



CYBER INSURANCE ENDORSEMENT

Refer to the Cyber Insurance Supplemental Declarations if information is not shown on this form.

NOTICE TO POLICYHOLDER

THIS CYBER INSURANCE ENDORSEMENT (“ENDORSEMENT”) IS COMPRISED OF TWO COVERAGE COMPONENTS. SECTION I – CYBER LIABILITY COVERAGES IS WRITTEN ON A CLAIMS-MADE BASIS. SECTION II – FIRST PARTY BREACH EVENT COVERAGES PROVIDE CERTAIN FIRST PARTY COVERAGES.

READ THIS ENTIRE ENDORSEMENT CAREFULLY TO DETERMINE *YOUR* RIGHTS AND DUTIES AND WHAT IS AND IS NOT COVERED. THE TERMS, DEFINITIONS, CONDITIONS, AND EXCLUSIONS SET FORTH IN THIS ENDORSEMENT, AND THE LIMITS OF LIABILITY SHOWN IN THE SCHEDULE OF COVERAGES AND LIMITS (“THE SCHEDULE”), APPLY ONLY TO THIS ENDORSEMENT. ANY CONDITIONS CONTAINED ELSEWHERE IN THE POLICY, INCLUDING THE CANCELLATION AND RENEWAL/NONRENEWAL PROVISIONS, REMAIN UNCHANGED AND WILL APPLY TO THIS ENDORSEMENT, UNLESS THIS ENDORSEMENT STATES OTHERWISE.

THERE IS NO COVERAGE UNDER THIS ENDORSEMENT FOR *CLAIMS* ARISING OUT OF INCIDENTS, OCCURRENCES, OR ALLEGED WRONGFUL ACTS WHICH TAKE PLACE OR FIRST COMMENCE PRIOR TO THE *RETROACTIVE DATE* STATED IN THIS ENDORSEMENT. THIS ENDORSEMENT COVERS ONLY *CLAIMS* ACTUALLY MADE AGAINST THE *INSURED* WHILE THE COVERAGE REMAINS IN EFFECT. COVERAGE UNDER THIS ENDORSEMENT CEASES UPON TERMINATION OF COVERAGE, EXCEPT FOR THE AUTOMATIC EXTENDED REPORTING PERIOD, UNLESS *YOU* PURCHASE ADDITIONAL EXTENDED REPORTING PERIOD COVERAGE.

THIS COVERAGE PROVIDES AN AUTOMATIC EXTENDED REPORTING PERIOD OF SIXTY (60) DAYS. *YOU* ALSO HAVE THE RIGHT TO PURCHASE A SUPPLEMENTAL EXTENDED REPORTING PERIOD OF ONE (1) YEAR, TWO (2) YEARS OR THREE (3) YEARS FOR AN ADDITIONAL PREMIUM OF 95%, 190%, OR 285%, RESPECTIVELY, OF THE ANNUAL PREMIUM IN EFFECT ON THE DATE THIS ENDORSEMENT WAS ISSUED OR LAST RENEWED. POTENTIAL COVERAGE GAPS MAY ARISE WHEN ANY EXTENDED REPORTING PERIOD COVERAGE ENDS.

DURING THE FIRST SEVERAL YEARS OF THE CLAIMS-MADE RELATIONSHIP, CLAIMS-MADE BASIS RATES ARE COMPARATIVELY LOWER THAN OCCURRENCE RATES, AND *YOU* CAN EXPECT SUBSTANTIAL ANNUAL PREMIUM INCREASES, INDEPENDENT OF OVERALL RATE LEVEL INCREASES, UNTIL THE CLAIMS-MADE RELATIONSHIP REACHES MATURITY. THE RATES FOR ANY EXTENDED REPORTING PERIOD COVERAGE WILL BE BASED ON THE RATES IN EFFECT ON THE DATE THE POLICY WAS ISSUED OR LAST RENEWED.

ALL WORDS AND PHRASES IN THIS ENDORSEMENT THAT APPEAR IN *BOLD AND ITALIC* PRINT HAVE THE MEANINGS SET FORTH IN SECTION VI OF THIS

ENDORSEMENT. ANY DEFINITIONS CONTAINED IN ANY OTHER COVERAGE OF THE POLICY DO NOT APPLY TO THIS ENDORSEMENT.

POLICY NUMBER: _____

ENDORSEMENT EFFECTIVE DATE: _____

RETROACTIVE DATE: _____

The Cyber Insurance limits of liability are specified in the Schedule shown below. The Cyber Insurance limits of liability are in addition to, and will not reduce, the limits of liability provided elsewhere under the Policy. ***Our*** payment of ***defense costs*** will not reduce the Cyber Insurance limits of liability.

SCHEDULE OF COVERAGES AND LIMITS

COVERAGES	
Section I - Cyber Liability Coverages	
Coverage A - Multimedia Liability Coverage	
Coverage B - Security and Privacy Liability Coverage	
Coverage C - Privacy Regulatory Liability Coverage	
Section II - First Party Breach Event Coverages	
Coverage D - <i>Privacy Breach Response Costs, Notification Expenses and Customer Support and Credit Monitoring Expenses</i> Coverage	
Coverage E - Network Asset Protection Coverage	
Coverage F - Cyber Extortion Coverage	
Coverage G - BrandGuard Coverage	
LIMITS OF LIABILITY	
Each <i>Claim</i> Limit \$ _____	Annual Aggregate Limit \$ _____

In consideration of the premium paid and subject to all terms, conditions, definitions, exclusions and other provisions of this Endorsement, and any applicable conditions contained in the Policy, ***we*** agree as follows:

SECTION I – CYBER LIABILITY COVERAGES

COVERAGE A - MULTIMEDIA LIABILITY COVERAGE

Subject to the limits of liability shown in the Schedule, ***we*** will pay ***damages*** which an ***insured*** becomes legally obligated to pay and ***defense costs*** resulting from a ***claim*** for an actual or alleged ***multimedia peril***, provided that:

1. Such ***claim*** is first made during the ***endorsement period*** or any extended reporting period;
2. The ***insured*** reports such ***claim*** in writing to ***us*** or ***our*** authorized agent as soon as reasonably possible; and
3. The ***multimedia peril*** takes place or first commences on or after the ***retroactive date***.

A ***claim*** under Coverage A will be deemed to have been first made when notice of such ***claim*** is received by any ***insured*** or by ***us*** or ***our*** authorized agent, whichever comes first.

COVERAGE B - SECURITY AND PRIVACY LIABILITY COVERAGE

Subject to the limits of liability shown in the Schedule, *we* will pay *damages* which an *insured* becomes legally obligated to pay and *defense costs* resulting from a *claim* for an actual or alleged *security and privacy wrongful act*, provided that:

1. Such *claim* is first made during the *endorsement period* or any extended reporting period;
2. The *insured* reports such *claim* in writing to *us* or *our* authorized agent as soon as reasonably possible; and
3. The *security and privacy wrongful act* takes place or first commences on or after the *retroactive date*.

A *claim* under Coverage B will be deemed to have been first made when notice of such *claim* is received by any *insured* or by *us* or *our* authorized agent, whichever comes first.

COVERAGE C - PRIVACY REGULATORY LIABILITY COVERAGE

Subject to the limits of liability shown in the Schedule, *we* will pay any *regulatory compensatory award* which an *insured* becomes legally obligated to pay and *defense costs* resulting from a *claim* for an actual or alleged *security breach* or *privacy breach*, provided that:

1. Such *claim* is first made during the *endorsement period* or any extended reporting period;
2. The *insured* reports such *claim* in writing to *us* or *our* authorized agent as soon as reasonably possible; and
3. The *security breach* or *privacy breach* takes place or first commences on or after the *retroactive date*.

A *claim* under Coverage C will be deemed to have been first made when notice of such *claim* is received by any *insured* or by *us* or *our* authorized agent, whichever comes first.

