



## **Notice**

**This is a claims made in writing policy. Coverage is limited to claims against you that are first reported in writing to us during the policy period, according to the terms of the policy. No coverage is provided for claims caused by blips which happen before the Retroactive Date of the policy. No coverage is provided for claims first made after termination of the policy, except as provided under the Basic Extended Reporting Period, unless an Optional Extended Reporting Period is purchased.**

**This is a defense within the limits policy. Claim expenses and damages within the Retention must all be paid by you and will not reduce the Limits of Liability. Covered claim expenses and damages above the Retention are payable under the policy and will reduce and may completely exhaust the Limits of Liability. We will not be liable for any payments of claim expenses or damages after exhaustion of the applicable Limit of Liability.**

**Upon termination of this policy, a sixty (60) day Basic Extended Reporting Period is provided to you without additional premium. An Optional Extended Reporting Period of up to five (5) years is available for purchase by the first named insured. Potential coverage gaps will occur upon termination of this policy and upon termination of an Extended Reporting Period if coverage is not replaced.**

**The costs for purchase of Optional Extended Reporting Period are:**

- 1. a twelve (12) month Optional Extended Reporting Period for 100% of the expiring annual premium of this policy;**
- 2. a twenty-four (24) month Optional Extended Reporting Period for 150% of the expiring annual premium of this policy;**
- 3. a thirty-six (36) month Optional Extended Reporting Period for 185% of the expiring annual premium of this policy; or**
- 4. a sixty (60) month Optional Extended Reporting Period for 250% of the expiring annual premium of this policy.**

**During the first several years of claims-made coverage by an insured, insurance rates are comparatively lower than rates for occurrence coverage. Substantial annual premium increases, independent of overall rate level increases, can be expected until the claims-made coverage reaches maturity.**

**Please read this Declarations Page and the entire policy carefully and contact your agent or broker with any questions.**

# ClickStream<sup>®</sup> connected services liability policy

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## Notice

**Some provisions in this policy restrict coverage. Read the entire policy carefully to determine your rights and duties, and what is and what is not covered. We will not pay money or perform acts or services unless explicitly provided for in this policy.**

## Introduction

The words “**we**”, “**us**”, and “**our**” mean the insurance company stated on the Declarations Page of this policy.

The words “**you**” and “**your**” mean any person or entity described in the definition of “**you**” or “**your**” in Part III – Definitions.

The words “**blip**” and “**connected services**” are defined in Part I – Covered.

Except for captions and the definitions referred to above, all other words and phrases in bold type are defined in Part III – Definitions.

In return for payment of the premium, and subject to all the terms and conditions of this policy, including any changes, additions or deletions made by endorsements that **we** issue forming a part of this policy, **we** agree with **you** as follows:

## Part I – Covered

### A. Insuring Agreement

**We** will pay on **your** behalf money in excess of the Retention that **you** legally have to pay as **claim expenses** and **damages** because of a covered **claim** caused by a **blip** in **your connected services**.

**Blip** means the following when allegedly or actually done by **you** or on **your** behalf:

1. **Content** and Personal Injury
  - a. any form of the following, but only as a result of **content**: defamation, disparagement or harm to the character, reputation or feelings of any person or entity, including libel, slander, product or service disparagement, trade libel, infliction of emotional distress, outrage or outrageous conduct;
  - b. any form of invasion, infringement or interference with rights of privacy or publicity, including false light, public disclosure of private facts, intrusion, commercial appropriation of name or likeness, eavesdropping and wireless signal interception;

- c. wrongful entry or eviction, trespass or other invasion of the right of private occupancy;
  - d. false arrest, detention, imprisonment, malicious prosecution or mousetrapping;
  - e. infringement of copyright, plagiarism or misappropriation or unauthorized use of ideas under implied contract;
  - f. infringement or dilution of title, slogan, trademark, trade name, trade dress, service mark or service name;
  - g. piracy, but only when it directly relates to copyright or trademark infringement;
  - h. misuse of an intellectual property right in **content**, but only when it results in **blips** described in items e – g above; and
- 2. Errors and Omissions
    - a. errors, omissions or negligent acts; and
  - 3. Security
    - a. failure to prevent denial or disruption of service;
    - b. failure to prevent unauthorized access to, unauthorized use of, repudiation of access to, tampering with or introduction of malicious code into data, software, firmware, systems or networks; and
    - c. failure to prevent identity theft or credit/debit card fraud.

**Blip** does not include any act, error or omission arising out of, relating to, contributing to or constituting any of the following: patent infringement or inducement to infringe a patent; misuse of a patent; or theft, misappropriation, disclosure or misuse of trade secrets.

All **blips** that happen on or after the Retroactive Date and before the End Date of the last policy **we** issue to **you** in an uninterrupted succession of renewed policies and that are the same, continuous, repeated or in a series of interrelated **blips** or are temporally, logically or causally connected by facts, circumstances, situations, transactions, events, advice, dissemination, utterances or decisions are deemed to be a single **blip** happening at the time the earliest of those **blips** happened during that time period.

