

This Declaration Page is attached to and forms part of certificate provisions (Form SLC-3).

Previous No. «f1» Authority Ref. No. Certificate No. «f2»

NETGUARD® PLUS POLICY

THIS CERTIFICATE IS WRITTEN ON A CLAIMS-MADE-AND-REPORTED BASIS. EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS POLICY COVERS ONLY CLAIMS FIRST MADE DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD, IF APPLICABLE, AND REPORTED TO UNDERWRITERS AS SOON AS PRACTICABLE, BUT NO LATER THAN SIXTY (60) DAYS AFTER EXPIRATION OF THE POLICY PERIOD, OR DURING THE EXTENDED REPORTING PERIOD, IF APPLICABLE. ALL CLAIMS ARE SUBJECT TO THE APPLICABLE LIMITS OF LIABILITY AND THE APPLICABLE RETENTION(S). PLEASE NOTE THAT THE LIMITS OF LIABILITY FOR NAMED COVERAGES I, II, III AND IX INCLUDE CLAIM EXPENSES. PLEASE REVIEW THE COVERAGE AFFORDED UNDER THIS INSURANCE POLICY CAREFULLY AND DISCUSS THE COVERAGE HEREUNDER WITH YOUR INSURANCE AGENT OR BROKER.

Item 1. **Named Insured:** «f3» «f4»
Principal Address: «f5»
«f-61»
«f6», «f7» «f8»

Item 2. **Policy Period:** «f9» to «f10»
both days at 12:01 a.m. standard time at the Principal Address stated in Item 1.

Item 3. **Named Coverage(s) Purchased (☒):**
You have purchased some or all of the following Named Coverages. Only those Named Coverage(s) that specify a Limit of Liability in Item 4. have been purchased. If a Named Coverage has not been purchased, that portion of this Policy does not apply.

- I. Multimedia Liability
- II. Security and Privacy Liability
- III. Privacy Regulatory Defense and Penalties
- IV. Breach Event Costs
- V. BrandGuard®
- VI. Network Asset Protection
- VII. Cyber Extortion
- VIII. Cyber Crime
- IX. PCI DSS Liability

Item 4. **Limits of Liability**

A. Limits of Liability for Named Coverage(s) Purchased:

	Each Claim	Aggregate
I. Multimedia Liability	\$ «f52»	\$ «f52»
II. Security and Privacy Liability	\$ «f11»	\$ «f11»
III. Privacy Regulatory Defense and Penalties	\$ «f48»	\$ «f48»
IV. Breach Event Costs	\$ «f48»	\$ «f48»
Proactive Privacy Breach Response Costs Sublimit	\$ «f48»	\$ «f48»
Voluntary Notification Expenses Sublimit	\$ «f48»	\$ «f48»
V. BrandGuard®	\$ «f48»	\$ «f48»
VI. Network Asset Protection	\$ «f15»	\$ «f15»
VII. Cyber Extortion	\$ «f57»	\$ «f57»
VIII. Cyber Crime	\$ «f57»	\$ «f57»
IX. PCI DSS Liability	\$ «f57»	\$ «f57»

Note: The Proactive Privacy Breach Response Costs Sublimit and the Voluntary Notification Expenses Sublimit are part of, and will reduce, the Limit of Liability for Named Coverage IV.

B. Maximum Policy Aggregate Limit of Liability: \$ «f14»

Item 5. **Retentions Waiting Period, and Period of Indemnity:**

- I. Multimedia Liability \$ «f17» each **Claim**
- II. Security and Privacy Liability \$ «f17» each **Claim**
- III. Privacy Regulatory Defense and Penalties \$ «f17» each **Claim**
- IV. Breach Event Costs \$ «f17» each **Claim**
- V. BrandGuard®
 - Waiting Period:** 2 weeks
 - Period of Indemnity:** 6 months
- VI. Network Asset Protection
 - A. Data Recovery
 - Digital Assets Loss** \$ «f17» each **Claim**
 - Special Expenses** None
 - B. Non-Physical Business Interruption and Extra Expense 8 hour **waiting period**
- VII. Cyber Extortion \$ «f17» each **Claim**
- VIII. Cyber Crime \$ «f17» each **Claim**
- IX. PCI DSS Liability \$ «f17» each **Claim**

Item 6. **Retroactive Date:**

- I. Multimedia Liability «f18»
- II. Security and Privacy Liability «f18»
- III. Privacy Regulatory Defense and Penalties «f18»
- IV. Breach Event Costs «f18»
- V. BrandGuard® «f18»
- VI. Network Asset Protection «f18»
- VII. Cyber Extortion «f18»
- VIII. Cyber Crime «f18»
- IX. PCI DSS Liability «f18»

Item 7. **Premium:** «f45»

Item 8. **Endorsements:** Nuclear Incident Exclusion Clause (E1856A-0710)
U.S. Treasury Department's Office of Foreign Assets Control (OFAC) Advisory
Notice to Policyholders (E1856US-0315)

Item 9. **In the event you wish to make a claim under this Certificate, please notify the following:**

NAS Insurance Services, LLC
16501 Ventura Blvd., Suite 200
Encino, CA 91436
(818) 382-2030
claims@nasinsurance.com

Item 10. Policy form **P1856NGP-0416** and Application form and Warranty Statement dated «f42» are hereby attached and made a part of this Policy. **Wherever in any of the forms, clauses or conditions of this insurance the word "Policy" appears, this shall be deemed to be "Certificate".**
Insurance is effected with certain UNDERWRITERS AT LLOYD'S, LONDON (100%)

Item 11. **Service of Suit:**

FLWA Service Corp.
c/o Foley & Lardner LLP
555 California Street, Suite 1700
San Francisco, CA 94104-1520

Dated «f20»

NAS INSURANCE SERVICES, LLC

By: _____ **SPECIMEN**
Correspondent

NetGuard[®] Plus Policy

SPECIMEN

Important Notice

Named Coverages I, II, III, and IX of this Policy provide liability coverage on a **claims-made-and-reported** basis, meaning coverage only applies to **claims** first made during the **policy period** or any extended reporting period, if applicable, and reported to the Underwriters in accordance with Section 11 of this Policy. Named Coverages IV, V, VI, VII and VIII provide certain first-party coverages. All **claims** are subject to the applicable Limits of Liability, **retention(s)**, **waiting period**, and **period of indemnity** set forth in Items 4 and 5 of the Declarations. Note that the Limits of Liability for Named Coverages I, II, III and IX include **claim expenses**.

All amounts paid under this Policy, including **claim expenses**, will reduce the applicable Limits of Liability and the Maximum Policy Aggregate Limit of Liability.

Throughout this Policy, the words “we”, “us”, and “our” refer to the Underwriters providing this insurance. The word **Insured** means any person or organization qualifying as such under Section 6 (Who is Insured) of this Policy. Terms that appear in bold face type are defined in Section 7 (Definitions) of this Policy.

Please review the coverage afforded under this Policy carefully, and discuss it with your insurance agent or broker.

SPECIMEN

1. Named Coverages

The **Named Insured** has purchased some or all of the following Named Coverages. Named Coverages I, II, III, and IX provide liability coverage on a **claims-made-and-reported** basis. Named Coverages IV, V, VI, VII and VIII provide certain first-party coverages. Please refer to Item 3 of the Declarations which shows the Named Coverage(s) the **Named Insured** has purchased. If a Named Coverage(s) has not been purchased, that portion of this Policy will not apply.

In consideration of the payment of the premium, and in reliance upon all statements made and information furnished by you to the Underwriters, including all statements made in the **application**, its attachments and the material incorporated therein, which is deemed to be a part of this Policy, the Underwriters agree as follows:

Named Coverage I: Multimedia Liability

The Underwriters will pay on behalf of an **Insured** the sums in excess of the **retention** and within the applicable Limits of Liability that such **Insured** becomes legally obligated to pay as **damages**, including liability **assumed under contract**, and related **claim expenses** resulting from a **claim** for an actual or alleged **multimedia wrongful act**, but only if: 1) the **claim** is first made against the **Insured** during the **policy period** or **extended reporting period** (if applicable), 2) the **claim** is reported to the Underwriters in writing in accordance with Section 11 of this Policy, and 3) the **multimedia wrongful act** takes place on or after the applicable **retroactive date**.

Named Coverage II: Security and Privacy Liability

The Underwriters will pay on behalf of an **Insured** the sums in excess of the **retention** and within the applicable Limits of Liability that such **Insured** becomes legally obligated to pay as **damages**, including liability **assumed under contract**, and related **claim expenses** resulting from a **claim** for an actual or alleged **security and privacy wrongful act**, but only if: 1) the **claim** is first made against the **Insured** during the **policy period** or **extended reporting period** (if applicable), 2) the **claim** is reported to the Underwriters in writing in accordance with Section 11 of this Policy, and 3) the **security and privacy wrongful act** takes place on or after the applicable **retroactive date**.

