



COWBELL CYBER RISK INSURANCE POLICY – PRIME 250

WITH RESPECT TO INSURING AGREEMENT C. THIS POLICY PROVIDES COVERAGE ON A CLAIMS MADE AND REPORTED BASIS AND APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE OPTIONAL EXTENSION PERIOD (IF APPLICABLE) AND REPORTED TO THE INSURER IN ACCORDANCE WITH THE TERMS OF THIS POLICY. AMOUNTS INCURRED AS FIRST PARTY EXPENSE AND FIRST PARTY LOSS UNDER THIS POLICY WILL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO DEDUCTIBLES.

PLEASE READ THE ENTIRE POLICY CAREFULLY.

In consideration of the payment of premium and in reliance upon all statements made and information furnished to the **Insurer**, including the statements made in the **Application**, and subject to all terms, conditions and limitations in this **Policy**, the **Insured** and **Insurer** agree as follows:

SECTION I. INSURING AGREEMENTS

Only the Insuring Agreements with Limits shown in the Cowbell Cyber Risk Insurance Declarations apply.

A. FIRST PARTY EXPENSE COVERAGE

The **Insurer** will pay on behalf of the **Insured**, all **First Party Expense** directly resulting from a **Cyber Event** which is first discovered by the **Insured** during the **Policy Period** or Extended Reporting Period (if applicable).

First Party Expense means the following necessary and reasonable costs incurred by you (whether voluntary or otherwise) with the **Insurer's** consent and which consent will not be unreasonably withheld:

- (1) Cowbell Breach Fund which includes:
 - (a) **Forensics**;
 - (b) **Notification**;
 - (c) **Identity Monitoring Services**;
 - (d) **Incident Response**;
 - (e) **Crisis Management**;
 - (f) **Incident Consultation**;
 - (g) **Overtime Salaries**; and
 - (h) **Healthcare Records Remediation Service**.
- (2) **Data Restoration**;
- (3) **Extortion Costs**;
- (4) **Business Impersonation Costs**; and
- (5) **Reputational Harm Expense**.

B. FIRST PARTY LOSS COVERAGE

The **Insurer** will reimburse the **Insured**, all **First Party Loss** directly resulting from a **Cyber Event** which is first discovered by the **Insured** during the **Policy Period** or Extended Reporting Period (if applicable).

First Party Loss means the following:

- (1) **Business Interruption Loss**;
- (2) **Contingent Business Interruption Loss**;
- (3) **System Failure Business Interruption**;
- (4) **System Failure Contingent Business Interruption**;
- (5) **Cyber Crime Loss**;

- (6) **Bricking Costs**; and
- (7) **Criminal Reward Costs**.

First Party Loss does not include **Liability Expense**.

C. LIABILITY EXPENSE COVERAGE

The **Insurer** will pay on behalf of the **Insured**, all **Liability Expense** for a **Claim** first made and reported to the **Insurer** during the **Policy Period** or Extended Reporting Period (if applicable) directly resulting from a **Cyber Event** which is first discovered by the **Insured** during the **Policy Period**.

Liability Expense means:

- (1) **Liability Costs**
 - (a) **Defense Expenses**;
 - (b) Monetary damages the **Insured** becomes legally obligated to pay including pre-judgment interest, post judgment interests, judgments or settlements;
 - (c) Punitive, exemplary, or multiplied damages but only to the extent such damages are insurable under the applicable law most favorable to the insurability of such damages;
- (2) **PCI Costs**; and
- (3) **Regulatory Costs**.

Liability Expense does not include: (1) **First Party Expense**; (2) **First Party Loss**; (3) taxes, the return or repayment of fees, deposits, commissions, royalties, future profits or charges for goods or services; (4) the costs incurred in the recall, re-performance or correction of services, content, goods or activities; costs to comply with injunctive or other non-monetary relief, including specific performance or any agreement to provide such relief; (5) liquidated damages pursuant to a contract, to the extent such amount exceeds the amount for which the **Insured Organization** would have been liable in the absence of such contract; or (6) matters which are uninsurable pursuant to the applicable law to which this **Policy** is construed.

SECTION II. DEFINITIONS

- A. **Application** means the application accepted for the issuance of this **Policy** by the **Insurer**, including any and all materials and information submitted to the **Insurer** in connection with such application.
- B. **Bricking Costs** means the reasonable and necessary costs, subject to the **Insurer's** prior consent, to replace, remediate or improve the **Insured's Computer System**. Such costs must be incurred as a direct result of a **Network Security Incident** and must be in excess of expense the **Insured** would have incurred had there been no **Network Security Incident**.
- C. **Business Impersonation** means the fraudulent communications (including but not limited to communications transmitted by website, email or phone call) from a third party designed to impersonate the **Insured Organization** or an individual **Insured**, with the goal of deceiving any individual, or any vendor or supplier of the **Insured Organization**, into sharing credentials or **Protected Information** with such third party.
- D. **Business Impersonation Costs** means the costs to inform potentially impacted individuals, vendors or suppliers of a **Business Impersonation**.
- E. **Business Interruption Loss** means **Income Loss** and **Extra Expense** incurred by the **Insured Organization** during the **Period of Recovery** which exceeds the **Waiting Period**, due to an **Interruption of Service** as a result of a **Network Security Incident**.
- F. **Claim** means any: (1) written demand for **Money** or non-monetary relief, written demand for

arbitration or written request to toll or waive a statute of limitations received by the **Insured**; (2) civil proceeding in a court of law or equity, including any appeal therefrom, which is commenced by the filing of a complaint, motion for judgment or similar pleading, against the **Insured**; (3) administrative or regulatory investigation, inquiry, suit, proceeding, prosecution or governmental actions against the **Insured** solely with respect to a **Privacy Incident**; (4) an arbitration or other alternative dispute resolution proceeding against the **Insured** for monetary damages or non-monetary or injunctive relief, commenced by the **Insured's** receipt of a request or demand for such proceeding, including any appeal thereof; or (5) written notice received by the **Insured** for **PCI Costs** from a third party, with whom the **Insured Organization** has entered into a **Payment Card Services Agreement**, as a result of actual or alleged non-compliance with the **PCI DSS**.

G. **Client** means any person or entity with whom you have entered into a written contract to provide services or deliverables.

H. **Computer System** means:

- (1) Computer hardware;
- (2) **Software**;
- (3) Firmware and associated input and output devices;
- (4) Mobile and wireless devices;
- (5) Data storage devices;
- (6) Networking equipment;
- (7) Storage area network;
- (8) Backup facilities; and

Computer System also means any of the foregoing that are:

- (a) part of an Industrial Control System (ICS), which are controls, systems and instrumentation used to operate or automate industrial processes; or
- (b) operated by and either owned by or leased to the **Insured Organization**; or
- (c) systems operated by a third-party service provider and used for the purpose of providing hosted computer application services, including cloud services, to the **Insured Organization** or for processing, maintaining, hosting or storing the **Insured Organization's Electronic Data**, pursuant to written contract with the **Insured Organization** for such services.