SECTION II – FIRST PARTY BREACH EVENT COVERAGES

COVERAGE D - PRIVACY BREACH RESPONSE COSTS, NOTIFICATION EXPENSES, AND CUSTOMER SUPPORT AND CREDIT MONITORING EXPENSES COVERAGE

Subject to the limits of liability shown in the Schedule, *we* will pay reasonable *privacy breach response costs*, *notification expenses*, or *customer support and credit monitoring expenses* which *you* incur during the *endorsement period* as a direct result of an *adverse media report*, *security breach* or *privacy breach*, provided that:

1. The *adverse media report*, *security breach* or *privacy breach* is first discovered by an *insured* during the *endorsement period*; and
2. *You* report the *adverse media report*, *security breach* or *privacy breach* in writing to *us* or *our* authorized agent as soon as reasonably possible.

COVERAGE E - NETWORK ASSET PROTECTION COVERAGE

Coverage E.1. - Loss of *Digital Assets*

Subject to the limits of liability shown in the Schedule, *we* will reimburse *you* for *digital assets loss* and *special expenses* which *you* incur as a direct result of damage, alteration, corruption, distortion, theft, misuse, or destruction of *digital assets* that is directly attributable to a *covered cause of loss*, provided that:

- a. The *covered cause of loss* is first discovered by an *insured* during the *endorsement period*;
- b. *You* report the *covered cause of loss* in writing to *us* or *our* authorized agent as soon as reasonably possible; and
- c. *You* provide clear evidence that the *digital assets loss* and *special expenses* directly resulted from the *covered cause of loss*.

We will pay *digital assets loss* and *special expenses* for a period of up to twelve (12) months following the discovery of the damage, alteration, corruption, distortion, theft, misuse, or destruction of *digital assets*.

Coverage E.2. - Non-Physical Business Interruption and Extra Expense

Subject to the limits of liability shown in the Schedule, *we* will reimburse *you* for *income loss*, *interruption expenses* and *special expenses* which *you* incur during the *period of restoration*, but after the *waiting period*, as a direct result of a total or partial interruption, degradation in service or failure of an *insured computer system* that is directly attributable to a *covered cause of loss*, provided that:

- a. The *covered cause of loss* is first discovered by an *insured* during the *endorsement period*;
- b. *You* report the *covered cause of loss* in writing to *us* or *our* authorized agent as soon as reasonably possible; and

- c. **You** provide clear evidence that the *income loss, interruption expenses* and *special expenses* directly resulted from the *covered cause of loss*.

COVERAGE F - CYBER EXTORTION COVERAGE

Subject to the limits of liability shown in the Schedule, **we** will reimburse **you** for *cyber extortion expenses* and *cyber extortion monies* that **you** pay as a direct result of a *cyber extortion threat*, including a demand for *cyber extortion monies*, provided that:

1. Such *cyber extortion threat* is first received by an *insured* during the *endorsement period*;
2. **You** provide clear evidence that the *cyber extortion expenses* and *cyber extortion monies* directly resulted from the *cyber extortion threat*; and
3. **You** report the *cyber extortion threat* in writing to **us** or **our** authorized agent as soon as reasonably possible.

Cyber extortion expenses and *cyber extortion monies* must not be paid without **our** prior consultation and written authorization. **You** must make every reasonable effort to notify local law enforcement authorities and the Federal Bureau of Investigation, or similar equivalent foreign agency, before surrendering any *cyber extortion monies* in response to a *cyber extortion threat*.

COVERAGE G - BRANDGUARD COVERAGE

Subject to the limits of liability shown in the Schedule, **we** will reimburse **you** for *your* provable and ascertainable *brand loss*, which **you** sustain during the *period of indemnity*, but after the *waiting period*, as a direct result of an *adverse media report* or *notification*, provided that:

1. **You** first discover the *brand loss* during the *endorsement period*;
2. **You** report the *brand loss* in writing to **us** or **our** authorized agent as soon as reasonably possible; and
3. **You** provide clear evidence that the *brand loss* directly resulted from the *adverse media report* or *notification*.

SECTION III – CYBER LIABILITY DEFENSE, INVESTIGATION AND SETTLEMENT

The following Cyber Liability Defense, Investigation and Settlement provisions will apply only to Coverage A, Coverage B and Coverage C of this Endorsement and will supersede any other defense, investigation or settlement provisions contained elsewhere in the Policy.

- A. **We** will have the right and duty to defend any *claim* under Coverage A, Coverage B or Coverage C, even if the allegations of the *claim* are groundless, false or fraudulent. **We** will have the right to appoint counsel to defend any such *claim*. However, **we** will have no duty to defend any *insured* against any *claim* seeking amounts or relief to which this insurance does not apply.
- B. At **our** sole discretion, **we** may investigate and settle any *claim*, provided that **we** have *your* written consent to settle and the settlement is within the applicable limit of liability. If **you** refuse to consent to any settlement recommended by **us** and acceptable to the claimant, **we** may then withdraw from *your* defense by tendering control of the defense to **you**. From that point forward, **you** will, at *your* own expense, negotiate or defend such *claim*, independently of **us**. **Our** liability will not exceed the amount for which the *claim* could have been settled if such recommendation was consented to, plus *defense costs* incurred by **us**, and *defense costs* incurred by **you** with **our** written consent, prior to the date of such refusal.
- C. **We** will not be obligated to defend or pay any *claim* after the applicable limit of liability hereunder has been exhausted.
- D. **Our** payment of *defense costs* will not reduce the limits of liability.
- E. Once the limits of liability specified in Section V of this Endorsement are exhausted, **we** will have no further obligation to make any payment under this Endorsement. **We** will have the right to withdraw from the further defense or payment of any *claim* by transferring control of said *claim* to the *insured* in accordance with Section XII of this Endorsement.
- F. No *insured* will incur any *defense costs, damages*, or any other amounts covered by this Endorsement, or settle any *claim*, assume any contractual obligation, admit liability, voluntarily make any payment, or otherwise consent to any settlement or judgment with respect to any *claim* without **our** prior written consent, which will not be unreasonably withheld. **We** will not be liable for any *defense costs* or other amounts, or any settlement or judgment to which **we** have not consented.

SECTION IV - EXCLUSIONS

The following Exclusions will apply only to the Coverages provided under this Endorsement. Any exclusionary language that appears elsewhere in the Policy will not apply to this Endorsement.

The insurance provided under this Endorsement does not apply to:

- A. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any **multimedia peril, security and privacy wrongful act, security breach, privacy breach, covered cause of loss, cyber extortion threat or adverse media report**:
 - 1. Which was the subject of written notice given to **us** or to any other insurer prior to the effective date of the first Cyber Insurance Endorsement issued to **you** and continuously renewed thereafter;
 - 2. Which was the subject of any written demand or civil proceeding made or brought against an **insured** prior to the effective date of the first Cyber Insurance Endorsement issued to **you** and continuously renewed thereafter, or that involved the same or substantially the same fact, circumstance, or situation underlying or alleged in such prior demand or civil proceeding;
 - 3. Which any **insured** had knowledge of prior to the effective date of the first Cyber Insurance Endorsement issued to **you** and continuously renewed thereafter.
- B. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any actual, alleged or threatened discharge, dispersal, release or escape of **pollutants**, or any direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify or neutralize **pollutants**.
- C. Any **claim** for liability assumed by any **insured** under any oral or written contract or agreement, except where such liability would apply apart from such contract or agreement and is otherwise covered by this Endorsement. With respect to any **multimedia peril, security breach or privacy breach**, this exclusion does not apply to any **claim** alleging liability **assumed under contract**.
- D. Any **claim** for breach of any express, implied, actual or constructive contract, warranty, guarantee, or promise, except where such liability would apply apart from such contract, warranty, guarantee or promise and is otherwise covered by this Endorsement. This exclusion does not apply to any **claim** alleging breach of **your** privacy policy or liability **assumed under contract**.
- E. Any **claim** for violations of the False Claims Act or any similar federal or state law, rule, or regulation concerning billing errors or fraudulent billing practices or abuse.
- F. Any **claim** for infringement of any patent or the misappropriation, theft, copying, display, or publication of any trade secret.
- G. Any **claim** for unfair competition, price fixing, deceptive trade practices, restraint of trade, or violation of any anti-trust laws.
- H. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
 - 1. Any employment or employment-related matters, including, but not limited to, employer-employee relations, policies, acts or omissions;
 - 2. Any actual or alleged refusal to employ any person or any other actual or alleged misconduct with respect to employees; or
 - 3. Any actual or alleged obligations of the **insured** under any workers' compensation, unemployment insurance, social security, disability benefits or other similar law.This exclusion does not apply to an otherwise covered **claim** under Coverage B, which is brought by **your** past, present or future employee alleging a **security and privacy wrongful act**.
- I. Any **claim** for **bodily injury or property damage**.
- J. Any **claim** for harassment or discrimination because of, or relating to, race, creed, color, age, sex, sexual orientation or preference, national origin, religion, handicap, disability, political affiliation, marital status, or any other basis prohibited by federal, state or local law.
- K. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
 - 1. Satellite failures;
 - 2. Electrical or mechanical failures or interruption including, but not limited to, electrical disturbance, spike, brownout, or blackout; or
 - 3. Outages to gas, water, telephone, cable, telecommunications or other infrastructure, unless such infrastructure is under **your** direct operational control and such **claim** is otherwise covered under Coverage E.

