



In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, and the limitations, conditions, provisions and other terms of this Coverage Part, the Company and the Insureds agree as follows:

I. INSURING CLAUSES

Insuring Clause (A): Cyber Liability Coverage

- (A) The Company shall pay, on behalf of an **Insured**, **Loss** on account of a **Claim** first made against the **Insured** during the **Policy Period**, or Extended Reporting Period if applicable.

Insuring Clause (B): Privacy Notification and Crisis Management Expenses Coverage

- (B) The Company shall pay:
- (1) **Privacy Notification Expenses** incurred by an **Insured** resulting from **Disclosure Liability** or **Reputational Liability**; and
 - (2) **Crisis Management Expenses** incurred by an **Insured** and directly arising out of a covered **Wrongful Act** or **Expense**.

Insuring Clause (C): Reward Expenses Coverage

- (C) The Company shall pay **Reward Expenses** incurred by an **Insured** and directly arising out of a covered **Wrongful Act** or **Expense**.

Insuring Clause (D): E-Business Interruption and Extra Expenses Coverage

- (D) The Company shall pay:
- (1) The loss of **Business Income** an **Insured** incurs during the **Period of Recovery of Services** due to the actual impairment or denial of **Operations** resulting directly from **Fraudulent Access** or **Transmission**; and
 - (2) **Extra Expenses** an **Insured** incurs during the **Period of Recovery of Services** due to the actual or potential impairment or denial of **Operations** resulting directly from **Fraudulent Access** or **Transmission**,

when the **Fraudulent Access** or **Transmission** causes an actual or potential impairment or denial of **Operations** during the **Policy Period**.

Insuring Clause (E): E-Threat Expenses Coverage

- (E) The Company shall pay **E-Threat Expenses** resulting directly from an **Insured** having surrendered any funds or property to a natural person who makes a **Threat** directly to an **Insured** during the **Policy Period**.

Insuring Clause (F): E-Vandalism Expenses Coverage

- (F) The Company shall pay **E-Vandalism Expenses** an **Insured** incurs resulting directly from the alteration, damage, deletion, or destruction of any **Data** which is owned by an **Insured** or for which an **Insured** is legally liable when first discovered during the **Policy Period**.
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II. DEFINITIONS

For purposes of this Coverage Part:

Application means:

- (A) any portion of an application given to the Company for this Policy including any attachments, written information and materials provided to the Company by or on behalf of an **Insured** for the purposes of the Company's underwriting of this Coverage Part; and
- (B) any warranty provided to the Company within the past three years in connection with any coverage part or policy of which this Coverage Part is a renewal or replacement.

Business Income means:

- (A) net profit or loss that would have been earned or incurred before income taxes; and
- (B) an **Insured's** continuing normal operating and payroll expenses;

provided that, **Business Income** does not include bank interest or investment income.

Claim means any:

- (A) written demand first received by an **Insured** for monetary damages or non-monetary relief, including injunctive relief;
- (B) civil proceeding commenced by the service of a complaint or a similar pleading;
- (C) criminal proceeding commenced by: (1) an arrest, or (2) a return of an indictment, information or similar document; or
- (D) arbitration or mediation proceeding commenced by receipt of a demand for arbitration, demand for mediation or similar document,

against an **Insured** for a **Wrongful Act**, including any appeal therefrom;

- (E) written request first received by an **Insured** to toll or waive a statute of limitations relating to a potential **Claim** described in Subsections (A) through (D) above.

Computer means a device or group of devices that by manipulation of electronic, magnetic, optical or electromechanical impulses pursuant to a computer program can perform operations on **Data**.

Conduit Liability means loss sustained or allegedly sustained by a natural person or an entity because a **System** cannot be used, or is impaired, resulting directly from:

- (A) a **Cyber-attack** into an **Insured's System**, provided such **Cyber-attack** was then received into a third party's **System**; or
- (B) a natural person or an entity who has accessed a **System** without authorization, through an **Insured's System**,

provided such transmission or access occurred on or after the **Retroactive Date** and before the end of the **Policy Period**.

Content Liability means loss sustained or allegedly sustained by a natural person or an entity because of the infringement of:

- (A) a collective mark, service mark, or other trademarked name, slogan, symbol or title;
- (B) a copyright;
- (C) the name of a product, service, or entity; or
- (D) the title of an artistic or literary work,



resulting directly from **Cyber Activities** of an **Insured**, provided that the **Cyber Activities** that caused or allegedly caused the **Content Liability** first occurred on or after the **Retroactive Date** and before the end of the **Policy Period**.

Crisis Management Expenses means the reasonable and necessary cost of the following activities with the prior approval of the Company:

- (A) retaining, for a stipulated period of time:
 - (1) an independent attorney;
 - (2) an information security forensic investigator; or
 - (3) a public relations consultant; and
- (B) advertising and public relations media and activities.

Customer means a natural person or an entity that:

- (A) is applying for, or requesting, an **Organization's** products or services;
- (B) has applied for, or has requested, an **Organization's** products or services; or
- (C) is using, or has used, an **Organization's** products or services.

