesser of the actual **costs** or the highest available First Party Limit under any one of the First Party Insuring Agreements. Should two or more of the Liability Insuring Agreements apply to the same **damages** or **claims expenses**, we will not pay more than the highest applicable Liability Limit under any one of the Liability Insuring Agreements. 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 applicable deductible or **time retention** shall be the highest applicable deductible or **time retention** that applies under any Insuring Agreement providing coverage.

## V. DEDUCTIBLES

- A.** We shall be liable only for **costs, damages, or claim expenses** in excess of the applicable deductible shown in ITEM 4 in the Declarations. The deductible shall be your responsibility to pay and will apply to each and every **incident, claim, regulatory proceeding, cost, damage, or claim expense**, irrespective of the number of such **incidents, claims, regulatory proceedings, costs, damages, or claim expenses** reported during the **policy period**.
- B.** For claims arising from **interrelated incidents** or allegations of **interrelated incidents**, the single highest deductible shall apply to the **incident, claim, regulatory proceeding, costs, damages, or claim expenses**.
- C.** The limits of insurance shall not be reduced by the payment of any applicable deductible.
- D.** With respect to Insuring Agreement B.2., we shall only pay:
- 1.** The actual **business interruption loss** incurred by you once the applicable **time retention** shown in ITEM 4 of the Declarations has expired, provided that such amount is in excess of the applicable **time retention** amount shown in ITEM 4 of the Declarations; and
  - 2.** **Extra Expenses** incurred by you as of the start of the **interruption in service**, provided that such amount is in excess of the applicable **time retention** amount shown in ITEM 4 of the Declarations.

The **time retention** amount shall be computed as of the start of the **interruption in service**. Any **business interruption loss** or **extra expenses** incurred by you during the **time retention** shall be your responsibility.

- E.** If coinsurance for Insuring Agreement B. 3. Cyber Extortion Threat is shown in ITEM 4 of the Declarations, the coinsurance percentage represents your uninsured contribution of **extortion monies** after satisfaction of any applicable deductible. Payments by you of your portion of **extortion monies** shall not reduce the limits of insurance applicable to **extortion expenses** and **extortion monies**. Only the portion of any **extortion expenses** and **extortion monies** paid by us shall reduce the limits of insurance.

## VI. POLICY TERMS AND CONDITIONS

### A. Coverage Territory

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

**B. Defense and Settlement**

We, in your name and on your behalf, shall have the right and duty to investigate, defend, and conduct settlement negotiations in any **claim** or **regulatory proceeding**. We shall also have the right to appoint counsel and to make such investigation and defense of a **claim** or **regulatory proceeding** as we deem necessary. Alternatively, we may, at our discretion, give our written consent to the defense of any such **claim** or **regulatory proceeding** by the **insured**. Our obligation to defend any **claim** or **regulatory proceeding** or pay any **damages** or **claim expenses** shall be totally fulfilled and extinguished if the limits of insurance have been exhausted.

**C. Consent to Settle**

We shall not settle any **claim** or **regulatory proceeding** 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** or **regulatory proceeding**, our liability for such **claim** or **regulatory proceeding** shall not exceed the amount for which the **claim** or **regulatory proceeding** 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 4 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** or **regulatory proceeding** except with our written consent, unless such expenses are directly related to reducing a **claim** or **regulatory proceeding** exposure that we have already agreed would be otherwise covered under this policy.

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

**D. Your Duties in the Event of a Claim or Incident****1. Duties in the Event of a Claim or Incident – Liability Insuring Agreements**

You shall, as a condition precedent to our obligations under this policy, give us written notice as soon as practicable of any **incident, claim, or regulatory proceeding** first made against you during the **policy period** after any **knowledgeable person** discovers or becomes aware of such **incident, claim, or regulatory proceeding**. This notice must be made within ninety days (90) after the end of the **policy period** or within the Supplemental Extended Reporting Period, if purchased. You must also:

- a. Provide evidence of the **damages** and **claims expenses** for which you are seeking coverage under this policy. You must provide detailed proof of all circumstances leading to the **claim, incident, or regulatory proceeding**, including justification of the amount of **damages** and **claims expenses**. You will provide us with a description of the **claim, incident, or regulatory proceeding**, the equipment involved, system logs, security logs, and statements from outside experts or consultants.
- b. Take all reasonable steps to protect the **computer system** from further **damages** and **claims expenses**, including taking all necessary and reasonable measures to ensure that all traces of **malicious code** (if it is

the cause of the **claim, incident, or regulatory proceeding**) have been removed prior to again using the **computer system**.

- c. 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 **claim, incident, or regulatory proceeding** (unless we agree otherwise) that includes a full description of the event, circumstances surrounding the event, and calculation of **damages** and **claims expense** 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 **damages** and **claims expenses** under any Insuring Agreement resulted directly from a covered **incident**.
- d. 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 **claims, regulatory proceedings, or damages**.