- L. Any **claim** for violation of any of United States of America's economic or trade sanctions, including, but not limited to, sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").
- M. Any **criminal proceeding**.
- N. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any of the of following, if committed by any **insured**, whether acting alone or in collusion with other persons:
 1. Any willful, deliberately dishonest, malicious, or fraudulent act or omission;
 2. Any intentional violation of the law or of **your** privacy policy; or
 3. The gaining in fact of any profit, remuneration or financial advantage to which an **insured** was not legally entitled,

This exclusion does not apply to:

1. Any **insured** that did not commit, participate in, or have knowledge of any willful, dishonest, fraudulent, or malicious conduct described in this exclusion; or
 2. A **claim** resulting from sabotage by **your** employee.
- O. Any **claim** under Coverage A, Coverage B or Coverage C based upon, arising out of, resulting from, in consequence of, or in any way involving:
 1. Any actual or alleged **multimedia peril, security and privacy wrongful act, security breach or privacy breach** that took place or first commenced prior to the **retroactive date**; or
 2. Any actual or alleged **multimedia peril, security and privacy wrongful act, security breach or privacy breach** that took place on or after the **retroactive date**, which, together with an actual or alleged **multimedia peril, security and privacy wrongful act, security breach or privacy breach** that took place prior to the **retroactive date**, would constitute related **multimedia perils, security and privacy wrongful acts, security breaches or privacy breaches**.

For purposes of this exclusion, **multimedia perils, security and privacy wrongful acts, security breaches or privacy breaches** will be deemed related if **we** determine that they are logically or causally connected by any common fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.

- P. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any business, joint venture or enterprise not named on the Declarations Page.
- Q. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any conduct, act, error or omission of any individual serving in any capacity other than as **your** officer, director, partner, stockholder, trustee or employee.
- R. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving an **insured's** insolvency or bankruptcy, the insolvency or bankruptcy of any other individual or entity, or the failure, inability or unwillingness to make payments because of the insolvency, liquidation, or bankruptcy of any individual or entity. However, bankruptcy or insolvency of an **insured** or an **insured's** estate will not relieve **us** of **our** obligations under this Endorsement.
- S. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the wear and tear, drop in performance, progressive deterioration, or aging of **your** electronic equipment or **computer hardware**.
- T. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the failure of overhead transmission and distribution lines.
- U. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the gradual deterioration of subterranean insulation.
- V. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, force majeure or any other physical event, however caused.
- W. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the gradual deterioration or wear and tear of an **insured computer system**.
- X. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the actual or alleged inaccurate, inadequate or incomplete description of the price of goods, products or services.
- Y. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving cost guarantees, cost representations, contract price or cost estimates being exceeded.
- Z. Any **claim** brought by or on behalf of:
 1. Any **insured** against another **insured**;

2. Any entity which is owned, in whole or in part, by an **insured**, or any entity directly or indirectly controlled, operated or managed by an **insured**;
3. Any entity which is a parent, affiliate or subsidiary of any entity or joint venture in which an **insured** is a partner; or
4. Any individual or entity who is a partner of any entity or joint venture in which an **insured** is also a partner.

This exclusion does not apply to an otherwise covered **claim** under Coverage B, which is brought by **your** past, present or future employee alleging a **security and privacy wrongful act**.

- AA. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving **unauthorized trading**.
- BB. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
1. The actual or alleged purchase or sale of securities, or an offer, or solicitation of an offer, to purchase or sell securities;
 2. The actual or alleged loss of value of any securities; or
 3. Any actual or alleged violation of any securities law such as the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002 or any regulation promulgated under the foregoing statutes, or any federal, state, local, or foreign laws similar to the foregoing statutes, including Blue Sky laws, whether such law is statutory, regulatory or common law.
- CC. Any **claim** for violation of the Organized Crime Control Act of 1970 (commonly known as “Racketeer Influenced And Corrupt Organizations Act” or “RICO”), as amended, or any regulation promulgated under the foregoing statutes, or any similar federal, state, local or foreign laws, whether such law is statutory, regulatory or common law.
- DD. Any **claim** which is brought by the Federal Trade Commission, the Federal Communications Commission or any other federal, state or local governmental entity, in such entity’s regulatory or official capacity. This exclusion does not apply to an otherwise covered **claim** under Coverage C.
- EE. Any **claim** alleging:
1. The violation of any pension, healthcare, welfare, profit sharing or mutual or investment plans, funds or trusts; or
 2. The violation of any provision of the Employee Retirement Income Security Act of 1974 and its amendments, or the Pension Protection Act of 2006 and its amendments, or any regulation, ruling or order issued pursuant thereto.
- FF. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
1. War, including undeclared or civil war; or
 2. Warlike action by a military force, including action to hinder or defend against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 3. Insurrection, rebellion, revolution, usurped power, or action taken by a governmental authority in hindering or defending against any of these.
- GG. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving **your** commercial decision to cease providing a particular product or service, but only if **you** are contractually obligated to continue providing such products or services.
- HH. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
1. Gambling or pornography;
 2. Prizes, awards or coupons; or
 3. The sale or provision of prohibited, restricted or regulated items.
- II. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the use of programs that are not **operational programs** or **delivered programs**.
- JJ. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any **insured’s** intentional use of illegal or unlicensed programs that are in violation of the provisions or laws referring to software protection.
- KK. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the confiscation, commandeering, requisition, destruction of, or damage to **computer hardware** by order of a government de jure or de facto or by any public authority for whatever reason.
- LL. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the existence, emission or discharge of any electromagnetic field, electromagnetic radiation or electromagnetism that actually or allegedly affects the health, safety or condition of any person or the

environment or that affects the value, marketability, condition or use of any property.

MM. Any fines, penalties or sanctions imposed by law or punitive or exemplary damages.

NN. With respect to Coverage E.1.– Loss of **Digital Assets**:

1. Any amount incurred in restoring, updating or replacing **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 accidental physical damage or destruction of **electronic media** so that stored **digital assets** are no longer machine-readable;
3. Contractual penalties or consequential **damages**;
4. Any liability to third parties for whatever reason, including legal costs and expenses of any type;
5. The economic or market value of **digital assets**;
6. Costs or expenses incurred to identify, patch or remediate software program errors or **computer system** vulnerabilities;
7. Costs to upgrade, redesign, reconfigure or maintain an **insured computer system** to a level of functionality beyond that which existed prior to the **covered cause of loss**; or
8. Any losses paid under Coverage E.2. – Non-Physical Business Interruption and Extra Expense.

OO. With respect to Coverage E.2. – Non-Physical Business Interruption and Extra Expense:

1. Any amount incurred in updating or replacing **digital assets** to a level beyond that which existed prior to the **covered cause of loss**;
2. Contractual penalties or consequential **damages**;
3. Any liability to third parties for whatever reason, including legal costs and expenses of any type;
4. Costs or expenses incurred to identify, patch or remediate software program errors or **computer system** vulnerabilities;
5. Loss of goodwill and reputational harm;
6. Costs to upgrade, redesign, reconfigure or maintain an **insured computer system** to a level of functionality beyond that which existed prior to the **covered cause of loss**; or
7. Any losses paid under Coverage E.1.– Loss of **Digital Assets**.

