



## Specialty Risk Protector®

### Security and Privacy Liability Insurance ("SECURITY AND PRIVACY COVERAGE SECTION")

THIS IS A CLAIMS MADE AND REPORTED COVERAGE SECTION AND A THIRD PARTY COVERAGE SECTION

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

#### 1. INSURING AGREEMENTS

With respect to the **SECURITY AND PRIVACY INSURING AGREEMENT**, the **DEFENSE** provisions and the **SETTLEMENT** provisions of this Clause 1., solely with respect to **Claims** first made against an **Insured** during the **Policy Period** or the **Discovery Period** (if applicable) and reported to the **Insurer** pursuant to the terms of this policy, this **Security and Privacy Coverage Section** affords the following coverage:

##### SECURITY AND PRIVACY INSURING AGREEMENT

The **Insurer** shall pay on an **Insured's** behalf all **Loss** in excess of the applicable **Retention** that such **Insured** is legally obligated to pay resulting from a **Claim** alleging a **Security Failure** or a **Privacy Event**.

##### DEFENSE

- (a) The **Insurer** has the right and duty to defend a **Suit** or **Regulatory Action** alleging a **Security Failure** or a **Privacy Event**, even if the **Suit** or **Regulatory Action** is groundless, false or fraudulent.
- (b) The **Insurer** has the right to investigate any **Claim**.
- (c) The **Insurer's** duty to defend ends if an **Insured** refuses to consent to a settlement that the **Insurer** recommends pursuant to the **SETTLEMENT** provision below and that the claimant will accept. As a consequence of such **Insured's** refusal, the **Insurer's** liability shall not exceed the amount for which the **Insurer** could have settled such **Claim** had such **Insured** consented, plus **Defense Costs** incurred prior to the date of such refusal, plus 50% of **Defense Costs** incurred with the **Insurer's** prior written consent after the date of such refusal. This Clause shall not apply to any settlement where the total incurred **Loss** does not exceed the applicable **Retention** amount.

##### SETTLEMENT

- (a) The **Insurer** has the right, with the written consent of an **Insured**, which consent shall not be unreasonably withheld, to settle any **Claim** if the **Insurer** believes that it is proper.

(b) An **Insured** may settle any **Claim** on behalf of all **Insureds** to which this insurance applies and which are subject to one Retention amount where the total incurred **Loss** does not exceed the Retention amount.

## 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) "**Claim**" means:

- (1) a written demand for money, services, non-monetary relief or injunctive relief;
- (2) a **Suit**; or
- (3) a **Regulatory Action**.

(c) "**Computer System**" means any computer hardware, software or any components thereof that are under the ownership, operation or control of, or that is leased by, a **Company** 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.

(d) "**Confidential Information**" means any of the following in a **Company's** or **Information Holder's** care, custody and control or for which a **Company** or **Information Holder** is legally responsible:

- (1) information from which an individual may be uniquely and reliably identified or contacted, including, without limitation, an individual's name, address, telephone number, social security number, account relationships, account numbers, account balances, account histories and passwords;
- (2) information concerning an individual that would be considered "nonpublic personal information" within the meaning of Title V of the Gramm-Leach Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1338) (as amended) and its implementing regulations;
- (3) information concerning an individual that would be considered "protected health information" within Health Insurance Portability and Accountability Act of 1996 (as amended) and its implementing regulations;
- (4) information used for authenticating customers for normal business transactions;
- (5) any third party's trade secrets, data, designs, interpretations, forecasts, formulas, methods, practices, processes, records, reports or other item of information that is not available to the general public.

(e) "**Defense Costs**" means all reasonable and necessary fees charged by an attorney appointed by the **Insurer** (unless otherwise provided for by this policy) in connection with any **Suit** or **Regulatory Action** brought against an **Insured**, as well as all other reasonable and necessary fees, costs and expenses (including premiums for any appeal bond, attachment bond or similar bond arising out of a covered judgment, but without any obligation to apply for or furnish any such bond) incurred in the defense or investigation of a **Claim** by the **Insurer** or by an **Insured** with the **Insurer's** written consent. **Defense Costs** shall not include: (i) compensation of any natural person **Insured**; or (ii) any fees, costs or expenses incurred prior to the time that a **Claim** is first made against an **Insured**.

(f) "**Information Holder**" means a third party that a **Company** has provided **Confidential Information**

to.