Cyber Activities means the electronic display, electronic transmission, or electronic dissemination of information through a **Network** or through an **Insured's System**.

Cyber-attack means the transmission of fraudulent or unauthorized **Data** that is designed to modify, alter, damage, destroy, delete, record or transmit information within a **System** without authorization, including **Data** that is self-replicating or self-propagating and is designed to contaminate other computer programs or legitimate computer **Data**, consume computer resources or in some fashion usurp the normal operation of a **System**.

Data means a representation of information, knowledge, facts, concepts, or instructions which are being processed or have been processed in a **Computer**.

Defense Costs means that part of **Loss** consisting of reasonable costs, charges, fees (including attorneys' fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees or benefits of **Insured Persons**) incurred in investigating, defending, opposing or appealing any **Claim** and the premium for appeal, attachment or similar bonds.

Disclosure Liability means loss sustained or allegedly sustained by a natural person because of the potential or actual unauthorized access to such natural person's **Record** when such access:

- (A) occurs on or after the **Retroactive Date** and before the end of the **Policy Period**; and
- (B) results directly from:
 - (1) a **Cyber-attack** into a **System** owned by an **Organization**; or
 - (2) a natural person who has gained unauthorized access to, or has exceeded authorized access to a **System** or **System Output** owned by:
 - (a) an **Organization**; or
 - (b) an entity that is authorized by an **Insured** through a written agreement to process, hold or store **Records** for an **Insured**.

ERISA means the Employee Retirement Income Security Act of 1974 (including amendments relating to the Consolidated Omnibus Budget Reconciliation Act of 1985, and the Health Insurance Portability and Accountability Act of 1996), the English Pension Scheme Act 1993 or the English Pensions Act 1995; all as amended; any similar statutory or common law anywhere in the world; or any rule or regulation promulgated under any such Act or law.



E-Threat Expenses means:

- (A) funds or property an **Insured** surrenders and any of the following expenses set forth below incurred by an **Insured** with the Company's prior written approval:
 - (1) reasonable fees and expenses of any independent negotiator or consultant;
 - (2) reasonable travel and accommodation expenses; or
 - (3) any other reasonable expense; and
- (B) loss resulting directly from the actual destruction, disappearance, confiscation or wrongful abstraction of funds or property intended as an extortion payment, while being held or conveyed by any natural person or entity duly authorized by an **Insured** to have custody of such funds or property,

solely and directly as a result of a **Threat** which would constitute an **Expense** under Insuring Clause (E), E-Threat Expenses Coverage.

E-Vandalism Expenses means the cost of the blank **Media** and the cost of labor for the actual transcription or copying of **Data** or **Media** furnished by an **Insured** in order to reproduce such **Data** or replace such **Media** from others of the same kind or quality.

Exceeded Authorized Access means to access an **Insured's System** with authorization but to use such access to perform unauthorized fraudulent operations, including the fraudulent input of **Data**.

Expense means **Privacy Notification Expenses, Crisis Management Expenses, Reward Expenses, Business Income and Extra Expenses, E-Threat Expenses, or E-Vandalism Expenses.**

Extra Expenses means reasonable expenses an **Insured** incurs in an attempt to continue **Operations** that are over and above the expenses such **Insured** would have normally incurred. **Extra Expenses** do not include any costs of updating, upgrading or remediation of an **Insured's System** that are not otherwise covered under this Coverage Part.

Fraudulent Access or Transmission means that a natural person or an entity has:

- (A) fraudulently accessed an **Insured's System** without authorization;
- (B) **Exceeded Authorized Access**; or
- (C) launched a **Cyber-attack** into an **Insured's System**.

Impaired Access Liability means loss sustained or allegedly sustained by a **Customer** who is authorized by an **Organization** to access an **Insured's System**, because such access has been impaired or denied, resulting directly from **Fraudulent Access or Transmission**, provided such **Fraudulent Access or Transmission** occurred on or after the **Retroactive Date** and before the end of the **Policy Period**.

Informant means any natural person or entity providing information solely in return for monetary payment paid or promised by an **Insured**.

Insured means any **Organization** and any **Insured Person**.

Insured Person means any natural person who is, was or will be:

- (A) a duly elected or appointed director, officer, trustee, **Manager**, in-house general counsel, or duly constituted committee member of any **Organization** incorporated in the United States of America;
- (B) a holder of an equivalent position to those described in Subsection (A) above in any **Organization** incorporated, formed or organized anywhere in the world; or
- (C) an employee (other than an independent contractor) whose labor or service is engaged by and directed by the **Organization**, including any part-time, seasonal, leased and temporary employees as well as volunteers,

but only while active within the scope of his or her duties as such.