**Connected services** means:

- 1. activities performed on **your** website(s);
- 2. internet or networked activities **you** perform for others; and
- 3. additional services specified below that are performed by **you** for others:  
*no additional services.*

#### B. When **We** Insure

This policy applies to a **blip** only if:

- 1. the **blip** happened on or after the Retroactive Date stated in item 3 of the Declarations Page and before the end of the **policy period**;
- 2. none of **you** knew prior to the Start Date of this policy of a fact or circumstance that could reasonably be expected to lead to a **claim**; and
- 3. the **claim** against **you** caused by the **blip** is first made in writing during the **policy period**.

A **claim** is deemed to have been first made in writing when notice of the **claim** is first received in writing by **us** or one of **our** licensed agents in New York.

However, coverage under this policy shall not be invalidated by failure to report the **claim** during the time period provided above if it shall be proven not to have been reasonably possible to report the **claim** within the prescribed time period and that notice was given as soon as was reasonably possible.

All **claims** that arise from the same **blip** as defined in Part I – Covered, A. Insuring Agreement and that are made on or after the Start Date of the first policy **we** issue to **you** and before the End Date of the last policy **we** issue to **you** in an uninterrupted succession of renewed policies are considered to be one **claim** first made at the time the earliest **claim** was reported to **us** in writing.

#### C. Defense and Settlement

1. For covered **claims**, **we** have the right and duty to defend **you**, even if the allegations are groundless, false or fraudulent. The **first named insured** has the option to:
  - a. appoint counsel or to consent to **our** choice of counsel; and
  - b. participate in, and assist in the direction of, the defense of the **claim**.Subject to the other terms of this item 1., **we** have the right to defend the **claim** and the right to investigate any **claim** as **we** deem necessary.
2. **You** may not settle any **claim** without **our** prior written consent, even if the amount is within **your** Retention. **We** have the right to settle all **claims**, unless the **first named insured** objects as set forth below. **We** will notify the **first named insured** of any settlement recommended by **us** and acceptable to the claimant, prior to **our** settling a **claim**. If the **first named insured** disagrees with the recommended settlement, then the **first named insured** must notify **us** in writing of the disagreement prior to the settlement. Upon **our** receipt of such notice, **our** duty to defend, if any, will cease, and **our** duty to pay will be limited to the amount, excess of **your** Retention, of **damages** for which **we** could have settled the **claim** and **claim expenses** incurred up to the time **we** made **our** recommendation. Control of the defense will be tendered to **you**.
3. If the total of **claim expenses** and **damages** for any **claim** are within **your** Retention, **we** will have no duty to pay on that **claim**.
4. **We** will not be obligated to pay or reimburse any **claim expenses** or **damages** or defend any **claim** after **we** have used up the applicable Limit of Liability by payment of **claim expenses** and/or **damages**.

## Part II – Not Covered! Exclusions

A. **We** will not pay **claim expenses** and/or **damages** or defend any of **you** for any **blip** or **claim** arising out of or in any way related to any actual or alleged:

1. bodily injury, sickness or disease and any resulting death; or humiliation, mental anguish, mental injury, pain and suffering or shock that results in or from bodily injury, sickness, disease or death;
2. physical damage to, loss or destruction of tangible property including any resulting loss of use. However, this exclusion does not apply to data, information or software if the tangible property on which it resides is not physically damaged, lost or destroyed;
3. breach of express or implied: contract, warranty or guarantee;
4. contests, lotteries, sweepstakes or games of chance;
5. spike in, surge of, decrease in, disruption of, fluctuation in or failure of any infrastructure service or utility provided by a third party, including but not limited to power, water, gas, communications or connectivity. However, this exclusion does not apply to any of the foregoing if directly caused by a **blip**;
6. direct electronic transfer of funds or money; or transaction involving commodities, securities, negotiable instruments, or other financial or investment instruments;
7. product recall or withdrawal;
8. price-fixing, unfair competition, restraint of trade, antitrust violations, unfair or deceptive business practices or any violation of any securities, corporate governance or consumer protection laws, Racketeer Influenced and Corrupt Organizations Act (RICO) or any similar local, state, federal or foreign equivalent laws or regulations;
9. acts, errors or omissions by **you** related to any pension, healthcare, welfare, profit sharing, mutual or investment plans, funds, trusts or any other type of employee benefit; or any violation of the Employee Retirement Income Security Act of 1974 (ERISA) or any amendments to the Act or any similar local, state, federal or foreign equivalent law or regulation;
10. employer-employee relations; employment practices; or other business activities by **you** when the activities are not directly related to **connected services**;
11. harassment, misconduct or discrimination because of or relating to: race, color, national origin, creed, religion, age, sex, gender, sexual preference or orientation, marital status, military service, handicap, disability, health condition, pregnancy or any other protected class under any local, state, federal or foreign equivalent law or regulation;
12. criminal act;
13. pollution or the presence of or the actual, alleged or threatened generation, contamination, discharge, dispersal, release, seepage, migration or escape of any **pollutant** or **irritant**; or the testing, monitoring, clean-up, removal, assessment, containment, treatment, detoxification or neutralization of any **pollutant** or **irritant** or the failure to do so, whether or not the pollution or condition is or was sudden,