Named Coverage III: Privacy Regulatory Defense and Penalties

The Underwriters will pay on behalf of an **Insured** the sums in excess of the **retention** and within the applicable Limits of Liability that such **Insured** becomes legally obligated to pay as a **regulatory compensatory award** or **regulatory fines and penalties** (to the extent insurable by law) and related **claim expenses** resulting from a **privacy regulatory proceeding** instituted against the **Insured** because of a **security breach** or **privacy breach**, but only if: 1) the **privacy regulatory proceeding** is instituted against the **Insured** during the **policy period** or **extended reporting period** (if applicable), 2) the **privacy regulatory proceeding** is reported to the Underwriters in writing in accordance with Section 11 of this Policy, and 3) the **security breach** or **privacy breach** occurs on or after the applicable **retroactive date**.

Named Coverage IV: Breach Event Costs

Subject to the applicable **retention** and Limits of Liability, the Underwriters will pay on **your** behalf the **privacy breach response costs**, **notification expenses**, and **breach support and credit monitoring expenses** that **you** incur because of an **adverse media report**, **security breach** or **privacy breach**, but only if: 1) the **adverse media report**, **security breach** or **privacy breach** occurs on or after the applicable **retroactive date**, 2) the **adverse media report**, **security breach** or **privacy breach** is first discovered by **you** or **your executive** during the **policy period** or **extended reporting period** (if applicable), and 3) the **adverse media report**, **security breach** or **privacy breach** is reported to the Underwriters in writing in accordance with Section 11 of this Policy.

Named Coverage V: BrandGuard®

Subject to the applicable **waiting period** and Limits of Liability, the Underwriters will indemnify **you** for provable and ascertainable **brand loss** that **you** sustain during the **period of indemnity** as a direct result of an **adverse media report** or **notification**, but only if: 1) the **adverse media report** is first discovered by **you** or **your executive**, or the **notification** first occurs, during the **policy period** or **extended reporting period** (if applicable), 2) the **adverse media report** or **notification** results from a **security breach** or **privacy breach** that occurs on or after the applicable **retroactive date**, 3) the **brand loss** is reported to the Underwriters in writing during the **period of indemnity**, and 4) **you** provide clear evidence that the **brand loss** is directly attributable to the **adverse media report** or **notification**.

Named Coverage VI: Network Asset Protection

A. Data Recovery

Subject to the applicable **retention** and Limits of Liability, the Underwriters will indemnify **you** for **digital assets loss** and **special expenses** that **you** incur because of damage, alteration, corruption, distortion, theft, misuse, or destruction of **digital assets** which results from a **covered cause of loss**, but only if: 1) the **covered cause of loss** occurs on or after the applicable **retroactive date**; 2) the **covered cause of loss** is first discovered by **you** or **your executive** during the **policy period** or **extended reporting period** (if applicable), and 3) the **covered cause of loss** is reported to the Underwriters in writing in accordance with Section 11 of this Policy. **Digital assets loss** and **special expenses** will be reimbursed for a period of up to twelve (12) months following the discovery of the damage, alteration, corruption, distortion, theft, misuse, or destruction of **digital assets**, unless specified otherwise by endorsement to this Policy.

B. Non-Physical Business Interruption and Extra Expense

Subject to the applicable **waiting period** and Limits of Liability, the Underwriters will indemnify **you** for **income loss**, **interruption expenses**, and **special expenses** that **you** incur during the **period of restoration** because of a total or partial interruption, degradation in service, or failure of an **insured computer system** which results from a **covered cause of loss**, but only if: 1) the **covered cause of loss** occurs on or after the applicable **retroactive date**; 2) the **covered cause of loss** is first discovered by **you** or **your executive** during the **policy period** or **extended reporting period** (if applicable), and 3) the **covered cause of loss** is reported to the Underwriters in writing in accordance with Section 11 of this Policy.

Named Coverage VII: Cyber Extortion Coverage

Subject to the applicable **retention** and Limits of Liability, the Underwriters will indemnify **you** for **cyber extortion expenses** and **cyber extortion monies** that **you** pay as a direct result of a **cyber extortion threat**, but only if: 1) the **cyber extortion threat** is made against **you** on or after the applicable **retroactive date**, and 2) the **cyber extortion threat** is reported to the Underwriters in writing in accordance with Section 11 of this Policy. The Underwriters will not be obligated to pay **cyber extortion expenses** or **cyber extortion monies** unless the Underwriters have given prior written authorization for the payment of **cyber extortion monies** in response to a **cyber extortion threat**. The **Insured** must make every reasonable effort to notify local law enforcement authorities and the Federal Bureau of Investigation or similar equivalent foreign agency before surrendering any **cyber extortion monies** in response to a **cyber extortion threat**.

Named Coverage VIII: Cyber Crime Coverage

A. Financial Fraud

Subject to the applicable **retention** and Limits of Liability, the Underwriters will indemnify **you** for **financial fraud loss** **you** sustain because of **financial fraud**, but only if: 1) the **financial fraud** occurs on or after the applicable **retroactive date**, 2) the **financial fraud** is first discovered by **you** or **your executive** during the **policy period** or **extended reporting period** (if applicable), 3) the **financial fraud** is reported to the Underwriters in writing in accordance with Section 11 of this Policy, and 4) **your** bank or credit card company has refused to reverse or prevent a payment transaction, or to indemnify or reimburse **you** for the **financial fraud loss**, and **you** provide written confirmation to the Underwriters of such refusal.

B. Telecommunications Fraud

Subject to the applicable **retention** and Limits of Liability, the Underwriters will indemnify **you** for **telecommunications fraud loss** **you** sustain because of **telecommunications fraud**, but only if: 1) the **telecommunications fraud** occurs on or after the applicable **retroactive date**, 2) the **telecommunications fraud** is first discovered by **you** or **your executive** during the **policy period** or **extended reporting period** (if applicable), and 3) the **telecommunications fraud** is reported to the Underwriters in writing in accordance with Section 11 of this Policy.

C. Phishing Attack

Subject to the applicable **retention** and Limits of Liability, the Underwriters will indemnify **you** for **phishing attack loss you** sustain because of a **phishing attack**, but only if: 1) the **phishing attack** occurs on or after the applicable **retroactive date**, 2) the **phishing attack** is first discovered by **you** or **your executive** during the **policy period** or **extended reporting period** (if applicable), and 3) the **phishing attack** is reported to the Underwriters in writing in accordance with Section 11 of this Policy.

Named Coverage IX: PCI DSS Liability

The Underwriters will pay on behalf of an **Insured** the sums in excess of the **retention** and within the applicable Limits of Liability that such **Insured** becomes legally obligated to pay as **PCI DSS fines and assessments**, and related **claim expenses**, because of a **claim** resulting from a **security breach** or **privacy breach**, but only if: 1) the **claim** is first made against the **Insured** during the **policy period** or **extended reporting period** (if applicable), 2) the **claim** is reported to the Underwriters in writing in accordance with Section 11 of this Policy, and 3) the **security breach** or **privacy breach** occurs on or after the applicable **retroactive date**.