(g) “**Insured**” means:

(1) a **Company**;

(2) any past, present or future officer, director, trustee or employee of a **Company** acting in their capacity as such (and in the event a **Company** is a partnership, limited liability partnership or limited liability company, then any general or managing partner or principal thereof acting in their capacity as such); and

(3) any entity which a **Company** is required by contract to add as an **Insured** under this **Security and Privacy Coverage Section**, but only for the acts of such **Company** that result in a **Security Failure** or a **Privacy Event**.

(h) “**Loss**” means compensatory damages, judgments, settlements, pre-judgment and post-judgment interest and **Defense Costs**, including without limitation:

(1) punitive, exemplary and multiple damages where insurable by the applicable law which most favors coverage for such punitive, exemplary and multiple damages; and

(2) any monetary amounts an **Insured** is required by law or has agreed to by settlement to deposit into a consumer redress fund.

(i) “**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.

(j) “**Privacy Event**” means the following occurring on or after the **Retroactive Date** and prior to the end of the **Policy Period**:

(1) any failure to protect **Confidential Information** (whether by “phishing,” other social engineering technique or otherwise) including, without limitation, that which results in an identity theft or other wrongful emulation of the identity of an individual or corporation;

(2) failure to disclose an event referenced in Sub-paragraph (1) above in violation of any **Security Breach Notice Law**; or

(3) violation of any federal, state, foreign or local privacy statute alleged in connection with a **Claim** for compensatory damages, judgments, settlements, pre-judgment and post-judgment interest from Sub-paragraphs (1) or (2) above.

(k) “**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.

(l) “**Regulatory Action**” means a request for information, civil investigative demand or civil proceeding brought by or on behalf of a governmental agency, including requests for information related thereto.

(m) “**Security breach notice law**” means any statute or regulation that requires an entity storing **Confidential Information** on its **Computer System**, or any entity that has provided **Confidential**

**Information** to an **Information Holder**, to provide notice of any actual or potential unauthorized access by others to **Confidential Information** stored on such **Computer System**, including but not limited to, the statute known as California SB 1386 (§1798.82, *et. Al.* of the California Civil Code).

(n) **"Security Failure"** means the following occurring on or after the **Retroactive Date** and prior to the end of the **Policy Period**:

- (1) 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;
- (2) physical theft of hardware controlled by a **Company** (or components thereof) on which electronic data is stored, by a person other than an **Insured**, from a premises occupied and controlled by a **Company**; or
- (3) failure to disclose an event referenced in Sub-paragraphs (1) or (2) above in violation of any **Security Breach Notice Law**.

**"Security Failure"** includes any such failure or violation, resulting from the theft of a password or access code from an **Insured's** premises, the **Computer System**, or an officer, director or employee of a **Company** by non-electronic means in direct violation of a **Company's** specific written security policies or procedures.

(o) **"Suit"** means a civil proceeding for monetary, non-monetary or injunctive relief, which is commenced by service of a complaint or similar pleading. **Suit** includes a binding arbitration proceeding to which an **Insured** must submit or does submit with the **Insurer's** consent.

(p) **"Third Party Event"** means a **Security Failure** or **Privacy Event**.

### 3. EXCLUSIONS

This policy shall not cover **Loss** in connection with a **Claim** made against an **Insured**:

(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 an **Insured's** or **Information Holder's**:

- (1) past or present directors, officers, trustees, general or managing partners or principals (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 an **Insured** or an **Information Holder** if any of those referenced in Sub-paragraph (1) above knew or had reason to know prior to the act of, participated in, approved of 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**, **Information Holder** or any other person;

provided, however, the **Insurer** will defend **Suits** that allege any of the foregoing conduct by such person, and that are not otherwise excluded, until there is a final judgment or final adjudication against such person in a **Suit**, adverse finding of fact against such person in a binding arbitration

proceeding or plea of guilty or no contest by such person as to such conduct, at which time the **Insureds** shall reimburse the **Insurer** for **Defense Costs**.

