

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER LIABILITY INSURANCE ENDORSEMENT (Claims-Made And Reported Coverage)

POLICY NUMBER: _____

ENDORSEMENT EFFECTIVE DATE: _____

RETROACTIVE DATE: _____

SCHEDULE OF LIMITS

Coverage	Limits
Multimedia Liability Coverage	\$_____ each claim /aggregate
Security and Privacy Liability Coverage	\$_____ each claim /aggregate
Privacy Regulatory Defense and Penalties Coverage	\$_____ each claim /aggregate
PCI DSS Assessment Coverage	\$_____ each claim /aggregate
Privacy Breach Response Costs, Notification Expenses and Breach Support and Credit Monitoring Expenses Coverage	\$_____ each claim /aggregate
Proactive Privacy Breach Responses Costs Sublimit	\$_____ each claim /aggregate
Voluntary Notification Expenses Sublimit	\$_____ each claim /aggregate
Network Asset Protection Coverage	\$_____ each claim /aggregate
Cyber Extortion Coverage	\$_____ each claim /aggregate
Cyber Terrorism Coverage	\$_____ each claim /aggregate
BrandGuard® Coverage	\$_____ each claim /aggregate
Businessowner ID Theft Coverage	\$_____ each claim /aggregate
Annual Aggregate Limit	\$_____

This Endorsement ("Endorsement") amends **your** policy to provide Cyber Liability insurance on a Claims-Made and Reported basis. Read the entire Endorsement carefully to determine **your** rights and duties and what is and is not covered. The terms, conditions, exclusions, and limits of insurance set forth in this Endorsement apply only to the coverage provided by this Endorsement.

All words and phrases in this Endorsement that appear in bold print have the meanings set forth in Section V of this Endorsement. To the extent any words or phrases used in this Endorsement are also defined elsewhere in the policy, such definitions do not apply give meaning to the words or phrases used in this Endorsement.

The Cyber Liability limits of insurance are specified in the Schedule of Limits ("Schedule") above. Such limits of insurance are in addition to, and will not erode, the limits of insurance provided elsewhere under **your** policy. **Defense costs** paid under this Endorsement will erode the limits set forth in the Schedule.

Endorsement CG 21 06, Exclusion – Access or Disclosure of Confidential or Personal Information and Data-Related Liability – With Limited Bodily Injury Exception; Endorsement CG 21 07, Exclusion – Access or Disclosure of Confidential or Personal Information and Data-Related Liability – Limited Bodily Injury Exception Not Included; Endorsement CG 21 08, Exclusion - Access or Disclosure of Confidential or Personal Information (Coverage B only); and Endorsement CG 04 37, Electronic Data Liability are not applicable to the coverage provided under this Endorsement.

SECTION I – COVERAGE AGREEMENTS

A. MULTIMEDIA LIABILITY COVERAGE

Subject to the limits shown in the Schedule, the Company will pay **damages**, including liability **assumed under contract**, which an **insured** becomes legally obligated to pay, and related **defense costs**, because of a **claim** for a **multimedia peril**, provided that:

- (1) Such **claim** is first made against the **insured** during the **endorsement period**;
- (2) Such **claim** is reported to the Company no later than sixty (60) days after the **claim** is first made against the **insured**; and
- (3) The **multimedia peril** takes place or first commences on or after the **retroactive date**.

B. SECURITY AND PRIVACY LIABILITY COVERAGE

Subject to the limits shown in the Schedule, the Company will pay **damages**, including liability **assumed under contract**, which an **insured** becomes legally obligated to pay, and related **defense costs**, because of a **claim** for a **security and privacy wrongful act**, provided that:

- (1) Such **claim** is first made against the **insured** during the **endorsement period**;
- (2) Such **claim** is reported to the Company no later than sixty (60) days after the **claim** is first made against the **insured**; and
- (3) The **security and privacy wrongful act** takes place or first commences on or after the **retroactive date**.

C. PRIVACY REGULATORY DEFENSE AND PENALTIES COVERAGE

Subject to the limits shown in the Schedule, the Company will pay **regulatory fines and penalties** and **regulatory compensatory awards** which an **insured** becomes legally obligated to pay, and related **defense costs**, because of a **claim** for a **security breach** or **privacy breach**, provided that:

- (1) Such **claim** is first made against the **insured** during the **endorsement period**;
- (2) Such **claim** is reported to the Company no later than sixty (60) days after the **claim** is first made against the **insured**; and
- (3) The **security breach** or **privacy breach** takes place or first commences on or after the **retroactive date**.

D. PCI DSS ASSESSMENT COVERAGE

Subject to the limits shown in the Schedule, the Company will pay **PCI DSS assessments** which an **insured** becomes legally obligated to pay, and related **defense costs**, because of a **claim** for a **security breach** or **privacy breach**, provided that:

- (1) Such **claim** is first made against the **insured** during the **endorsement period**;
- (2) Such **claim** is reported to the Company no later than sixty (60) days after the **claim** is first made against the **insured**; and
- (3) The **security breach** or **privacy breach** takes place or first commences on or after the **retroactive date**.

E. PRIVACY BREACH RESPONSE COSTS, NOTIFICATION EXPENSES, AND BREACH SUPPORT AND CREDIT MONITORING EXPENSES COVERAGE

Subject to the limits shown in the Schedule, the Company will pay reasonable and necessary **privacy breach response costs**, **notification expenses**, and **breach support and credit monitoring expenses** which **you** incur 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** takes place or first commences on or after the **retroactive date**;
- (2) An **insured** first discovers the **adverse media report, security breach or privacy breach** during the **endorsement period**; and
- (3) **You** report the **adverse media report, security breach or privacy breach** to the Company no later than sixty (60) days from the date an **insured** first discovers the **adverse media report, security breach or privacy breach**.