2. Defense, Settlement and Investigation of Claims

- a. With respect to Named Coverages I, II, III, and IX (if purchased), the Underwriters have the right and duty to defend an **Insured** against any **claim** covered under the terms of this Policy, even if the allegations of the **claim** are groundless, false, or fraudulent. The Underwriters have the right to appoint an attorney to defend any such **claim**.
- b. The Limits of Liability available to pay **damages** will be reduced, and may be completely exhausted, by payment of **claim expenses** or any other amounts covered under this Policy. **Damages, claim expenses**, and any other amounts covered under this Policy will be applied against the applicable **retention** payable by the **Insured**.
- c. The **Insureds** shall not pay any **damages, claim expenses** or other amounts covered under this Policy, or settle or offer to settle any **claim**, assume any contractual obligation, admit liability, voluntarily make any payment, or confess or otherwise consent to any **damages** or judgments without the Underwriters' prior written consent, which consent will not be unreasonably withheld. The Underwriters will not be liable for any **damages, claim expenses**, settlement, judgment, assumed obligation, admitted liability, voluntary payment or confessed **damages** to which they have not consented.
- d. The Underwriters have the right to make any investigation they deem necessary including, without limitation, any investigation with respect to the **application**, statements made in the **application**, or coverage.
- e. With respect to Named Coverages I, II, III, and IX (if purchased), the Underwriters will not settle any **claim** or pay any **damages, regulatory compensatory award, regulatory fines and penalties, or PCI DSS fines and assessments**, whichever applies, without the **Insured's** consent. If an **Insured** refuses to consent to any settlement or compromise recommended by the Underwriters or their representatives that is acceptable to the claimant, and the **Insured** elects to contest the **claim** or continue any legal proceedings in connection with such **claim**, then Underwriters' total liability for any **damages, claim expenses, regulatory compensatory award, regulatory fines and penalties, or PCI DSS fines and assessments**, whichever applies, will not exceed the following amount, subject to the applicable Limit of Liability:
 - i. The amount for which the **claim** could have been settled, less the remaining **retention**, plus **claim expenses** incurred as of the date the **Insured** withheld consent to such settlement, plus
 - ii. Fifty percent (50%) of any **damages, claim expenses, regulatory compensatory award, regulatory fines and penalties** or **PCI DSS fines and assessments** incurred after the date the **Insured** withheld consent to such settlement or compromise. The remaining fifty percent (50%) of such **damages, claim expenses, regulatory compensatory award, regulatory fines and penalties, or PCI DSS fines and assessments**, whichever applies, and any amounts in excess of the applicable Limit of Liability, will be borne by the **Insured** at the **Insured's** own risk and will be uninsured under this Policy.
- f. The Underwriters shall have no duty to pay any **damages, claim expenses**, or other amounts covered under this Policy, or to undertake or continue the defense of any **claim**, after exhaustion of the applicable Limit of Liability or the Maximum Policy Aggregate Limit of Liability, whichever occurs first. Upon exhaustion of such Limit of Liability, the Underwriters shall have the right to withdraw from the further defense of a **claim** by tendering control of said defense to the **Insured**.

3. Limits of Liability

- a. The Limits of Liability set forth in Item 4A of the Declarations represent the maximum sums that the Underwriters will pay under each Named Coverage for each **claim** and in the aggregate for all **claims**, including **claim expenses** where applicable, regardless of the number of **claims**, claimants or **Insureds**.
- b. The Maximum Policy Aggregate Limit of Liability set forth in Item 4B of the Declarations represents the maximum sum that the Underwriters will pay as a result of all **claims** first made during the **policy period**, including **claim expenses** where applicable, regardless of the number of Named Coverages that apply.
- c. Notwithstanding the aggregate limit set forth under each Named Coverage in Item 4A of the Declarations, all payments made under this Policy, regardless of the number of Named Coverages that apply, will reduce the Maximum Policy Aggregate Limit of Liability set forth in Item 4B of the Declarations. In no event will the Underwriters pay more than the Maximum Policy Aggregate Limit of Liability set forth in Item 4B of the Declarations.
- d. All **claims** under any one Named Coverage which arise out of the same, related, or continuing incidents, acts, facts or circumstances will be considered a single **claim**, regardless of the number of **claims**, claimants, or **Insureds**. Only one Limit of Liability set forth in Item 4A of the Declarations will apply to such **claim**. All **claims** which arise out of the same, related, or continuing incidents, acts, facts or circumstances will be deemed to have been first made on the date the earliest of such **claims** is made. All **claims** which arise out of the same, related, or continuing incidents, acts, facts or circumstances will be deemed to have been first reported to the Underwriters on the date the earliest of such **claims** is reported to the Underwriters.
- e. In the event a **claim** attaches to more than one Named Coverage, only one Limit of Liability set forth in Item 4A of the Declarations will apply to such **claim**. In such event, only the highest of the applicable Limits of Liability will apply. The Underwriters have the sole discretion to allocate **claims** paid, if any, against the appropriate Limit of Liability.
- f. The Limit of Liability for the **extended reporting period**, if applicable, will be part of, and not in addition to, the Limits of Liability set forth in Item 4 of the Declarations. The existence of an **extended reporting period** will not increase or reinstate such Limits of Liability.

4. Retention and Waiting Period

- a. The applicable **retention** amount for each Named Coverage, as set forth in Item 5 of the Declarations, will apply separately to each **claim**. The **retention** must be satisfied by the **Insured's** actual payment of **damages, claim expenses**, or any other amounts covered under this Policy. If a **claim** attaches to more than one Named Coverage, only the highest **retention** will apply.
- b. The **Insured's** payment of the applicable **retention** is a condition precedent to payment by the Underwriters of any amounts covered under this Policy, and the Underwriters will only be liable for the amount in excess of such **retention**, not to exceed the applicable Limit of Liability set forth in Item 4 of the Declarations. The **Insured** must make direct payments within the **retention** to the appropriate parties designated by the Underwriters.
- c. All **claims** under any one Named Coverage which arise out of the same, related, or continuing incidents, acts, facts or circumstances will be considered a single **claim**, regardless of the number of **claims**, claimants, or **Insureds**, and only one **retention** will apply to such **claim**.
- d. With respect to Named Coverage V and Named Coverage VI.B, the **waiting period** listed in Item 5 of the Declarations shall apply to covered amounts. The **waiting period** applies to each **period of restoration** or **period of indemnity**, whichever applies.

5. Territorial Limits

This insurance applies to **claims** that are made, **first party insured events** that occur, and **wrongful acts** that are committed anywhere in the world.

6. Who is Insured

- a. The **Named Insured**;
- b. Any **Subsidiary** of the **Named Insured**, but only with respect to **wrongful acts** or **first party insured events** that occur while a **Subsidiary** is owned by the **Named Insured**;
- c. Any past, present, or future **executive**, trustee, or **employee** of the **Named Insured** or **Subsidiary**, but only while acting solely within the scope of his or her duties as such;
- d. In the event that the **Named Insured** or **Subsidiary** is a partnership, limited liability partnership, or limited liability company, then any general or managing partner, principal, stockholder, or owner thereof, but only while acting solely within the scope of his or her duties as such;
- e. Any agent or independent contractor of the **Named Insured** or **Subsidiary**, but only while acting on behalf of, at the direction of, and under the supervision of the **Named Insured** or **Subsidiary**; and
- f. Any person or legal entity the **Named Insured** is required by written contract to provide such coverage as is afforded by this Policy, but only for the acts of a party described in paragraph a, b. or c. above, and only if the written contract is executed prior to the date any **wrongful act** or **first party insured event** occurs.

7. Definitions

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

Act of terrorism means the use of force or violence, or the threat thereof, by any person or group, whether acting alone or on behalf of, or in connection with, any organization or government, for political, religious, ideological or similar objectives, including the intention of influencing any government, or putting the public, or any section of the public, in fear. **Act of terrorism** does not include an **act of cyber terrorism**.

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

Adverse media report means a report or communication of an actual or potential **security breach** or **privacy breach** which has been publicized through any media channel, including, but not limited to, television, **print media**, radio or electronic networks, the **internet**, or electronic mail, and threatens material damage to **your reputation** or brand.

Application means all applications, including any attachments thereto, and all other information and materials submitted to the Underwriters or their representative(s) by, or on behalf of, the **Named Insured** in connection with the underwriting and issuance of this Policy or a policy for which this Policy is a renewal or replacement. All such applications, attachments, information, and materials are deemed attached to and incorporated into this Policy.

Assumed under contract means liability for **damages** resulting from a **multimedia wrongful act**, **security breach**, or **privacy breach**, where such liability has been assumed by an **Insured** in the form of a written hold harmless or indemnity agreement, but only if such agreement was executed before the **multimedia wrongful act**, **security breach** or **privacy breach** occurred.

Bodily injury means physical injury, sickness, disease, or death sustained by any person and, where resulting from such physical injury only, mental anguish, mental injury, shock, humiliation, or emotional distress.

BPO service provider means any independent contractor that provides business process outsourcing services for **your** benefit under a written contract with **you**, including, but not limited to, call center services, fulfillment services, and logistical support.

Brand loss means **your** net profit, as could have reasonably been projected immediately prior to **notification**, or in the event of an **adverse media report**, immediately prior to the publication of an **adverse media report**, but which has been lost during the **period of indemnity** as a direct result of such **adverse media report** or **notification**. **Brand loss** will be determined in accordance with the provisions of Section 12.a. of this Policy.

Breach support and credit monitoring expenses means those reasonable and necessary expenses **you** incur on **your** own behalf, or on behalf of a party for whom **you** are **vicariously liable**, to provide support activity to affected individuals in the event of a **privacy breach**. **Breach support and credit monitoring expenses** includes the cost to set up a call center and to provide a maximum of twelve (12) months of credit monitoring services, identity theft assistance services, or credit repair and restoration services. **Breach support and credit monitoring expenses** must be incurred with the Underwriters' prior written consent.