- accidental, gradual, intended, expected, or preventable or whether or not any of **you** caused or contributed to the pollution or condition;
14. **your** bankruptcy, insolvency, receivership or liquidation; but the bankruptcy or insolvency of **you** or **your** estate will not relieve **us** of **our** obligation under this policy;
  15. nuclear reaction, nuclear radiation or radioactive contamination;
  16. **terrorism**; this exclusion shall apply and prevent any and all coverage for **claims** arising from **terrorism**, regardless of whether any other cause or event that otherwise would be covered contributes in any way to the **blip** or **claim**;
  17. **war** or **hostile acts**; this exclusion shall apply and prevent any and all coverage for **claims** arising from **war** or **hostile acts**, regardless of whether any other cause or event that otherwise would be covered contributes in any way to the **blip** or **claim**;  
or
  18. tortious interference with the contractual or business relations of others.

**B. We** will not pay **claim expenses** or **damages** for any **blip** or **claim** arising out of or in any way related to any:

1. dishonest or fraudulent act or omission by **you**;
2. act or omission committed while knowing it was wrongful, except this item 2 does not apply to any **claim** arising from any **blip** described in items 1.a. and 1.b. of the definition of **blip** in Part I – Covered, A. Insuring Agreement;
3. intentionally: false, fraudulent, deceptive, misleading or misrepresentative advertising or sales activities by or known by **you**; or
4. material bug or defect known by **you** that could reasonably be expected to cause harm;

when such act, omission or knowledge is established by **your** admission or final adjudication by a jury, court or arbitrator. However, exclusions B.1 - 4 above do not apply to any of **you** who did not commit, acquiesce or participate in or remain passive after having knowledge of the actions that gave rise to the **claim**. The knowledge, action or inaction of an **executive officer** will be imputed to the **named insured**.

**C. We** will not pay **claim expenses** or **damages** or defend any of **you** for any **claim** brought by or on behalf of:

1. any of **you**; however, this exclusion will not apply to any **claim** brought by any of **you** described in items 3, 6 and 7 of the definition of **you** when the **claim** is brought in their capacity as a client or customer of a **named insured** for **connected services**;
2. any entity which is a parent, affiliate, **subsidiary**, joint venturer, co-venturer or other entity in which any of **you** owns an interest either individually or collectively of more than ten percent (10%) of the total ownership;
3. any entity in which any of **you** is a partner, proprietor, director, officer, supervisor, employee, receiver or trustee;
4. any entity directly or indirectly controlled, managed or operated by any of **you**;

5. any agent or independent contractor supplying **content**, materials or services to any of **you** when the **claim** arises from or relates to the ownership or exercise of rights in the **content**, materials or services supplied; or
6. any local, state or federal government body, subdivision or agency; any regulatory body, bureau or agency; any licensing entity that issues or administers business or professional licenses; or any entity that licenses or administers intellectual property including but not limited to ASCAP, BMI, SESAC or RIAA; or any foreign equivalent of any of the foregoing. However, this exclusion will not apply when the **claim** is brought in their capacity as a client or customer of a **named insured** for **connected services**.

D. **We** will not pay **claim expenses** or **damages** or defend any of **you** for any **blip** or **claim** arising out of or in any way related to any actual or alleged **blip** or **claim** that:

1. has been reported under any other policy, or
2. is the subject of any litigation prior to the Start Date of this policy.

### Part III – Definitions

**Claim** means a written, e-mail or other digital demand for **damages** or injunctive relief. This includes a suit, administrative action, arbitration or other type of alternative dispute resolution proceeding against any of **you**.

**Claim expenses** means reasonable and necessary costs incurred by **us** or by **you**, with **our** prior written consent, in the investigation, adjustment, negotiation, arbitration, mediation and defense of covered **claims**.

1. **Claim expenses** include:
  - a. attorney fees;
  - b. costs taxed against **you** in a **claim**;
  - c. pre-judgment interest awarded against **you** on that part of the judgment **we** pay, but if **we** make an offer to pay the applicable Limit of Liability **we** will not pay any interest which accrues after **our** offer of payment;
  - d. interest that accrues on the covered part of a judgment after the entry of the judgment and before **we** have paid, tendered or deposited in court the part of the judgment that is within the remaining applicable Limit of Liability;
  - e. costs of appeal bonds or bonds to release attachments, but only for bond amounts within the remaining applicable Limit of Liability. **We** do not have to furnish these bonds; and
  - f. actual loss of earnings up to \$500 per day that each of **you** personally incur at **our** request because of time off from work.
2. Except as provided for in 1.f. above, **claim expenses** do not include salaries, other compensation or expenses of **your** employees.



**Content** means data, digital code, images, mask works, scents, sounds, tastes, text or textures.

**Contractor agreement** means a written, signed agreement executed by the **named insured** and is with an individual person who is an independent contractor or agent, but only when such agreement:

1. specifies the actual **connected services** to be performed by the independent contractor or agent on the **named insured's** behalf;
2. provides that the **connected services** performed by the independent contractor or agent will be under the supervision of the **named insured**;
3. states that the **named insured** will indemnify the independent contractor or agent for the **connected services** performed on the **named insured's** behalf; and
4. is entered into before a **blip** happens which leads to a **claim**.