Intellectual Property Law or Right means any:

- (A) certification mark, collective mark, copyright, patent, service mark, or trademark;
- (B) right to, or judicial or statutory law recognizing an interest in, any trade secret or confidential or proprietary information;
- (C) other right to, or judicial or statutory law recognizing an interest in, any expression, idea, likeness, name, slogan, style of doing business, symbol, title, trade dress or other intellectual property; or
- (D) other judicial or statutory law concerning piracy or other similar practices.

Internet means a group of connected networks that allow access to an **Insured's System** through service providers using telephone service, digital subscriber lines, integrated service digital network lines, cable modem access or similar transfer mediums.

Liquidated Damages means a sum of money stipulated by the parties to a contract as the amount of damages to be recovered for a breach of such contract.

Loss means the amount which an **Insured** becomes legally obligated to pay as a result of any **Claim**, including:

- (A) compensatory damages;
- (B) punitive, exemplary or multiplied damages, if and to the extent such damages are insurable under the law of the jurisdiction most favorable to the insurability of such damages, provided such jurisdiction has a substantial relationship to the **Insured**, the Company or to the **Claim** giving rise to such damages;
- (C) judgments, including pre-judgment and post-judgment interest;
- (D) settlements; and
- (E) **Defense Costs**;

provided that, **Loss** does not include any portion of such amount that constitutes any;

- (1) cost or expense incurred to replace, upgrade, update, improve, or maintain a **System**;
- (2) amount uninsurable under the law pursuant to which this Coverage Part is construed;
- (3) tax, fine or penalty imposed by law; except as provided in Subsection (B) above with respect to punitive, exemplary or multiplied damages;
- (4) amount incurred by an **Insured** in the defense or investigation of any action, proceeding or demand that was not then a **Claim** even if (a) such amount also benefits the defense of a covered **Claim**; or (b) such action, proceeding or demand subsequently gives rise to a **Claim**;
- (5) cost incurred in cleaning-up, removing, containing, treating, detoxifying, neutralizing, assessing the effects of, testing for, or monitoring **Pollutants**;
- (6) return of fees, charges, commissions or other compensation paid to an **Insured**;
- (7) cost or expense incurred to perform any obligation assumed by, on behalf of, or with the consent of any **Insured**;
- (8) cost of compliance with any order for, grant of or agreement to provide non-monetary relief, including injunctive relief; or
- (9) **Liquidated Damages**.

Manager means any natural person who has been, now is or shall be appointed a manager, member of the Board of Managers or equivalent executive of an **Organization** that is a limited liability company.

Media means objects on which **Data** can be stored so that it can be read, retrieved or processed by a **Computer**; provided that, **Media** does not mean paper.



Network means any services provided by or through the facilities of any electronic or computer communication system, including any shared networks, **Internet** access facilities, or other similar facilities for such systems, in which an **Insured** participates, allowing the input, output, examination, or transfer of **Data** or programs from one computer to an **Insured's Computer**.

Operations means an **Insured's** business activities.

Period of Recovery of Services means that period which:

- (A) begins:
 - (1) for **Extra Expenses**, immediately after the actual or potential impairment or denial of **Operations** occurs; and
 - (2) for the loss of **Business Income**, twenty-four (24) business hours after the actual impairment or denial of **Operations** occurs; and
- (B) will continue until the earlier of the following:
 - (1) the date **Operations** are restored, with due diligence and dispatch, to the condition that would have existed had there been no impairment or denial; or
 - (2) sixty (60) days after the date an **Insured's Services** are fully restored, with due diligence and dispatch, to the level that would have existed had there been no impairment or denial;

provided that the expiration date of this Policy shall not cut short the **Period of Recovery of Services**.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, asbestos, asbestos products or waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Privacy Notification Expenses mean reasonable and necessary costs of notifying those natural persons who may be directly affected by the potential or actual unauthorized access of a **Record**, and:

- (A) changing such natural persons' account numbers (including a bank account number, retirement account number or healthcare spending account number), other identification numbers and security codes; and
- (B) providing such natural persons for a stipulated period of time, and with the Company's prior consent, with credit monitoring or other similar services that may help protect them against the fraudulent use of the **Record**.

Record means a natural person's first name or first initial, and last name, in combination with:

- (A) his or her social security number, driver's license number or other personal identification number (including an employee identification number or student identification number);
- (B) his or her financial account number (including a bank account number, retirement account number or healthcare spending account number);
- (C) his or her credit, debit or payment card number;
- (D) any information related to their employment by an **Organization**; or
- (E) any individually identifiable health information, pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), held by an **Organization**,

when any of the information in Subsections (A) through (E) above is intended by an **Organization** to be accessible only by natural persons or entities it has specifically authorized to have such access.

Reputational Liability means loss sustained or allegedly sustained by a natural person or an entity because of:

- (A) disparagement of such natural person's or entity's goods, products or services;
- (B) libel or slander of such natural person or entity; or



(C) violation of such natural person's rights of privacy or publicity,

resulting directly from **Cyber Activities** of an **Insured**, provided that the **Cyber Activities** that caused or allegedly caused the **Reputational Liability** first occurred on or after the **Retroactive Date** and before the end of the **Policy Period**.