## 2. Duties in the Event of a Potential Claim or Incident – Liability Insuring Agreements

If during the **policy period** any **knowledgeable person** discovers or becomes aware of any **incident** which may give rise to a future **claim** or **regulatory proceeding** under this policy (**potential claim**), and written notice is given to us during the **policy period** of the:

- a. Nature of the **incident** or **potential claim**;
- b. Circumstances by which you first became aware of the **incident** or **potential claim**;
- c. Identity of the actual or potential claimants; and
- d. Foreseeable consequences of the **incident** or **potential claim**;

then any **claim** or **regulatory proceeding** which arises out of such **incident** or **potential claim** shall be deemed to have been first made at the time such written notice was received by us.

## 3. Duties in the Event of a Security Breach or Privacy Breach – First Party Insuring Agreements

You shall, as a condition precedent to our obligations under this policy, give us written notice as soon as practicable of any **security breach, privacy breach, or credible threat** during the **policy period**, but no later than sixty (60) days after any **knowledgeable person** discovers or becomes aware of such **security breach, privacy breach, or credible threat**. You must also:

- a. Notify the police or any applicable governmental authorities, if appropriate;
- b. Provide evidence of the **costs** for which you are seeking coverage under this policy. You must provide detailed proof of all circumstances related to the **security breach, privacy breach, or credible threat**, including justification of the amount of **costs**. You will provide us with a description of the **security breach, privacy breach, or credible threat**, the equipment involved, system logs, security logs, statements from outside experts or consultants, and a description of the **digital assets** involved;



- c. Take all reasonable steps to protect the **computer system** from further **costs**, including taking all necessary and reasonable measures to ensure that all traces of **malicious code** (if it is the cause of the **security breach, privacy breach, or credible threat**) have been removed prior to again using the **computer system**;
- d. 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 **security breach, privacy breach, or credible threat** (unless we agree otherwise) that includes a full description of the event, circumstances surrounding the event, and calculation of **costs** 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 costs under any Insuring Agreement resulted directly from a covered **security breach, privacy breach, or credible threat** and not from any other contributing cause (e.g. economic conditions); and
- e. Provide us all information and assistance that we request, within reason, and cooperate with us and our designated representatives in the investigation and payment **costs**. Once we pay you the adjusted covered **costs**, receipt of reimbursement will constitute a full release of liability under this policy.

#### 4. Where to Send Notice

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

**Philadelphia Indemnity Insurance Company**  
**Attention: Claims Department**  
**One Bala Plaza, Suite 100**  
**Bala Cynwyd, PA 19004**

Or:

[claimsreport@phly.com](mailto:claimsreport@phly.com)

#### E. Extended Reporting Periods – Applicable to Liability Insuring Agreements Only

- 1. A Basic Extended Reporting Period is automatically provided without additional charge. 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 ninety (90) day Automatic Extension of the coverage granted by this policy for any **claim or regulatory proceeding** first made against you and reported to us during the ninety (90) day extension period but only as respects **incidents** that occur 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 ninety (90) day Automatic Extension period will terminate upon the effective date of said replacement coverage or extended reporting period.
- 2. A Supplemental Extended Reporting Period is available but only by endorsement and for an additional premium charge. 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 a Supplemental Extended Reporting Period of a duration and for a premium as determined by us. This extension will provide coverage granted by this policy for any **claim or regulatory proceeding** first made against you and reported to us during the Supplemental Extended Reporting Period. This

Supplemental Extended Reporting Period only applies to **incidents** that occur 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 ninety (90) day Automatic Extension period under 1. above. Such premium for the Supplemental Extended Reporting Period shall be fully earned at inception and may not be cancelled.

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**.
  - d. Extended Reporting Periods do not apply to any First Party Insuring Agreements

#### F. Subrogation, Salvage and Recoveries

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

If prior to the **incident, claim, or regulatory proceeding** connected with such payment the **insured** has agreed in a written contract or agreement to waive the **insured's** right of recovery or subrogation against any person or organization, we will also waive our right of recovery, and such agreement shall not be considered a violation of such **insured's** duties under this policy.

In the case of recovery after payment for any **costs, damages, or claims expenses** 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 **costs, damages, or claims expenses** exceeding the amount of **costs, damages, or claims expenses** paid under this policy (excluding the amount of any applicable deductible or **time retention**);
2. The balance, if any, of the entire net recovery if no part of such **costs, damages, or claims expenses** exceeds the amount of **costs, damages, or claims expenses** paid under this policy to reimburse us;
3. To that part of such **costs, damages, or claims expenses** you sustained by reason of the deductible or **time retention** shown in the Declarations and/or to that part of such **costs, damages, or claims expenses** if covered by any policy(ies) of insurance to which this policy is excess.

#### G. Other Insurance

This insurance is excess over any other valid and collectible insurance that is available for **costs, damages, and claim expenses** covered under this policy, unless such other insurance is written specifically as excess of this insurance.