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

Claim means:

1. With respect to Named Coverage I and II:
 - a. A written demand made against an **Insured** for **damages** or non-monetary relief;
 - b. A written request received by an **Insured** to toll or waive a statute of limitations relating to a potential **claim** against an **Insured**; or
 - c. The service of a civil lawsuit or the institution of arbitration or other alternative dispute resolution proceedings against an **Insured** seeking **damages**, a temporary restraining order, or a preliminary or permanent injunction.A **claim** under Named Coverage I or Named Coverage II does not include a **PCI DSS demand**.
2. With respect to Named Coverage III, a **privacy regulatory proceeding**. A **claim** under Named Coverage III does not include a **PCI DSS demand**.
3. With respect to Named Coverage IV, an **Insured's** written notice to the Underwriters of an **adverse media report**, **security breach** or **privacy breach**.
4. With respect to Named Coverage V, an **Insured's** written notice to the Underwriters of an **adverse media report** or **notification** that has resulted or may result in **brand loss**.
5. With respect to Named Coverage VI, an **Insured's** written notice to the Underwriters of a **covered cause of loss**.
6. With respect to Named Coverage VII, an **Insured's** written notice to the Underwriters of a **cyber extortion threat**.
7. With respect to Named Coverage VIII, an **Insured's** written notice to the Underwriters of **financial fraud**, **telecommunications fraud** or a **phishing attack**.
8. With respect to Named Coverage IX, a **PCI DSS demand**.

Claim expenses means:

1. Reasonable and necessary fees incurred with the Underwriters' consent and charged by an attorney(s) designated by the Underwriters to defend against a **claim**; and
2. All other reasonable and necessary fees, costs, and expenses resulting from the defense and appeal of a **claim**, if incurred by the Underwriters or by an **Insured** with our prior written consent.

Claim expenses does not include any wages or salaries of an **Insured**, or fees, overhead or other charges incurred by, or paid to, any **Insured** for any time spent in cooperating in the investigation or defense of a **claim** or a potential **claim**.

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

Computer program means an organized set of instructions that, when executed, causes a computer to behave in a predetermined manner. A **computer program** includes, but is not limited to, the communications, networking, operating systems and related processes used to create, maintain, process, retrieve, store, or transmit electronic **data**.

Computer system means an interconnected electronic, wireless, web, or similar system (including all **computer hardware** and software) used to process and store **data** or information in an analogue, digital, electronic or wireless format, including, but not limited to, **computer programs**, electronic **data**, operating systems, **firmware**, servers, media libraries, associated input and output devices, mobile devices, networking equipment, websites, extranets, off-line storage facilities (to the extent that they hold electronic **data**), and electronic backup equipment.

Computer virus means a program that possesses the ability to create replicas of itself (commonly known as an "auto-reproduction" program) within other programs or operating system areas, or which is capable of spreading copies of itself wholly or partly to other **computer systems**.

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

1. Accidental Damage or Destruction

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

2. Administrative or Operational Mistakes

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

- a. The entry or modification of **your data**, which causes damage to such **data**; or
- b. The creation, handling, development, modification, or maintenance of **digital assets**; or
- c. The ongoing operation or maintenance of an **insured computer system**, excluding the design, architecture, or configuration of an **insured computer system**.

3. Computer Crime and Computer Attacks

An unintentional or negligent act, error or omission by an **insured**, a **BPO service provider**, or an **outsourced IT service provider** in the operation of an **insured computer system** or in the handling of **digital assets**, which fails to prevent or hinder any of the following attacks on an **insured computer system**:

- a. A **denial of service attack**;
- b. **Malicious code**;
- c. **Unauthorized access**;
- d. **Unauthorized use**; or
- e. An **act of cyber terrorism**.

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

Cyber extortion monies means any **money** or **other property you** pay, with the Underwriters' prior written consent, to a person(s) or entity(ies) reasonably believed to be responsible for a **cyber extortion threat**, for the purpose of terminating such **cyber extortion threat**.

Cyber extortion threat means a credible threat or series of related credible threats, including a demand for **cyber extortion monies**, which is directed at **you** to:

1. Release, divulge, disseminate, destroy or use the confidential information of a **third party** taken from an **Insured** as a result of **unauthorized access** to, or **unauthorized use** of, an **insured computer system**;

2. Introduce **malicious code** into an **insured computer system**;
3. Corrupt, damage or destroy an **insured computer system**;
4. Restrict or hinder access to an **insured computer system**, including the threat of a **denial of service attack**; or
5. Electronically communicate with **your** customers and falsely claim to be **you**, or to be acting under **your** direction, in order to falsely obtain personal or confidential information (also known as “pharming,” “phishing,” or other types of false communications).

A series of continuing **cyber extortion threats**, related or repeated **cyber extortion threats**, or multiple **cyber extortion threats** resulting from the same event or incident will be considered a single **cyber extortion threat** and will be deemed to have occurred at the time the first of such **cyber extortion threats** occurred.

Damages means a monetary judgment, award, or settlement, including prejudgment and post-judgment interest awarded against an **Insured** on that part of any judgment paid or to be paid by the Underwriters; and punitive, exemplary or multiplied **damages** to the extent insurable under the law pursuant to which this Policy is construed.

With respect to the insurability of punitive, exemplary or multiplied **damages**, the applicable law will be the law of the state most favorable to the **Insured**, provided that the state whose law is most favorable to the **Insured** has a reasonable relationship to the **claim**.

A state’s law will be deemed to have a reasonable relationship to the **claim** if it is the state where:

1. The **Named Insured** is incorporated or has a place of business;
2. The **claim** is pending; or
3. Any **multimedia wrongful act** or **security and privacy wrongful act** (whichever applies) was committed or allegedly committed by an **Insured**.

Damages does not include:

1. Any **Insured’s** future profits or royalties, restitution, or disgorgement of any **Insured’s** profits;
2. The costs to comply with orders granting injunctive or non-monetary relief, including specific performance, or any agreement to provide such relief;
3. Loss of any **Insured’s** fees or profits, the return or offset of any **Insured’s** fees or charges, or any **Insured’s** commissions or royalties provided or contracted to be provided;
4. Taxes, fines or penalties, or sanctions;
5. Contractual liquidated **damages**, to the extent such **damages** exceed the amount for which the **Insured** would have been liable in the absence of the liquidated **damages** agreement;
6. Any amount which an **Insured** is not financially or legally obligated to pay;
7. Disgorgement of any remuneration or financial advantage to which an **Insured** was not legally entitled;
8. Settlements negotiated without the Underwriters’ consent;
9. Monetary judgments, awards, settlements or any other amounts which are uninsurable under the law pursuant to which this Policy is construed or any legal fees and costs awarded pursuant to such judgments, awards or settlements;
10. **PCI DSS fines and assessments**.

Data means any machine readable information, including, but not limited to, ready-for-use programs, applications, account information, customer information, health and medical information, or other electronic information that is subject to back-up procedures, irrespective of the way it is used and rendered.

Delivered programs means **computer programs** where the development stage has been finalized, having passed all test-runs and been proven successful in a live environment.

Denial of service attack means an event caused by unauthorized or unexpected interference or a malicious attack, which is intended by the perpetrator to overwhelm the capacity of a **computer system** by sending an excessive volume of electronic **data** to such **computer system** in order to prevent access to such **computer system**.

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

Digital assets loss means reasonable and necessary expenses and costs **you** incur to replace, recreate or restore **digital assets** to the same state and with the same contents immediately before the **digital assets** were damaged, destroyed, altered, misused, or stolen, including expenses for materials and machine time. **Digital assets loss** also includes amounts representing **employee** work time to replace, recreate or restore **digital assets**, which will be

determined on a predefined billable hours or per-hour basis as based upon **your** schedule of **employee** billable hours. **Digital assets loss** will be determined in accordance with Section 12.b of this Policy.

Digital assets loss does not include:

1. The cost(s) of restoring, updating, or replacing **digital assets** to a level beyond that which existed prior to a **covered cause of loss**;
2. Physical damage to the **computer hardware** or **data** center other than accidental physical damage to, or destruction of, **electronic media** so that stored **digital assets** are no longer machine-readable;
3. Contractual penalties or consequential damages;
4. Any liability to **third parties** for whatever reason, including, but not limited to, legal costs and expenses of any type;
5. Fines or penalties imposed by law;
6. The economic or market value of **digital assets**;
7. Costs or expenses incurred to identify, patch, or remediate software program errors or **computer system** vulnerabilities;
8. Costs to upgrade, redesign, reconfigure, or maintain an **insured computer system** to a level of functionality beyond that which existed prior to the **covered cause of loss**;
9. Any loss paid under Named Coverage VI. B;
10. The cost(s) of restoring, replacing or repairing **electronic media**; or
11. Any loss arising out of a physical cause or natural peril, including, but not limited to, fire, wind, water, flood, subsidence, or earthquake.

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

Employee means any individual whose labor or service is engaged by and directed by **you**, including volunteers and part-time, seasonal, temporary or leased workers. **Employee** does not include any **executive** or independent contractor.