Retroactive Date means the date set forth in Item 5 of the Cyber Declarations, provided that if no date is set forth in Item 5, then the **Retroactive Date** shall be the inception date of this Coverage Part.

Reward Expenses means the reasonable amount paid by an **Insured**, with the Company's prior consent, to an **Informant** for information not otherwise available which leads to the arrest and conviction of a natural person or an entity responsible for a **Cyber-attack, Fraudulent Access or Transmission** or a **Threat** otherwise covered under this Coverage Part.

Services means computer time, data processing, or storage functions or other uses of an **Insured's System**.

Single Expense means, with respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage; (C), Reward Expenses Coverage; (D), E-Business Interruption and Extra Expenses Coverage; (E), E-Threat Expenses Coverage and (F), E-Vandalism Expenses Coverage, all covered **Expense** resulting from:

- (A) any one act or series of related acts on the part of any natural person or entity resulting in damage or destruction of **Data** or **Media**;
- (B) any one act or series of related acts which impairs or denies an **Insured's Services**;
- (C) all **Threats** related by a common committed, attempted or threatened act or made contemporaneously against the same **Insured**;
- (D) all loss of property and other consideration actually surrendered as ransom and extortion payments arising from one **Threat** or a series of related **Threats**;
- (E) all expenses arising from one **Threat** or a series of related **Threats**;
- (F) all acts, other than those specified in Subsections (A) through (E) above, caused by any natural person or entity or in which such natural person or entity is implicated; or
- (G) any one event not specified above.

System means a **Computer**; and

- (A) any input, output, processing, storage and communication devices controlled, supervised or accessed by the operating systems that are proprietary to, or licensed to, the owner of the **Computer**; and
- (B) **Media**.

System Output means a tangible substance on which one or more **Records** are printed from a **System**.

Threat means a declaration made by a natural person that he or she has gained access or alleges to have gained access to an **Insured's System** and intends to:

- (A) cause an **Insured** to transfer, pay or deliver any funds or property using an **Insured's System**;
- (B) sell or disclose a **Record** to another natural person or to an entity;
- (C) alter, damage or destroy an **Insured's Data** while stored within an **Insured's System**;
- (D) alter, damage, or destroy an **Insured's Data** through a **Cyber-attack**; or
- (E) impair or deny an **Insured's Services**,

where there exists a demand for an extortion payment or a series of such payments as condition for the mitigation or removal of such **Threat**.



Wrongful Act means any actual or alleged error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by a person or entity and resulting in **Conduit Liability, Content Liability, Disclosure Liability, Impaired Access Liability or Reputational Liability.**

III. EXCLUSIONS

(A) EXCLUSIONS APPLICABLE TO ALL INSURING CLAUSES

The Company shall not be liable for **Loss** on account of any **Claim** or for any **Expense**:

- (1) Prior Notice
based upon, arising from or in consequence of any fact, circumstance, situation, transaction, event or **Wrongful Act** that, before the inception date set forth in Item 2(A), Policy Period, of the GTC Declarations, was the subject of any notice accepted under any policy of which this Coverage Part is a direct or indirect renewal or replacement;
- (2) Bodily Injury Or Property Damage
for bodily injury, mental anguish, humiliation, emotional distress, sickness, disease or death of any natural person or damage to or destruction of any tangible property including loss of use thereof whether or not it is damaged or destroyed; provided that this Exclusion (A)(2) shall not apply to **Loss** for any mental anguish, humiliation or emotional distress resulting from **Disclosure Liability** or **Reputational Liability**;
- (3) Pollution
based upon, arising from or in consequence of:
 - (a) any discharge, emission, release, dispersal or escape of any **Pollutants** or any threat thereof;
 - (b) any treatment, removal or disposal of any **Pollutants**; or
 - (c) any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutants**,including any **Claim** for financial loss to an **Organization**, its securityholders or its creditors based upon, arising from or in consequence of any matter described in Subparagraphs (a), (b) or (c) of this Exclusion (A)(3);
- (4) Contract
based upon, arising from or in consequence of any liability in connection with any oral or written contract or agreement to which an **Organization** is a party, provided that this Exclusion (A)(4) shall not apply to **Loss**:
 - (a) to the extent that an **Organization** would have been liable in the absence of such contract or agreement; or
 - (b) for **Conduit Liability, Impaired Access Liability** or **Disclosure Liability**; or
- (5) Conduct
based upon, arising from or in consequence of:
 - (a) any deliberately fraudulent act or omission or any willful violation of any statute or regulation, by an **Insured**, if a final, non-appealable adjudication in any underlying proceeding or action (other than a declaratory proceeding or action brought by or on behalf of the Company) establishes such an act or omission or violation; or
 - (b) any electronic, oral, written, or other publication of information by, on behalf of, or with the consent of any **Insured**:
 - (i) with the knowledge of its falsity; or



- (ii) if a reasonable person in the circumstances of such **Insured** would have known such to be false,

provided that:

- (A) no conduct pertaining to any **Insured Person** shall be imputed to any other **Insured Person**; and
- (B) any conduct pertaining to any past, present, or future chief financial officer, chief executive officer, chief operating officer, chief information officer (or any equivalent position to any of the foregoing) of an **Organization** shall be imputed to such **Organization** and its **Subsidiaries**.