I. **Contingent Business Interruption Loss** means **Income Loss** and **Extra Expense** incurred by the **Insured Organization** resulting from an **Interruption of Service** of a **Service Provider's Computer System**, but only if such **Interruption of Service** would have been covered under this **Policy** if such **Service Provider** had been you, applying the same terms and conditions herein.

J. **Criminal Reward Costs** means any amount offered by the **Insured** for information that leads to the arrest and conviction of any individual(s) committing or trying to commit any illegal act related to any coverage under this **Policy**. **Criminal Reward Costs** does not include, and this **Policy** will not cover, any amount offered and paid for information provided by the **Insured**, the **Insured's** auditors, whether internal or external, any individual hired or retained to investigate the aforementioned illegal acts, or any other individuals with responsibilities for the supervision or management of the aforementioned individuals.

K. **Crisis Management** means public relations or crisis communication services for the purpose of protecting or restoring the reputation of, or mitigating financial harm to, an **Insured**.

L. **Cyber Crime Incident** means:

- (1) **Telecommunications Hack**;
- (2) **Social Engineering Attack**;
- (3) **Reverse Social Engineering Attack**; or
- (4) **Transfer of Funds Loss**

M. Cyber Crime Loss means:

- (1) charges incurred by the **Insured** from its telecommunications provider, directly resulting from a **Telecommunications Hack**; and
- (2) loss of **Money** or **Digital Currency** directly resulting from any of the following:
 - (a) **Social Engineering Attack**;
 - (b) **Reverse Social Engineering Attack**; or
 - (c) **Transfer of Funds Loss**.

Cyber Crime Loss does not include any amounts reimbursed or reversed by a financial institution.

N. Cyber Event means:

- (a) **Privacy Incident**;
- (b) **Network Security Incident**; or
- (c) **Cyber Crime Incident**.

With respect to I.C.I. Liability Costs, **Cyber Event** also means **Media Incident**.

O. Cyberterrorism means the use of information technology to execute attacks or threats by any person or group, whether acting alone, or on behalf of, or in connection with, any individual, organization, or government, with the intention to:

- (1) cause harm;
- (2) intimidate any person or entity; or
- (3) cause destruction or harm to critical infrastructure or data, in furtherance of financial, social, ideological, religious, or political objectives;

which results in a threat or harm to **Your Network Security**.

P. Data Restoration means replacement, restoration, recreation or recovery of data residing on an **Insured's Computer System** which is compromised as a direct result of a **Network Security Incident**. If such data is unable to be replaced, restored, recreated or recovered, then **Data Restoration** is limited to the costs to make this determination.

Q. Defense Expenses means reasonable and necessary costs, charges, fees (including but not limited to attorneys' fees, legal fees, and experts' fees) and expenses (except for wages, salaries, fees, bonuses or stock options, or any other form of compensation of the **Insured** or the directors, officers or employees of the **Insured**) incurred by or on behalf of the **Insured** in defending or investigated **Claims** under this **Policy**, as well as the premium for any appeal, attachment or similar bonds, provided that the Insurer shall have no obligation to apply for or furnish such bonds. **Defense Expenses** do not include **First Party Loss** or **First Party Expense**.

R. Denial of Service Attack means a malicious attack that is designed to slow or completely interrupt access to a **Computer System** or website.

S. Digital Currency means a type of digital currency that:

- (1) requires cryptographic techniques to regulate the generation of units of currency and verify the transfer thereof;
- (2) is both stored and transferred electronically; and
- (3) operates independently of a central bank or other central authority.

T. Electronic Data means information that exists in electronic form, including electronic **Personally Identifiable Information** and electronic **Protected Information**. **Electronic Data** does not include **Software** or **Digital Currency**.

U. Extortion Costs means:

(1) expenses to investigate the cause of an **Extortion Threat** and to discover if any **Privacy Incident** has occurred; and
(2) payment amounts, including the actual costs to execute such payment amount (whether in **Digital Currency** or traditional currency) in response to an **Extortion Threat**.

V. **Extortion Threat** means a credible threat or series of threats to cause a **Privacy Incident** or **Network Security Incident**.

W. **Extra Expense** means the actual costs incurred by the **Insured** in excess of its normal operating expenses to reduce or avoid **Income Loss** provided they are in excess of expenses the Insured would have incurred had there been no **System Failure** or **Network Security Incident**.

Extra Expense does not include: (1) **Data Restoration**; (2) the costs to replace, remediate or improve the **Computer System** other than the coverage provided in **First Party Loss** and **First Party Expense**; (3) **Bricking Costs**; (4) costs to identify or remove software program errors, or to establish, implement or improve network or data security practices, policies or procedures; (5) costs or expenses that exceed the amount of **Income Loss** that is thereby reduced or avoided; and (6) consequential or liquidated damages, fines, interest, or penalties of any nature, however denominated, arising by contract.

Extra Expense does not mean and will not include costs for better computer systems or services than the Insured had before a **System Failure** or **Network Security Incident**, including upgrades, enhancements and improvements.

However, this will not apply if the cost for a more current or secure version of a **Computer System** is:

1. no more than 25% greater than the cost that would have been incurred to repair or replace the **Computer System** the **Insured** has before a **Network Security Incident**; or
2. substantially equivalent to (or less than) the cost to repair or replace the **Computer System** the **Insured** had before a **System Failure** took place.

Under no circumstances will the **Insurer** pay costs of acquiring or installing **Computer Systems** which did not form a part of the **Insured's Computer Systems** immediately prior to the **Network Security Incident**.

X. **First Party Expense**. See **Policy** Section I, A.

Y. **First Party Loss**. See **Policy** Section I, B.

Z. **Forensics** means the reasonable investigation and analysis charged by third-party service providers of the **Computer System** to determine the cause, extent, and scope of a **Privacy Incident** or **Network Security Incident**. **Forensics** does not include **Incident Response**.

AA. **GDPR** means the General Data Protection Regulation (Regulation (EU) 2016/679) and any amendment thereto. The **GDPR** shall also include any state, provincial, territorial, local, or federal regulations enacted in furtherance of or pursuant to implementation of the General Data Protection Regulation (Regulation (EU) 2016/679) and any amendment thereto.

BB. **GDPR Proceeding** means a formal investigation of or an administrative adjudication proceeding against an **Insured** concerning the **GDPR** by an administrative or regulatory agency, including an appeal thereof, commenced by the **Insured's** receipt of a subpoena, investigative demand, complaint, or similar document.

CC. **Healthcare Records Remediation Service** means the following services:

- (1) Conducting credit and non-credit investigations to identify fraudulent use of protected health information;
- (2) Establishing a hotline for your potentially affected individuals in compliance with the

Health Information Technology for Economic and Clinical Health Act (HITECH) (U.S.) requirements or the requirements of any similar Canadian federal, provincial or territorial law, act, statute or regulation; and

- (3) Conducting healthcare identity restoration services for your potentially affected individuals.

DD. Identity Monitoring Services means credit monitoring, identity monitoring or identity restoration services and identification theft insurance (provided we shall have no obligation to furnish such insurance), for a period of up to two years (or more if required by law) for individuals whose **Protected Information** was or may have been impacted as a direct result of a **Privacy Incident**.