Executive means any director or officer of the **Named Insured** or **Subsidiary**, including any chief executive officer, chief financial officer, chief operations officer, chief technology officer, chief information officer, chief privacy officer, general counsel or other in-house lawyer, and risk manager thereof.

Extended reporting period means the period of time after the end of the **policy period** for reporting **claims**, as provided in Section 10 or Section 22 of this Policy, and specifically excludes the **policy period**.

Financial fraud means any of the following:

1. An intentional, unauthorized and fraudulent written, electronic or telephonic instruction transmitted to a financial institution, directing such institution to debit **your** account and to transfer, pay or deliver **money** or **securities** from **your** account, which instruction purports to have been transmitted by **you**, an **executive**, or an **employee**, but was in fact fraudulently transmitted by a **third party** without **your** knowledge or consent; or
2. An intentional, unauthorized and fraudulent written, electronic or telephonic instruction transmitted to a financial institution by an **executive** or **employee** as a result of that **executive** or **employee** receiving intentional, misleading or deceptive telephonic or electronic communications from a **third party** falsely purporting to be **you** or **your** client, vendor, **executive** or **employee**, and which directs the financial institution to debit **your** account and to transfer, pay or deliver **money** or **securities** from **your** account; or
3. The theft of **money** or **securities** from **your** bank account or corporate credit cards by electronic means.

Financial fraud loss means **your** loss of **money** or **securities**, which is directly caused by **financial fraud**. **Financial fraud loss** does not include any amounts reimbursed to **you** by any financial institution.

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

First party insured event means:

1. With respect to Named Coverage IV, an **adverse media report**, **security breach** or **privacy breach**;
2. With respect to Named Coverage V, a **security breach** or **privacy breach**;
3. With respect to Named Coverage VI, a **covered cause of loss**;
4. With respect to Named Coverage VII, a **cyber extortion threat**;
5. With respect to Named Coverage VIII, **financial fraud**, **telecommunications fraud**, or a **phishing attack**.

First party insured event only pertains to loss sustained by **you** and does not include any **claim** made by a **third party**.

Income loss means the net profit loss **you** sustain during the **period of restoration** as a direct result of a **covered cause of loss**. **Income loss** will be determined in accordance with the provisions of Section 12.c. of this Policy.

Income loss does not include:

1. Any loss arising out of a physical cause or natural peril, including, but not limited to, fire, wind, water, flood, subsidence, or earthquake;
2. Any loss or expense arising out of updating or replacing **digital assets** to a level beyond that which existed prior to the **covered cause of loss**;
3. Contractual penalties or consequential damages;
4. Any liability to **third parties** for whatever reason, including, but not limited to, legal costs and expenses of any type;
5. Fines or penalties imposed by law;
6. Costs or expenses incurred to identify, patch, or remediate software program errors or **computer system** vulnerabilities;
7. Loss of goodwill or reputational harm;
8. Costs to upgrade, redesign, reconfigure, or maintain an **insured computer system** to a level of functionality beyond that which existed prior to the **covered cause of loss**; or
9. Any losses paid under Named Coverage VI. A.

Insured means any of the individuals or entities specified as such in Section 6 of this Policy.

Insured computer system means:

1. A **computer system** operated by, and either owned by or leased to **you**;
2. With respect to Named Coverage II only, a **computer system** operated by a **BPO service provider** or an **outsourced IT service provider**, which is used for the purpose of providing hosted computer application services to **you**, or for processing, maintaining, hosting, or storing **your** electronic **data**, pursuant to a written contract with **you** to provide such services;
3. With respect to Named Coverage VII only, a system operated by an organization providing computing resources to **you** that are delivered as a service over a network or the **internet** (commonly known as "cloud computing"), including Software as a Service, Platform as a Service and Infrastructure as a Service.

Insured telecommunications system means any telephone or fax network or system that **you** own, rent, lease, license, or borrow.

Internet means the worldwide public network of computers which enables the transmission of electronic **data** between different users, including a private communications network existing within a shared or public network platform.

Interruption expenses means those reasonable and necessary expenses, excluding **special expenses**, incurred by **you** to avoid or minimize the suspension of **your** business as a result of a total or partial interruption, degradation in service, or failure of an **insured computer system** caused by a **covered cause of loss**, which **you** would not have incurred had no **covered cause of loss** occurred. **Interruption expenses** include, but are not limited to, the use of rented/leased external equipment, substitution of other work or production procedures, use of **third party** services, or additional staff expenditures or labor costs. The amount of **interruption expenses** recoverable shall not exceed the amount by which the covered **income loss** is reduced by such incurred expenses.

Interruption expenses does not include:

1. Any loss arising out of a physical cause or natural peril, including, but not limited to, fire, wind, water, flood, subsidence, or earthquake;
2. Any loss or expense arising out of updating or replacing **digital assets** to a level beyond that which existed prior to the **covered cause of loss**;
3. Contractual penalties or consequential damages;
4. Any liability to **third parties** for whatever reason, including, but not limited to, legal costs and expenses of any type;
5. Fines or penalties imposed by law;

6. Costs or expenses incurred to identify, patch, or remediate software program errors or **computer system** vulnerabilities;
7. Loss of goodwill or reputational harm;
8. Costs to upgrade, redesign, reconfigure, or maintain an **insured computer system** to a level of functionality beyond that which existed prior to the **covered cause of loss**; or
9. Any losses paid under Named Coverage VI. A.

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

Media material means communicative material of any kind or nature for which **you** are responsible, including, but not limited to, words, pictures, sounds, images, graphics, code and **data**, regardless of the method or medium of communication of such material or the purpose for which the communication is intended. **Media material** does not include any tangible goods or products that are manufactured, produced, processed, prepared, assembled, packaged, labeled, sold, handled or distributed by **you** or others trading under **your** name.

Merchant Services Agreement means an agreement between **you** and an **acquiring bank**, **card association**, brand, network, credit or debit card processor, independent sales organization, gateway, or membership service, which enables **you** to accept payment by credit card, debit card or prepaid card.

Money means a medium of exchange in current use and authorized or adopted by a domestic or foreign government, including, but not limited to, currency, coins, bank notes, bullion, travelers' checks, registered checks and money orders held for sale to the public.

Multimedia wrongful act means any of the following, whether actual or alleged, but only if directly resulting from the dissemination of **media material** by an **Insured**:

1. Any form of defamation or other tort related to the disparagement or harm to the reputation or character of any person or organization, including libel, slander, product disparagement or trade libel, and infliction of emotional distress, mental anguish, outrage or outrageous conduct, if directly resulting from any of the foregoing;
2. Invasion, infringement or interference with an individual's right of privacy or publicity, including the torts of false light, intrusion upon seclusion, commercial misappropriation of name, person, or likeness, and public disclosure of private facts;
3. Plagiarism, piracy or misappropriation of ideas under an implied contract;
4. Infringement of copyright, trademark, trade name, trade dress, title, slogan, service mark or service name;
5. Domain name infringement or improper deep-linking or framing;
6. Negligence in **media material**, including a **claim** alleging harm to any person or entity that acted or failed to act in reliance upon such **media material**;
7. False arrest, detention or imprisonment;
8. Trespass, wrongful entry or eviction, eavesdropping, or other invasion of the right of private occupancy; or
9. Unfair competition, but only when arising out of a peril described in 1. through 8. above.

Named Insured means the entity(ies) or individual(s) specified as such in Item 1 of the Declarations.

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

Notification expenses means those reasonable and necessary legal expenses, forensic and investigation expenses, **public relations expenses**, postage expenses, and related advertising expenses **you** incur on **your** own behalf, or on behalf of a party for who **you** are **vicariously liable**, to comply with governmental privacy legislation mandating **notification** to affected individuals in the event of a **security breach** or **privacy breach**. **Notification expenses** must be incurred with the Underwriters' prior written consent. **Notification expenses** also includes **voluntary notification expenses**.

Other property means any tangible property, other than **money** or **securities**, which has intrinsic value.

Outsourced IT service provider means an independent contractor that provides information technology services for **your** benefit, under a written contract with **you** to provide such services. **Outsourced IT service provider** services include, but are not limited to, hosting, security management, co-location, and **data** storage.

PCI DSS fines and assessments means monetary fines, penalties or assessments (including fraud recoveries, card reissuance costs, operational expenses, or compliance case costs) owed by an **Insured** under the terms of a

Merchant Services Agreement, but only where such monetary fines, penalties or assessments result from a **security breach** or **privacy breach**.

PCI DSS demand means a written demand for **PCI DSS fines and assessments** received by an **Insured** directly or indirectly from or through an **acquiring bank, card association**, or payment card processor due to the **Insured's** non-compliance with the **PCI Data Security Standard**.