(B) EXCLUSIONS APPLICABLE TO INSURING CLAUSE (A), CYBER LIABILITY COVERAGE, ONLY

The Company shall not be liable for **Loss** on account of any **Claim**:

- (1) Pending or Prior Proceedings
 based upon, arising from or in consequence of any written demand, suit or other proceeding pending against, or order, decree or judgment entered for or against any **Insured**, on or prior to the Pending or Prior Proceedings Date set forth in Item 4 of the Cyber Declarations, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;
- (2) ERISA
 for any violation of the responsibilities, obligations or duties imposed by **ERISA**;
- (3) Insured versus Insured
 brought by or on behalf of a natural person who is a director, chairman, chief executive officer, president or chief operating officer of any **Organization** or who holds a similar title or position within any **Organization**;
- (4) Antitrust
 based upon, arising from or in consequence of price fixing, restraint of trade, monopolization, unfair trade practices or any violation of the Federal Trade Commission Act, the Sherman Anti-Trust Act, the Clayton Act, or any other federal statutory provision involving anti-trust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade activities, and any amendments thereto or any rules or regulations promulgated thereunder or in connection with such statutes; or any similar provision of any federal, state, or local statutory law or common law anywhere in the world; provided that this Exclusion B(4) shall not apply to **Loss** for **Disclosure Liability**;
- (5) Patent or Trade Secret
 based upon, arising from or in consequence of any infringement of a patent or trade secret;
- (6) Intellectual Property
 for **Content Liability** or **Reputational Liability** that is based upon, arising from or in consequence of any:
 - (a) distribution or sale of, or offer to distribute or sell, any good, product, or service; or
 - (b) other use of any good, product, or service,
 that infringes or violates any **Intellectual Property Law or Right**;
- (7) Regulatory
 based upon, arising from or in consequence of any claim or proceeding brought by or on behalf of any:
 - (a) federal, state, or local government agency or authority; or
 - (b) licensing or regulatory entity;



- (8) Warranty
based upon, arising from or in consequence of the failure of goods, products, or services to conform with any electronic, oral, written, or other representation or warranty with respect to durability, fitness, performance, quality, or use;
- (9) Websites
based upon, arising from or in consequence of:
- (a) controlling, creating, designing, or developing any third party's Web site;
 - (b) controlling, creating, designing, developing, determining, or providing the content or material of any third party's Web site; or
 - (c) controlling, facilitating, or providing, or failing to control, facilitate, or provide, access to the **Internet**;
- (10) Development of Content
for **Content Liability** or **Reputational Liability** sustained by any natural person or entity that:
- (a) creates, designs, develops, or provides any content, material, or services for any **Insured**; or
 - (b) is an assign or heir of any natural person or entity described in Subparagraph (10)(a) above;
- provided that this Exclusion (10) applies regardless of whether such content, material, or service was jointly created, designed, developed, or provided by any **Insured**; or
- (11) Software and Computer Code
based upon, arising from or in consequence of any infringement of, violation of, or assertion of, any right to or interest in any:
- (a) software or its source content or material;
 - (b) computer code or its source content or material; or
 - (c) expression, method, or process designed to control or facilitate any operation or other use of a **Computer** or automated system.

(C) EXCLUSIONS APPLICABLE TO INSURING CLAUSES (B), PRIVACY NOTIFICATION AND CRISIS MANAGEMENT EXPENSES COVERAGE; (C), REWARD EXPENSES COVERAGE; (D), E-BUSINESS INTERRUPTION AND EXTRA EXPENSES COVERAGE; (E), E-THREAT EXPENSES COVERAGE AND (F), E-VANDALISM EXPENSES COVERAGE, ONLY

The Company shall not be liable for any:

- (1) Return of Payments
return of fees, charges, commissions or other compensation paid to an **Insured**;
- (2) Assumed Obligations
costs or expenses incurred to perform any obligation assumed by, on behalf of, or with the consent of any **Insured**; provided that this Exclusion (C)(2) shall not apply to **Loss** for **Privacy Notification Expenses**;
- (3) Investigation
costs, fees or expenses incurred or paid by any **Insured** in establishing the existence of or amount of loss; provided that this Exclusion (C)(3) shall not apply to **Crisis Management Expenses** for the retention of an information security forensic investigator;
- (4) System Changes
costs or expenses incurred to replace, upgrade, update, improve, or maintain a **System**;



