



AIG Executive Liability[®]

Insurance provided by a member of American International Group, Inc.

Specialty Risk ProtectorSM

Network Interruption Insurance ("NETWORK INTERRUPTION COVERAGE SECTION")

THIS IS AN OCCURRENCE COVERAGE SECTION AND A FIRST PARTY COVERAGE SECTION

Notice: Pursuant to Clause 1 of the **General Terms and Conditions**, which are incorporated by reference into, made a part of and are expressly applicable to this **Network Interruption Coverage Section**, unless otherwise explicitly stated to the contrary in either the **General Terms and Conditions** or in this **Network Interruption Coverage Section**.

1. INSURING AGREEMENTS

With respect to the **NETWORK INTERRUPTION INSURING AGREEMENT** of this Clause 1., solely with respect to a **Security Failure** first occurring during the **Policy Period** and reported to the **Insurer** pursuant to the terms of this policy, this **Network Interruption Coverage Section** affords the following coverage:

NETWORK INTERRUPTION INSURING AGREEMENT

The **Insurer** shall pay all **Loss** in excess of the applicable Retention that the **Insured** incurs solely as a result of a **Security Failure**.

2. DEFINITIONS

- (a) "**Bodily Injury**" means physical injury, sickness or disease and, if arising out of the foregoing, mental anguish, mental injury, shock, humiliation or death at any time.
- (b) "**Computer System**" means any computer hardware, software or any components thereof that are under the ownership, operation or control of, or leased by, an **Insured** or an **Outsource Provider** and are linked together through a network of two or more devices accessible through the Internet, internal network or connected with data storage or other peripheral devices.
- (c) "**Insured**" means the **Company**.
- (d) "**Loss**" means the below listed costs incurred after the **Waiting Hours Period** but within 120 days after the end of a **Material Interruption** (or 120 days after the **Material Interruption** would have ended if the insured exercised due diligence and dispatch):

- (1) costs that would not have been incurred but for a **Material Interruption**;
- (2) the sum of all of following, which shall be calculated on an hourly basis:
 - (a) Net Income (Net Profit or Loss before income taxes) that would have been earned; and
 - (b) Continuing normal operating expenses incurred, including payroll.

(e) **“Material Interruption”** means the actual and measurable interruption or suspension of an **Insured’s** business directly caused by a **Security Failure**.

(f) **“Outsource Provider”** an entity not owned, operated or controlled by an **Insured** that such **Insured** depends on to conduct its business.

(g) **“Pollutants”** means, but is not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste. **“Waste”** includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.

(h) **“Property Damage”** means damage to, loss of use of or destruction of any tangible property. For purposes of this definition, **“tangible property”** shall not include electronic data.

(i) **“Security Failure”** means a failure or violation of the security of a **Computer System**, including, without limitation, that which results in or fails to mitigate any unauthorized access, unauthorized use, denial of service attack or receipt or transmission of a malicious code.

“Security Failure” shall also include such actual failure or violation above, resulting from the theft of a password or access code from the **Insured’s** premises, the **Insured’s Computer System**, or an officer, director or employee of the **Company** by non-electronic means in direct violation of a **Company’s** specific written security policies or procedures.

(j) **“Waiting Hours Period”** means (j) the number of hours set forth in Item 6 of the Declarations that must elapse once a **Material Interruption** has begun.

3. EXCLUSIONS

The **Insurer** shall not be liable to make any payment for **Loss**:

(a) alleging, arising out of, based upon or attributable to any dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law, if committed by any of the **Insured’s**:

- (1) past or present directors, officers, trustees, governors, management committee members, members of the management board or partners (or the equivalent positions), whether acting alone or in collusion with other persons; or
- (2) past or present employees (other than those referenced in sub-paragraph (1) above) or independent contractors employed by the **Insured** if any of those referenced in Subparagraph (1) above possessed or had reason to possess knowledge prior to the act of, participated in, approved or acquiesced to the dishonest, fraudulent, malicious, or criminal act committed by such employee or independent contractor that caused a direct loss to an **Insured** or any other

person.