**Damages** means a money judgment, award or settlement that **you** legally have to pay.

**Damages** does not include:

1. the fee, cost, charge or contract price for **your connected services**;
2. any type of refund, credit, redemption, discount, coupon, offset, rebate or return including, but not limited to: licensing fees, subscription charges, access fees, royalties or any other type of fee or charge;
3. any gain, profit or advantage to which **you** are not legally entitled including, but not limited to: disgorgement of profits, money, credits or any other form of unwarranted financial benefit;
4. any criminal or civil fines or penalties against any of **you**;
5. any payment **you** make without **our** prior written consent;
6. any type of expense **you** incur to comply with any non-monetary or injunctive relief;
7. any type of expense **you** incur to recall, repair, fix, correct, complete, reperform or upgrade **your connected services** in whole or in part; or which another party incurs for such actions, if **you** had the opportunity to take any of the actions;
8. any future: use charges, licensing fees or royalties; or
9. punitive or exemplary damages.

**Executive officer** means a person holding any of the officer or director positions created by **your** charter, by-laws, constitution or any similar governing document.

**First named insured** means the **named insured** stated first in item 1 of the Declarations Page.

**Hostile acts** means nationalization; seizure of property, services or infrastructure of any kind by force, threat or by a government; imposition of martial law; riot; or civil commotion.

**Named insured** means the persons or entities stated in item 1 of the Declarations Page; and any **subsidiary**.

**Policy period** means the time beginning with the Start Date stated in item 2 of the Declarations Page and ending with the earlier of: the cancellation or termination date; or the End Date stated in item 2 of the Declarations Page.

**Pollutant or irritant** means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to: asbestos, mold, silica, smoke, vapor, soot, fumes, acids, alkalis, chemicals, biological material, synthetic material, bacteria, waste and any other matter designated as a pollutant, irritant or toxic material by local, state or federal government body, subdivision, agency, regulatory body or foreign equivalent. Waste includes, but is not limited to: materials to be recycled, reclaimed or reconditioned.

**Subsidiary** means any corporation or limited liability company of which one or more **named insureds** directly own, individually or collectively, on the Start Date of this policy, more than fifty percent (50%) of the issued and outstanding voting stock or membership interest; and which was disclosed in the application and other information and material submitted to **us** in applying for this policy.

**Subsidiary** also includes any corporation or limited liability company in which one or more of the **named insureds** acquire during the **policy period** more than fifty percent (50%) of the issued and outstanding voting stock or membership interest, but only if within sixty (60) days of the acquisition all of the following terms have been complied with:

1. the **first named insured** has requested, in writing or by e-mail, coverage for the new acquisition;
2. **you** have provided **us** with full details of the new acquisition and all other information **we** may require;
3. **you** have agreed to pay all additional premium related to the new acquisition; and
4. the **first named insured** has agreed to all changes in the terms and conditions of this policy by **us** relating to the new acquisition.

If **we** receive within sixty (60) days of the acquisition a request in writing or by e-mail from the **first named insured** for coverage of the new acquisition, **we** will provide coverage for the new acquisition as if it was a **subsidiary** under this policy for a period of sixty (60) days beginning on the date of the acquisition, unless:

- a. **we** decline to offer to extend coverage terms to the new acquisition or **we** offer coverage and the **first named insured** declines to accept the terms, in which event coverage shall cease at 12:01 a.m. standard time at the address of the **named insured** on the day following the declination by the **first named insured** or by **us**; or
- b. the new acquisition is covered or would be covered under another policy but for the exhaustion of limits or the application of a deductible or retention, no coverage will exist under this policy for the new acquisition.

No coverage exists and this policy will not apply to any **claim** related to any **subsidiary** or new acquisition or any of **you** which are a part of such **subsidiary** or new acquisition for any **blip** that happens while not a **subsidiary** or before the acquisition, unless **we** issue an endorsement to this policy providing such coverage.

**Temporary worker** means a person who is provided to a **named insured** by a third party for a period of time to support or supplement the **named insured's** workforce in special work situations, such as employee absences, temporary skill shortages, business upturns and seasonal workloads. A temporary worker is not an employee of **yours**. A leased employee is not a **temporary worker**.

**Terrorism** means activities against persons, organizations or property of any nature:

1. that involve the following or preparation for the following:
  - a. use or threat of force or violence;
  - b. commission or threat of a dangerous act; or
  - c. commission or threat of an act that interferes with or disrupts an electronic, communication, information or mechanical system; and
2. when one or both of the following applies:
  - a. the effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
  - b. it appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

To qualify as an act of **terrorism**, the act must be determined by a governmental official or governmental authority to be an act of "terrorism" or "cyberterrorism" or that it was performed by a "terrorist" or "cyberterrorist."