F. NETWORK ASSET PROTECTION COVERAGE

(1) Data Recovery

Subject to the limits shown in the Schedule, the Company agrees to pay **digital assets loss** and **special expenses** which **you** incur as a direct result of a **covered cause of loss** that causes damage, alteration, corruption, distortion, theft, misuse or destruction of **your digital assets**, provided that:

- (a) The **covered cause of loss** takes place or first commences on or after the **retroactive date**;
- (b) An **insured** first discovers the **covered cause of loss** during the **endorsement period**;
- (c) **You** report the **covered cause of loss** to the Company no later than sixty (60) days from the date an **insured** first discovers the **covered cause of loss**; and
- (d) **You** provide clear evidence that the **digital assets loss** and **special expenses** directly resulted from the **covered cause of loss**.

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

(2) Non-Physical Business Interruption and Extra Expense

Subject to the limits shown in the Schedule, the Company agrees to pay **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 **covered cause of loss** that causes a total or partial interruption, degradation in service or failure of an **insured computer system**, provided that:

- (a) The **covered cause of loss** takes place or first commences on or after the **retroactive date**;
- (b) An **insured** first discovers the **covered cause of loss** during the **endorsement period**;
- (c) **You** report the **covered cause of loss** to the Company no later than sixty (60) days from the date an **insured** first discovers the **covered cause of loss**; and
- (d) **You** provide clear evidence that the **income loss, interruption expenses** and **special expenses** directly resulted from the **covered cause of loss**.

G. CYBER EXTORTION COVERAGE

Subject to the limits shown in the Schedule, the Company agrees to pay **cyber extortion expenses** and **cyber extortion monies** which **you** incur as a direct result of a **cyber extortion threat**, provided that:

- (1) Such **cyber extortion threat** is first made against an **insured** during the **endorsement period**;
- (2) **You** report the **cyber extortion threat** to the Company no later than sixty (60) days from the date the **cyber extortion threat** is made against an **insured**; and
- (3) **You** provide clear evidence that the **cyber extortion expenses** and **cyber extortion monies** directly resulted from the **cyber extortion threat**.

The **insured** shall not incur **cyber extortion expenses** or **cyber extortion monies** without the Company's prior consultation and written authorization. **You** must make every reasonable effort to notify local law enforcement authorities and the Federal Bureau of Investigation or any similar equivalent foreign agency before surrendering any **cyber extortion monies** in response to a **cyber extortion threat**.

H. CYBER TERRORISM COVERAGE

Subject to the limits shown in the Schedule, the Company agrees to pay **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 an **act of cyber terrorism** that causes a total or partial interruption, degradation in service or failure of an **insured computer system**, provided that:

- (1) The **act of cyber terrorism** takes place or first commences on or after the **retroactive date**;
- (2) An **insured** first discovers the **act of cyber terrorism** during the **endorsement period**;
- (3) **You** report the **act of cyber terrorism** to the Company no later than sixty (60) days from the date an **insured** first discovers the **act of cyber terrorism**; and
- (4) **You** provide clear evidence that the **income loss, interruption expenses and special expenses** directly resulted from the **act of cyber terrorism**.

I. BRANDGUARD® COVERAGE

Subject to the limits shown in the Schedule, the Company will reimburse **you** for 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) The **adverse media report or notification** results from a **privacy breach or security breach** that takes place or first commences on or after the **retroactive date**;
- (2) **You** discover the **brand loss** during the **endorsement period**;
- (3) **You** report the **brand loss** to the Company no later than sixty (60) days from the date **you** first discover the **brand loss**; and
- (4) **You** provide clear evidence that the **brand loss** directly resulted from the **adverse media report or notification**.

J. BUSINESS OWNER ID THEFT COVERAGE

Subject to the limits shown in the Schedule, the Company will reimburse **your key employees** for reasonable and necessary **identity theft expenses** incurred as a direct result of **identity theft**, provided that:

- (1) The **identity theft** takes place or first commences on or after the **retroactive date**;
- (2) An **insured** first discovers the **identity theft** during the **endorsement period**;
- (3) **You** report the **identity theft** to the Company no later than sixty (60) days from the date an **insured** first discovers the **identity theft**; and
- (4) An **insured** reports the **identity theft** to law enforcement and obtains a police report.

SECTION II – DEFENSE, INVESTIGATION, AND SETTLEMENT

The Company will have the right and duty to defend any **claim** under Coverage Agreement **A, B, C or D**, even if the allegations of the **claim** are groundless, false or fraudulent. The Company has the right to appoint counsel to defend any such **claim**.

The Company may investigate or settle any **claim** at its sole discretion. The applicable limit of insurance will be reduced and may be completely exhausted by payment of **defense costs**. The Company will not be obligated to pay or defend any **claim** after the applicable limit of insurance hereunder has been exhausted.

No **insured** will incur any **defense costs** or other expenses, 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 the Company's initial prior written consent, which will not be unreasonably withheld. The Company will not be liable for any **defense costs** or other expenses, settlement or judgment to which the Company has not consented.