EE. Incident Consultation means necessary and reasonable costs charged by a law firm, forensics and/or public relations firm designated by the **Insurer** to provide immediate consultative services following the **Insured's** discovery of an actual or suspected **Privacy Incident** or **Network Security Incident**. **Incident Consultation** does not include **Incident Response**.

FF. Incident Response means the costs and expenses charged by the law firm, forensics and/or public relations firm, designated by the **Insurer** to coordinate the investigation and response efforts following a **Privacy Incident** or **Network Security Incident**, and including those costs and expenses required to comply with **Privacy and Security Regulations** concerning such **Privacy Incident** or **Network Security Incident**.

GG. Income Loss means the **Insured Organization's** measurable net profit before income taxes that the **Insured Organization** would have earned had no intervening event taken place, or the net loss before income taxes the **Insured Organization** is unable to avoid, during the **Period of Recovery**.

HH. Insured means the **Insured Organization** as well as any past, present or future: director, officer, board member, trustee, owner, partner, principal, manager, and employee (including full time, part time, temporary, leased, seasonal, independent contractor and volunteer) but only for acts performed within the scope of their duties on behalf of the **Insured Organization**.

II. Insured Organization means **Named Insured** and any **Subsidiary**.

JJ. Insurer means the entity issuing this **Policy** listed on the Declarations.

KK. Interrelated Incident means any **Privacy Incidents**, **Network Security Incidents**, **Cyber Crime Incidents** or **Media Incidents** that have as a common nexus any: (1) fact, circumstance, situation, event, transaction or cause; or (2) series of causally connected facts, circumstances, situations, events, transactions or causes.

LL. Interruption of Service means the actual and measurable interruption or degradation in performance of your **Computer System**. **Interruption of Services** also means a voluntary shutdown of your **Computer System** when such action is taken to minimize, avoid or reduce **Unauthorized Access** or **Unauthorized Use**.

MM. Liability Expense. See **Policy** Section I, C.

NN. Money means currency, coins or bank notes in current use and having face value; and traveler's checks, registered checks, or money orders held for sale to the public.

OO. Media Incident means any actual or alleged:

- (1) Defamation, slander, libel, or product disparagement alleged by a person or organization that claims to have been defamed, slandered or libeled, or by a person or organization

that claims that his, her or its products have been disparaged;

- (2) Appropriation of name or likeness or publicity that places a person in a false light; or public disclosure of private facts;
- (3) Infringement of title, slogan, trademark, trade name, trade dress, service mark or service name;
- (4) Copyright infringement, plagiarism, or misappropriation of information or ideas; or
- (5) Improper deep linking or framing;

directly resulting from publication of content on the **Insured Organization's** website, in its printed material, or posted by or on behalf of the **Insured** on any social media site.

Media Incident shall not include false advertising or labeling on the **Insured's** products or services.

PP. Named Insured means the legal entity stated in Item 1. of the Declarations.

QQ. Negative Publicity Event means a communication via any medium, including but not limited to television, print, radio, electronic, or digital form regarding previously non-public information specifically arising from an actual or alleged **Privacy Incident**, **Network Security Incident**, **Media Incident**, or **Cyber Crime Incident** that threatens to, or actually does, negatively and material harm your reputation.

RR. Negative Publicity Event Waiting Period means the corresponding amount of hours, as shown in Item 5. of the Declarations applicable to the **Reputational Harm Expense**, beginning with the time that a **Negative Publicity Event** is first discovered.

SS. Network Security Incident means the **Insured's** actual or alleged failure to prevent: (1) **Unauthorized Access** to or **Unauthorized Use** of the **Computer System** or **Third-Party Network**; (2) a **Denial of Service Attack** upon or directed at the **Computer System** or **Third-Party Network**; or (3) malicious code or computer virus created or transmitted by or introduced into the **Computer System** or **Third-Party Network** that does or could destroy, alter, manipulate, or degrade the integrity or performance of a **Computer System**.

TT. Notification means sending notice and providing call center services for individuals whose **Protected Information** was or may have been impacted as a direct result of a **Privacy Incident**.

UU. Overtime Salaries means the reasonable overtime salaries paid to employees of the **Insured** assigned to handle inquiries from the parties affected by a **Cyber Event**.

VV. Payment Card Services Agreement means a written agreement between the **Insured Organization** and a financial institution, a payment card company or payment card processor which enables the **Insured Organization** to accept credit, debit, prepaid or other payment cards as payment for goods or services provided by the **Insured Organization**.

WW. PCI Costs means amounts the **Insured Organization** is legally obligated to pay under a **Payment Card Services Agreement** including: (1) monetary assessments; (2) fines; (3) penalties; (4) chargebacks; (5) reimbursements; (6) fraud recoveries; (7) forensic investigation, including any PFI; and (8) costs or expenses incurred in connection with a **PCI DSS** compliance audit. **PCI Costs** will not include any amount levied against the **Insured** for non-compliance with **PCI DSS** that continues after the **Insured** has notice of such non-compliance.

XX. PCI DSS means the Payment Card Industry Data Security Standards now in effect or as amended.

YY. Period of Indemnity means the period of time beginning at the conclusion of the **Negative Publicity Event Waiting Period** and ending at the earlier:

- (1) the date that the **Insured** discontinues to suffer a loss of net income; or
- (2) six months after the conclusion of the **Negative Publicity Event Waiting Period** and not limited by the expiration of the **Policy Period**

ZZ. Period of Recovery is the continuous period of time that begins at the time of interruption, degradation, or suspension of the **Computer System** and ends when the **Computer System** is reasonably restored or repaired, or in the exercise of due diligence and dispatch could have been restored, to the same functionality and level of service that existed prior to the interruption degradation, or suspension. In no event will the **Period of Recovery** exceed one hundred eighty (180) days.

AAA. Personally Identifiable Information means:

- (1) any information from which an individual may be uniquely and reliably identified or contacted, including but not limited to an individual's name, telephone number, email address, social insurance number, social security number, medical or healthcare data or other protected health information, biometric record, driver license number, state, provincial, or territorial identification number, account number, credit card number, debit card number, or access code or password that would permit access to that individual's financial account;
- (2) any other non-public personal information as defined in **Privacy and Security Regulations**.

BBB. Privacy Incident means:

- (1) any actual or alleged failure by:
 - (a) the **Insured**;
 - (b) a third party for whom the **Insured** is legally responsible; or
 - (c) a service provider under written contract with the **Insured** to process, store or maintain **Protected Information** on behalf of the **Insured**to prevent **Unauthorized Access**, **Unauthorized Use**, acquisition, manipulation, loss, theft or misappropriation of **Protected Information**. **Privacy Incident** also means the violation of the **Insured Organization's** privacy policy unintentionally committed by the **Insured**;
- (2) a violation of any **Privacy and Security Regulations**; and
- (3) the unauthorized or wrongful collection, retention or use of **Personally Identifiable Information** by the **Insured**.

CCC. Privacy and Security Regulations means any local, state, federal, and foreign identity theft and privacy protection laws, legislation, statutes, or regulations that requests (1) notice to persons whose **Personally Identifiable Information** was, or reasonably considered likely to have been, accessed or acquired by an unauthorized person; or (2) notice to regulatory agencies of such incident.