PP. With respect to Coverage G - BrandGuard:

1. Any amounts incurred by **you** in an effort to reestablish **your reputation**, including **public relations expenses**;
2. Any amounts incurred in any **claim** that is insured by any other insurance, except excess insurance;
3. Any amounts incurred in connection with an **adverse media report** that also affects or refers in similar terms to a general security issue, an industry or **your** specific competitors without any specific allegations regarding a **privacy breach** or **security breach** by an **insured**, a **BPO service provider**, an **outsourced IT service provider**, or by others acting on **your** behalf and for whom **you** are legally responsible;
4. Any civil or regulatory liability to third parties for whatever reason, including legal costs and expenses of any type;
5. Contractual penalties or consequential **damages**; or
6. **Privacy breach response costs, notification expenses** or **customer support and credit monitoring expenses** paid under Coverage D.

QQ. Any **claim** based upon, arising from, or in any way involving:

1. Any **insured's** failure to comply with or follow the **PCI Data Security Standard** or any payment card company rules; or
2. The implementation or maintenance of, or compliance with, any security measures or standards related to any payment card **data** including, but not limited to, any fine or penalty imposed by a payment card company on a merchant bank or payment processor that an **insured** has paid or agreed to reimburse or indemnify.

SECTION V - LIMITS OF LIABILITY

The following Limits of Liability provisions will apply only to the Coverages provided under this Endorsement and will supersede any similar provisions contained elsewhere in the Policy.

- A. The limit of liability shown in the Schedule as the Each **Claim** Limit is the most **we** will pay under this Endorsement for each **claim**, regardless of the number of **insureds** involved or affected, the number of individuals or entities making a **claim**, or the number of **claims**.
- B. Subject to the provisions respecting each **claim**, the limit of liability shown in the Schedule as the Annual Aggregate Limit is the most **we** will pay for all Coverages of this Endorsement combined.
- C. All **claims** that arise out of the same, related, or continuing acts, facts or circumstances, will be considered a single **claim** without regard to the number of **insureds**, **claims**, or persons or entities making a **claim**, and only one Each **Claim** Limit will apply.
- D. With respect to Coverage A, Coverage B and Coverage C, **we** will deem related **claims** to have been first made on the date the earlier of the related **claims** was first made. Appeals and any post-trial proceedings or consolidated proceedings approved by **us** will be considered part of the original **claim**.
- E. With respect to Coverage D, Coverage E, Coverage F, and Coverage G, all covered amounts resulting from a **security breach**, **privacy breach**, **covered cause of loss**, **cyber extortion threat**, **adverse media report**, or **brand loss** will be subject to the limit of liability of the **endorsement period** in effect when the **security breach**, **privacy breach**, **covered cause of loss**, **cyber extortion threat**, **adverse media report**, or **brand loss** was first discovered by an **insured**. In the event a **claim** involves multiple, continuing or repeated **security breaches**, **privacy breaches**, **covered causes of loss**, **cyber extortion threats**, **adverse media reports**, or **brand loss**, the applicable limit of liability will be determined based on the date the earliest **security breach**, **privacy breach**, **covered cause of loss**, **cyber extortion threat**, **adverse media report**, or **brand loss** occurred.
- F. In the event more than one Coverage of this Endorsement applies to a **claim**, only one Each **Claim** Limit will apply.

SECTION VI - DEFINITIONS

The following Definitions will apply only to the Coverages provided under this Endorsement. Any definitions contained elsewhere in the Policy will not apply to the words or phrases used in this Endorsement. If a term is defined both below and elsewhere in the Policy, only the definitions below will apply to the Coverages provided under this Endorsement.

When used in this Endorsement:

- A. The words **you** and **your** refer to the person or entity named in the Declarations, and the words **we**, **us** and **our** refer to the insurance company named in the Declarations.
- B. **Adverse media report** means any unpredictable report or communication of an actual or potential **security breach** or **privacy breach**, which:
 - 1. Has been publicized through any media channel including, but not limited to, television, **print media**, radio or electronic networks, the **internet**, or electronic mail; and
 - 2. Threatens material damage to **your reputation** or **your** brands.
- C. **Assumed under contract** means liability for **damages** resulting from a **multimedia peril**, **security breach** or **privacy breach** where such liability has been assumed by **you** in the form of a written hold harmless or indemnity agreement, provided that such agreement was executed prior to the date the **multimedia peril**, **security breach**, or **privacy breach** occurred.
- D. **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.
- E. **Bodily injury** means physical injury, sickness, disease, pain or death, and if arising out of the foregoing, mental anguish, mental injury, shock, humiliation or emotional distress sustained by a person at any time.
- F. **Brand loss** means **your** revenue as could have been reasonably projected immediately prior to **notification** or, in the event of an **adverse media report**, immediately prior to the publication of an **adverse media report**, but which has been lost as a direct result of such **notification** or **adverse media report**. **Brand loss** will be determined in accordance with Section VIII C. of this Endorsement.
- G. **Claim** means:

1. With respect to Coverage A (Multimedia Liability Coverage) and Coverage B (Security and Privacy Liability Coverage):
 - a. Any written demand made against an **insured** in which **damages** are alleged; or
 - b. Any judicial proceeding initiated against an **insured**, commenced by the service of a complaint or similar pleading or notice, in which **damages** are alleged.
 2. With respect to Coverage C (Privacy Regulatory Liability Coverage), a **government investigation** commenced against an **insured** by letter, notice, complaint, or order of investigation.
 3. With respect to Coverage D (**Privacy Breach Response Costs, Notification Expenses, and Customer Support and Credit Monitoring Expenses** Coverage), **your** written report to **us** or **our** authorized agent of an **adverse media report, security breach, or privacy breach**.
 4. With respect to Coverage E (Network Asset Protection Coverage), **your** written report to **us** or **our** authorized agent of a **covered cause of loss**.
 5. With respect to Coverage F (Cyber Extortion Coverage), **your** written report to **us** or **our** authorized agent of a **cyber extortion threat**.
 6. With respect to Coverage G (BrandGuard Coverage), **your** written report to **us** or **our** authorized agent of **brand loss** directly caused by an **adverse media report or notification**.
- H. **Computer hardware** means the physical components of any **computer system** including CPUs, memory, storage devices, storage media, and input/output devices and other peripheral devices and components, including, but not limited to, cable, connectors, fiber optics, wire, power supply units, keyboards, display monitors, and audio speakers.
- I. **Computer program** means an organized set of instructions that, when executed, causes a computer to behave in a predetermined manner. **Computer program** includes, but is not limited to, communications, networking, operating system, and related **computer programs** used to create, maintain, process, retrieve, store, or transmit electronic **data**.
- J. **Computer system** means interconnected electronic, wireless, web, or similar systems (including all **computer hardware** and software) used to process and store **data** or information in an analogue, digital, electronic, or wireless format including, but not limited to, **computer programs**, electronic **data**, operating systems, **firmware**, servers, media libraries, associated input and output devices, mobile devices, networking equipment, websites, extranets, off line storage facilities (to the extent that they hold electronic **data**), and electronic backup equipment.
- K. **Computer virus** means a program that possesses the ability to create replicas of itself (commonly known as an “auto-reproduction” program) within other programs or operating system areas or which is capable of spreading copies of itself wholly or partly to other **computer systems**.
- L. **Covered cause of loss** means, and is limited to, the following:
1. Accidental Damage or Destruction
 - a. Accidental physical damage or destruction of **electronic media** so that stored **digital assets** are no longer machine-readable;
 - b. Accidental damage or destruction of **computer hardware** so that stored **data** is no longer machine-readable;
 - c. Failure in power supply or under/over voltage only if such power supply, including back-up generators, is under **your** direct operational control;
 - d. **Programming error of delivered programs**; or
 - e. Electrostatic build-up and static electricity.
 2. Administrative or Operational Mistakes