Notwithstanding the foregoing, in the event the **insured** has, prior to any **wrongful incident**, contractually obligated itself to provide primary and non-contributory insurance to any **additional insured**, this policy will be considered primary and not excess of or non-contributory to any other insurance provided by or for the benefit of such **additional insured**.

#### H. 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 **incidents, claims, regulatory proceedings, costs, damages, or claim expenses**. 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 **incidents, claims, regulatory proceedings, costs, damages, or claim expenses**, 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.

#### I. 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 VI. J. 2., your bankruptcy or insolvency of your estate or that of your successors in interest, as outlined in Condition VI. J. 2., shall not relieve us of our obligations under this policy.

#### J. Mergers and Acquisitions

1. Newly Acquired Subsidiaries
  - a. During the **policy period**, if you or any of your **subsidiaries** acquire another entity whose assets are less than or equal to twenty-five percent (25%) of your total assets as set forth in your most recent CPA prepared financial statement, coverage for any such acquired entity will only apply with respect to **incidents, claims, or regulatory proceedings** taking place after such acquisition if the acquired entity has no other similar insurance.
  - b. 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 **incidents, claims, or regulatory proceedings** related to the acquired entity unless:

- (1) You give us written notice at least thirty (30) days after the acquisition; and
- (2) Obtain our written consent to extend coverage to such additional entities and agree to pay any additional premium we require or changes in terms, conditions, exclusions, or limitations we require.

Coverage for any acquired entities shall not be available unless specifically set forth in an endorsement to this policy and will only apply with respect to **incidents, claims, or regulatory proceedings** taking place after such acquisition.

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. Control of you being taken over by any government or governmental authority or agency; or
- e. The acquisition of the **named insured** or of all or substantially all of its assets by another entity, or the merger or consolidation of the **named insured** into or with another entity such that the **named insured** is not the surviving entity;

this policy shall immediately cease to afford coverage of any kind for **incidents, claims, regulatory proceedings, costs, damages, or claim expenses** 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 **incidents, claims, regulatory proceedings, costs, damages, or claim expenses** with respect to such **subsidiary** that was discovered, or of which we are notified subsequent to the events outlined in subparagraphs a. through e. above.

You shall immediately advise us of any appointment of a trustee or examiner under the Federal law, Title 11 of the United States Bankruptcy Code, 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.

### 3. Termination or Sale of a Subsidiary

If, before or during the **policy period**, an entity ceases to be a **subsidiary**, coverage with respect to such **subsidiary** shall continue until the termination of this policy. Such coverage continuation shall apply only with respect to **incidents, claims, or regulatory proceedings** taking place prior to the date such entity ceased to be a **subsidiary**.

### 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 **costs, damages, or claim expenses** you sustain shall fully release us for such **costs, damages, or claim expenses**. 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 **costs, damages, or claim expenses** under this contract.

### M. Assignment

Your interest under this policy is not assignable unless we provide written approval. If you die or are 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** or **regulatory proceeding** made against you or **claim expenses, costs, or damages** 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. 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.

**Q. 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**.

**R. 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.

**S. Compliance with Trade Sanctions**

This insurance does not apply to the extent that trade or economic sanctions or other similar laws or regulations prohibit the providing of such insurance.

**T. Representations and Authorization Clause**

1. By acceptance of this policy, you agree that the **application** and any statements or representations in the **application** or any other materials submitted for this policy:
  - a. Are accurate and complete regardless of whether we provided such application or materials;

- b. Form the basis for, and have been relied upon by us issuing this policy; and
  - c. Are incorporated into and form a part of this policy.
- 2. We will not impute to another **insured** knowledge of any material statement, misrepresentation, or omission in the application or other materials submitted for this policy unless such material statement, misrepresentation, or omission is:
  - a. Known to the person or persons who signed the application; or
  - b. Made by or with the knowledge or consent of any **knowledgeable person**
- 3. This policy is void with respect to any **insured** that knew of any material misstatement, misrepresentation, or omission in the **application** or other materials submitted for this policy.

**U. Liability Coverage Disputed and Reservation of Rights**

If a controversy or dispute arises with regard to whether coverage exists with respect to a **claim** or **regulatory proceeding** 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** or **regulatory proceeding for damages** or **claims expenses**. In the event it is finally established by judgment or agreement that we have no liability with respect to such a **claim** or **regulatory proceeding**, you shall reimburse us upon demand all sums and monies paid by us to defend and/or settle such **claim** or **regulatory proceeding**.

**V. False or Fraudulent Claims**

If you shall commit fraud in presenting any **claims, regulatory proceedings, costs, or damages** as regards amounts or otherwise, this insurance shall become void as to such **insured** from the date such fraudulent **claims, regulatory proceedings, costs, or damages** are presented.

**W. 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.

**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.**