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- (5) Non-monetary Relief
costs of compliance with any order for, grant of or agreement to provide non-monetary relief, including injunctive relief; provided that this Exclusion (C)(5) shall not apply to **Loss** for **Privacy Notification Expenses**;
 - (6) Taxes, Fines and Penalties
fine or penalty imposed by law, tax or **Liquidated Damages**;
 - (7) Potential Income
potential income, including interest and dividends not realized by any **Insured** or any **Customer** of any **Insured**; provided that this Exclusion (C)(7) shall not apply to loss of **Business Income** otherwise covered under Insuring Clause (D), E-Business Interruption and Extra Expenses Coverage; or
 - (8) UCC
loss, costs or expenses any **Insured** agrees to incur or incurs on behalf of another natural person or entity when such **Insured** is not obligated to incur such loss, costs or expenses under the Uniform Commercial Code or any other law, statute, rule or code anywhere in the world, including the rules or codes of any clearing or similar entity; provided that this Exclusion (C)(8) does not apply to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage, (C), Reward Expenses Coverage, or (D), E-Business Interruption and Extra Expenses Coverage.

(D) EXCLUSIONS APPLICABLE TO INSURING CLAUSES (D), E-BUSINESS INTERRUPTION AND EXTRA EXPENSES COVERAGE; (E), E-THREAT EXPENSES COVERAGE AND (F), E-VANDALISM EXPENSES COVERAGE, ONLY

The Company shall not be liable for any **Expense**:

- (1) Consequential Loss
based upon, arising from or in consequence of an indirect or consequential loss of any nature; provided that this Exclusion (D)(1) shall not apply to Insuring Clause (D), E-Business Interruption and Extra Expenses Coverage; or
- (2) Malfunction or Error
resulting from mechanical failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, **Media** failure or breakdown or any malfunction or error in programming or error or omission in processing; provided that this Exclusion (D)(2) shall not apply to **Expense** resulting directly from **Fraudulent Access or Transmission**.

IV. LIMIT OF LIABILITY

- (A) The Company's maximum aggregate liability for all **Loss** and **Expense** covered under this Coverage Part, whether covered under one or more Insuring Clauses, shall be the Maximum Aggregate Limit of Liability set forth in Item 2 of the Cyber Declarations for each **Policy Year**.
- (B) The Company's maximum liability for **Privacy Notification Expenses** and **Crisis Management Expenses**, combined, shall be the Limit of Liability set forth in Item 3(B) of the Cyber Declarations or the unpaid portion of the Maximum Aggregate Limit of Liability set forth in Item 2 of the Cyber Declarations for each **Policy Year**, whichever is less.
- (C) The Company's maximum liability for each **Single Expense**:
 - (1) discovered during the **Policy Year** with respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage, (E), E-Threat Expenses Coverage, and (F), E-Vandalism Expenses Coverage; or
 - (2) incurred during the **Policy Year** with respect to Insuring Clause (C), Reward Expenses Coverage; or



- (3) incurred during the **Period of Recovery Services**, with respect to Insuring Clause (D), E-Business Interruption and Extra Expenses Coverage,

shall be the applicable Limit of Liability set forth in Item 3 of the Cyber Declarations or the unpaid portion of the Maximum Aggregate Limit of Liability set forth in Item 2 of the Cyber Declarations for each **Policy Year**, whichever is less. If a **Single Expense** is covered under more than one Insuring Clause, the maximum amount payable shall not exceed the largest applicable Limit of Liability.

- (D) Upon exhaustion of the Maximum Aggregate Limit of Liability for all **Loss** and **Expense** for each **Policy Year** set forth in Item 2 of the Cyber Declarations, the Company shall have no further liability for **Loss** or **Expense** regardless of when a **Claim** is made or an **Expense** is discovered.

V. RETENTION

- (A) The Company's liability under this Coverage Part shall apply only to that part of each **Loss** or **Expense** which is in excess of the applicable Retention for this Coverage Part set forth in Item 3 of the Cyber Declarations, and such Retention shall be borne by the **Insured** uninsured and at its own risk.
- (B) If different parts of a single **Claim** or **Single Expense** are subject to different Retentions in different Insuring Clauses within this Coverage Part, the applicable Retentions shall be applied separately to each part of such **Claim** or **Single Expense**, but the sum of such Retentions shall not exceed the largest applicable Retention.
- (C) If different parts of a single **Claim** or **Single Expense** are subject to different Retentions in different Coverage Parts, or if a **Claim** and a **Single Expense** arise from any one or a series of related facts, circumstances, situations, transactions, or events, the applicable Retentions will be applied separately to each part of such **Claim** or **Single Expense**, but the sum of such Retentions shall not exceed the largest applicable Retention.
- (D) **Claims** and **Expenses** shall be subject to the Retentions applicable to the **Policy Year** during which such **Claims** are first made or first deemed to have been made, or such **Expenses** are deemed to have been incurred or discovered.