An accidental, unintentional, or negligent act, error or omission by **your** employee, a **BPO service provider**, or **outsourced IT service provider** in:

 - a. The entry or modification of **your** electronic **data**, which causes damage to such **data**;
 - b. The creation, handling, development, modification, or maintenance of **digital assets**; or
 - c. The ongoing operation or maintenance of an **insured computer system** excluding the design, architecture, or configuration of an **insured computer system**.
 3. Computer Crime and Computer Attacks

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

 - a. A **denial of service attack**;

- b. *Malicious code*;
 - c. *Unauthorized access*; or
 - d. *Unauthorized use*.
- M. **Criminal proceeding** means any governmental action for enforcement of criminal laws, including those offenses for which conviction could result in imprisonment or criminal fine.
- N. **Customer support and credit monitoring expenses** means those reasonable and necessary expenses which *you* incur, with *our* prior written consent, for the provision of customer support activity in the event of a *privacy breach*, including the provision of credit file monitoring services and identity theft education and assistance for up to a period of twelve (12) months from the date of enrollment in such services.
- O. **Cyber extortion expenses** means all reasonable and necessary costs and expenses which *you* incur, with *our* prior written consent, as a direct result of a *cyber extortion threat*, other than *cyber extortion monies*.
- P. **Cyber extortion monies** means any funds or property which *you* pay, with *our* prior written consent, to a person(s) or entity(ies) reasonably believed to be responsible for a *cyber extortion threat* insured under Coverage G, for the purpose of terminating such *cyber extortion threat*.
- Q. **Cyber extortion threat** means a credible threat or series of related credible threats, including, but not limited to, a demand for *cyber extortion monies*, directed at *you* to:
1. Release, divulge, disseminate, destroy or use the confidential information of a third party taken from *you* as a result of *unauthorized access* to, or *unauthorized use* of, an *insured computer system*;
 2. Introduce *malicious code* into an *insured computer system*;
 3. Corrupt, damage or destroy an *insured computer system*;
 4. Restrict or hinder access to an *insured computer system*, including, but not limited to the threat of a *denial of service attack*; or
 5. Electronically communicate with *your* customers and falsely claim to be *you* or to be acting under *your* direction in order to falsely obtain personal or confidential information of *your* customers (also known as “pharming,” “phishing,” or other types of false communications).
- R. **Damages** means the amount of money which an *insured* is legally obligated to pay because of a covered *claim* under Coverage A or Coverage B, including judgments and settlements negotiated with *our* consent. **Damages** do not include:
1. Taxes;
 2. Any amount for which an *insured* is absolved from legal responsibility to make payment to a third party;
 3. Amounts owed under contract;
 4. *Your* future profits or royalties or any return, withdrawal, restitution or reduction of *your* professional fees, profits or other charges;
 5. Punitive, liquidated or exemplary *damages* or the multiplied portion of multiplied *damages*;
 6. Fines, sanctions or penalties;
 7. Any matters that are deemed uninsurable under applicable law;
 8. The costs to comply with orders granting injunctive or non-monetary relief, including specific performance or any agreement to provide such relief;
 9. Disgorgement of any remuneration or financial advantage to which *you* were not legally entitled; or
 10. Settlements negotiated without *our* consent.
- S. **Data** means any machine-readable information, including, but not limited to, ready-for-use programs, applications, account information, personal information, health and medical information, or electronic information subject to back-up procedures, irrespective of the way it is used and rendered.
- T. **Defense costs** means reasonable and necessary legal fees, costs and expenses incurred with *our* consent in the investigation, defense and appeal of any covered *claim* under Coverage A, Coverage B or Coverage C. **Defense costs** does not include any wages, salaries, fees, overhead or other charges incurred by, or paid to, any *insured* for any time spent in cooperating in the defense and investigation of any *claim* or potential *claim* under this Endorsement.
- U. **Delivered programs** means programs, applications, and software where the development stage has been finalized, having passed all test-runs, and been proven successful in a live environment.
- V. **Denial of service attack** means an event caused by unauthorized or unexpected interference or a malicious attack intended by the perpetrator to overwhelm the capacity of a *computer system* by

sending an excessive volume of electronic **data** to such **computer system** in order to prevent authorized access to such **computer system**.

- W. **Digital assets** means **data** and **computer programs** that exist in an **insured computer system**. **Digital assets** do not include **computer hardware**.
- X. **Digital assets loss** means reasonable and necessary expenses and costs which **you** incur to replace, recreate, or restore **digital assets** to the same state and with the same contents immediately before it was damaged, destroyed, altered, misused, or stolen, including expenses for materials and machine time. **Digital assets loss** also includes amounts representing employee work time to replace, recreate, or restore **digital assets**, which will be determined on a predefined billable hour or per hour basis as based upon **your** schedule of employee billable hours.
- Y. **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.
- Z. **Endorsement period** means the period of coverage commencing on the effective date specified on this Endorsement and ending on the earlier of the termination, expiration or cancellation date of the Policy to which this Endorsement attaches. **Endorsement period** does not include any extended reporting period.
- AA. **Firmware** means the fixed programs that internally control basic low-level operations in a device.
- BB. **Government investigation** means a formal investigation instituted against an **insured** by any federal, state or local government agency or authority, the subject matter of which is a **security breach** or **privacy breach**.
- CC. **Income loss** means financial loss **you** sustain, as determined in accordance with the provisions of Coverage E.2.
- DD. **Insured** means the **named insured** and current executive officers, partners, directors, stockholders, trustees, or employees of the **named insured**, but only while such individuals are acting within the scope of their duties on behalf of the **named insured**.
- EE. **Insured computer system** means:
1. A **computer system** operated by and either owned by, or leased to, **you**;
 2. With respect to Coverage B only, **insured computer system** also includes a **computer system** operated by a **BPO service provider** or **outsourced IT service provider** and used for the sole purpose of providing hosted computer application services to **you** or for processing, maintaining, hosting, or storing **your** electronic **data**, pursuant to a written contract with **you** for such services.
- FF. **Internet** means the worldwide public network of computers which enables the transmission of electronic **data** between different users, including a private communications network existing within a shared or public network platform.
- GG. **Interruption expenses** means those expenses, excluding **special expenses**, which **you** incur in accordance with the provisions of Coverage E.2., to:
1. Avoid or minimize the suspension of **your** business as a result of a total or partial interruption, degradation in service, or failure of an **insured computer system** caused directly by a **covered cause of loss**, which **you** would not have incurred had no **covered cause of 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; and
 2. Minimize or avoid a **covered cause of loss** and continue **your** business.
- The amount of **interruption expenses** recoverable under GG.1. above, will in no case exceed the amount by which the covered **income loss** is reduced by such incurred expenses.
- HH. **Malicious code** means software intentionally designed to insert itself and damage a **computer system** without the owner's informed consent by a variety of forms including, but not limited to, virus, worm, Trojan horses, spyware, dishonest adware, and crimeware.
- II. **Multimedia peril** means the release or display of any **electronic media** on **your internet** site or **print media** for which **you** are solely responsible, which directly results in any of the following:
1. Any form of defamation or other tort related to the disparagement or harm to the **reputation** or character of any person or organization, including libel, slander, product disparagement, or trade libel,
 2. Invasion, infringement or interference with an individual's right of privacy including false light, intrusion upon seclusion, commercial misappropriation of name, person, or likeness, and public disclosure of private facts;
 3. Plagiarism, piracy, or misappropriation of ideas under an implied contract;
 4. Infringement of copyright, trademark, trade name, trade dress, title, slogan, service mark or service name; or