**War** means:

1. war, declared or undeclared, civil war;
2. warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
3. insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

**You** or **your** mean individually or collectively:

1. any **named insured**;
2. any past or present partner, **executive officer** or manager of a **named insured**, but only in the performance of **connected services** within their duties as such, on behalf of the **named insured**;
3. any past or present employee of a **named insured**, but only in the performance of **connected services** within their duties as such, on behalf of the **named insured**. Employee does not include a **temporary worker**;
4. any member or stockholder of a **named insured**, but only with respect to their liability as such;
5. **your** executors, administrators or legal representatives, but only while acting in their capacity as such, in the event of **your** death, incompetency, insolvency or bankruptcy;

6. any person who is an independent contractor or agent of a **named insured**, but only for **connected services** performed within the scope of their **contractor agreement**; or
7. a client whom a **named insured** is required to add as an additional insured under this policy through the execution of a written contract for the performance of **connected services** by the **named insured**. But the client is covered under this policy, only if:
  - a. a **blip** happens in **connected services** performed on the client's behalf;
  - b. the written contract is executed between a **named insured** and the client before a **blip** happens which leads to a **claim**; and
  - c. there are no allegations of independent misconduct by the client.

## Part IV – Limits of Liability and Retention

### A. Limits of Liability

1. Each **Blip**

Subject to A.2. below, the Each **Blip** Limit of Liability stated in item 4 of the Declarations Page is the most **we** will pay for **claim expenses** and **damages** combined for the total of all **claims** made during the **policy period**, including any applicable Extended Reporting Period, arising from a **blip**, no matter how many:

  - a. of **you** this policy covers;
  - b. **claims** are made; or
  - c. persons or entities make **claims**.
2. Aggregate Limit

The Aggregate Limit of Liability stated in item 4 of the Declarations Page is the most **we** will pay for **claim expenses** and **damages** combined for the total of all **claims** made during the **policy period**, including any applicable Extended Reporting Period, no matter how many:

  - a. of **you** this policy covers;
  - b. **claims** are made;
  - c. persons or entities make **claims**; or
  - d. **blips** happen.
3. **You** and **we** agree to cooperate to achieve an orderly transfer of the defense to **you** when the applicable Limit of Liability has been exhausted.

### B. Retention

The Each **Blip** Retention stated in item 5 of the Declarations Page is the amount of money **you** must pay for **claim expenses** and **damages** combined for each **blip** before **we** will pay. **You** may not insure the Retention. The Retention may not be reduced by **your**

payment of deductibles or retentions on other policies or by any payment made on **your** behalf by a third party. The Retention will not reduce the Limits of Liability.

**You** will pay the Retention as directed by **us** to appropriate parties. If **we** elect to advance all or part of the Retention, **you** will reimburse **us** within thirty (30) days of **our** notification to **you** of such advancement. If **you** fail to pay the Retention as directed by **us** or fail to reimburse **us** for a Retention advancement, **you** will owe **us** those amounts, plus interest, attorney fees and any other costs associated with **our** collection efforts. In addition, **you** will be subject to cancellation as outlined in Part VI -- Conditions, J. Cancellation of this policy.

## Part V - What You Must Do if a Blip or Claim Happens

### A. Blip Happens

If any of **you** become aware during the **policy period** of a **blip** or of circumstances which may reasonably be expected to give rise to a **claim**, **you** must notify **us** in writing as soon as practicable, but no later than the end of the **policy period**. This notification must include:

1. description of the **blip** or circumstances;
2. how, when and where the **blip** or circumstances happened;
3. names and contact information for any of **you** involved and other persons or entities involved; and
4. name, contact information and description of potential claimant(s).

If a **claim** caused by the **blip** is later made against **you**, **we** will deem the **claim** to have been first made against **you** on the date **we** received **your** written notification.

### B. Claim Happens

If a **claim** is made against **you**, **you** must immediately:

1. record the details of the **claim** and the date received by **you**;
2. notify **us** or one of **our** licensed agents in New York in writing;
3. send **us** copies of all demands, notices, summonses, legal papers and correspondence received in relation to the **claim**;
4. authorize **us** to obtain records and other information;
5. cooperate with and assist **us** in the investigation, settlement or defense of the **claim**; and
6. assist **us**, upon **our** request, in enforcing all rights of contribution or indemnity that **you** or the claimant may have against all persons or entities.

### C. Notices and Correspondence

All notices and correspondence regarding **blips** and **claims** should be sent to:

Euclid Managers, LLC  
1627 Main Street – Suite 800  
Kansas City, MO 64108  
E-mail: [reportclaim@euclidmanagers.com](mailto:reportclaim@euclidmanagers.com)  
Fax: 888.455.4715

Notices to **us** by e-mail will be considered to have been made in writing.

### D. Voluntary Actions

None of **you** will, except at **your** own cost, make any payments, assume any obligations or incur any expenses without **our** prior written consent.

## Part VI - Conditions

### A. Where **You** are Covered

This policy applies to **blips** that happen anywhere in the universe; except the policy does not apply when a **claim** is made in a country against which the United States of America (USA) government has imposed trade sanctions, embargoes or any similar regulations that prohibit the transaction of business with or within a country when the **claim** is first made.