Privacy and Security Regulation does not include the **GDPR**.

DDD. Professional Services means those acts or services requiring specialized knowledge, skill, or professional judgment that the **Insured** renders to others pursuant to a written agreement and for a fee or other consideration.

EEE. Property Damage means physical damage to, loss or destruction of tangible property, including the loss of use of such property.

FFF. Protected Information means the following in any format: (1) any non-public **Personally Identifiable Information** (including but not limited to personal health information), whether in electronic form, paper or otherwise as defined in any **Privacy and Security Regulations**; and

(2) any confidential or proprietary information of a third party provided to the **Insured** and protected under a previously executed confidentiality agreement for which the **Insured** is legally responsible to maintain in confidence.

GGG. Policy means this policy (including the Declarations, **Application** and any information provided therewith) and any written endorsements attached hereto.

HHH. Policy Period means the period of time from the inception date of this **Policy** shown in the Declarations specified in Item 2. of the Declarations to the expiration date shown in the Declarations, or its earlier cancellation or termination date.

III. Regulatory Costs means:

- (1) amounts paid to a consumer redress fund;
- (2) fines; or
- (3) penalties

imposed by a federal, state or foreign governmental entity in such entity's regulatory or official capacity, due to a **Privacy Incident**.

JJJ. Reputational Harm Expense

- (1) means **Income Loss** the **Insured** sustains during the **Period of Indemnity** that direct results from **Negative Publicity Event**. For purposes of this coverage, **Income Loss** means the net profit before income taxes that the **Insured** is prevented from earning or the additional net loss before income taxes that the **Insured** incurs, due to:

- (a) Termination of the **Insured's** service contracts with one or more of your **Clients**;
- (b) Reduction in the value of your business and brands; or
- (c) Both (1) and (2) of this definition

arising directly from a **Privacy Incident, Network Security Incident, or Cyber Crime Incident**.

- (2) does not include any:

- (a) contractual penalty;
- (b) expense incurred to identify or remediate **Software** program errors or vulnerabilities;
- (c) **Liability Expense**;
- (d) cost resulting from an actual interruption or suspension of an **Insured's** business directly cause by a **Privacy Incident, Network Security Incident, System Failure or Media Incident**;
- (e) legal cost or expense;
- (f) loss arising out of liability to any third party;
- (g) fee or expense for the services of a public relations firm, crisis management firm or law firm to advise an **Insured** on minimizing the harm to an **Insured's** brand or reputation, or restoring public confidence in an **Insured**;
- (h) other consequential loss or damage; or
- (i) any **Claim, Privacy Incident, Network Security Incident or Media Incident** covered under I.A.1. to I.A.4.

KKK. Reverse Social Engineering Attack, also known as invoice manipulation, means the intentional use of the **Computer System** to mislead or deceive your **Client** or **Vendor**, through misrepresentation of a material fact which is relied upon, believing it to be genuine, and which results in the **Insured's Client** or **Vendor** transferring **Money** or **Securities**, or **Digital Currency** intended for the **Insured** to another person or entity.

LLL. Securities means negotiable and nonnegotiable instruments or contracts representing either **Money** or Property.

MMM. Service Provider means a business you do not own, operate, or control, but that you hire

for a fee pursuant to a written contract to perform services related to the conduct of your business, including but not limited to:

- (1) Maintaining, managing, or controlling **Computer Systems**;
- (2) Hosting or facilitating your internet website; or
- (3) Providing administrative functions, human relations, marketing or other outsourced services to you.

Service Provider's Computer System means the **Computer System** owned or operated by the Service Provider performing these functions designated in (1) through (3) above.

NNN. Social Engineering Attack means the manipulation or deception, by an unauthorized third party, of a director, officer, board member, trustee, owner, partner, principal, manager, or employee (including full time, part time, temporary, leased, seasonal, independent contractor and volunteer) of the **Insured Organization**, who is authorized to request or make payments on behalf of the **Insured Organization**. The manipulation or deception must be accomplished by the transmission of fraudulent communications by the unauthorized third party, and cause the director, officer, board member, trustee, owner, partner, principal, manager, or employee (including full time, part time, temporary, leased, seasonal, independent contractor and volunteer) to transfer, pay or deliver the **Insured Organization's Money** to an unintended third-party recipient.

OOO. Software means operations and applications, codes and programs by which **Electronic Data** are electronically collected, transmitted, processed, stored, or received. **Software** does not include **Electronic Data**.

PPP. Subsidiary means any entity while the **Named Insured**: (1) owns more than 50% of such entity's outstanding voting securities, partnership or membership units; (2) has the right to elect or appoint a majority of such entity's directors, officers, managers or trustees; or (3) has sole control over such entity's management structure pursuant to a written contract. **Subsidiary** also means any entity that is acquired by the **Insured Organization** during the **Policy Period** and whose record count or annual revenues do not exceed 15% of the **Insured Organization**.

QQQ. System Failure means:

- (1) an accidental, unintentional, or negligent act or an error or omission committed by the **Insured** or the **Service Provider** in the course of:
 - (a) data processing, programming, maintenance, service, conversion, modifying, handling, developing, or maintaining **Electronic Data** or **Software**; or
 - (b) operating, maintaining, or repair of **Computer Systems**, including the collection, compilation, processing, warehousing, mining, storage, or management of data; and
- (2) the physical theft of hardware, or components thereof, controlled by you on which **Electronic Data** is stored, by a person other than an **Insured**, from premises occupied and controlled by you.

RRR. System Failure Business Interruption means we shall pay you for **Business Interruption Loss** you sustain and reimburse you for any related **Extra Expense** you incur during the **Period of Recovery** which exceeds the **Waiting Period** due to a **System Failure** that directly results in an **Interruption of Service** that first occurs during the **Policy Period**.

SSS. System Failure Contingent Business Interruption means we shall pay you for **Business Interruption Loss** you sustain and reimburse you for any related **Extra Expense** you incur during the **Period of Recovery** which exceeds the **Waiting Period** due to a **System Failure** of a **Service Provider's Computer System** that directly results in an **Interruption of Service** that first occurs during the **Policy Period** but only if such **Interruption of Service** would have been covered under this **Policy** if such **Service Provider** had been you, applying the same terms and conditions herein.