VI. REPORTING

Solely with respect to Insuring Clause (A), Cyber Liability Coverage:

- (A) An **Insured** shall, as a condition precedent to exercising any right to coverage under this Coverage Part, give to the Company written notice of any **Claim** as soon as practicable after the chief executive officer, chief financial officer, in-house general counsel, chief information officer, or any person with the responsibility for the management of insurance claims (or any equivalent position to any of the foregoing) of an **Organization** becomes aware of such **Claim**, but in no event later than:
- (1) if this Coverage Part expires (or is otherwise terminated) without being renewed with the Company, ninety (90) days after the effective date of such expiration or termination; or
 - (2) the expiration date of the Extended Reporting Period, if applicable,
- provided that if the Company sends written notice to the **Parent Organization** stating that this Coverage Part is being terminated for nonpayment of premium, an **Insured** shall give to the Company written notice of such **Claim** prior to the effective date of such termination.
- (B) If during the **Policy Period**, or any applicable Extended Reporting Period, an **Insured** becomes aware of circumstances which could give rise to a **Claim** and given written notice of such circumstances to the Company, then any **Claim** subsequently arising from such circumstances shall be deemed made against the **Insured** during the **Policy Year** in which such circumstances were first reported to the Company, provided any such subsequent **Claim** is reported to the Company as soon as practicable, but in no event later than 90 days after the chief executive officer, chief financial officer, in-house general counsel, chief



information officer, or any person with the responsibility for the management of insurance claims (or any equivalent position to any of the foregoing) of an **Organization** becomes aware of such **Claim**.

- (C) An **Insured** shall, as a condition precedent to exercising any right to coverage under this Coverage Part, give to the Company such information, assistance and cooperation as the Company may reasonably require, and shall include in any notice under Subsections (A) or (B) above a description of the **Claim** or circumstances, the nature of the alleged **Wrongful Act**, the nature of the alleged or potential damage, the names of the actual or potential claimants, and the manner in which such **Insured** first became aware of the **Claim**, circumstances, or alleged **Wrongful Act**.

VII. DISCOVERY

With respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage, (E), E-Threat Expenses Coverage, and (F), E-Vandalism Expenses Coverage, discovery occurs at the earlier of an **Organization's** chief financial officer, chief executive officer, chief information officer, in-house general counsel, or any position responsible for the management of insurance claims (or any equivalent position to any of the foregoing) becoming aware of:

- (A) circumstances which could give rise to an **Expense** of a type covered by this Coverage Part; or
(B) an actual or potential claim in which it is alleged that an **Insured** is liable to a third party,

regardless of when the act or acts causing or contributing to such **Expense** occurred, even though the amount of such **Expense** does not exceed the applicable Retention set forth in Item 3 of the Cyber Declarations, or the exact amount or details of such **Expense** may not then be known.

With respect to Insuring Clause (E), E-Threat Expenses Coverage, this Coverage Part does not cover any **Expense** arising from any **Threat** unless such **Threat** occurs or is communicated directly or indirectly to an **Insured** prior to the effective date of termination of coverage hereunder and is discovered by an **Insured** and communicated to the Company in writing prior to sixty (60) days after the effective date of the termination of this Coverage Part.

VIII. PROOF OF LOSS AND LEGAL PROCEEDINGS

Solely with respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage; (C), Reward Expenses Coverage; (D), E-Business Interruption and Extra Expenses Coverage; (E), E-Threat Expenses Coverage and (F), E-Vandalism Expenses Coverage:

- (A) The **Parent Organization** shall, as a condition precedent to exercising any right to coverage under this Coverage Part, give to the Company written notice of any **Expense** as soon as practicable, but in no event later than sixty (60) days after discovery of an **Expense** by an **Organization's** chief executive officer, chief financial officer, in-house general counsel, chief information officer, or any position responsible for the management of insurance claims (or any equivalent position to any of the foregoing).
- (B) The **Parent Organization** shall furnish to the Company proof of loss, duly sworn to, with full particulars, within six (6) months after discovery pursuant to Subsection (A), above.
- (C) Legal proceedings for the recovery of any **Expense** under this Coverage Part shall not be brought prior to the expiration of sixty (60) days after the proof of loss is filed with the Company or after the expiration of twenty-four (24) months from the discovery of such **Expense**.
- (D) This Coverage Part affords coverage only in favor of an **Insured** where legally permissible. No claim, suit, action or legal proceeding shall be brought with respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage; (C), Reward Expenses Coverage; (D), E-Business Interruption and Extra Expenses Coverage; (E), E-Threat Expenses Coverage and (F), E-Vandalism Expenses Coverage, by anyone other than the **Insured**.