- (b) alleging, arising out of, based upon or attributable to any infringement of patent.
- (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) strikes or similar labor action, 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;
  - (3) electrical or mechanical failures of infrastructure not under the control of an **Insured**, including any electrical power interruption, surge, brownout or blackout; provided, however, this Sub-paragraph (3) shall not apply to a **Security Failure** or a **Privacy Event** that is caused by such electrical or mechanical failure;
  - (4) failure of telephone lines, data transmission lines or other telecommunications or networking infrastructure not under the control of an **Insured**; provided, however, this Sub-paragraph (4) shall not apply to a **Security Failure** or a **Privacy Event** that is caused by such failure of telephone lines, data transmission lines or other infrastructure comprising or supporting the Internet; or
  - (5) satellite failure.
- (f) alleging, arising out of, based upon or attributable to any:
  - (1) purchase, sale, or offer or solicitation of an offer to purchase or sell securities;
  - (2) violation of any securities law, including the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any regulation promulgated under the foregoing statutes, or any federal, state or local laws similar to the foregoing statutes (including "Blue Sky" laws), whether such law is statutory, regulatory or common law; provided, however, this exclusion does not apply to a **Claim** alleging a **Privacy Event** in violation of Regulation S-P (17 C.F.R. § 248); provided further, however, this exclusion does not apply to a **Claim** alleging a failure to disclose a **Security Failure** or **Privacy Event** in violation of any **Security Breach Notice Law**; or
  - (3) 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 thereunder or any federal, state or local law similar to the foregoing, whether such law is statutory, regulatory or common law;
- (g) alleging, arising out of, based upon or attributable to an **Insured's** employment of any individual or any of an **Insured's** employment practices (including, without limitation, wrongful dismissal,

discharge or termination, discrimination, harassment, retaliation or other employment-related claim).

(h) alleging, arising out of, based upon or attributable to antitrust, unfair competition, restraint of trade, including, without limitation, violations of any local, state or federal laws governing same, or that is brought by or on behalf of the Federal Trade Commission ("FTC") or any other federal, state or local government agency, or foreign government agency; provided, however, solely with respect to unfair competition, and notwithstanding Clause 3. **EXCLUSIONS**, Sub-paragraphs (j)(5) and (j)(6), this Paragraph (h) shall not apply to any **Defense Costs** arising out of a covered **Regulatory Action**.

(i) brought by or on behalf of:

- (1) any **Insured**;
- (2) any business entity that is controlled, managed or operated, directly or indirectly, in whole or in part, by an **Insured**; or
- (3) any parent company, **Subsidiary**, successor or assignee of an **Insured**, or any person or entity affiliated with an **Insured** or such business entity through common **Management Control**;

provided, however, this exclusion shall not apply to (i) an **Insured** as described in Sub-paragraph (g)(3) of the definition of **Insured**; or (ii) an **Insured** as described in Sub-paragraph (g)(2) of the definition of **Insured** but only to the extent such **Insured** is alleging a **Privacy Event** or a failure to disclose a **Security Failure** or **Privacy Event** in violation of any **Security Breach Notice Law**.

(j) for any of the following:

- (1) the return of an **Insured's** fees or compensation;
- (2) any profit or advantage to which an **Insured** is not legally entitled;
- (3) an **Insured's** expenses or charges, including employee compensation and benefits, overhead, over-charges or cost over-runs;
- (4) an **Insured's** cost of providing, correcting, re-performing or completing any services;
- (5) civil or criminal fines or penalties imposed by law against an **Insured** and any matters deemed uninsurable under the law pursuant to which this policy shall be construed; provided, however, this Sub-paragraph (5) shall not apply to any monetary amounts an **Insured** is required by law or has agreed to by settlement to deposit into a consumer redress fund;
- (6) an **Insured's** costs and expenses of complying with any injunctive or other form of equitable relief;
- (7) taxes incurred by an **Insured**;
- (8) the amounts for which an **Insureds** is not financially liable or which are without legal recourse to any **Insured**;
- (9) amounts an **Insured** agrees to pay pursuant to a contract, including without limitation, liquidated damages, setoffs or penalties.

(k) alleging, arising out of, based upon or attributable to any obligation an **Insured** has under contract; provided, however, this exclusion shall not apply to:

- (1) the obligation to prevent a **Security Failure** or a **Privacy Event**, including without limitation, whether same is in violation of an implied or statutory standard of care;
- (2) liability an **Insured** would have in the absence of such contract or agreement; or