5. Domain name infringement or improper deep-linking or framing.
- JJ. **Named insured** means the person or organization listed as such on the Declarations Page.
- KK. **Notification** means notice to affected individuals in the event of a **security breach** or a **privacy breach**.
- LL. **Notification expenses** means those reasonable and necessary expenses which **you** incur, with **our** prior written consent, to notify affected individuals in the event of a **security breach** or **privacy breach**, whether or not there is a specific requirement by law to do so. **Notification expenses** includes, but is not limited to:
 1. Legal expenses;
 2. Computer forensic and investigation fees;
 3. **Public relations expenses**;
 4. Postage expenses; and
 5. Related advertising expenses.
- MM. **Operational programs** means programs and software that are ready for operational use, having been fully developed, tested, and accepted by **you**.
- NN. **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 IT service provider** services includes, but is not limited to, hosting, security management, co-location, and **data** storage.
- OO. **PCI Data Security Standard** (known as “PCI DSS”) means the published Payment Card Industry Security Council Data Security Standard in effect now, or as hereafter amended, which all merchants and processors must follow when storing, processing and transmitting cardholder **data**.
- PP. **Period of indemnity** means the period commencing on the earlier of the date of **notification** or the first publication of an **adverse media report** (whichever applies), and ending on the earlier of: (1) the date that gross revenues are restored to the level they had been prior to **notification** or the first **adverse media report** (whichever applies); or (2) One hundred eighty (180) consecutive days after the notice of **claim** under Coverage G is received by **us**.
- QQ. **Period of restoration** means the period commencing on the date when the interruption, degradation, or failure of an **insured computer system** began and ends on the earlier of:
 1. The date when the **insured computer system** is restored or could have been repaired or restored to the same condition, functionality, and level of service that existed prior to the **covered cause of loss** with reasonable diligence, plus up to thirty (30) additional consecutive days after the restoration of the **insured computer system** to allow for restoration of **your** business; or
 2. One hundred twenty (120) consecutive days after the notice of **covered cause of loss** is received by **us**.
- RR. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste, including materials to be recycled, reconditioned or reclaimed.
- SS. **Print media** means newspapers, newsletters, magazines, books, and literary works in any form, brochures or other types of publications, and advertising materials, including packaging, photographs, and digital images.
- TT. **Privacy breach** means any of the below, whether actual or alleged, but only if committed or allegedly committed by **you** or by others acting on **your** behalf for whom **you** are legally responsible, including **BPO service providers** and **outsourced IT service providers**:
 1. A common law breach of confidentiality, infringement, or violation of any right to privacy, including, but not limited to, a breach of **your** privacy policy, false light, intrusion upon a person’s seclusion, commercial misappropriation of name, person, or likeness, or public disclosure of a person’s private information; or
 2. Any breach of privacy regulations, as they currently exist and as amended, associated with the confidentiality, access, control, and use of personally identifiable, non-public information, including, but not limited to:
 - a. Health Insurance Portability and Accountability Act of 1996 (“Public Law 104-191”), known as HIPAA, and related state medical privacy laws;
 - b. Gramm-Leach-Bliley Act of 1999 (“G-L-B”), also known as the Financial Services Modernization Act of 1999;
 - c. State and federal statutes and regulations regarding the security and privacy of consumer information;
 - d. Governmental privacy protection regulations or laws associated with the control and use of personal information;
 - e. Privacy provisions of consumer protection laws, including the Federal Fair Credit

Reporting Act (“FCRA”) and similar state laws;

- f. Title XIII, the Health Information Technology for Economic and Clinical Health Act (“HITECH”), of the American Recovery and Reinvestment Act of 2009 (“ARRA”).

A series of continuing *privacy breaches* or related or repeated *privacy breaches* will be considered a single *privacy breach* and will be deemed to have occurred when the first of such *privacy breaches* occurred.

- UU. **Privacy breach response costs** means those reasonable and necessary fees and expenses which *you* incur, with *our* prior written consent, for the employment of a public relations consultant prior to or following the publication of an *adverse media report*, if *you* reasonably consider such action is necessary in order to avert or mitigate any material damage to *your reputation* or brands, which results or reasonably will result from the *adverse media report*.
- VV. **Programming error** means an error which occurs during the development or encoding of a *computer program*, software, or application, which would, when in operation, result in a malfunction or incorrect operation of a *computer system*.
- WW. **Property damage** means injury to tangible property, including all resulting loss of use of that property, and loss of use of tangible property that is not physically injured. *Data* is not considered tangible property.
- XX. **Public relations expenses** means reasonable and necessary expenses incurred by *you* to re-establish *your reputation* which was damaged as a direct result of an *adverse media report*.
- YY. **Regulatory compensatory award** means a sum of money that an *insured* is legally obligated to pay as an award or fund for affected individuals, including a regulatory agency’s monetary award to a third party, due to an adverse judgment or settlement arising out of a *government investigation*. **Regulatory compensatory award** does not include a fine, penalty or sanction imposed by law or punitive or exemplary damages.
- ZZ. **Reputation** means the estimation of trust that patients, customers or clients have in doing business with *you* or in purchasing *your* products or services.
- AAA. **Retroactive date** means the date specified as such on this Endorsement, on or after which any *multimedia peril, security and privacy wrongful act, security breach, or privacy breach* must have taken place in order to be considered for coverage under Coverage A, Coverage B or Coverage C of this Endorsement. The *retroactive date* may not be changed during the term of the claims-made relationship and any extended reporting period.
- BBB. **Security and privacy wrongful act** means any of the following acts, whether actual or alleged, but only if committed or allegedly committed by an *insured*:
1. Failure to prevent or hinder a *security breach* that in turn results in:
 - a. The alteration, copying, corruption, destruction, deletion, or damage to electronic *data* stored on an *insured computer system*;
 - b. Theft, loss or unauthorized disclosure of electronic and non-electronic confidential commercial, corporate, personally identifiable, or private information that is in *your* care, custody or control;
 - c. Theft, loss, or unauthorized disclosure of electronic and non-electronic confidential commercial, corporate, personally identifiable, or private information that is in the care, custody or control of a *BPO service provider* or *outsourced IT service provider* that is holding, processing, or transferring such information on *your* behalf; provided, however, that the theft, loss or unauthorized disclosure occurs while *your* written contract with such *BPO service provider* or *outsourced IT service provider* is in effect; or
 - d. *Unauthorized use* of, or *unauthorized access* to, a *computer system* other than an *insured computer system*.
 2. Failure to timely disclose a *security breach* affecting personally identifiable, nonpublic information or the failure to dispose of personally identifiable, nonpublic information within the required time period, in violation of privacy regulations in effect now or in the future;
 3. Failure to prevent the transmission of *malicious code* or *computer virus* from an *insured computer system* to the *computer system* of a third party;
 4. A *privacy breach*;
 5. Failure to prevent or hinder participation by an *insured computer system* in a *denial of service attack* directed against *internet* sites or the *computer system* of any third party; or
 6. Loss of employee information.
- CCC. **Security breach** means any of the following, whether a specifically targeted attack or a generally distributed attack:

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

A series of continuing **security breaches**, related or repeated **security breaches**, or multiple **security breaches** resulting from a continuing failure of computer security will be considered a single **security breach** and will be deemed to have occurred when the first of such **security breaches** occurred.

DDD. **Special expenses** means reasonable and necessary costs and expenses which **you** incur to:

1. Prevent, preserve, minimize, or mitigate any further damage to **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 **computer programs** because the copy protection system or access control software was damaged or destroyed by a **covered cause of loss**; or
4. Notify customers of a total or partial interruption, degradation in service, or failure of an **insured computer system** resulting from a **covered cause of loss**.

EEE. **Termination of coverage** means:

1. Cancellation or nonrenewal of the Policy or this Endorsement, whether made by **us** or the **named insured** at any time; or
2. A decrease in limits, reduction of coverage, increased deductible or self-insured retention, a new exclusion, or any other change in this Endorsement which is less favorable to the **insured**.

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

GGG. **Unauthorized trading** means trading, which at the time of the trade is:

1. In excess of permitted financial limits; or
2. Outside of permitted product lines.

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

III. **Waiting period** means:

1. With respect to Coverage E.2., the 8-hour period which must elapse before **income loss**, **interruption expenses** or **special expenses** may be payable. The **waiting period** applies to each **period of restoration**.
2. With respect to Coverage G, the two-week period which must elapse after **notification**, or in the event of an **adverse media report**, after publication of the first **adverse media report**, before **brand loss** may be payable. The **waiting period** applies to each **period of indemnity**.