### B. Currency

The currency of this policy is USA dollars. If **claim expenses** and/or **damages** are paid in a currency other than USA dollars, payment will be considered to have been made in USA dollars at the rate of exchange that was used to make payment. If there was no currency exchange made, the rate of conversion will be the currency exchange rate published in the next publication date of the Wall Street Journal after the date the payment is made.

### C. Legal Action Against **Us**

No person or entity has a right under this policy:

1. to join **us** as a party or bring **us** into a suit asking for **damages** from any of **you**; or
2. to sue **us** under this policy, unless all of the policy's terms and conditions have been fully complied with.

A person or entity may sue **us** to recover on an agreed settlement or on a judgment against **you**; but **we** will not be liable for **claim expenses** and/or **damages** that are not payable under this policy or that exceed the applicable Limit of Liability.

An agreed settlement means a settlement and a release agreed to in writing by **us** and signed by **you** and the claimant or the claimant's legal representatives.

#### D. Other Insurance and Compensation

Coverage under this policy will apply only in excess of all other: insurance, except if specifically written to apply in excess over this policy; self-insurance; retentions; deductibles; bonds; indemnification agreements; and/or similar agreements or compensation available to **you**, whether they are stated to be primary, pro rata, contributory, contingent or otherwise.

#### E. Subrogation

**You** and **we** may have rights to recover all or part of any payment made under this policy. **You** must do nothing to impair such rights. At **our** request, **you** will bring suit or transfer those rights to **us** and help **us** enforce them. Any recoveries will be paid first to reimburse the person or entity that paid the subrogation costs, then to **us** for **claim expenses** and **damages we** have paid; the remainder will be paid to the **first named insured** for Retention amounts paid at **our** direction.

#### F. Changes to **Your** Operations

If during the **policy period**:

1. a **named insured** merges into or consolidates with another entity such that the **named insured** is not the surviving entity;
2. another person or entity acquires a **named insured**;
3. another person or entity acquires controlling interest in a **named insured**; or
4. there is a divestiture or sale of more than fifty percent (50%) of a **named insured's** assets and/or liabilities;

then coverage under this policy will continue for the **named insured**, but only for **blips** that happen before the date of such event described above. This will apply unless **you** notify **us** within thirty (30) days of such event and **we** issue an endorsement stating otherwise.

#### G. Complete Agreement and Changes to the Policy

This policy contains all the agreements between **you** and **us** concerning this insurance.

This policy can only be changed by a written endorsement issued by **us** and made a part of this policy.

#### H. Assignment

**You** cannot transfer or assign **your** rights, duties or interest in this policy without **our** prior written consent, unless **you** die or go bankrupt. If **you** die or go bankrupt, **your** rights, duties and interest in this policy will be transferred to **your** legal representatives, but only while acting within the scope of their duties as such.

### I. Special Rights and Duties of the **First Named Insured**

The **first named insured** is responsible for the payment of all premiums, Retentions and charges for this policy. The **first named insured** is authorized to act on behalf of all of **you** regarding this policy including:

1. giving and receiving notice of cancellation and nonrenewal;
2. paying of premiums and receiving any return premiums or reimbursements;
3. requesting or agreeing to any changes or endorsements to this policy;
4. arranging for the investigation and defense of **claims** under **our** supervision, when necessary;
5. purchasing the Extended Reporting Period;
6. making a written request to receive an accounting of **claim expenses** actually spent; and
7. other matters pertaining to this policy.

### J. Cancellation

1. The **first named insured** may cancel this policy by mailing to **us** advance written notification of cancellation.
2. **We** may cancel this policy by mailing to the **first named insured** and to the **first named insured's** agent or broker written notice of cancellation at least:
  - a. ten (10) days before the effective date of cancellation if **we** cancel for nonpayment of premium;
  - b. twenty (20) days before the effective date of cancellation if **we** cancel for nonpayment of Retention or other charges; or
  - c. sixty (60) days before the effective date of cancellation if **we** cancel for any other reason.
3. After this policy has been in effect for sixty (60) days, and during the first sixty (60) days if it is a renewal policy, **we** will only cancel the policy for one or more of the following reasons:
  - a. nonpayment of premium;
  - b. conviction of a crime arising out of acts increasing the hazard insured against;
  - c. fraud or misrepresentation in the obtaining of this policy or in the presentation of a **claim** under the policy;
  - d. discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against and which occurred after inception of this policy;
  - e. material change in the nature or extent of the risk, occurring after the inception of this policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the inception of the policy;
  - f. a determination by the superintendent that continuation of **our** present premium volume would jeopardize **our** solvency or be hazardous to the interests of **our** policyholders, creditors or to the public; or
  - g. a determination by the superintendent that continuation of the policy would violate, or would place **us** in violation of, any provision of the insurance laws of New York.



4. **We** will mail **our** notice to the **first named insured** at the address stated in item 1 of the Declarations Page. Proof of mailing will be sufficient proof of notice.
5. **Our** notice will include the effective date of the cancellation and the **policy period** will end on that date. If cancellation is for nonpayment of premium, **our** notice will state the amount due.
6. If **we** cancel this policy, **we** will send the **first named insured** any return premiums due on a pro rata basis.
7. If the **first named insured** cancels this policy, **we** will send the **first named insured** any return premiums due at ninety percent (90%) of the pro rata unearned premium.
8. Payment or tender of a return premium is not a condition of cancellation.