- TTT. Telecommunications Hack** means the unauthorized infiltration and manipulation by a third party of the **Insured's** telephone or fax system in connection with its normal business activities.
- UUU. Third-Party Network** means computer hardware, **Software** and networking equipment owned, leased or operated by an entity or individual, other than an **Insured**, and who is operating under written contract with the **Insured Organization** to provide business process outsourcing services or information technology services in support of the **Insured Organization's** business operations.
- VVV. Transfer of Funds Loss** means loss of funds directly resulting from the transmission of fraudulent instructions to a financial institution which direct that financial institution, to initiate an electronic funds transfer from the **Insured's** account, or otherwise debit the **Insured's** account.
- WWW.Unauthorized Access** means the gaining of access to a **Computer System** by an unauthorized person or persons, or by an authorized person or persons in an unauthorized manner.
- XXX. Unauthorized Use** means the use of a **Computer System** by an unauthorized person or persons or by an authorized person or persons in an unauthorized manner.
- YYY. Vendor** means any person or entity with whom the **Insured Organization** has entered into a written contract to provide services to the Insured Organization and is not owned, operated, or controlled by the Insured **Organization**.
- ZZZ. Voice computer system** means a **Computer System** which provides a capability used for the direction or routing of telephone calls in a voice communication network.
- AAAA. Waiting Period** means the number of consecutive hours specified in Item 5. of the Declarations that immediately follows the **Interruption of Services** related to the **Insured's Computer System** or a **Third-Party Network** and will apply to each **Period of Recovery**.
- BBBB. Your Network Security** means the use of hardware, **Software**, firmware and written security policies and procedures by the Insured, or by others on your behalf, to protect against **Unauthorized Access** to, or the **Unauthorized Use** of, your **Computer System** including the use of your **Computer System** in a **Denial of Service Attack**.

SECTION III. EXCLUSIONS

The **Insurer** will not make any payment for any **First Party Loss, First Party Expense, or Liability Expense** based upon, arising out of, directly or indirectly resulting from, or in the consequence of:

- A. Conduct** Any actual or alleged dishonest, fraudulent, criminal, or malicious, act, error or omission or willful violation of any statute or regulation by or with the knowledge of (1) the Owner, (2) President, (3) Chief Executive Officer, (4) Chief Operating Officer, (5) Chief Financial Officer, (6) Chief Information Officer, (7) Chief Technology Officer, (8) Chief Security Officer, (9) Chief Privacy Officer, (10) General Counsel, (11) Partner, (12) Director of Risk Management or any individual in a position functionally equivalent to any of the aforementioned 12 positions of the **Insured Organization**; provided, however, that this exclusion will not apply to **Defense Expenses** until there

is an admission, plea of no contest, a final non-appealable adjudication, binding arbitration or judgment in a proceeding establishing such conduct.

- B. War** War or Civil Unrest based upon, arising out of, or attributable to: (1) war, including undeclared or civil war, or action by a military force, including action in hindering or defending against an actual or expected attack, by any government or sovereign, or other authority using military personnel or other agents; or (2) insurrection, rebellion, revolution, riot, usurped power, or action taken by governmental authority using military personnel in hindering or defending against any of these, however, this exclusion does not apply to **Cyberterrorism**.
- C. Unlawful Profit** Any actual or alleged remuneration, profit or other advantage to which the **Insured** is not legally entitled.
- D. Property Damage and Bodily Injury** Any actual or alleged (1) **Property Damage** or; (2) **Bodily Injury**, physical injury, sickness, pain, suffering, disease or death of any person. **Bodily Injury** means mental anguish, emotional distress, pain and suffering, whether or not resulting from injury to the body, sickness, disease or death of any natural person, however, this exclusion does not apply to mental anguish, emotional distress, pain and suffering, or shock resulting from a **Privacy Incident**.
- E. Theft** Any actual or alleged loss, transfer or theft of monies, **Securities** or the value of tangible properties; provided however, this exclusion will not apply to an otherwise covered **Cyber Crime Loss** or **Transfer of Funds Loss**.
- F. Force Majeure** Any actual or alleged fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God, epidemic, nature, or any other physical event.
- G. Pollution** Any actual or alleged discharge, dispersal, release or escape of toxic chemicals, liquids or gases, waste materials, pollutants or any other contaminants.
- H. Outage** Any actual or alleged electrical or mechanical failure including telecommunications, Internet service telecommunications, Internet service, satellite, cable, electricity, gas, water or other utility service providers not under the **Insured Organization's** operational control, whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss. For the avoidance of doubt, this exclusion will not apply to any failure or outage in, or disruption of, power, utility services, satellites, or telecommunications external services under the direct operational control of the **Insured**.
- I. ERISA/SEC** Any actual or alleged violations of the Employee Retirement Income Security Act of 1974, the Securities Act of 1933, the Securities Exchange Act of 1934, any amendments thereto or any rules or regulations promulgated in connection therewith, or any derivative suit.
- J. Intellectual Property** Any actual or alleged violation or infringement of any intellectual property right or obligation, including:
1. infringement of copyright of software, firmware, or hardware;

2. misappropriation, misuse, infringement, or violation of any patent or trade secret;
3. distribution or sale of, or offer to distribute to sell, any goods, products, or services; or
4. other use of any goods, products, or services that infringes or violates any intellectual property law or right relating to the appearance, design, or function of any goods, products, or services;

however, this exclusion will not apply to an otherwise covered **Media Incident** provided that, this exception to exclusion J. Intellectual Property will not apply to any violation or infringement of any intellectual property right or obligation described in items 1. and 2. above.

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| K. Reduced Value of Data | Any actual or alleged reduction in economic or market value of any data. |
| L. Consumer Protection | Any actual or alleged unsolicited communications including fax, email, and text), false advertising, deceptive trade practices, restraint of trade, unfair competition or antitrust violations, including any as a violation of the Truth in Lending Act, Fair Debt Collection Practices Act, Telephone Consumer Protection Act, Fair Credit Reporting Act, Federal Trade Commission Act, Sherman Anti-Trust Act, the Clayton Act, or any amendments to the foregoing, or related state laws or anti-spam statutes or those concerning a person's right to seclusion, provided, however, this exclusion does not apply if such unsolicited electronic dissemination of faxes, electronic mail or other communications to multiple actual or prospective customers by the Insured or any other third party was caused by a Network Security Incident . |
| M. Employment Discrimination | Any actual or alleged employment practice violation or a Claim by or on behalf of any Insured ; provided, however, that this exclusion will not apply to an otherwise covered Claim arising out of a Privacy Incident . |
| N. Prior Knowledge | Any: (1) Claim, Privacy Incident, Network Security Incident, Cyber Crime Incident, Media Incident, Interrelated Incident , fact, circumstance, transaction or event which has been the subject of any written notice given under any other policy before the inception date of this Policy ; (2) prior or pending litigation, regulatory or administrative proceeding or any Claim of which the Insured had knowledge or received notice prior to the inception date of this Policy or, if this Policy is a renewal of another policy issued by the Insurer , the first such insurance policy issued to the Named Insured by the Insurer and continuously renewed until the inception date of this Policy ; or (3) any matter that prior to the inception date of this Policy , or if this Policy is a renewal of another policy issued by the Insurer , the first such insurance policy issued to the Named Insured by the Insurer and continuously renewed until the inception date of this Policy , the Insured knew or reasonably should have known could lead to a Claim, First Party Loss, First Party Expense or Liability Expense . |
| O. Governmental Acts | Any: (1) action by a public or governmental entity, including the seizure or destruction of the Insured's Computer System or (2) a government required closure. |