SECTION III – EXCLUSIONS

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, adverse media report, covered cause of loss, cyber extortion threat, act of cyber terrorism, or identity theft**:
- (1) Which was the subject of written notice given to us or to any other insurer prior to the original inception date of this Cyber Liability coverage;
 - (2) Which was the subject of any prior or pending written demand made against an **insured**, or a civil, administrative or arbitration proceeding commenced against an **insured**, prior to the original inception date of this Cyber Liability coverage, or that involved the same or substantially the same fact, circumstance, or situation underlying or alleged in such prior demand or proceeding;
 - (3) That was identified in any summary or statement of **claims** or potential **claims** submitted in connection with **your** application for insurance; or
 - (4) Which an **insured** had knowledge of prior to the original inception date of this Cyber Liability coverage.
- 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, nuclear material or nuclear waste. For purposes of this exclusion, pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including mold, smoke, vapor, soot, fumes, acids, alkalis, chemicals, odors, noise, lead, oil or oil products, radiation, asbestos or asbestos-containing products and waste, and any electric, magnetic or electromagnetic field of any frequency. Waste includes, but is not limited to, material that is, or is to be, recycled, reconditioned or reclaimed.
- C.** Any **claim** for liability assumed by an **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 by contract**.
- E.** Any business, joint venture or enterprise which is not named on the Declarations or by endorsement to the policy.
- F.** Any **claim** for violation of the False Claims Act or any similar federal or state law, rule, or regulation concerning billing errors or fraudulent billing practices or abuse.
- G.** Any **claim** for infringement of any patent or the misappropriation, theft, copying, display, or publication of any trade secret.
- H.** Any **claim** for unfair competition, price fixing, deceptive trade practices, restraint of trade, or violation of any anti-trust laws.
- I.** 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 an **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 Agreement **B**, which is brought by **your** past, present or future employee alleging a **security and privacy wrongful act**.
- J.** Any **claim** for **bodily injury or property damage**.

- K.** 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.
- L.** Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
- (1) Satellite failures;
 - (2) Electrical or mechanical failure or interruption including, but not limited to, electrical disturbance, spike, brownout, or blackout;
 - (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 Agreement **F** or Coverage Agreement **H**;
 - (4) The failure of overhead transmission and distribution lines; or
 - (5) The gradual deterioration of subterranean insulation.
- M.** 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").
- N.** Any **criminal proceeding**.
- O.** Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any of the following, if committed by an **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 **your** privacy policy; or
 - (3) The gaining in fact of any profit, remuneration or financial advantage to which an **insured** was not legally entitled.

Notwithstanding the foregoing, the insurance afforded by this Endorsement will apply to **defense costs** incurred in defending any such **claim** until such time as there is a judgment or other final adjudication adverse to the **insured** establishing such willful, dishonest, fraudulent, or malicious conduct. The Company will have the right to recover **defense costs** incurred in defending such **claim** from those parties found to have committed the conduct described in this exclusion.

This exclusion does not apply to:

- (1) Any **insured** that did not commit, participate in, or have knowledge of any conduct described in this exclusion; or
 - (2) A **claim** resulting from sabotage by **your** employee.
- P.** Any **claim** 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, privacy breach, covered cause of loss, cyber extortion threat, act of cyber terrorism, adverse media report, or identity theft** 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, privacy breach, covered cause of loss, cyber extortion threat, act of cyber terrorism, adverse media report, or identity theft** 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, privacy breach, covered cause of loss, cyber extortion threat, act of cyber terrorism, adverse media report, or identity theft** that took place prior to the **retroactive date**, would constitute related **multimedia perils, security and privacy wrongful acts, security breaches, privacy breaches, covered causes of loss, cyber extortion threats, acts of cyber terrorism, adverse media reports, or identity thefts**.

For purposes of this exclusion, **multimedia perils, security and privacy wrongful acts, security breaches, privacy breaches, covered causes of loss, cyber extortion threats, acts of cyber terrorism, adverse media reports, or identity thefts** 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.

- 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.
- 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 fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, force majeure or any other physical event, however caused.
- U.** 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**.
- V.** 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.
- W.** 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.
- X.** Any **claim** brought by or on behalf of:
- (1) An **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 business, organization or joint venture in which an **insured** is a partner; or
 - (4) Any individual or entity who is a partner of any business, organization or joint venture in which an **insured** is also a partner.

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

- Y.** Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving unauthorized trading. For purposes of this exclusion, "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.
- Z.** 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.
- AA.** 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.

- BB.** 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 Agreement **C**.

CC. 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 and/or the Pension Protection Act of 2006 and its amendments, or any regulation, ruling or order issued pursuant thereto.

DD. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:

- (1) Strikes or similar labor actions, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of, or amounting to, a popular uprising, military uprising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions;
- (2) The confiscation, commandeering, nationalization, requisition or destruction of, or damage to, property, including **computer hardware**, by or under the order of any government or public authority for whatever reason; or
- (3) Any action taken in controlling, preventing, suppressing or in any way relating to **DD(1)** or **DD(2)** above.

This exclusion does not apply to an **act of cyber terrorism**.

EE. 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.

FF. 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 such as alcoholic beverages, tobacco or drugs.

GG. 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**.

HH. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving an **insured's** intentional use of illegal or unlicensed programs.

II. 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 affects the health, safety or condition of any person or the environment or that affects the value, marketability, condition or use of any property.