- (3) with respect to a **Privacy Event**, any liability or obligation under a confidentiality or non-disclosure agreement;
- (l) alleging, arising out of, based upon or attributable to any **Security Failure** or **Privacy Event**, or any **Related Acts** thereto, alleged or contained in any **Claim** which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Security and Privacy Coverage Section** is a renewal or replacement or which it may succeed in time.
- (m) alleging, arising out of, based upon or attributable to any **Security Failure** or **Privacy Event** occurring prior to the **Retroactive Date** or any **Related Acts** thereto, regardless of when such **Related Act** occurs.
- (n) alleging, arising out of, based upon or attributable to any **Security Failure** or **Privacy Event** occurring prior to the **Continuity Date**, or any **Related Act** thereto (regardless of when such **Related Act** occurs), if, as of the **Continuity Date**, an **Insured** knew or could have reasonably foreseen that such **Security Failure** or a **Privacy Event** did or would result in a **Claim** against an **Insured**.
- (o) 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.
- (p) for (1) the theft of money or securities from an **Insured**; or (2) the transfer or loss of money or securities from or to an **Insured's** accounts or accounts under an **Insured's** control, including customer accounts. For purposes of this Sub-paragraph (q), the term "accounts" shall include, but are not limited to, deposit, credit, debit, prepaid and securities brokerage accounts.

#### 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 liability of the **Insurer** for all **Loss** arising from a **Regulatory Action** shall be the **Regulatory Action Sublimit of Liability** set forth in Item 6 of the **Declarations**. This amount shall be part of and not in addition to the **Limit of Liability** and any applicable **Sublimit of Liability**.

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## Specialty Risk Protector®

### Security Failure/Privacy Event Management Insurance ("EVENT MANAGEMENT COVERAGE SECTION")

THIS IS A DISCOVERY COVERAGE SECTION AND A FIRST PARTY COVERAGE SECTION

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

#### 1. INSURING AGREEMENTS

With respect to the **EVENT MANAGEMENT INSURING AGREEMENT** of this Clause 1., solely with respect to a **Security Failure** or **Privacy Event** first discovered during the **Policy Period** and reported to the **Insurer** pursuant to the terms of this policy, this **Event Management Coverage Section** affords the following coverage:

##### EVENT MANAGEMENT INSURING AGREEMENT

The **Insurer** shall pay all **Loss**, in excess of the applicable **Retention**, less the applicable **Coinsurance** percentage, that an **Insured** incurs solely as a result of an alleged **Security Failure** or **Privacy Event** that has actually occurred or is reasonably believed by such **Insured** and the **Insurer** to have occurred.

#### 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 that are leased by, a **Company** and that 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) "**Confidential Information**" means any of the following in a **Company's** or **Information Holder's** care, custody and control or for which a **Company** or **Information Holder** is legally responsible:
  - (1) information from which an individual may be uniquely and reliably identified or contacted, including, without limitation, an individual's name, address, telephone number, social security number, account relationships, account numbers, account balances, account histories and passwords;
  - (2) information concerning an individual that would be considered "nonpublic personal information"



within the meaning of Title V of the Gramm-Leach Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1338) (as amended) and its implementing regulations;

- (3) information concerning an individual that would be considered "protected health information" within Health Insurance Portability and Accountability Act of 1996 (as amended) and its implementing regulations;
- (4) information used for authenticating customers for normal business transactions;
- (5) any third party's trade secrets, data, designs, interpretations, forecasts, formulas, methods, practices, processes, records, reports or other item of information that is not available to the general public.

(d) "Electronic Data" means any software or electronic data stored electronically on a **Computer System**, including without limitation **Confidential Information**.

(e) "First Party Event" means any **Privacy Event** or **Security Failure**.

(f) "Information Holder" means a third party that an **Insured** has provided **Confidential Information** to.

(g) "Insured" means a **Company**.

(h) "Loss" means the following reasonable and necessary expenses and costs incurred by an **Insured** within one year of the **Security Failure** or **Privacy Event**:

- (1) to conduct an investigation (including a forensic investigation) to determine the cause of the **Security Failure** or **Privacy Event**;
- (2) for a public relations firm, crisis management firm or law firm agreed to by the **Insurer** to advise an **Insured** on minimizing the harm to such **Insured**, including, without limitation, maintaining and restoring public confidence in such **Insured**;
- (3) to notify those whose **Confidential Information** is the subject of the **Security Failure** or **Privacy Event** and advise of any available remedy in connection with the **Security Failure** or **Privacy Event**, including, without limitation, those expenses and costs for printing, advertising and mailing of materials;
- (4) for identity theft education and assistance and credit file or identity monitoring;
- (5) for any other services approved by the **Insurer** at the **Insurer's** sole and absolute discretion;
- (6) to restore, recreate or recollect **Electronic Data**; or
- (7) to determine whether **Electronic Data** can or cannot be restored, recollected or recreated.