- P. Games of Chance** Any contest, game of chance or skill, gambling, lottery, or promotional game, including tickets or coupons or over-redemption related thereto.
- Q. Breach of Contract** Any contractual liability or obligation or any breach of any contract, warranty, guarantee or prime, including any liability of others assumed by any **Insured**; provided, however, this exclusion shall not apply:
- 1) if such liability would have attached to the **Insured** even in the absence of such contract, warranty, guarantee or promise;
 - 2) to any obligation to maintain the confidentiality or security of **Personally Identifiable Information** or **Protected Information**, solely if such liability arises out of a **Privacy Incident** or **Network Security Incident**; or
 - 3) to any obligation to comply with the Payment Card Industry Data Security Standard under a merchant services agreement or similar contract.
- R. Breach of Warranty** Any actual or alleged:
- 1) breach of any warranty, guarantee, or prime of fitness or suitability, whether express, implied, constructive, oral or written;
 - 2) inaccurate, inadequate, or incomplete description of the price of your goods, products or services; or
 - 3) failure of any good, product or service to conform with an advertised quality or performance,
- provided, however, that this exclusion does not apply to any:
- a) **Liability Expenses** resulting from any **Claim** made against any **Insured**;
 - b) **First Party Expense** you incur resulting from a **Cyber Event**
 - c) other amount claimed under any other Coverage that would exist even in the absence of such warranty, guarantee, or promise.
- S. Insured vs. Insured** Any Claim made by or on behalf of, or at the behest of, or for the benefit of, any Insured against any other Insured. This exclusion shall not apply to any **Claim** brought by:
- 1) any **Insured** in his or her capacity:
 - a) as your customer or **Client**; or
 - b) as your employee or independent contractor for a **Privacy Incident** relating to the theft, loss, unauthorized access, or unauthorized disclosure of such employee's or independent contractor's **Personally Identifiable Information**; or
 - 2) any entity other than you if any **Insured** served as a director or officer of such entity at the time the **Cyber Event** took place.
- T. Product or Service Failure** Any:
- (1) failure of the **Insured's** products, including **Software**, to perform the function, or serve the purpose, intended by any third party or any **Insured**; or
 - (2) the rendering of or failure to render **Professional Services**,
- However, this exclusion shall not apply to any obligation to maintain the confidentiality or security of **Personally Identifiable Information** or **Protected Information**, solely if such liability arises out of a **Cyber Event**.

SECTION IV. GENERAL TERMS AND CONDITIONS
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A. Limit of Insurance and Deductible

- (1) The aggregate limit of insurance as indicated in Item 3. of the Declarations is the maximum the **Insurer** is obligated to pay for all **First Party Loss** and **First Party Expense**, covered by this **Policy**. The aggregate limit of insurance as indicated in Item 3. of the Declarations is the maximum the **Insurer** is obligated to pay for all **Liability Expense** covered by this **Policy**.
- (2) The aggregate policy limit as indicated in Item 3. of the Declarations is the maximum the **Insurer** is obligated to pay under this **Policy** for all **First Party Loss**, **First Party Expense** and **Liability Expense** combined. The **Insurer's** obligation to pay any **First Party Loss**, **First Party Expense**, or **Liability Expense** is in excess of the applicable deductible as indicated in the Declarations.
- (3) The **Insurer** will only be liable for those amounts payable under this **Policy** which are in excess of the applicable Deductible(s). Such Deductibles must be paid by the **Insured** and cannot be insured.
- (4) In the event more than one Deductible/**Waiting Period** applies to any **Claim**, **First Party Loss**, **First Party Expense**, or **Liability Expense** the maximum total Deductible/**Waiting Period** applicable to such **Claim**, **First Party Loss**, **First Party Expense**, or **Liability Expense** shall be the largest of such applicable Deductible/**Waiting Period**.
- (5) With respect to the Insuring Agreements II.B.1. to II.B.4., the applicable Retention/**Waiting Period** is the greater of:
 - (a) the applicable dollar Retention amount; or
 - (b) the **Waiting Period**set forth in Item 5. of the Declarations for the respective Insuring Agreement. **Business Interruption Loss**, **Contingent Business Interruption Loss**, and **Extra Expense** applicable to the Retention/**Waiting Period** shall be computed as the start of the **Interruption of Service**.
- (6) With respect to the Insuring Agreement I.A.5., we shall pay only **Reputational Harm Expense** in excess of the **Negative Publicity Event Waiting Period** listed under Item 5.I.A.5.

B. Defense and Settlement

The **Insurer** has the right and duty to defend, and the right to select counsel to defend an **Insured** against any **Claim**, even if the allegations of the **Claim** are groundless, false or fraudulent. The **Insurer's** duty to defend will cease upon the exhaustion of the **Liability Expense** aggregate limit of liability as indicated in Item 5.I.C.1. of the Declarations. The **Insured** agrees not to make any payment, participate in any settlement, admit liability, assume obligation or incur any **First Party Loss**, **First Party Expense**, or **Liability Expense** without the prior written consent of the **Insurer**, which consent will not be unreasonably withheld. The **Insured** must provide the **Insurer** with full assistance and cooperation and must provide all information deemed necessary to investigate any **Privacy Incident**, **Network Security Incident** or **Media Incident**, settle any **Claim**, or pay any **First Party Loss**, **First Party Expense**, or **Liability Expense**.

If the **Insured** refuses to consent to any settlement or compromise recommended by the **Insurer** and acceptable to the claimant, the **Insurer's** liability for such **Claim** will not exceed:

1. the amount for which such **Claim** could have been settled plus **Defense Expenses** incurred up to the time date the **Insured** refused to settle such **Claim**; and
2. fifty percent (50%) of **Liability Expenses** incurred after such settlement was refused by the **Insured**,

in excess of the amount such **Claim** could have settled under such settlement. The remaining **Liability Expenses** shall be borne by, or on behalf of, the **Insured** at its own risk.

C. Notice

1. Notice to **Insurer**

As a condition precedent to coverage under this **Policy**

- (a) the **Insured** must provide written notice to the **Insurer** of any **Privacy Incident**, **Network Security Incident** or **Cyber Crime Incident** as soon as possible after the **Insured** is made aware of such **Privacy Incident**, **Network Security Incident** or **Cyber Crime Incident** but in no event more than ninety (90) days after the **Privacy Incident**, **Network Security Incident** or **Cyber Crime Incident** is discovered by the **Insured**. The **Insured** will not incur any **First Party Loss** and **First Party Expense** without the **Insurer's** consent; and
- (b) the **Insured** must provide written notice to the **Insurer** of any **Claim** as soon as possible after the **Insured** is made aware of such **Claim** but no later than ninety (90) days after the end of the **Policy Period** or end of the Extended Reporting Period (if applicable). The **Insured** will not incur any **Liability Expense** without the **Insurer's** consent.

2. Notice of Circumstance

If, during the **Policy Period** or Extended Reporting Period (if applicable) any **Insured** first becomes aware of a **Privacy Incident**, **Network Security Incident** or **Media Incident** which may reasonably give rise to a future **Claim** under this **Policy** and gives written notice to the **Insurer** of:

- a) the nature of the **Privacy Incident**, **Network Security Incident** or **Media Incident**;
- b) the parties involved;
- c) the injury or damages that has or may result therefrom; and
- d) the circumstances by which the **Insured** first became aware thereof;

then any **Claim** arising out of an **Interrelated incident** that involves a **Privacy Incident**, **Network Security Incident** or **Media Incident** that is subsequently made against the **Insured** will be related back to and be deemed to have been made at the time any **Insured** gave such written notice of circumstances to the **Insurer**.