JJ. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any violation of the Telephone Consumer Protection Act (47 U.S.C. §227), the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. §§ 6101-6108), or the CAN-SPAM Act (15 U.S.C. §§ 7701-7713), as amended, or any regulations promulgated thereunder, or any similar federal, state, local or foreign laws, whether such laws are statutory, regulatory or common law, including any anti-spam law or other law concerning the use of telephonic or electronic communications for solicitation purposes, or any allegations of invasion or violation of any rights to privacy derived therefrom. This exclusion does not apply to an otherwise covered **claim** under Coverage Agreement **B** or Coverage Agreement **C** alleging a violation of the CAN-SPAM Act as amended, or any regulations promulgated thereunder, or any similar federal, state, local or foreign law, whether such law is statutory, regulatory or common law, but only if such violation arises out of a **security breach**.

KK. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:

- (1) Any violation of the **PCI Data Security Standard** or any payment card company rules; or
- (2) The failure to implement, maintain or comply with any security measures or standards related to payment card **data**, including any fine or penalty imposed by a payment card company on a merchant bank or payment processor that **you** have paid or agreed to reimburse or indemnify.

This exclusion does not apply to an otherwise covered **claim** under Coverage Agreement **D**.

LL. With respect to Coverage Agreement F.(1):

- (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) Fines or penalties imposed by law;
- (6) The economic or market value of **digital assets**;
- (7) Costs or expenses incurred to identify, patch or remediate software program errors or **computer system** vulnerabilities;
- (8) 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
- (9) Any losses paid under Coverage Agreement F.(2).

MM. With respect to Coverage Agreement F(2):

- (1) Any loss arising out of 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) Fines or penalties imposed by law;
- (5) Costs or expenses incurred to identify, patch or remediate software program errors or **computer system** vulnerabilities;
- (6) Loss of goodwill and reputational harm;
- (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 Agreement F(1).

NN. With respect to Coverage Agreement I:

- (1) Any amounts incurred by **you** in an effort to re-establish **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;
- (6) **Privacy breach response costs, notification expenses or breach support and credit monitoring expenses** paid under Coverage Agreement E; or
- (7) Fines or penalties imposed by law or regulation.

SECTION IV – LIMITS OF LIABILITY

- A. The limit of insurance shown in the Schedule as applicable to a Coverage Agreement is the most the Company will pay for each **claim** and in the aggregate under that Coverage Agreement, including **defense costs** where applicable, regardless of the number of **insureds** involved or affected, the number of individuals or entities making a **claim**, or the number of **claims** made.
- B. Subject to the provisions respecting each Coverage Agreement, the limit of insurance shown in Schedule as the "Annual Aggregate Limit" is the most the Company will pay for all **claims** made during the **endorsement period** under all Coverage Agreements of this Endorsement combined. The "Annual Aggregate Limit" includes **defense costs**.
- C. If the "Annual Aggregate Limit" is exhausted, then the Company's obligations under this Endorsement will be deemed completely fulfilled and extinguished.
- D. All **claims** made under any one Coverage Agreement which 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. Such **claim** will be deemed to have been first made on the date the earlier of the related **claims** was first made and will be deemed to have been first reported to the Company on the date the earlier of the related **claims** was first reported to the Company in writing. Appeals and any post-trial proceedings or consolidated proceedings approved by us will be considered to be part of the original **claim**.
- E. In the event that a **claim** is made and applies to more than one Coverage Agreement of this Endorsement, only one "each **claim**" limit will apply. The Company has the sole discretion to allocate amounts paid, if any, against the appropriate limit of liability.

SECTION V – DEFINITIONS

When used in this Endorsement:

Acquiring bank means a bank or financial institution that accepts credit and debit card payments (including stored value cards and pre-paid cards) for products or services on behalf of a merchant, including processing and crediting those payments to a merchant's account.

Act of cyber terrorism means the premeditated use of information technology to organize and execute attacks, or the threat thereof, against computers, **computer systems**, networks or the internet by any person or group, whether acting alone, on behalf of, or in connection with any organization or government, which is committed for political, religious, or ideological purposes, with the intention to influence any government, put the public in fear, or cause destruction or harm to critical infrastructure or **data**.

Adverse media report means any report or communication of an actual or potential **security breach** or **privacy breach**, which:

- A. 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
- B. Threatens material damage to **your reputation** or brands.

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.

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.

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.

Brand loss means **your** net profit 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 VII.C of this Endorsement.

Breach support and credit monitoring expenses means those reasonable and necessary costs and expenses **you** incur, with the Company's prior written consent, for the provision of support activity to affected individuals in the event of a **privacy**

breach, including the cost to provide a maximum of twelve (12) months of credit monitoring and identity theft education or assistance.

Card association means Visa International, Mastercard, Discover, JCB American Express and any similar credit or debit card association that is a participating organization of the Payment Card Industry Security Standards Council.

Claim means:

A. With respect to Coverage Agreement **A** (Multimedia Liability) and Coverage Agreement **B** (Security and Privacy Liability):

- (1) Any written demand for monetary or non-monetary relief made against an **insured**;
- (2) Any civil proceeding or arbitration proceeding initiated against an **insured**, commenced by the service of a summons, complaint or similar pleading or notice; or
- (3) Any written request to toll or waive a statute of limitations relating to a potential **claim** against an **insured**, including any appeal therefrom.

A **claim** under Coverage Agreement **A** or Coverage Agreement **B** will be deemed to be first made when an **insured** first receives notice of any of **A(1)** through **A(3)** above.

B. With respect to Coverage Agreement **C** (Privacy Regulatory Defense and Penalties), a **government investigation** commenced against an **insured** by letter, notice, complaint or order of investigation. A **claim** under Coverage Agreement **C** will be deemed to be first made when it is first received by an **insured**.