Provided, however, **Loss** shall not include compensation, fees, benefits, overhead or internal charges of any **Insured**.

(i) "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.

(j) "Privacy Event" means any failure to protect **Confidential Information** (whether by "phishing," other social engineering technique or otherwise), including, without limitation, that which results in an identity theft or other wrongful emulation of the identity of an individual or corporation.

- (k) "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.
- (l) "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" includes any such failure or violation resulting from the theft of a password or access code from an **Insured's** premises, the **Computer System**, or an officers, director or employee of a **Company** by non-electronic means in direct violation of a **Company's** specific written security policies or procedures.

### 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 an **Insured's**:
  - (1) past or present directors, officers, trustees, general or managing partners or principals (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 an **Insured** if any of those referenced in Sub-paragraph (1) above participated in, approved of, acquiesced to, or knew or had reason to know prior to the act of, 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 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) for 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** or **Electronic Data** by order of any governmental or public authority.
- (g) alleging, arising out of, based upon or attributable to any **Security Failure** or **Privacy Event**, or any **Related Acts** thereto, which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Event Management Coverage Section** is a renewal or replacement or which it may succeed in time.
- (h) for any profit or advantage to which any **Insured** is not legally entitled.
- (i) alleging, arising out of, based upon or attributable to any amounts for: (i) the original creation of; (ii) diminution of value of; (iii) lost profits of; (iv) or loss of use of, a trade secret, patent, copyright, trademark, trade dress or any other intellectual property.

## 5. COINSURANCE

The Coinsurance percentage applicable to this **Event Management Coverage Section** shall be borne by the **Insureds** and remain uninsured. Payments of any Coinsurance percentage by an **Insured** shall not reduce the **Sublimit of Liability** or **Limit of Liability**.

## 6. 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 **Event Management Coverage Section**, each **Insured** must also:

- (a) complete and sign a written, detailed and affirmed proof of loss within ninety (90) days after the discovery of any **Loss** (unless such period has been extended by the **Insurer** 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**; and
  - (3) all underlying documents and materials that reasonably relate to or form any part of the proof of such **Loss**.
- (b) upon the **Insurer's** request, submit to an examination under oath.
- (c) immediately record the specifics of any **Loss**, **Security Failure** or **Privacy Event** and the date such **Insured** first became aware of such **Loss**, **Security Failure** or **Privacy Event**.
- (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**, **Privacy Event**, **Loss** or circumstance;

- (2) enforcing any legal rights an **Insured** or the **Insurer** may have against anyone who may be liable to an **Insured**; and
- (3) executing any documents that the **Insurer** deems necessary to secure its rights under this policy.

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 set forth in the **General Terms and Conditions**. The costs and expenses of establishing or proving an **Insured's Loss** under this **Event Management Coverage Section**, including, without limitation, those connected with preparing a proof of loss, shall be such **Insured's** obligation, and are not covered under this policy.

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## Specialty Risk Protector®

### Cyber Extortion Insurance ("CYBER EXTORTION 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, the General Terms and Conditions are incorporated by reference into, made a part of and are expressly applicable to this Cyber Extortion Coverage Section, unless otherwise explicitly stated to the contrary in either the General Terms and Conditions or in this Cyber Extortion Coverage Section.

#### 1. INSURING AGREEMENTS

With respect to the CYBER EXTORTION INSURING AGREEMENT of this Clause 1., solely with respect to a Security Threat first occurring during the Policy Period and reported to the Insurer pursuant to the terms of this policy, this Cyber Extortion Coverage Section affords the following coverage:

##### CYBER EXTORTION INSURING AGREEMENT

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

#### 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 that are leased by, a Company 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) "First Party Event" means any Security Threat.
- (d) "Insured" means a Company.
- (e) "Loss" means:
  - (1) monies paid by an Insured with the Insurer's prior written consent to terminate or end a Security Threat that would otherwise result in harm to an Insured; and
  - (2) the costs to conduct an investigation to determine the cause of a Security Threat.
- (f) "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.

- (g) "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.
- (h) "Security Threat" means any threat or connected series of threats to commit an intentional attack against a **Computer System** for the purpose of demanding money, securities or other tangible or intangible property of value from an **Insured**.