The **Insured** will provide written notice to the **Insurer** either to the mailing or email address set forth in Item 10. of the Declarations. Communication or assistance in connection with any **Incident Consultation** DOES NOT constitute Notice to **Insurer** or Notice of Circumstance under this **Policy**.

D. Proof of Loss

Requests for payment or reimbursement of **First Party Loss** and **First Party Expense**, incurred by the **Insured** will be accompanied by a proof of such **First Party Loss** and **First Party Expense**. Such proof of loss must include, in detail, how the costs were calculated, what assumptions have been made and will include any applicable reports, books of accounts, bills, invoices and other vouchers or proofs of payment made by the **Insured** in relation to such **First Party Loss** and **First Party Expense**. Furthermore, the **Insured** will cooperate with, and provide any additional information reasonably requested by, the **Insurer** in its investigation of **First Party Loss** and **First Party Expense**, including but not limited to the exercise of the **Insurer's** right to investigate and audit the proof of loss and inspect the records of an **Insured**.

Business Interruption Loss or **Contingent Business Interruption Loss** will be determined by taking full account and due consideration of an **Insured's** proof of loss in addition to business conditions affecting the **Insured Organization's** net profit, including net profit gained during the same period in the prior year, had the **Network Security Incident** not occurred. Under no circumstances will the determination include a potential increase in net profit the **Insured** may

have earned as a result of an increase in the volume of the **Insured Organization's** business due to potential favorable business conditions.

We may examine any **Insured** under oath, while not in the presence of any other **Insured** and at such times as may be reasonably required, about any matter relating to this insurance or the **Claim**, including an **Insured's** books and records. In the event of an examination, an **Insured's** answers must be signed.

E. Extended Reporting Period

1. Automatic Extended Reporting Period

If this **Policy** is cancelled or non-renewed for any reason other than non-payment of premium, the **Named Insured** will have an automatic Extended Reporting Period, for a period of sixty (60) days after the end of the **Policy Period**.

2. Additional Extended Reporting Period

If this **Policy** is cancelled or non-renewed for any reason other than non-payment of premium, provided the **Insured** does not obtain replacement coverage as of the effective date of such cancellation or non-renewal, the **Named Insured** will have the right to purchase an Additional Extended Reporting Period within sixty (60) days after the end of the **Policy Period**. Such Additional Extended Reporting period will be for a period of:

- a. 12 months after the end of the Automatic Extended Reporting Period and will be subject to an additional premium of 75% of the annualized premium
- b. 24 months after the end of the Automatic Extended Reporting Period and will be subject to an additional premium of 125% of the annualized premium.
- c. 36 months after the end of the Automatic Extended Reporting Period and will be subject to an additional premium of 150% of the annualized premium.

The Additional Extended Reporting Period is non-cancelable and the additional premium for the Additional Extended Reporting Period will be fully earned at the time of purchase.

The Additional Extended Reporting Period does not increase or reinstate any limits of insurance and does not provide coverage for **First Party Loss, First Party Expense, or Liability Expense** from any **Privacy Incident, Network Security Incident, Cyber Crime Incident or Media Incident** which first takes place after the end of the **Policy Period**. A change in terms, conditions, exclusions or premiums of this **Policy** will not be considered a non-renewal for purposes of triggering the **Named Insured's** right to purchase an Additional Extended Reporting Period.

F. Cancellation and Non-Renewal

1. Cancellation

- a. The **Named Insured** may cancel this **Policy** by surrender of this **Policy** to the **Insurer** or by giving prior written notice to the **Insurer** stating such cancellation shall take effect.
- b. This **Policy** may not be canceled by the **Insurer** except for one or more of the following reasons:
 - i. non payment of premium; or
 - ii. fraud or material misrepresentation affecting this **Policy**.
- c. Written Notice of cancellation shall be mailed or delivered by the **Insurer** to the **Named Insured** at least:
 - i. 15 days prior to the effective date of cancellation, if this **Policy** is cancelled for

- nonpayment of premium; or
- ii. 60 days prior to the effective date of cancellation, if this Policy is cancelled for any reason other than nonpayment of premium.
- d. In the event of cancellation, the **Insurer** shall refund the unearned premium computer pro rata.

2. Nonrenewal

If the **Insurer** elects not to renew this Policy, the **Insurer** shall mail to the **Named Insured** written notice thereof at least 60 days prior to the expiration of the **Policy Period** unless:

- a. the reason for the nonrenewal is due to the nonpayment of premium; or
- b. the **Named Insured** has abstained replacement coverage with another insurance company.

The **Insurer's** offer of renewal terms and conditions or premium different than those in effect prior to the renewal shall not constitute an election by the **Insurer** not to renew this Policy.

3. Notice

We shall send all notices required under this Subsection IV.F.1. by certified mail or registered mail to the **Named Insured** at the address in Item 1. of the Declarations, and by mail or electronic mail to the **Named Insured's** authorized agent or broker, if any. Proof of mailing shall be sufficient proof of notice.

G. Spouses, Domestic Partners, Estates and Legal Representatives

Coverage under this **Policy** will extend to any **Claim** resulting from any **Privacy Incident**, **Network Security Incident** or **Media Incident** made against the lawful spouse or domestic partner of an **Insured** as well as the estate, heir or legal representative of an **Insured** who is deceased or legally incompetent, insolvent or bankrupt; however, no coverage is provided for any act, error or omission of said spouse, domestic partner, estate, heir or legal representative. It is further understood that all terms and conditions of this **Policy** apply to such **Claim** made against an **Insured's** spouse, domestic partner, estate, heir or legal representative.

H. Application, Representations and Severability

The **Insured** represents that the particulars and statements contained in the **Application** are true, complete and accurate. The **Insured** issued this **Policy** in reliance upon the truth of those representations and such particulars and statements by the **Insured**, which are deemed to be incorporated into and constitute part of this **Policy**, are the basis of this **Policy**. In the event there is any material misrepresentation, untruth or other omission in connection with any of the statements of facts in the **Application** then this **Policy** will be void with respect to: (1) any **Insured** who knew of such misrepresentation, untruth or omission; and (2) the **Insured Organization** but only if the Owner, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Information Officer, Chief Technology Officer, Chief Security Officer, Chief Privacy Officer, General Counsel, Partner, Director of Risk Management, or any individual in a position functionally equivalent to any of those aforementioned positions of the **Insured Organization** knew of such misrepresentation, untruth or omission.

I. Subrogation

In the event of any payment under this **Policy**, and there is the ability to recover against any third party, it is agreed that the **Insured** tenders its rights of recovery to the **Insurer**. The **Insured** also agrees to assist the **Insurer** in exercising such rights. If prior to the **Privacy Incident**, **Network Incident**, **Cyber Crime Incident** or **Media Incident** connected with such payment, the **Insured** has agreed in writing to waive such rights of recovery against a third party, then the **Insurer** will not, and will not have an obligation to, pursue its rights of recovery against said third party.