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

Period of indemnity means the period of time commencing with the earlier of the date of **notification** or the first **adverse media report**, and ending on the earlier of:

1. The date that gross revenues are restored to the level they had been prior to **notification** or the first **adverse media report**, whichever applies, or
2. The last day of the time period set forth in Item 5 of the Declarations as the **period of indemnity** applicable to Named Coverage V.

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

1. The date when an **insured computer system** is restored or could have been repaired or restored with reasonable speed to the same condition, functionality and level of service that existed prior to the **covered cause of loss**, plus a maximum of thirty (30) additional consecutive days after the restoration of an **insured computer system** to allow for restoration of **your** business; or
2. One hundred twenty (120) consecutive days after the notice of **covered cause of loss** is received by the Underwriters.

Personally identifiable information means information that can be used to determine, distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual.

Phishing attack means the use of fraudulent electronic communications or malicious websites to impersonate **you**, **your** brand, or any of **your** products or services, in order to solicit **private information**.

Phishing attack loss means:

1. Expenses **you** incur, with the Underwriters' prior written consent, to create and issue a specific press release or to establish a specific website to advise **your** customers and prospective customers of a **phishing attack**; and
2. The cost of reimbursing **your** existing customers for their losses arising directly from a **phishing attack**.

Policy period means the period of time from the effective date to the expiration date of this Policy, as specified in Item 2 of the Declarations, or any earlier termination or cancellation date.

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

Privacy breach means any of the following:

1. The unauthorized collection, disclosure, use, access, destruction or modification of **private information**;
2. The inability to access, or failure to provide, **private information**;
3. Theft of **private information**;
4. The surrender of **private information** as a result of false communications or social engineering techniques, including but not limited to phishing, spear-phishing, and pharming;
5. Failure to implement, maintain, or comply with privacy policies and procedures stating **your** obligations with regard to **private information**, including but not limited to **your privacy policy**;
6. Failure to develop or administer an identity theft prevention program;
7. Failure to implement specific security practices with respect to **private information** required by any statute, rule, regulation, or other law;
8. An infringement or violation of any rights to privacy;
9. Breach of a person's right of publicity, false light, intrusion upon a person's seclusion;

10. Failure to comply with **privacy regulations** pertaining to the **Insured's** responsibilities with respect to **private information**, but only in connection with an act listed in paragraphs 1 through 8 above; or
11. Failure to comply with any federal, state, foreign or other law (including common law), statute or regulation prohibiting unfair or deceptive trade practices or consumer fraud pertaining to the **Insured's** responsibilities with respect to **private information**, but only in connection with an act listed in paragraphs 1 through 8 above.

A series of continuing **privacy breaches**, related or repeated **privacy breaches**, or multiple **privacy breaches** resulting from the same event or incident will be considered a single **privacy breach** and will be deemed to have occurred at the time the first of such **privacy breaches** occurred.

Privacy breach response costs means:

1. Those reasonable and necessary fees and expenses **you** incur, with the Underwriters' prior written consent, for the employment of a public relations consultant, if such action is reasonably necessary to avert or mitigate any material damage to **your reputation** or brands, which results or reasonably could result from an **adverse media report**; and
2. **Proactive privacy breach response costs** incurred with the Underwriters' prior written consent, subject to the **proactive privacy breach response costs sub-limit**.

Private information means:

1. Proprietary or confidential information owned by a **third party** that is in the care, custody or control of an **Insured** or is used by an **Insured** with the consent of such **third party**;
2. **Personally Identifiable Information**; and
3. Any information that is linked or linkable to a specific individual and that is subject to any **privacy regulations**.

Privacy policy means **your** published policies provided to **your employees** or **third parties** in written or electronic form that govern the collection, dissemination, confidentiality, integrity, accuracy or availability of information relating to **private information**.

Privacy regulations means federal, state or local statutes, rules, regulations and other laws, as they currently exist and as amended, associated with the confidentiality, access, control, and use of **private information**, including, but not limited to:

1. Health Insurance Portability and Accountability Act of 1996 (Public Law 104- 191), known as HIPAA, and related or similar state medical privacy laws;
2. Gramm-Leach-Bliley Act of 1999 (G-L-B), also known as the Financial Services Modernization Act of 1999, including sections concerning security protection and standards for customer records maintained by financial services companies, and the rules and regulations promulgated thereunder;
3. State and Federal statutes and regulations regarding the security and privacy of consumer information;
4. Governmental privacy protection regulations or laws associated with the control and use of personal information, including but not limited to requirements to post a **privacy policy**, adopt specific privacy controls, or inform customers of actual or suspected **privacy breaches**;
5. Privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act (FCRA) and similar state laws;
6. Children's Online Privacy Protection Act or similar laws, as they exist now or in the future;
7. The EU Data Protection Act or other similar privacy and security statutes, rules, regulations or other laws worldwide, as they exist now or in the future; and
8. The Health Information Technology for Economic and Clinical Health Act (HITECH ACT), enacted under Title XIII of the American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. 111-5), and its implementing regulations, including related or similar state medical privacy laws.

Privacy regulatory proceeding means a formal civil administrative proceeding or regulatory action instituted against an **Insured** by a federal, state or local governmental body because of a **security breach** or **privacy breach**.

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

Proactive privacy breach response costs sublimit, if purchased, means the maximum amount that the Underwriters will pay for **proactive privacy breach response costs**. The **proactive privacy breach response costs sublimit** is included within, and will erode, the Limits of Liability for Named Coverage IV.

Programming error means an error which occurs during the development or encoding of a **computer program**, software or application and which would, when in operation, result in a malfunction or incorrect operation of a **computer system**.

Property damage means physical injury to, or impairment, destruction or corruption of, any tangible property, including the loss of use thereof. **Data** is not considered tangible property.

Public relations expenses means expenses **you** incur to re-establish **your reputation**, which was damaged as a direct result of an **adverse media report**.

Regulatory compensatory award means a sum of **money** which an **Insured** is legally obligated to pay as an award or fund for affected individuals, including a regulatory agency's monetary award to a **third party**, due to an adverse judgment or settlement arising out of a **privacy regulatory proceeding**. **Regulatory compensatory award** does not include a criminal penalty or fine issued by a regulatory agency of any kind, including federal, state, or local governmental agencies.

Regulatory fines and penalties means civil fines or penalties imposed by a federal, state, or local governmental regulatory body against an **insured** as a result of a **privacy regulatory proceeding**. **Regulatory fines and penalties** does not include: 1) any criminal fines or penalties of any nature whatsoever; or 2) **PCI DSS fines and assessments**.

Retention means the amount specified as such in Item 5 of the Declarations.

Retroactive date means the date specified as such in Item 6 of the Declarations on or after which **wrongful acts or first party insured events** must have taken place in order to be considered for coverage under this Policy.

Security or Securities means negotiable or non-negotiable instruments or contracts representing **money** or **other property**, but does not include **money**.

Security and privacy wrongful act means any of the below, whether actual or alleged, but only if committed by an **Insured** in their capacity as such:

1. The failure to prevent or hinder a **security breach**, which in turn results in:
 - a. The alteration, copying, corruption, destruction, deletion, or damage to electronic **data** stored on an **insured computer system**;
 - b. Theft, loss or unauthorized disclosure of electronic or non-electronic **private information** that is in **your** care, custody or control;
 - c. Theft, loss or unauthorized disclosure of electronic or non-electronic **private information** that is in the care, custody or control of a **BPO service provider** or an **outsourced IT service provider** that is holding, processing or transferring such **private information** on **your** behalf; provided, however, that the theft, loss or unauthorized disclosure occurs while **your** written contract with such **BPO service provider** or **outsourced IT service provider** is still in effect;
 - d. **Unauthorized access** to, or **unauthorized use** of, a **computer system** other than an **insured computer system**;
 - e. the inability of an authorized **third party** to gain access to **your** services;
2. The failure to timely disclose a **security breach** affecting **private information**; or the failure to dispose of **private information** within the required time period, in violation of **privacy regulations**;
3. The failure to prevent the transmission of a **malicious code** or **computer virus** from an **insured computer system** to the **computer system** of a **third party**;
4. A **privacy breach**;
5. The failure to prevent a **privacy breach**;
6. The failure to prevent or hinder participation by an **insured computer system** in a **denial of service attack** directed against **internet** sites or the **computer system** of a **third party**;
7. Loss of **personally identifiable information** of **employees**; or
8. Infliction of emotional distress or mental anguish, but only if directly resulting from a peril described in 1. through 7. above.