### 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, general or managing partners or principals (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 Sub-paragraph (1) above participated in, approved of, or knew or had reason to know prior to the act of, 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) for 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 **Security Threat** made by any government entity or public authority.



(g) alleging, arising out of, based upon or attributable to any **Security Threat** or **Related Act** thereto which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Cyber Extortion Coverage Section** is a renewal or replacement or which it may succeed in time.

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## Specialty Risk Protector®

### CrisisFund® Insurance ("CRISISFUND 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, the General Terms and Conditions are incorporated by reference into, made a part of and are expressly applicable to this CrisisFund Coverage Section, unless otherwise explicitly stated to the contrary in the General Terms and Conditions or in this CrisisFund Coverage Section.

#### 1. INSURING AGREEMENTS

With respect to the CRISISFUND INSURING AGREEMENT of this Clause 1., solely with respect to a CrisisFund Event first occurring during the Policy Period and reported to the Insurer pursuant to the terms of this policy, this CrisisFund Coverage Section affords the following coverage:

##### CRISISFUND INSURING AGREEMENT

The Insurer shall pay all Loss that an Insured incurs solely as a result of a CrisisFund Event.

#### 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) "**CrisisFund Event**" means any of the following:
  - (1) **Management Crisis:** The death, incapacity or criminal indictment of any directors, trustees or officers, including, but not limited to, the executive director, or any employee on whom an Insured maintains key person life insurance.
  - (2) **Bankruptcy:** The public announcement that an Insured intends to file for bankruptcy protection under the bankruptcy laws or that third parties are seeking to file for involuntary bankruptcy on behalf of such Insured.
  - (3) **Contribution Revocation:** The withdrawal or return of any non-governmental grant, contribution or bequest to an Insured in excess of five hundred thousand dollars (\$500,000).
  - (4) **Regulatory Crisis:** The public announcement of the commencement or threat of commencement of litigation or governmental, regulatory or criminal proceedings against an Insured.
  - (5) **Mass Tort:** The public announcement or accusation that an Insured, in the conduct of its business, has caused the **Bodily Injury** of a group of persons, or damage to or destruction of any tangible group of properties, including the loss of use thereof.
  - (6) **Publicity Event:** The publication of materially unfavorable information in a newspaper (or other general circulation) or on a radio or television news report regarding an Insured that can

reasonably be considered to lessen public confidence in the competence, integrity or viability of such **Insured** to conduct business.

- (c) "**First Party Event**" means a **CrisisFund Event**.
- (d) "**Insured**" means a **Company**.
- (e) "**Loss**" means the following reasonable expenses necessitated by or in connection with an **Insured's** response to a **CrisisFund Event**, and incurred by an **Insured** during a **CrisisFund Event**, within ninety (90) days prior to and in anticipation of a **CrisisFund Event**, and/or within one year of the end of a **CrisisFund Event**:

- (1) for a public relations firm, crisis management firm or law firm agreed to by the **Insurer** to advise an **Insured** on minimizing the harm to such **Insured**, including, but not limited to, maintaining and restoring public confidence in such **Insured**;
- (2) for printing, advertising, mailing of materials intended to inform or educate the general public about the **CrisisFund Event**;
- (3) for travel;

provided, however, **Loss** shall not include compensation, fees, benefits, overhead or internal charges of any **Insured**.

- (f) "**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.

### 3. EXCLUSIONS

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

- (a) 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 an **Insured's**:
  - (1) past or present directors, officers, trustees, general or managing partners or principals (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 an **Insured** if any of those referenced in Sub-paragraph (1) above participated in, approved of or acquiesced to, or knew or had reason to know prior to the act of, 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 **CrisisFund Event** related to (1) any pending or prior litigation as of the **Continuity Date** for this **CrisisFund Coverage Section**, or (2) any **Related Act** which has been reported, or in any circumstances of which notice has been given, under any policy of which this **CrisisFund Coverage Section** is a renewal or replacement or which it may succeed in time.
- (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**.

#### 4. OTHER CRISISFUND INSURANCE

In the event that an **Insured** has purchased another insurance policy from the **Insurer** providing similar coverage to this **CrisisFund Coverage Section**, then the highest applicable limit of insurance for such coverage among this policy and such other policies shall apply, and in all circumstances, the Insurer's maximum liability for such coverage shall not be greater than the highest limit of insurance for such coverage among all such policies.