SECTION VII – NOTICE PROVISIONS

The following Notice Provisions will apply only to the Coverages provided under this Endorsement and will supersede any other similar provisions contained elsewhere in the Policy.

A. NOTICE OF A **CLAIM**

1. The **insured** must give **us** or **our** authorized agent written notice of any **claim** as soon as reasonably possible.
2. **You** must provide **us** with copies of all documentation comprising the **claim** as well as any authorization, cooperation, or assistance **we** may require.
3. **We** will not be obligated to pay any amounts incurred prior to notice of a **claim** to **us** or amounts incurred without **our** prior written consent.

B. NOTICE OF A POTENTIAL *CLAIM*

If, during the *endorsement period*, any *insured* first becomes aware of any facts or circumstances which could give rise to a *claim* under Coverage A, Coverage B or Coverage C of this Endorsement, and if the *insured* provides *us* or *our* authorized agent with written notice during the *endorsement period* of:

1. The details regarding such facts or circumstances;
2. The nature of the loss incurred;
3. The identity of the potential claimant(s) involved;
4. The manner in which the *insured* first became aware of the facts or circumstances; and
5. The consequences which have resulted or may result,

then any *claim* subsequently made arising out of such reported facts or circumstances will be deemed to be a *claim* first made on the date notice complying with the foregoing requirements was first received by *us* or *our* authorized agent.

- C. The failure to give any notice required to be given by this Endorsement within the period prescribed herein will not invalidate any *claim*, unless the failure to provide timely notice has prejudiced *us*. The failure to give any notice required to be given by this Endorsement within the period prescribed herein will not invalidate any *claim* if it can be shown not to have been reasonably possible to give such notice within the prescribed time period and that notice was given as soon as was reasonably possible thereafter.
- D. If *we* disclaim liability or deny coverage for any *claim* based upon the failure to provide timely notice, then the claimant may maintain an action directly against *us*, in which the sole question is *our* disclaimer or denial based on the failure to provide timely notice, unless within sixty (60) days following such disclaimer or denial, the *insured* or *we*: (1) initiate an action to declare the rights of the parties under the insurance Policy; and (2) names the claimant as a party to the action.
- E. Notice given by or on behalf of an *insured* to *our* authorized agent will be deemed notice to *us*. Written notice by or on behalf of the claimant to *our* authorized agent, with particulars sufficient to identify the *insured*, will be deemed notice to *us*.

SECTION VIII – FIRST PARTY BREACH EVENT LOSS DETERMINATION

The following First Party Breach Event Loss Determination provisions will apply only to Coverage E and Coverage G of this Endorsement and will supersede any other similar provisions contained elsewhere in the Policy.

A. LOSS OF *DIGITAL ASSETS*

The coverage provided under Coverage E.1., *digital assets loss* will be determined as follows:

1. If the impacted *digital asset* was purchased from a third party, *we* will pay only the lesser of the original purchase price of the *digital asset* or the reasonable and necessary *digital assets loss*.
2. If it is determined that the *digital assets* cannot be replaced, restored or recreated, then *we* will only reimburse the actual and necessary *digital assets loss* incurred up to such determination.

B. NON-PHYSICAL BUSINESS INTERRUPTION AND EXTRA EXPENSE

For the coverage provided under Coverage E.2., *income loss* will be determined as the reduction of *your* income during the *period of restoration*, which is:

1. *Your* net income (net profit or loss before income taxes) that would have been reasonably projected, but which has been lost directly as a result of a total or partial interruption, degradation in service or failure of an *insured computer system* caused directly by a *covered cause of loss*. The revenue projection will take into account the prior experience of *your* business preceding 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 *your* business and variations in, or other circumstances affecting, *your* business before or after the *covered cause of loss*, which would have affected *your* business had no *covered cause of loss* occurred; and
2. Any fixed operating expenses (including ordinary payroll) incurred, but only to the extent that such operating expenses must continue during the *period of restoration*.

C. BRANDGUARD

For the coverage provided under Coverage G, *brand loss* will be determined as follows:

The revenue projection required to calculate *brand loss* will take into account the prior experience of *your* business preceding the date of the *adverse media report* or *notification*, whichever applies, and the

probable experience had no ***adverse media report*** been published or ***notification*** 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 its revenue stream. ***We*** will take into consideration ***your*** documentation of the trends in ***your*** business and variations in, or other circumstances affecting, ***your*** business before or after the ***adverse media report*** or ***notification***, which would have affected ***your*** business had no ***adverse media report*** been published or ***notification*** occurred. Any fixed operating expenses (including ordinary payroll) incurred will be considered in calculating ***brand loss***, but only to the extent that such operating expenses must continue during the ***period of indemnity***.

SECTION IX – EXTENDED REPORTING PERIOD

The following Extended Reporting Period provisions will apply only to Coverage A, Coverage B and Coverage C of this Endorsement and will supersede any other similar provisions contained elsewhere in the Policy.

A. AUTOMATIC EXTENDED REPORTING PERIOD

1. Upon ***termination of coverage***, ***we*** will provide ***you*** with an Automatic Extended Reporting Period of sixty (60) days within which ***claims*** otherwise covered by this Endorsement may be made. Such Automatic Extended Reporting Period will commence immediately upon ***termination of coverage*** and will apply to a ***claim*** under Coverage A, Coverage B or Coverage C which:
 - a. Arises out of an actual or alleged ***multimedia peril, security and privacy wrongful act, security breach*** or ***privacy breach***, whichever applies, that takes place or first commences on or after the ***retroactive date***, but prior to ***termination of coverage***; and
 - b. Is first made during the Automatic Extended Reporting Period; and
 - c. Is reported in writing to ***us*** or ***our*** authorized agent as soon as reasonably possible.
2. In the event similar insurance is in force during the Automatic Extended Reporting Period, coverage as provided by this Endorsement will be excess over any other valid and collectible insurance.
3. The aggregate limit for the Automatic Extended Reporting Period will be equal to the remaining amount of the Annual Aggregate Limit, as shown in the Schedule, as of the effective date of ***termination of coverage***.
4. Within thirty (30) days after ***termination of coverage***, ***we*** will provide ***you*** with written notice of the Automatic Extended Reporting Period coverage and the availability of, the premium for, and the importance of purchasing additional extended reporting period coverage. However, in the event of termination of the Policy for non-payment of premium or fraud on ***your*** part, ***we*** will not be required to provide such a premium quotation, unless requested by ***you***.

B. SUPPLEMENTAL EXTENDED REPORTING PERIOD

1. ***You*** will have the option, upon payment of the required additional premium, plus any premium for the policy period which is owed and not yet paid, or less any return premium owed because of ***termination of coverage***, to purchase a Supplemental Extended Reporting Period of twelve (12) months, twenty-four (24) months, or thirty-six (36) months following the effective date of ***termination of coverage***. The Supplemental Extended Reporting Period will extend the time during which ***claims*** otherwise covered by this Endorsement may be made. If the Supplemental Extended Reporting Period is purchased, the Automatic Extended Reporting Period will be included within the Supplemental Extended Reporting Period. Such Supplemental Extended Reporting Period will apply only to a ***claim*** under Coverage A, Coverage B or Coverage C which:
 - a. Arises out of an actual or alleged ***multimedia peril, security and privacy wrongful act, security breach*** or ***privacy breach***, whichever applies, that takes place or first commences on or after the ***retroactive date***, but prior to ***termination of coverage***; and
 - b. Is first made during the Supplemental Extended Reporting Period; and
 - c. Is reported in writing to ***us*** or ***our*** authorized agent as soon as reasonably possible.
2. Except where otherwise specified, the right to purchase the Supplemental Extended Reporting Period applies upon ***termination of coverage***. ***You*** will have the greater of the following time periods within which to submit written acceptance of the extended reporting period coverage:
 - a. Sixty (60) days after the effective date of ***termination of coverage***; or
 - b. Thirty (30) days after ***we*** have mailed or delivered to ***you*** a written notice of the availability of, and the premium for, the Supplemental Extended Reporting Period.