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

1. **Unauthorized access** to, or **unauthorized use** of, an **insured computer system**, including **unauthorized access** or **unauthorized use** resulting from the theft of a password from an **insured computer system** or from an **Insured**;
2. A **denial of service attack** against an **insured computer system**;
3. Infection of an **insured computer system** by **malicious code** or the transmission of **malicious code** from an **insured computer system**;
4. An event described in 1. through 3. above resulting from an **act of cyber terrorism**.

A series of continuing **security breaches**, related or repeated **security breaches**, or multiple **security breaches** resulting from a continuing failure of computer security will be considered a single **security breach** and will be deemed to have occurred at the time the first of such **security breaches** occurred.

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

1. Prevent, preserve, minimize, or mitigate any further damage to **digital assets**, including the reasonable and necessary fees and expenses of specialists, outside consultants or forensic experts;
2. Preserve critical evidence of any criminal or malicious wrongdoing;
3. Purchase replacement licenses for **computer programs** because the copy protection system or access control software was damaged or destroyed by a **covered cause of loss**; or
4. Notify affected individuals of a total or partial interruption, degradation in service, or failure of an **insured computer system** resulting from a **covered cause of loss**.

Special expenses does not include:

1. The cost(s) of restoring, updating, or replacing **digital assets** to a level beyond that which existed prior to the **covered cause of loss**;
2. Physical damage to the **computer hardware** or **data** center other than accidental physical damage to, or destruction of, **electronic media** so that stored **digital assets** are no longer machine-readable;
3. Contractual penalties or consequential damages;
4. Any liability to **third parties** for whatever reason, including, but not limited to, legal costs and expenses of any type;
5. Fines or penalties imposed by law;
6. The economic or market value of **digital assets**;
7. Costs or expenses incurred to identify, patch, or remediate software program errors or **computer system** vulnerabilities;
8. Costs to upgrade, redesign, reconfigure, or maintain an **insured computer system** to a level of functionality beyond that which existed prior to the **covered cause of loss**;
9. Any loss rising out of a physical cause or natural peril, including, but not limited to, fire, wind, water, flood, subsidence, or earthquake; or
10. The cost(s) of restoring, replacing or repairing **electronic media**.

Subsidiary means a legal entity in which the **Named Insured** owns, directly or indirectly, more than fifty percent (50%) of the issued or outstanding voting **securities**, provided that such entity also:

1. Was so owned prior to the effective date of this Policy and was insured under a policy issued by Underwriters of which this Policy is a renewal;
2. Was so owned on the effective date of this Policy; or
3. Was created or acquired after the effective date of this Policy subject to the limitations of Section 21.

Takeover means:

1. Any person, entity or affiliated group of persons or entities obtains more than 50% of the **Named Insured's** equity or assets; or
2. Any person, entity or affiliated group of persons or entities obtains the right to elect or appoint more than 50% of the **Named Insured's** directors, officers, trustees or member managers, as applicable; or
3. The **Named Insured** is dissolved, sold or acquired by, merged into, or consolidated with, another entity, such that the **Named Insured** is not the surviving entity; or
4. The **Named Insured** ceases to do business for any reason.

Telecommunications fraud means the intentional, unauthorized and fraudulent gaining of access to outgoing telephone service through infiltration and manipulation of an **insured telecommunications system**.

Telecommunications fraud loss means the charges **you** incur for unauthorized calls directly resulting from **telecommunications fraud**.

Third party means any entity, company, organization or person who does not qualify as an **Insured** under Section 6 (Who is Insured) of this Policy.

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

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

Vicariously liable means **your** legal responsibility for the liability of others, including legal responsibility **you** assume in a contract. The existence of vicarious liability will not create or confer any rights or duties under this Policy to any **third party**, other than as provided in this definition.

Voluntary notification expenses means those reasonable and necessary legal expenses, forensic and investigation expenses, **public relations expenses**, postage expenses, and related advertising expenses **you** incur to notify individuals of a **security breach** or **privacy breach** where there is no specific legal requirement in the applicable jurisdiction mandating such notice. **Voluntary notification expenses** are subject to the Underwriters' discretion and the **voluntary notification expenses sublimit**.

Voluntary notification expenses sublimit, if purchased, means the maximum amount that Underwriters will pay for **voluntary notification expenses**. The **voluntary notification expenses sublimit** is included within, and will erode, the Limits of Liability for Named Coverage IV.

Waiting Period means the amount of time, as set forth in Item 5 of the Declarations, that must elapse before any loss or expenses may be payable under Named Coverage V or Named Coverage VI.B. The **waiting period** applies to each **period of restoration** or **period of indemnity**.

Wrongful act means:

1. With respect to Named Coverage I, a **multimedia wrongful act**;
2. With respect to Named Coverage II, a **security and privacy wrongful act**;
3. With respect to Named Coverage III, a **security breach** or **privacy breach**;
4. With respect to Named Coverage IX, a **security breach** or **privacy breach**.

You and **Your** means the **Named Insured** and any **Subsidiary**.

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

8. Exclusions

The Underwriters will not be liable for any **claim**:

1. Based upon, arising from, or in any way involving an actual or alleged **wrongful act** or **first party insured event** which took place, in whole or in part, prior to the applicable **retroactive date**.
2. Based upon, arising from, or in any way involving an actual or alleged **wrongful act** or **first party insured event** of which any **Insured** had knowledge prior to the effective date of this Policy or prior to the effective date of a Policy issued by the Underwriters of which this Policy is a renewal.
3. Based upon, arising from, or in any way involving any **wrongful act**, **first party insured event**, or acts, facts or circumstances reported to a previous insurer prior to the effective date of this Policy.
4. Made by or on behalf of an **Insured** against another **Insured**. This exclusion does not apply to:

- a. An otherwise covered **claim** under Named Coverage II which is made by any past, present or future **employee** for a **security and privacy wrongful act**; or
 - b. An otherwise covered **claim** under Named Coverage I or Named Coverage II which is made by a person or entity qualifying as an **Insured** under paragraph f. of Section **6. Who is Insured**.
5. Based upon, arising from, or in any way involving any of the following committed by an **Insured**, whether acting alone or in collusion with other persons:
- a. A willful, intentional, deliberate, malicious, fraudulent, dishonest, or criminal act or omission;
 - b. Any intentional violation of law;
 - c. Any intentional violation of **your privacy policy**; or
 - d. The gaining of any profit or advantage to which an **Insured** is not legally entitled.

This exclusion does not apply to **claim expenses** or the Underwriters' duty to defend any such **claim** until the conduct described in this exclusion has been established by a final adjudication in a judicial, administrative or alternative dispute proceeding, or by an **Insured's** own admission in a proceeding or otherwise. The Underwriters will have the right to recover **claim expenses** incurred in defending any such **claim** from those parties found to have committed the conduct described in this exclusion.

This exclusion does not apply to any **Insured** that did not commit, participate in, or have knowledge of any conduct described in this exclusion.

- 6. Based upon, arising from, or in any way involving activities of an **Insured** as a trustee, partner, officer, director, or employee of any trust, organization, corporation, company or business other than **your** trust, organization, corporation, company or business.
- 7. Based upon, arising from, or in any way involving the insolvency or bankruptcy of any person or entity, or the failure, inability, or unwillingness of any person or entity to make payments, perform obligations or conduct business because of insolvency, liquidation, or bankruptcy.
- 8. Based upon, arising from, or in any way involving **bodily injury**.
- 9. Based upon, arising from, or in any way involving **property damage**.
- 10. Based upon, arising from, or in any way involving:
 - a. Satellite failures;
 - b. Electrical or mechanical failures or interruption, including electrical disturbance, spike, brownout, or blackout; or
 - c. Outages to gas, water, telephone, cable, telecommunication or other infrastructure, unless such infrastructure is under **your** direct operational control and unless such **claim** forms a part of an otherwise covered **first party insured event** under Named Coverage VI.
- 11. Based upon, arising from, or in any way involving the wear and tear, drop in performance, progressive deterioration, or aging of electronic equipment or **computer hardware** or tangible property used by **you**.
- 12. Based upon, arising from, or in any way involving the failure of overhead transmission and distribution lines.
- 13. Based upon, arising from, or in any way involving the gradual deterioration of subterranean insulation.
- 14. Based upon, arising from, or in any way involving fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, force majeure, or any other physical event, however caused.
- 15. Based upon, arising from, or in any way involving coupons, prize discounts, prizes, awards, or any valuable consideration given in excess of the total contracted or expected amount.
- 16. Based upon, arising from, or in any way involving the actual or alleged inaccurate, inadequate, or incomplete description of the price of goods, products or services.
- 17. Based upon, arising from, or in any way involving any cost guarantee, cost representation, contract price, or cost estimate being exceeded.