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**Specialty Risk Protector®**  
**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**, the **General Terms and Conditions** 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 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 **Remaining Retention** that an **Insured** incurs after the **Waiting Hours Period** and 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 a **Company** or an **Outsource Provider**, or leased by a **Company**, and 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) "**First Party Event**" means any **Security Failure**.
- (d) "**Insured**" means a **Company**.
- (e) "**Loss**" means the below listed costs incurred within 120 days after the end of a **Material Interruption** (or 120 days after the **Material Interruption** would have ended if an **Insured** exercised due diligence and dispatch):
  - (1) costs that would not have been incurred but for a **Material Interruption**; and
  - (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.
- (f) "**Material Interruption**" means the actual and measurable interruption or suspension of an **Insured's** business directly caused by a **Security Failure**.

- (g) **"Outsource Provider"** means an entity not owned, operated or controlled by an **Insured** that such **Insured** depends on to conduct its business.
- (h) **"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.
- (i) **"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.
- (j) **"Remaining Retention"** means the Retention set forth in Item 6 of the Declarations for this **Network Interruption Coverage Section** less the amount of **Loss** incurred by any **Insured** during the **Waiting Hours Period**. If the **Loss** incurred by any **Insured** during the **Waiting Hours Period** is greater than the applicable Retention set forth in the Declarations, the **Remaining Retention** equals zero.
- (k) **"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"** includes any such failure or violation resulting from the theft of a password or access code from a **Company's** premises, a **Company's Computer System**, or an officer, director or employee of a **Company** by non-electronic means in direct violation of a **Company's** specific written security policies or procedures.
- (l) **"Waiting Hours Period"** means 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 an **Insured's**:
  - (1) past or present directors, officers, trustees, general or managing partners or principals (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 an **Insured** if any of those referenced in Sub-paragraph (1) above participated in, approved of, acquiesced to, or knew or had reason to know prior to the act of, 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) alleging, arising out of, based upon or attributable to any **Security Failure** or **Related Act** thereto which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Network Interruption Coverage Section** is a renewal or replacement or which it may succeed in time.

(h) for any profit or advantage to which any **Insured** is not legally entitled.

(i) alleging, arising out of, based upon or attributable to: (1) any liability to third-parties for whatever reason; (2) legal costs or legal expenses of any type; (3) updating, upgrading, enhancing, or replacing any **Computer System** to a level beyond that which existed prior to sustaining **Loss**; (4) unfavorable business conditions; or (5) the removal of 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 liability of the **Insurer** 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. RETENTION

The following provisions shall apply in addition to the provisions of Clause 5. **RETENTION** of the **General Terms and Conditions**:

Solely with respect to this **Network Interruption Coverage Section**, the applicable Retention shall be the **Remaining Retention**.

#### 6. 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**, each **Insured** must also:

- (a) complete and sign a written, detailed and affirmed proof of loss within ninety (90) days after the discovery of any **Loss** (unless such period has been extended by the **Insurer** 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**; and
  - (4) all underlying documents and materials that reasonably relate to or form a part of the basis of the proof of 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 such **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;
  - (2) enforcing any legal rights an **Insured** or the **Insurer** may have against anyone who may be liable to an **Insured**;
  - (3) executing any documents that the **Insurer** deem necessary to secure its rights under this policy; and
  - (4) any calculation or appraisal conducted by or on behalf of the **Insurer** 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 set forth in the **General Terms and Conditions**. The costs and expenses of establishing or proving an **Insured's** **Loss** under this **Network Interruption Coverage Section**, including, without limitation, those connected with preparing a proof of loss, shall be such **Insured's** obligation, and are not covered under this policy.

## 7. NET PROFIT CALCULATIONS

In determining the amount of net profit (or net 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 an **Insured** could have performed had no **Security Failure** occurred. Provided, however, that such net profit (or net 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 net loss) and charges and expenses shall be calculated on an hourly basis and based on such an **Insured's** actual net profit (or net loss) and charges and expenses.

## 8. APPRAISAL

If any 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. Each appraiser will separately state the amount of Loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two of these three will be binding.

Such Insured and the Insurer will:

- (1) pay their respective chosen appraiser; and
- (2) bear the expenses of the umpire equally.

Any appraisal of Loss shall be calculated in accordance with all terms, conditions and exclusions of this policy.

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