C. With respect to Coverage Agreement **D** (PCI DSS Assessment), a written demand made against an **insured** by an **acquiring bank** or **card association** for a **PCI DSS assessment** due to the **insured's** non-compliance with the **PCI Data Security Standard**. A **claim** under Coverage Agreement **D** will be deemed to be first made when such written demand is received by an **insured**.

D. With respect to Coverage Agreement **E** (Privacy Breach Response Costs, Notification Expenses, and **Breach Support and Credit Monitoring Expenses**), **your** written report to the Company of an **adverse media report**, **security breach** or **privacy breach**.

E. With respect to Coverage Agreement **F** (Network Asset Protection), **your** written report to the Company of a **covered cause of loss**.

F. With respect to Coverage Agreement **G** (**Cyber Extortion**), **your** written report to the Company of a **cyber extortion threat**.

G. With respect to Coverage Agreement **H** (Cyber Terrorism), **your** written report to the Company of an **act of cyber terrorism**.

H. With respect to Coverage Agreement **I** (BrandGuard®), **your** written report to the Company of **brand loss** directly caused by an **adverse media report** or **notification**.

I. With respect to Coverage Agreement **J** (Business Owner ID Theft), **your** written report to the Company of **identity theft**.

Computer hardware means the physical components of any **computer system**, including CPU's, memory, storage devices, storage media, input/output devices and other peripheral devices and components, including, but not limited to, cables, connectors, fiber optics, wires, power supply units, keyboards, display monitors and audio speakers.

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, communication systems, networking systems, operating systems, and related **computer programs** used to create, maintain process, retrieve, store, or transmit electronic data.

Computer system means interconnected electronic, wireless or web systems, 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.

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, and which is capable of spreading copies of itself, wholly or in part, to other **computer systems**.

Covered cause of loss means, and is limited to, the following:

A. Accidental Damage or Destruction

- (1) Accidental physical damage or destruction of **electronic media**, so that stored **digital assets** are no longer machine-readable;
- (2) Accidental damage or destruction of **computer hardware**, so that stored **data** is no longer machine-readable;
- (3) Failure in power supply or under/over voltage, but only if such power supply, including back-up generators, is under **your** direct operational control;
- (4) **Programming error of delivered programs**; or
- (5) Electrostatic build-up and static electricity.

B. Administrative or Operational Mistakes

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

- (1) The entry, or modification of **your** electronic **data**, which causes damage to such **data**; or
- (2) The creation, handling, development, modification or maintenance of **your digital assets**; or
- (3) The on-going operation or maintenance of an **insured computer system** excluding the design, architecture, or configuration of an **insured computer system**.

C. Computer Crime and Computer Attacks

A negligent act, error or omission in the operation of an **insured computer system** or in the handling of **your digital assets** by an **insured**, 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**:

- (1) A **denial of service attack**;
- (2) **Malicious code**;
- (3) **Unauthorized access**; or
- (4) **Unauthorized use**.

Criminal proceeding means any governmental action for enforcement of criminal laws, including those offenses for which conviction could result in imprisonment or criminal fine.

Cyber extortion expenses means all reasonable and necessary costs and expenses **you** incur, with the Company's prior written consent, as a direct result of a **cyber extortion threat**, other than **cyber extortion monies**.

Cyber extortion monies means any funds or property **you** pay, with the Company's prior written consent, to a person or organization reasonably believed to be responsible for a **cyber extortion threat**, in order to terminate such **cyber extortion threat**.

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:

- A.** Release, divulge, disseminate, destroy or use the confidential information of a third party taken from an **insured** as a result of **unauthorized access** to, or **unauthorized use** of, an **insured computer system**;
- B.** Introduce **malicious code** into an **insured computer system**;
- C.** Corrupt, damage or destroy an **insured computer system**;
- D.** Restrict or hinder access to an **insured computer system**, including, but not limited to, the threat of a **denial of service attack**; or

- E. 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 a customer (also known as “pharming”, “phishing”, or other types of false communications).

Damages means the amount of money which an **insured** is legally obligated to pay as a result of a covered **claim** under Coverage Agreement **A** or Coverage Agreement **B**, including judgments, legal fees and costs awarded against an **insured** pursuant to such judgments, and settlements negotiated with the Company’s consent.

Damages does not include:

- A. Taxes;
- B. Any amount for which an **insured** is absolved from legal responsibility to make payment to a third party;
- C. Amounts owed under contract;
- D. **Your** future profits or royalties or any return, withdrawal, restitution or reduction of **your** professional fees, profits or other charges;
- E. Punitive, liquidated or exemplary damages or the multiplied portion of multiplied damages;
- F. Fines, sanctions or penalties;
- G. Any matters that are deemed uninsurable under applicable law;
- H. The costs to comply with orders granting injunctive or non-monetary relief, including specific performance or any agreement to provide such relief;
- I. Disgorgement of any remuneration or financial advantage to which **you** were not legally entitled; or
- J. Settlements negotiated without the Company’s consent.

Data means any and all 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 or rendered.

Defense costs means reasonable and necessary legal fees and related costs and expenses incurred with the Company’s consent in the investigation, defense and appeal of any **claim** under Coverage Agreement **A**, Coverage Agreement **B**, Coverage Agreement **C**, or Coverage Agreement **D**. **Defense costs** does not include any wages, salaries, fees, overhead or other charges incurred by, or paid to, any **insured** for time spent in cooperating in the defense and investigation of any **claim** or potential **claim** under this Endorsement.

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.

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**.

Digital assets means **data** and **computer programs** that exist in an **insured computer system**. **Digital assets** does not include **computer hardware**.