IX. DEFENSE AND SETTLEMENT

- (A) The Company shall have the right and duty to defend any **Claim** covered by this Coverage Part. Coverage shall apply even if any of the allegations are groundless, false or fraudulent. The Company's duty to defend any **Claim** shall cease upon exhaustion of the applicable Limit of Liability.
- (B) The Company may make any investigation it deems necessary and may, with the consent of the **Insureds**, make any settlement of any **Claim** it deems appropriate.
- (C) No **Insured** shall settle any **Claim**, incur any **Defense Costs**, or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Company's written consent, which shall not be unreasonably withheld. The Company shall not be liable for any settlement, **Defense Costs**, assumed obligation or admission to which it has not consented.
- (D) The Company shall have no obligation to pay **Loss**, including **Defense Costs**, or to defend or continue to defend any **Claim** after the Company's applicable Limit of Liability for Insuring Clause (A), Cyber Liability Coverage, or the Maximum Aggregate Limit of Liability set forth in Item 2 of the Cyber Declarations, or the Combined Maximum Aggregate Limit Of Liability set forth in Item 3 of the GTC Declarations, if applicable, has been exhausted by the payment of **Loss** and the applicable premium shall be deemed fully earned.
- (E) The **Insureds** agree to provide the Company with all information, assistance and cooperation which the Company reasonably requests and agrees to do nothing that may prejudice the Company's position or its potential or actual rights of recovery.
- (F) The Company shall not seek repayment from an **Insured Person** of any **Defense Costs** paid by the Company that are deemed uninsured pursuant to Exclusion III(A)(5), Conduct, unless the applicable determination standard (whether a final, non-appealable adjudication or other determination standard) set forth in such Exclusion has been met.

X. ALLOCATION

If the **Insureds** who are afforded coverage for a **Claim** incur an amount consisting of both **Loss** that is covered by this Coverage Part and also loss that is not covered by this Coverage Part because such **Claim** includes both covered and uncovered matters, then coverage shall apply as follows:

- (A) **Defense Costs:** one hundred percent (100%) of **Defense Costs** incurred by such **Insured** on account of such **Claim** shall be covered **Loss**; provided that the foregoing shall not apply with respect to any **Insured** for whom coverage is excluded pursuant to Paragraph XIV(B)(2), Representations and Severability. Such **Defense Costs** shall be allocated between covered **Loss** and non-covered loss based on the relative legal exposures of the parties to such matters; and
- (B) loss other than **Defense Costs:** all remaining loss incurred by such **Insured** from such **Claim** shall be allocated between covered **Loss** and uncovered loss based upon the relative legal exposures of the parties to such matters.

XI. OTHER INSURANCE

If any **Loss** or **Expense** under this Coverage Part is insured under any other valid and collectible insurance policy (other than a policy that is issued specifically as excess of the insurance afforded by this Coverage Part), this Coverage Part shall be excess of and shall not contribute with such other insurance, regardless of whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise.



XII. LIABILITY FOR PRIOR LOSSES

If before or during the **Policy Period**, an **Organization** acquires voting rights in another entity, such that the acquired entity becomes a **Subsidiary** as described in Section VI(A), Acquisition of Another Organization, of the General Terms and Conditions, coverage applies to such **Subsidiary** and its **Insured Persons** only for an **Expense** where all of the circumstances, conditions or acts causing or contributing to such **Expense** occur on or after such acquisition.

XIII. CESSATION OF SUBSIDIARIES

With respect to Subsection VI(B), Cessation of Subsidiaries, of the General Terms and Conditions, in the event an **Organization** ceases to be a **Subsidiary** before or during the **Policy Period**, coverage with respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage; (C), Reward Expenses Coverage; (D), E-Business Interruption and Extra Expenses Coverage; (E), E-Threat Expenses Coverage and (F), E-Vandalism Expenses Coverage, for such **Subsidiary** shall continue until termination of this Policy, but only for **Expense** first incurred while such **Organization** was a **Subsidiary**.

XIV. REPRESENTATIONS AND SEVERABILITY

- (A) In granting coverage to the **Insureds** under this Coverage Part, the Company has relied upon the declarations and statements in the **Application** for this Coverage Part. Such declarations and statements are the basis of the coverage under this Coverage Part and shall be considered as incorporated in and constituting part of this Coverage Part.
- (B) Solely with respect to Insuring Clause (A), Cyber Liability Coverage:
- (1) The **Application** for coverage shall be construed as a separate **Application** for coverage by each **Insured Person**. With respect to the declarations and statements in such **Application**, no knowledge possessed by an **Insured Person** shall be imputed to any other **Insured Person**.
 - (2) However, in the event that such **Application** contains any misrepresentations made with the actual intent to deceive or contains misrepresentations which materially affect either the acceptance of the risk or the hazard assumed by the Company under this Coverage Part, then no coverage shall be afforded for any **Claim** based upon, arising from or in consequence of any such misrepresentations with respect to:
 - (a) any **Insured Person** who knew of such misrepresentations (whether or not such individual knew such **Application** contained such misrepresentations) or any **Organization** to the extent it indemnifies any such **Insured Person**; or
 - (b) any **Organization** if any past or present chief executive officer, chief financial officer or chief information officer (or any equivalent position to any of the foregoing) of the **Parent Organization** knew of such misrepresentations (whether or not such individual knew such **Application** contained such misrepresentations).
- (C) The Company shall not be entitled under any circumstances to void or rescind this Coverage Part with respect to any **Insured**.