3. The right to purchase the Supplemental Extended Reporting Period will terminate unless written notice of such election, together with full payment of the required additional premium due, plus any premium for the policy period which is owed and not yet paid, or less any return premium owed because of **termination of coverage**, is received by **us** or **our** authorized agent within the time period prescribed in paragraph 2 above.
4. The additional premium for the Supplemental Extended Reporting Period will be a percentage of the rates for Cyber Insurance in effect on the date the Policy was issued or last renewed, as set forth below:
 - a. Twelve (12) months for 95% of annual premium;
 - b. Twenty-four (24) months for 190% of annual premium; or
 - c. Thirty-six (36) months for 285% of annual premium.
5. If **you** do not elect to purchase a Supplemental Extended Reporting Period, then coverage under this Endorsement will terminate at the end of the Automatic Extended Reporting Period. If **you** elect to purchase a Supplemental Extended Reporting Period, coverage will terminate at the end of the Supplemental Extended Reporting Period.
6. Once in effect, the Supplemental Extended Reporting Period may not be canceled, and the entire premium will be deemed fully earned. **We** will not be liable to return any portion of the premium to **you** for such Supplemental Extended Reporting Period. If **you** have not paid the required additional premium for the Supplemental Extended Reporting Period when due, then such Supplemental Extended Reporting Period will be void.
7. If **we** terminate coverage due to non-payment of premium or fraud, and at the effective date of such **termination of coverage** **we** have provided this Endorsement to **you** on a claims-made basis without interruption for less than one (1) year, there will be no right to elect or purchase a Supplemental Extended Reporting Period. For purposes of this paragraph, extended reporting period coverage will not be considered as time when **we** are providing coverage.
8. Any person employed or otherwise affiliated with **you**, and covered by this Endorsement during such affiliation, will continue to be covered under this Endorsement and any extended reporting period after such affiliation has ceased, but only for such person's acts, errors or omissions committed or allegedly committed while affiliated with **you**.
9. If this Endorsement is issued to a corporation, partnership or other entity, any person covered as an **insured** under this Endorsement will have the right to purchase the Supplemental Extended Reporting Period upon **termination of coverage** as respects only himself or herself, if: (a) the corporation, partnership or entity has been placed in liquidation or bankruptcy or permanently ceases operations; (b) the corporation, partnership or entity, or its designated trustee, does not purchase the Supplemental Extended Reporting Period; and (c) such person requests the extended reporting period coverage within one hundred twenty (120) days of **termination of coverage**. **We** will have no obligation to provide any notice to any such person of the availability of the extended reporting period coverage.
10. In the event similar insurance is in force during the Supplemental Extended Reporting Period, coverage as provided by this Endorsement will be excess over any other valid and collectible insurance.
11. If this Endorsement has been continuous and uninterrupted for three (3) years or more, the aggregate limit of liability for the Supplemental Extended Reporting Period will be equal to 100% of the Annual Aggregate Limit shown in the Schedule.
12. If this Endorsement has been continuous and uninterrupted for less than three (3) years, the aggregate limit of liability for the Supplemental Extended Reporting Period will be equal to the greater of: (a) the remaining amount of the Annual Aggregate Limit, as shown in the Schedule, as of the effective date of **termination of coverage**; or (b) fifty percent (50%) of the Annual Aggregate Limit, as shown in the Schedule. In no event will the limit of liability applicable to the Supplemental Extended Reporting Period exceed the Annual Aggregate Limit afforded by this Endorsement.
13. If **termination of coverage** is due only to a decrease in this Endorsement's Annual Aggregate Limit, then the aggregate limit for any or all extended reporting periods will not exceed the amount of such decrease in the Annual Aggregate Limit.

SECTION X – OTHER INSURANCE

The following Other Insurance provision will apply only to the Coverages provided under this Endorsement and will supersede any similar provisions contained elsewhere in the Policy.

The coverage provided by this Endorsement will be excess insurance over any other valid and collectible insurance available, including any self-insured retention or deductible portion thereof, whether such insurance is stated to be primary, pro rata, contributory, excess, contingent or otherwise, unless such insurance specifically applies as excess insurance over the insurance provided under this Endorsement.

SECTION XI – BANKRUPTCY OR INSOLVENCY

The following Bankruptcy or Insolvency provision will apply only to the Coverages provided under this Endorsement and will supersede any similar provisions contained elsewhere in the Policy.

Bankruptcy or insolvency of an *insured* or an *insured's* estate will not relieve *us* or *our* obligations under this Endorsement.

SECTION XII – TRANSFER OF DUTIES WHEN THE LIMITS OF LIABILITY ARE EXHAUSTED

The following Transfer of Duties When the Limits of Liability Are Exhausted provisions will apply only to the Coverages provided under this Endorsement and will supersede any similar provisions contained elsewhere in the Policy.

- A. If *we* conclude that, based on *claims* which have been reported and to which this insurance may apply, the limits of liability specified in Section V are likely to be used up in payment of amounts under this Endorsement, *we* will notify *you* to that effect.
- B. When the limits of liability have actually been exhausted:
 1. *We* will notify the *insured* in writing as soon as practicable that: (a) such limits of liability have been exhausted; and (b) *our* obligation to defend or pay any amounts, including *defense costs*, has ended.
 2. *We* will initiate and cooperate in the transfer in control to the appropriate *insured* of all *claims* which are subject to the limits of liability and were reported to *us* or *our* authorized agent before the limits of liability were exhausted. *You*, and any other *insured*, must cooperate in the transfer of control of said *claims*. *You*, and any other *insured* involved in a *claim*, must arrange for the defense and payment of such *claim* within the time period agreed to by the appropriate *insured* and *us*. Absent any such agreement, arrangements for defense and payment of the *claim* must be made as soon as practicable. *We* will take such steps as deemed appropriate to avoid default in, or continue the defense or handling of, such *claim* until such transfer is completed, provided the *insured* is cooperating in completing such transfer.
 3. The *insured* will reimburse *us* for *defense costs* it incurs in transferring control of a *claim*. *We* will take no action whatsoever with respect to any *claim* that would have been subject to the limits of liability, had such limits not been exhausted, if the *claim* is reported to *us* after the limits of liability have been exhausted.
 4. *You* will also be responsible for providing *notification* and customer support, including the provision of credit file monitoring services and identity theft education and assistance to affected individuals. *You* may continue to utilize vendors recommended by *us* to provide such services.
 5. The exhaustion of the limits of liability and the resulting end of *our* obligation to defend or pay any amount, including *defense costs*, will not be affected by *our* failure to comply with any of the provisions of this Section XII.

SECTION XIII – ACTION AGAINST US

The following Action Against *Us* provisions will apply only to the Coverages provided under this Endorsement and will supersede any similar provisions contained elsewhere in the Policy.

- A. No action will lie against *us*, unless there has been full compliance with all of the terms and conditions of this Endorsement, and until the amount of the *insured's* obligation to pay has been determined either by judgment entered in a court of law against the *insured* or by the *insured's* written agreement with the claimant or claimant's legal representative and *us*.

- B. Any claimant who has secured such judgment or written agreement will thereafter be entitled to recover under this Endorsement to the extent of the insurance afforded by this Endorsement.

SECTION XIV – ARBITRATION

The following Arbitration provision will apply only to the Coverages provided under this Endorsement and will supersede any similar provisions contained elsewhere in the Policy.

Notwithstanding any other provision of this Endorsement or the Policy affecting this Endorsement, if any irreconcilable dispute exists between *us* and an *insured*, either party may make a written demand for arbitration. As an absolute condition to any arbitration, the *insured* and *us* must mutually agree to arbitration and the arbitration procedure. Judgment upon the award may be entered in any court having jurisdiction. The arbitrator has the power to decide any dispute between *us* and the *insured* concerning the application or interpretation of this Endorsement; provided however, the arbitrator will have no power to revise or reform the actual language of this Endorsement. The *insured* and *us* will share equally in the cost of arbitration.