Digital assets loss means reasonable and necessary expenses and costs **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 shall be determined on a predefined billable hours or per hour basis as based upon **your** schedule of employee billable hours.

Electronic media means floppy disks, CD ROMs, flash drives, hard drives, solid state drives, magnetic tapes, magnetic discs, or any other media on which electronic **data** is recorded or stored.

Endorsement period means the period of coverage beginning 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.

Firmware means the fixed programs that internally control basic low-level operations in a device.

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 **privacy breach** or **security breach**.

Identity theft means the act of knowingly transferring or using, without lawful authority, a means of identification of any **key employee** or spouse of any **key employee**, with the intent to commit, or aid or abet another to commit, any unlawful activity that constitutes a violation of federal, state or local law.

Identity theft expenses means, and is limited to, any of the following incurred by **your key employee** or by a spouse of **your key employee** as a result of **identity theft**:

- A. The cost of notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors;
- B. The cost of certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors;
- C. Loan application fees for reapplying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information;
- D. The cost of credit monitoring services and the cost of obtaining credit reports for up to twelve (12) months from the date of **identity theft**; and
- E. The cost of case management services for up to twelve (12) months from the date of **identity theft**.

Income loss means financial loss **you** sustain, as determined in accordance with the provisions of Coverage Agreement **F(2)** or Coverage Agreement **H**.

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**.

Insured computer system means:

- A. A **computer system** operated by, and either owned by or leased to, **you**;
- B. With respect to Coverage Agreement **B** only, 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** to provide such services.

Interruption expenses means those expenses, excluding **special expenses**, which **you** incur in accordance with the provisions of Coverage Agreement **F.(2)** or Coverage Agreement **H** to:

- A. 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** or **act of cyber terrorism**, which **you** would not have incurred had no **covered cause of loss** or **act of cyber terrorism** 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
- B. Minimize or avoid a **covered cause of loss** or an **act of cyber terrorism** and continue **your** business.

The amount of **interruption expenses** recoverable under paragraph **A.** above shall in no case exceed the amount by which the covered **income loss** is reduced by such incurred expenses.

Key employees means **your** current directors, officers, or any natural person that possesses the exclusive right to hold, use, benefit from, enjoy, convey, transfer and otherwise dispose of **your** assets or properties.

Malicious code means software intentionally designed to insert itself into and damage a **computer system** without the owner's informed consent by a variety of forms including, but not limited to, viruses, worms, Trojan horses, spyware, dishonest adware, and crimeware.

Multimedia peril means the release of or display of any **electronic media** on **your** internet site or **print media** for which **you** are responsible, which directly results in any of the following:

- A. 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;

- B. Invasion, infringement or interference with an individual's right of privacy or publicity, including false light, intrusion upon seclusion, commercial misappropriation of name, person or likeness, or public disclosure of private facts;
- C. Plagiarism, piracy or misappropriation of ideas under an implied contract;
- D. Infringement of copyright, trademark, trade name, trade dress, title, slogan, service mark or service name; or
- E. Domain name infringement, improper deep linking, or framing.

Named insured means the person or organization listed as such on the Declarations Page of the policy to which this Endorsement attaches.

Notification means written notice to affected individuals in the event of a **security breach** or a **privacy breach**.

Notification expenses means:

- A. Those reasonable and necessary legal expenses, computer forensic and investigation fees, postage expenses and related advertising expenses incurred by **you**, with the Company's prior written consent, to comply with governmental privacy legislation mandating notice to affected individuals in the event of a **security breach** or **privacy breach**; and
- B. **Voluntary notification expenses** incurred with the Company's prior written consent, subject to the **voluntary notification expenses sublimit**.

Operational programs means programs and software which are ready for operational use, having been fully developed, tested, and accepted by **you**.

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 include, but are not limited to, hosting, security management, co-location, and **data** storage.

PCI Data Security Standard (known as "PCI DSS") means the published data security standards of the Payment Card Industry Standards Council, in effect now, or as hereafter amended, which all merchants and processors must follow when storing, processing and transmitting cardholder **data**.

PCI DSS assessment means monetary fines, penalties or assessments, such as fraud recoveries, card reissuance costs, operational expenses or compliance case costs, which are imposed against an **insured** by an **acquiring bank** or **card association** as a result of a **security breach** or **privacy breach**.

Period of indemnity means the period beginning with the earlier of the date of **notification** or the first publication of an **adverse media report** (whichever applies), and ending on the earlier of:

- A. 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
- B. One hundred eighty (180) consecutive days after the notice of **brand loss** is received by the Company.

Period of restoration means the period of time beginning on the date when the interruption, degradation or failure of an **insured computer system** began and ending on the earlier of:

- A. 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** or **act of cyber terrorism** with reasonable diligence, plus up to thirty (30) additional consecutive days after restoration of the **insured computer system** to allow for restoration of **your** business; or
- B. One hundred twenty (120) consecutive days after the notice of **covered cause of loss** or **act of cyber terrorism** is received by the Company.

Print media means newspapers, newsletters, magazines, brochures, books and literary works in any form, or other types of publications and advertising materials, including packaging, photographs, and digital images.