J. Other Insurance

First Party Loss and **First Party Expense** covered by this **Policy** is also covered by any other valid and collectible **policy** with an applicable sublimit that is lower than the available limit under this **Policy**, then this **Policy** will apply as the primary policy.

If any **Claim** covered by this **Policy** is also covered by any other valid and collectible policy, then this **Policy** will only apply to the **Liability Expense** in excess of the amount of any deductible, retention or limit of insurance under such other policy whether such other policy is stated to be primary, contributory, excess, contingent or otherwise, unless such other policy is written specifically excess of this **Policy**.

K. Territory

The coverage provided under this **Policy** applies worldwide. However, coverage provided under this **Policy** does not apply to the extent that trade or economic sanctions or other similar laws or regulations prohibit the **Insurer** from providing coverage or payment of **Claims**.

L. Currency

All **First Party Loss**, **First Party Expense**, **Liability Expense**, premium, limits of liability, retention and any other amounts under this **Policy** are expressed and payable in the currency of the United States of America. If any settlement, judgement, **First Party Loss**, **First Party Expense**, **Liability Expense** or any other amounts under this **Policy** are incurred, stated, determined or adjudicated in a currency other than United States dollars then payment shall be made in United States dollars at the rate of exchange published in the Wall Street Journal on the date the **Insurer** is obligated to pay such amount.

M. Material Changes

1. Acquisition or Formation of Subsidiary

- a. If during the **Policy Period**, the **Named Insured** acquires or forms any **Subsidiary**, then the coverage of this **Policy** shall automatically apply to such acquired or formed organization from the date of such acquisition or formation, unless the annual revenue of such acquired or formed organization immediately preceding such acquisition or formation is more than 20% of the consolidated annual revenue of the **Named Insured's** revenues immediately preceding such acquisition or formation.
- b. if, during the **Policy Period**, the **Named Insured** acquires or forms any **Subsidiary** and the annual revenue of such acquired or formed organization immediately preceding such acquisition or formation is more than 20% of the consolidated annual revenue of the **Named Insured's** revenues immediately preceding such acquisition or formation, coverage for such acquired or formed organization shall apply from the date of such acquisition or formation and be conditioned upon:
 - i. the **Named Insured** notifying us in writing within 90 days of the acquisition or formation of such organization;
 - ii. our receiving full information including an application as we deem necessary;
 - iii. the **Named Insured's** agreement to any modification, premium adjustment, or both modification and premium adjustment, to this **Policy** that we may require with respect to such organization;
 - iv. our agreement in writing to provide such coverage; and
 - v. the **Named Insured's** payment of any additional premium when due.

- c. Coverage under this **Policy** for any **Subsidiary** formed or acquired during the **Policy Period** shall apply only with respect to a **Privacy Incident, Network Security Incident, Cyber Crime Incident** or **Media Incident** that first took place prior to the effective date of such merger, acquisition or appointment.

2. Cessation of Subsidiaries

If any organization ceases to be a **Subsidiary**, no coverage shall be provided under this **Policy** with respect to any such organization for any:

- a. **Privacy Incident, Network Security Incident, Cyber Crime Incident** or **Media Incident** involving such organization
- b. amount claims under any Coverage incurred or sustained by any such organization or persons, after the date such organization ceased to be a **Subsidiary**.

3. Acquisition or Bankruptcy of the Named Insured

If during the Policy Period any of the following occurs:

- a) the acquisition by any person or entity or affiliated group of persons or entities of 50% or more of the **Named Insured's** issued and outstanding voting securities representing the present right to vote for the election of the **Named Insured's** directors;
- b) the acquisition, divestiture, or sale of more than 50% of your assets or liabilities (as reflected in the **Named Insured's** most recent financial statement) by or to any person or entity or affiliated group of persons or entities;
- c) the appointment of a receiver, conservator, trustee, liquidator, rehabilitator, or any similar official for or with respect to the **Named Insured**; or
- d) the **Named Insured's** merger with or consolidation into any other entity such that the **Named Insured** is not the surviving entity, then such coverage as existed under this Policy before such event shall continue in full force and effect for any **Privacy Incident, Network Security Incident, Cyber Crime Incident** or **Media Incident** occurring before any of the events shown in IV.M.3.a., IV.M.3.b., IV.M.3.c., IV.M.3.d.. However, solely with respect to the events as shown in IV.M.3.a., IV.M.3.b., IV.M.3.d., coverage shall cease with respect to any **Privacy Incident, Network Security Incident, Cyber Crime Incident** or **Media Incident** occurring after such event.

The occurrence of an event as shown in IV.M.3.a., IV.M.3.b., IV.M.3.c., IV.M.3.d. shall not affect the **Insured's** right to purchase an Extended Reporting Period unless all premium due for the remainder of the **Policy Period** has not been fully paid within 30 days of the effective date of such event, in which case the **Insured** shall have no right to purchase the Extended Reporting Period.

N. Assignment

Assignment of interest under this **Policy** will not bind the **Insurer** unless its consent is endorsed hereon.

O. Conformity to Law

Any terms of this **Policy** in conflict with the terms of any applicable laws are hereby amended to conform to such laws.

P. Legal Action Against the Insurer and Bankruptcy

No action may be taken against the **Insurer** unless, as a condition precedent thereto, there has

been full compliance with all the terms of this **Policy** and the amount of an **Insured's** obligation to pay has been finally determined either by judgment against an **Insured** after adjudicatory proceedings, or by written agreement of the **Named Insured**, the claimant and the **Insurer**. No legal action can be brought under this **Policy** against anyone other than by the **Named Insured**.

Bankruptcy or insolvency of any **Insured** or the estate of any **Insured** will not relieve the **Insurer** of its obligations under this **Policy**.

Q. Alternative Dispute Resolution (ADR)

The **Insurer** and the **Named Insured** shall submit any dispute or controversy arising out of or relating to this **Policy** to non-binding mediation. Unless otherwise agreed by the parties, such non-binding mediation shall be administered by the American Arbitration Association in accordance with its then-prevailing Commercial Mediation Rules.

If the dispute is not resolved in the mediation, then either party to the mediation may thereafter commence a judicial proceeding against the other party with respect to such dispute, provided that neither party may commence such a judicial proceeding prior to 90 days following termination of the mediation.

The parties to the mediation shall share equally the fees and expenses of the mediator as well as other common expenses of the mediation process.

R. Representative of the Insured

By acceptance of this **Policy**, the **Named Insured** will be designated to act on behalf of all **Insureds** for all purposes including the giving and receiving of all notices and correspondence, the cancellation or non-renewal of this **Policy**, the payment of premiums and the receipt of any return premiums that may be due under this **Policy**.

S. Entire Agreement

This **Policy** constitutes the entire agreement between the parties. The terms, conditions and limitations of this **Policy** can be waived or changed only by written endorsement. No change to this **Policy** can be made except by written endorsement to this **Policy** signed by an authorized representative of the **Insured**. Headings used in this **Policy** are for convenience and do not expand or interpret the **Policy** terms.