#### K. Renewal and Nonrenewal

1. **We** may elect to nonrenew this policy by mailing to the **first named insured** and to the **first named insured's** agent or broker written notice of nonrenewal.
2. **We** may elect to condition renewal of this policy by mailing to the **first named insured** and to the **first named insured's** agent or broker written notice of the following conditions for renewal:
  - a. change of limits;
  - b. change in type of coverage;
  - c. reduction of coverage;
  - d. increased Retention;
  - e. addition of an exclusion; or
  - f. increase in premium of more than ten (10) percent (exclusive of any premium increase generated as a result of increased exposure units or as a result of experience rating, loss rating, retrospective rating or audit).
3. **We** will mail **our** notice to the **first named insured** at the address stated in item 1 of the Declarations Page at least sixty (60) days, but not more than one hundred twenty (120) days, before the End Date of this policy stated in item 2 of the Declarations Page. In the event **we** mail our notice less than sixty (60) days before the End Date of this policy, **we** may lengthen the **policy period** for the number of days necessary to comply with at least a sixty (60) day notice, subject to the following:
  - a. the lengthened **policy period** will provide coverage on the same terms and conditions that already exist, except that the premium for the additional days will be pro-rated based on the lower of the existing rate or the new rate;
  - b. the additional days of the lengthened **policy period** will not create new Limits of Liability or change the existing Limits of Liability, except that the Aggregate Limit of Liability shall be increased in proportion to the number of days the **policy period** is lengthened; and
  - c. the policy may be terminated before the end of a sixty (60) day notice period in the event the **first named insured** has replaced the coverage or elects to cancel.

Proof of mailing will be sufficient proof of notice.

4. If **we** offer to renew this policy with the same terms, or with different terms in accordance with the conditional renewal notice described in item 2. above, and the **first named insured** does not accept **our** offer during this **policy period**, this policy will expire on the End Date stated in item 2. of the Declarations Page.

L. Extended Reporting Period Options

1. Upon termination of this policy, unless **you** renew this policy with **us**, **you** will automatically be entitled to the free Basic Extended Reporting Period.

Both the Basic Extended Reporting Period and the Optional Extended Reporting Period:

- a. apply to **claims** first made against **you** and reported to **us** during the applicable Extended Reporting Period, but only if:
    - i.) **you** have not already reported, during the **policy period**, the **blip** which may give rise to a **claim** as provided for in Part V – What You Must Do If a **Blip** or **Claim** Happens, item A. **Blip** Happens;
    - ii.) the **blip** which results in the **claim** happens on or after the Retroactive Date and before the end of the **policy period**;
    - iii.) **we** receive from **you** during the applicable Extended Reporting Period a written report of the **claim**;
    - iv.) none of **you** knew before the Start Date of this policy, of either the **blip** or a circumstance which could reasonably be expected to lead to a **claim**; and
    - v.) **you** or a third party for **your** benefit have not purchased replacement insurance and there is no other valid and collectible insurance for the **claim**;
  - b. do not extend the **policy period** or change the scope of coverage provided by this policy;
  - c. do not increase or reinstate the Limits of Liability except as provided in item 3. Optional Extended Reporting Period; and
  - d. will deem a **claim** that is first made during such Extended Reporting Periods as having been made on the last day of the **policy period**, and the provisions in effect on the last day of the **policy period** will apply.
2. Basic Extended Reporting Period  
**We** will automatically give **you** for free, the Basic Extended Reporting Period, unless **you** renew this policy with **us**. Within thirty (30) days after termination of this policy, unless **you** renew this policy with **us**, **we** will advise the **first named insured** in writing of this Basic Extended Reporting Period.

The Basic Extended Reporting Period begins at the end of the **policy period** and lasts for sixty (60) days. During this time period, **you** can report to **us** in writing **claims** that are first made against **you** during this same time period. **Claims** reported to **us** after the Basic Extended Reporting Period ends will not be covered unless the **first named insured** purchases an Optional Extended Reporting Period.

3. Optional Extended Reporting Period

Within thirty (30) days after termination of this policy, **we** will advise the **first named insured** in writing of the availability of and premium for purchase of an Optional Extended Reporting Period, unless **you** renew this policy with **us**; however if this policy was cancelled due to nonpayment of premium or fraud by any of **you**, **we** will not provide a premium quotation unless requested by the **first named insured**.

The costs for purchase of Optional Extended Reporting Period are:

- a. a twelve (12) month Optional Extended Reporting Period for 100% of the expiring annual premium of this policy;
- b. a twenty-four (24) month Optional Extended Reporting Period for 150% of the expiring annual premium of this policy;
- c. a thirty-six (36) month Optional Extended Reporting Period for 185% of the expiring annual premium of this policy; or
- d. a sixty (60) month Optional Extended Reporting Period for 250% of the expiring annual premium of this policy.