Privacy breach means any of the below, whether actual or alleged, but only if committed or allegedly committed by an **insured** or by others acting on **your** behalf for whom **you** are legally responsible, including **BPO service providers** and **outsourced IT service providers**:

- A. 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

- B. Any breach or violation of U.S. federal, state or local privacy statutes or regulations, as they currently exist and as amended, associated with confidentiality, access, control, and use of personally identifiable, non-public information, including, but not limited to:
- (1) The Health Insurance Portability and Accountability Act of 1996 (Public Law 104- 191), known as HIPAA, and related state medical privacy laws;
 - (2) The Gramm-Leach-Bliley Act of 1999 (GLBA), also known as the Financial Services Modernization Act of 1999;
 - (3) State and federal statutes and regulations regarding the security and privacy of consumer information;
 - (4) Governmental privacy protection regulations or laws associated with the control and use of personal information;
 - (5) Privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act (FCRA) and similar state laws;
 - (6) 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**, related or repeated **privacy breaches**, or multiple **privacy breaches** resulting from the same facts or circumstances will be considered a single **privacy breach** and will be deemed to have occurred at the time the first of such **privacy breaches** occurred.

Privacy breach response costs means:

- A. Those reasonable and necessary **public relations expenses** you incur, with the Company's prior written consent, to avert or mitigate any material damage to **your reputation** or brands, which results or reasonably will result from an **adverse media report**; and
- B. **Proactive privacy breach response costs** incurred with the Company's prior written consent, subject to the **proactive privacy breach response costs sublimit**.

Proactive privacy breach response costs means those reasonable and necessary **public relations expenses** you incur in response to an actual or potential **security breach** or **privacy breach**, but prior to the publication of an **adverse media report**, in an effort to avert or mitigate the potential impact of such **adverse media report**. **Proactive privacy breach response costs** must be incurred with our prior written consent.

Proactive privacy breach response costs sublimit means the maximum amount that the Company will pay for **proactive privacy breach response costs**. The **proactive privacy breach response costs sublimit** is included within, and will erode, the limits of liability applicable to Coverage Agreement E.

Programming error means an error that 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**.

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.

Public relations expenses means reasonable and necessary fees and expenses you incur in the employment of a public relations consultant to re-establish **your reputation** which was damaged as a direct result of an **adverse media report**.

Regulatory compensatory award means a sum of money 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 any criminal penalty or fine issued by a regulatory agency of any kind, including federal, state, or local governmental agencies.

Regulatory fines and penalties means civil or administrative fines and penalties imposed against an **insured** as a result of a **government investigation**.

Regulatory fines and penalties does not include:

- A. Any criminal fines or penalties of any nature whatsoever;
- B. Any fines or penalties imposed against an **insured** for failure to comply with or follow the **PCI Data Security Standard** or any payment card company rules; or
- C. Any interest assessed on **regulatory fines and penalties**.

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, privacy breach, covered cause of loss, act of cyber terrorism, or adverse media report** must have taken place in order to be considered for coverage under this Endorsement.

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**:

- A. The failure to prevent or hinder a **security breach**, which in turn results in:
 - (1) The alteration, copying, corruption, destruction or deletion of, or damage to, electronic **data** stored on an **insured computer system**;
 - (2) Theft, loss or unauthorized disclosure of electronic or non-electronic confidential commercial, corporate, personally identifiable, or private information that is in an **insured's** care, custody or control;
 - (3) Theft, loss or unauthorized disclosure of electronic or 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
 - (4) **Unauthorized use** of or **unauthorized access** to a **computer system** other than an **insured computer system**;
- B. The 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;
- C. The failure to prevent the transmission of **malicious code** or **computer virus** from an **insured computer system** to the **computer system** of a third party;
- D. A **privacy breach**;
- E. The 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
- F. The loss of **your** employee's information.

Security breach means any of the following, whether a specifically targeted attack or a generally distributed attack:

- A. **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 an **insured**;
- B. A **denial of service attack** against an **insured computer system**; or
- C. 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 at the time the first of such **security breaches** occurred.

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

- A. Prevent, preserve, minimize, or mitigate any further damage to **your digital assets**, including the reasonable and necessary fees and expenses of specialists, outside consultants or forensic experts;
- B. Preserve critical evidence of any criminal or malicious wrongdoing;
- C. 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 **act of cyber terrorism**; or
- D. 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** or **act of cyber terrorism**.

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

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

Voluntary notification expenses means reasonable and necessary legal expenses, computer forensic and investigation fees, postage expenses and related advertising expenses **you** incur to provide written notice to any individual or organization of a **privacy breach** or **security breach** where there is no specific legal requirement in the applicable jurisdiction mandating such notice.

Voluntary notification expenses sublimit means the maximum amount that the Company will pay for **voluntary notification expenses**. The **voluntary notification expenses sublimit** is included within, and will erode, the limits of liability applicable to Coverage Agreement E.

Waiting period means:

- A. With respect to Coverage Agreement F(2) and Coverage Agreement H, the 8-hour period which must elapse before **income loss**, **interruption expenses** and **special expenses** may be payable. The **waiting period** applies to each **period of restoration**.
- B. With respect to Coverage Agreement I, 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**.

You and **your** mean the **named insured**.

Your reputation means the estimation of trust that customers or clients have in doing business with **you** or in purchasing **your** products or services.

SECTION VI – NOTICE PROVISIONS

A. NOTICE OF A CLAIM

- (1) As a condition precedent to coverage under Coverage Agreement A, B, C, or D, an **insured** must give the Company written notice of any **claim** made against the **insured** no later than sixty (60) days after the **claim** is first made against the **insured**.
- (2) As a condition precedent to coverage under Coverage Agreement E, F, G, H, I, or J, **you** must give the Company written notice of any **claim** no later than sixty (60) days from the date an **insured** first discovers the event or incident giving rise to such **claim**.
- (3) **You** must provide the Company with copies of all documentation comprising the **claim** as well as any authorization, cooperation, or assistance as the Company may require.
- (4) The Company will not be obligated to pay any amounts incurred prior to notice of a **claim** to the Company or amounts incurred without the Company's 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** covered under this Endorsement, and if the **insured** provides the Company 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 the Company.