- (b) alleging, arising out of, based upon or attributable to any misappropriation or theft of trade secret or infringement of patent, copyright, trademark, trade dress or any other intellectual property right.
- (c) alleging, arising out of, based upon or attributable to any (1) presence of **Pollutants**; (2) the actual or threatened discharge, dispersal, release or escape of **Pollutants**; or (3) direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, or in any way respond to or assess the effects of **Pollutants**.
- (d) alleging, arising out of, based upon or attributable to any **Bodily Injury** or **Property Damage**.
- (e) alleging, arising out of, based upon or attributable to any:
 - (1) fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God or any other physical event, however caused;
 - (2) war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions; or
 - (3) satellite failure.
- (f) alleging, arising out of, based upon or attributable to any seizure, confiscation, nationalization, or destruction of a **Computer System** by order of any governmental or public authority.
- (g) for any profit or advantage to which the **Insured** is not legally entitled.
- (h) alleging, arising out of, based upon or attributable to: (1) **Loss** arising out of any liability to third-parties for whatever reason; (2) legal costs or legal expenses of any type; (3) costs or expenses you incur to update, upgrade, enhance, or replace the **Insured's Computer System** to a level beyond that which existed prior to sustaining **Loss**; (4) **Loss** incurred as a result of unfavourable business conditions; or (5) costs or expenses you incur to identify and remove software program errors or vulnerabilities.

4. LIMIT OF LIABILITY

The following provisions shall apply in addition to the provisions of Clause 4. **LIMIT OF LIABILITY** of the General Terms and Conditions:

Notwithstanding anything in the policy to the contrary, the maximum limit of the **Insurer's** liability for all **Loss** arising from a **Security Failure** of the **Computer System** of an **Outsource Provider** shall be \$100,000. This amount shall be part of and not in addition to the **Limit of Liability** or any applicable **Sublimit of Liability**.

5. NOTICE

In addition to the applicable items of Clause 6. **NOTICE** of the **General Terms and Conditions**, and before coverage will apply for **Loss** under this **Network Interruption Coverage Section**, the **Insured** must also:

- (a) complete and sign a written, detailed and affirmed proof of loss within ninety (90) days after the discovery of a **Loss** (unless such period has been extended by the **Insured** in writing) which shall include, among any other pertinent information:
 - (1) a full description of such **Loss** and the circumstances surrounding such **Loss**, which shall include, among any other necessary information, the time, place and cause of the **Loss**;
 - (2) a detailed calculation of any **Loss**;
 - (3) the **Insured's** interest and the interest of all others in the property, the sound value thereof and the amount of **Loss** or damage thereto and all other insurance thereon; and
 - (4) the underlying documents and materials of whatever that reasonably relates to or forms a part of the basis of the claim for such **Loss**.
- (b) upon the **Insurer's** request, submit to an examination under oath.
- (c) immediately record the specifics of any **Loss** or **Security Failure** and the date the **Insured** first became aware of such **Loss** or **Security Failure**.
- (d) provide the **Insurer** with any cooperation and assistance that the **Insurer** may request, including assisting the **Insurer** in:
 - (1) any investigation of a **Security Failure**, loss or circumstance making settlements;
 - (2) enforcing any legal rights you or we may have against anyone who may be liable to you;
 - (3) executing any documents that we deem are necessary to secure our rights under this policy; and
 - (4) any inspection or survey conducted by us pursuant to this **Network Interruption Coverage Section**.

All adjusted claims shall be due and payable thirty (30) days after the presentation and written acceptance by the **Insurer** of satisfactory proof of **Loss** to the address shown above. The costs and expenses of establishing or proving the **Insured's Loss** for this policy, including, without limitation, those connected with preparing a proof of loss, shall be the **Insured's** obligation, and are not covered under this policy.

7. NET PROFIT CALCULATIONS

In determining the amount of net profit (or loss) and charges and expenses covered hereunder for the purpose of ascertaining the amount of **Loss** (and otherwise) under this **Network Interruption Coverage Section**, due consideration shall be given to the prior experience of an **Insured's** business before the beginning of the **Security Failure** and to the probable business the **Insured** could have performed had no **Security Failure** occurred. Provided, however, that such net profit (or loss) calculations shall not include, and this policy shall not cover, net income that would likely have been

earned as a result of an increase in volume of business due to favorable business conditions caused by the impact of **Security Failures** on other businesses. All such net profit (or loss) and charges and expenses shall be calculated on an hourly basis and based on such the **Insured's** actual net profit (or loss) and charges and expenses.

8. APPRAISAL

If the **Insured** and the **Insurer** disagree on the amount of **Loss**, either may make a written demand for an appraisal of such **Loss**. If such demand is made, each party will select a competent and impartial appraiser. The appraisers will then jointly select an umpire. If the appraisers cannot agree on an umpire, they may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of **Loss**. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

The **Insured** and the **Insurer** will:

- (1) pay it's respective chosen appraiser; and
- (2) bear the expenses of the appraisal and umpire equally.

Any appraisal of **Loss** shall still be subject to all other terms, conditions and exclusions of this policy.

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