The expiring annual premium is the premium in effect at the end of the **policy period** and includes the total of all premiums charged for this policy on an annualized basis.

**We** will offer to sell the **first named insured** an Optional Extended Reporting of at least three (3) years. However, if **we** have insured **you** for less than one year and termination of this policy is due to non-payment of premium or fraud, **we** are not required to offer or to sell **you** an Optional Extended Reporting Period. If **we** have insured **you** for one year or more and termination of this policy is due to non-payment of premium or fraud, **we** are not required to provide **you** a premium quotation for an Optional Extended Reporting Period unless requested by **you**. If this policy has been terminated for non-payment of premium and if **we** offer to sell **you** an Optional Extended Reporting Period, **we** will only honor **your** request to purchase an Optional Extended Reporting Period if the additional premium has been paid. If there is any premium owed for the policy, any payment for the Optional Extended Reporting Period shall first be applied to the amount owed for the policy premium.

Termination of this policy includes: cancellation; non-renewal; and expiration, if the **first named insured** does not renew with us. Termination of this policy also includes decrease in limits other than a decrease due to payment of **claim expenses** or **damages**, reduction of coverage, increased Retention, addition of a new exclusion or other change in coverage less favorable to **you**, unless such change was made at the **first named insured's** request. If termination of this policy is due to decrease in limits, reduction of coverage, increased Retention, addition of a new exclusion or other change in coverage less favorable to **you**, when the change was not made at the **first named insured's** request, the Optional Extended Reporting Period Coverage will apply but only in regard to that coverage so terminated.

If **we** have insured **you** for at least three (3) continuous years and the **first named insured** purchases an Optional Extended Reporting Period, the Aggregate Limit of Liability for the Optional Extended Reporting Period will be equal to one hundred (100) percent of this policy's Aggregate Limit of Liability. If **we** have insured **you** for less than three (3) continuous years and the **first named insured** purchases an Optional Extended Reporting Period, the Aggregate Limit of Liability for the Optional Extended Reporting Period will be equal to the greater of either the amount of coverage remaining in the policy's Aggregate Limit of Liability or fifty (50) percent of the policy's Aggregate Limit of Liability, except this provision will not apply if the policy was terminated for nonpayment of premium or fraud and **we** have insured the **first named insured** for less than one (1) year.

The Optional Extended Reporting Period can only be purchased by the **first named insured** if:

- a. **we** receive the **first named insured's** written acceptance of **our** offer within the greater of sixty (60) days from the effective date of termination of coverage or thirty (30) days from the date of mailing or delivery of the notice in which we advised **you** of the premium charge for the Optional Extended Reporting Period; and
- b. **we** receive full payment for the Optional Extended Reporting Period within thirty (30) days of the **first named insured's** acceptance of **our** offer.

If this policy has been issued to a corporation, partnership or other entity, then an individual person who is a **you** may purchase for a premium commensurate with the coverage an Optional Extended Reporting Period if:

- a. the entity has been placed in liquidation or bankruptcy or permanently ceases operations;
- b. the entity or its designated trustee does not purchase an Optional Extended Reporting Period; and
- c. the individual person who is a **you** requests the Optional Extended Reporting Period coverage within one hundred twenty (120) days of the termination of coverage.

When purchased, an endorsement will be issued specifying the time period of the Optional Extended Reporting Period. This time period will begin at the end of the Basic Extended Reporting Period and last until the date specified in the endorsement. During this time period, **you** can report to **us** in writing **claims** that are first made against **you** during this same time period. **Claims** reported to **us** after the Optional Extended Reporting Period ends will not be covered.

Once purchased, the Optional Extended Reporting Period cannot be cancelled and there will be no return of premium for any reason.

#### M. Titles

The titles of paragraphs in this policy or on endorsements that form a part of this policy are for reference and convenience purposes only and do not in any way convey intent or limit or expand coverage.


#### N. Representations

By accepting this policy, **you** agree to all of the following:

1. the representations and statements in the application and all other information and material submitted to **us** in applying for this policy are accurate and complete and were made to induce **our** reliance upon them;
2. the representations and statements in the application and all other information and material submitted to **us** were made by the **named insured** on behalf of all of **you**; and:
  - a. are material to **our** decision to provide coverage;
  - b. are considered to be incorporated in and constituting a part of this policy; and
  - c. **we** have issued this policy in reliance upon them;
3. if the application and other information and material submitted to **us** has any misrepresentations or fails to state facts which would affect **our** acceptance of the risk, the hazard **we** assumed, **our** willingness to offer terms, the terms and conditions of this policy or the premium charged for this policy, **we** will not pay any **claim expenses** or **damages** and **we** may declare the policy null and void; and
4. if **you** report any **blip**, circumstance or **claim** with the knowledge that it, or any of the representations and statements concerning the **blip**, circumstance or **claim** are false or fraudulent, **we** will not pay any **claim expenses** or **damages** for that **claim**, and **we** may declare the policy null and void.

This policy is executed and attested by the signatures of **our** officers below. If required by state law, this policy can only be valid if countersigned by **our** Authorized Representative.

  
President

  
Secretary