SECTION VII – LOSS DETERMINATION

A. LOSS OF DIGITAL ASSETS

For any and all coverage provided under Coverage Agreement **F(1)**, **digital assets loss** will be determined as follows:

- (1) If the impacted **digital asset** was purchased from a third party, the Company 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 the Company will only reimburse the actual and necessary **digital assets loss** incurred up to such determination.

B. NON-PHYSICAL BUSINESS INTERRUPTION AND EXTRA EXPENSE AND CYBER TERRORISM

For any and all coverage provided under Coverage Agreement **F(2)** or Coverage Agreement **H**, **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** or **act of cyber terrorism**, whichever applies. The income projection will take into account the prior experience of **your** business preceding the date of the **covered cause of loss** or **act of cyber terrorism** and the probable experience had no **covered cause of loss** or **act of cyber terrorism** occurred. Income includes the amount of money paid or payable to **you** for goods, products or services sold, delivered or rendered in the normal course of **your** business. The income projection will be reduced by the extent to which **you** use substitute methods, facilities or personnel to maintain **your** revenue stream. The Company 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** or **act of cyber terrorism**, which would have affected **your** business had no **covered cause of loss** or **act of cyber terrorism** 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 any and all coverage provided under Coverage Agreement **I**, **brand loss** will be calculated by taking 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. Income includes the amount of money paid or payable to **you** for goods, products or services sold, delivered or rendered in the normal course of **your** business. The income projection will be reduced by the extent to which **you** use substitute methods, facilities, or personnel to maintain its revenue stream. The Company 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 VIII – EXTENDED REPORTING PERIOD

A. AUTOMATIC EXTENDED REPORTING PERIOD

In the event of non-renewal or termination of this policy for any reason other than non-payment of premium, the Company will provide an Automatic Extended Reporting Period of sixty (60) days during which **claims** otherwise covered by this Endorsement may be reported. Such Automatic Extended Reporting Period will commence immediately upon termination or expiration of this policy and will apply to:

- (1) A **claim** under Coverage Agreement **A, B, C, or D** 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 the expiration or termination of the policy; and
 - (b) Is first made against an **insured** during the **endorsement period**, but prior to the policy termination or expiration date; and
 - (c) Is reported in writing to the Company during the Automatic Extended Reporting Period.
- (2) A **claim** under Coverage Agreement **E, F, G, H, I, or J** which:

- (a) Arises out of an **adverse media report, security breach, privacy breach, covered cause of loss, cyber extortion threat, act of cyber terrorism, or identity theft**, whichever applies, that takes place or first commences on or after the **retroactive date**, but prior to the expiration or termination of the policy; and
- (b) Is reported in writing to the Company during the Automatic Extended Reporting Period.

B. SUPPLEMENTAL EXTENDED REPORTING PERIOD

- (1) **You** shall have the option, upon payment of the required additional premium, to purchase a Supplemental Extended Reporting Period of 12 months, 24 months, or 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 and reported. 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) A **claim** under Coverage Agreement **A, B, C, or D** which:
 - (i) 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 the expiration or termination of the policy; and
 - (ii) Is first made against an **insured** during the Supplemental Extended Reporting Period; and
 - (iii) Is reported in writing to the Company no later than sixty (60) days after the **claim** is first made against an **insured**.
 - (b) A **claim** under Coverage Agreement **E, F, G, H, I, or J** which:
 - (i) Arises out of an **adverse media report, security breach, privacy breach, covered cause of loss, cyber extortion threat, act of cyber terrorism, or identity theft**, whichever applies, that takes place or first commences on or after the **retroactive date**, but prior to the expiration or termination of the policy; and
 - (ii) Is reported in writing to the Company during the Supplemental Extended Reporting Period, but no later than sixty (60) days from the date any **insured** discovers the **adverse media report, security breach, privacy breach, covered cause of loss, cyber extortion threat, act of cyber terrorism, brand loss or identity theft**, whichever applies.
- (2) The right to purchase the Supplemental Extended Reporting Period shall terminate unless written notice of such election, together with full payment of the required additional premium due, is received by us no later than sixty (60) days after the effective date of non-renewal or termination of the policy.
- (3) The additional premium for the Supplemental Extended Reporting Period shall be a percentage of the rates for such coverage in effect on the later of the date the policy was issued or last renewed.
- (4) 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.
- (5) 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 shall be void.

C. All terms and conditions of this Endorsement, including the limits of insurance, will continue to apply during any extended reporting period.

D. The existence of any extended reporting period will not increase or reinstate the limits of insurance shown in the Schedule.

SECTION IX – OTHER INSURANCE

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 X – ARBITRATION

Notwithstanding any other provision of this Endorsement or the policy, any irreconcilable dispute between the Company and an **insured** may be submitted to arbitration in accordance with the then current rules of the American Arbitration Association, except that the arbitration panel shall consist of one arbitrator selected by the **insured**, one arbitrator selected by the Company, and a third independent arbitrator selected by the first two arbitrators. Both parties must agree to arbitration. Judgment upon the award may be entered in any court having jurisdiction. The arbitrator has the power to decide any dispute between the Company and the **insured** concerning the application or interpretation of this Endorsement. However, the arbitrator shall have no power to change or add to the provisions of this Endorsement. The **insured** and the Company will share equally in the cost of arbitration.