18. Based upon, arising from, or in any way involving the violation of any economic or trade sanctions by the United States government including, but not limited to, sanctions administered and enforced by the United States Treasury Department's Office of Foreign Assets Control (OFAC). This exclusion does not apply to a **security breach** originating from any country where the United States of America has imposed economic or trade sanctions.
19. Based upon, arising from, or in any way involving any breach of any express, implied, actual or constructive contract, warranty, guarantee or promise. This exclusion does not apply to:
 - a. Any liability or obligation an **Insured** would have had in the absence of such contract, warranty, guarantee or promise and which would have been insured by this Policy; or
 - b. A breach of **your privacy policy**.
20. Based upon, arising from, or in any way involving any liability assumed by any **Insured** under a contract or agreement. This exclusion does not apply to:
 - a. With respect to Named Coverage I and Named Coverage II only, liability **assumed under contract**;
 - b. Any liability an **Insured** would have had in the absence of such contract or agreement and which would have been insured by this Policy; or
 - c. With respect to Named Coverage IX only, liability for **PCI DSS fines and assessments** assumed under a **Merchant Services Agreement**.
21. Based upon, arising from, or in any way involving:
 - a. Any actual, alleged or threatened presence of pollutants or contamination of any kind, including, but not limited to, asbestos, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste (waste includes materials to be recycled, reconditioned, or reclaimed), whether or not such presence results from an **Insured's** activities or the activities of others, or such presence or contamination happened suddenly or gradually, accidentally or intentionally, or expectedly or unexpectedly; or
 - b. Any directive 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 or contamination of any kind.
22. Based upon, arising from, or in any way involving the actual or alleged loss of value of any **securities**.
23. Based upon, arising from, or in any way involving **income loss** caused by, or resulting from, unauthorized trading. "Unauthorized trading" means trading, which at the time of the trade is in excess of permitted financial limits or outside of permitted product lines.
24. Based upon, arising from, or in any way involving:
 - a. The actual or alleged purchase or sale of **securities**;
 - b. The offer of, or solicitation of an offer, to purchase or sell **securities**; or
 - c. The violation of any securities law including, but not limited to, the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, or the Sarbanes-Oxley Act of 2002, or any regulation promulgated under the foregoing statutes, or any federal, state, local, or foreign laws similar to the foregoing statutes, including "Blue Sky" laws, whether such law is statutory, regulatory, or common law.
25. Based upon, arising from, or in any way involving the actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as "Racketeer Influenced And Corrupt Organizations Act" or "RICO"), as amended, or any regulation promulgated under the foregoing statute, or any similar federal, state, local or foreign law, whether such law is statutory, regulatory or common law.
26. Based upon, arising from, or in any way involving the actual or alleged government enforcement of any state or federal regulation including, but not limited to, regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission. This exclusion does not apply to an otherwise covered **claim** under Named Coverage III.
27. Based upon, arising from, or in any way involving:
 - a. Any employer-**employee** relations, policies, practices, acts, or omissions;
 - b. Any actual or alleged refusal to employ any person; or

- c. Any misconduct with respect to **employees**.

This exclusion does not apply to an otherwise covered **claim** under Named Coverage II, Named Coverage III or Named Coverage IV.

- 28. Based upon, arising from, or in any way involving any workers' compensation or similar laws such as the Federal Employers Liability Act.
- 29. Based upon, arising from, or in any way involving any actual or alleged harassment or discrimination of any kind including, but not limited to, age, color, race, gender, creed, national origin, marital status, sexual preferences, disability, or pregnancy.
- 30. Based upon, arising from, or in any way involving:
 - a. The violation of any pension, healthcare, welfare, profit sharing, mutual, or investment plans, funds, or trusts; or
 - b. Any violation of any provision of the Employee Retirement Income Security Act of 1974 and its amendments, or the Pension Protection Act of 2006 and its amendments, or any regulation, ruling, or order issued pursuant to the foregoing statutes.
- 31. Based upon, arising from, or in any way involving labor strikes or similar labor actions.
- 32. For loss, damage, cost, or expense of whatsoever nature directly or indirectly caused by, resulting from, or in connection with war, invasion, acts of foreign enemies, hostilities or warlike operations (whether declared or not), civil war or mutiny, civil commotion assuming the proportions of, or amounting to, a riot, popular uprising, military uprising, insurrection, rebellion, revolution, or usurped power or **act of terrorism**, regardless of any other cause or event contributing concurrently or in any other sequence to the loss; or for loss, damage, cost, or expense of whatsoever nature directly or indirectly caused by, resulting from, or in connection with any action taken by a government authority to hinder, control, prevent, suppress, or defend against any of the aforementioned actions; or the confiscation, nationalization, requisition, or destruction of, or damage to, property by, or under the order of, any government authority.
- 33. Based upon, arising from, or in any way involving any commercial decision by any **Insured** to cease providing a particular product or service, but only if the **Insured** is contractually obligated to continue providing such products or services.
- 34. Based upon, arising from, or in any way involving:
 - a. Gambling, pornography, prizes, awards, or coupons; or
 - b. The sale or provision of prohibited, restricted or regulated Items, including, but not limited to, alcoholic beverages, tobacco or drugs.
- 35. Based upon, arising from, or in any way involving:
 - a. Any **Insured's** failure to comply with or follow the **PCI Data Security Standard** or any payment card company rules; or
 - b. The implementation or maintenance of, or compliance with, any security measures or standards related to any payment card **data** including, but not limited to, any fine or penalty imposed by a payment card company on a merchant bank or payment processor that an **Insured** has paid or agreed to reimburse or indemnify.

This exclusion does not apply to an otherwise covered **PCI DSS demand** under Named Coverage IX.

- 36. Based upon, arising from, or in any way involving:
 - a. Any actual or alleged unfair competition, price fixing, deceptive trade practices or restraint of trade; or
 - b. The violation of any antitrust statute, legislation or regulation.

This exclusion does not apply to allegations of unfair competition that form a part of an otherwise covered **claim** under Named Coverage I. This exclusion does not apply to allegations of deceptive trade practices that form a part of an otherwise covered **claim** under Named Coverage II.

37. Based upon, arising from, or in any way involving any actual or alleged infringement of any patent.
38. Based upon, arising from, or in any way involving the misappropriation, theft, copying, display or publication of any trade secret. This exclusion does not apply to an otherwise covered **claim** under Named Coverage II alleging failure to prevent the misappropriation of a trade secret which results from a **security and privacy wrongful act**.
39. Based upon, arising from, or in any way involving the manufacturing, mining, use, sale, installation, removal or distribution of, or exposure to, asbestos, materials or products containing asbestos, or asbestos fibers or dust.
40. Based upon, arising from, or in any way involving the confiscation, commandeering, requisition, destruction of, or damage to, **computer hardware** by order of a government de jure or de facto, or by any public authority for whatever reason.
41. With respect to Named Coverage V (BrandGuard) only, for:
- Any loss, cost, liability or expense **you** incur in an effort to re-establish **your reputation**, including **public relations expenses**;
 - Any loss, cost, liability or expense incurred in connection with any **claim** that is insured by any other insurance, except excess insurance;
 - Any loss, cost, liability or expense incurred in connection with an **adverse media report** that also affects or refers in similar terms to a general security issue, an industry, or **your** specific competitors without any specific allegations regarding a **security breach** or a **privacy breach** committed by an **Insured**, or by others acting on **your** behalf, for whom **you** legally responsible, including **BPO service providers** or **outsourced IT service providers**;
 - Any liability to **third parties** for whatever reason, including, but not limited to, legal costs and expenses of any type;
 - Contractual penalties or consequential damages;
 - Notification expenses, breach support and credit monitoring expenses** or **privacy breach response costs** paid under Named Coverage IV; or
 - Fines or penalties imposed by law or regulation.
42. Based upon, arising from, or in any way involving:
- Any actual, alleged or threatened presence, of mold, mildew, spores, mycotoxins, fungi, organic pathogens, or other micro-organisms of any type, nature or description;
 - Any cost, expense, or charge, fine or penalty incurred or sustained, or imposed by order, direction, request, or agreement of any court, governmental agency, or any civil, public, or military authority, to test for, monitor, clean up, remediate, remove, contain, treat, detoxify, neutralize, rehabilitate, or in any way respond to, or assess, the effects of mold, mildew, spores, mycotoxins, fungi, organic pathogens, or other microorganisms of any type, nature, or description.
- With respect to this exclusion, "organic pathogens" mean any organic irritant or contaminant including, but not limited to, mold, fungus, bacteria, virus, or their byproducts such as mycotoxins, mildew, or biogenic aerosol. "Organic pathogens" include, but are not limited to, Aspergillus, Penicillium, Stachybotrys Chartarum, Stachybotrys Atra, Trichoderma, Fusarium, and Memnoniella.
43. Based upon, arising from, or in any way involving the existence, emission, or discharge of any electromagnetic field, electromagnetic radiation, or electromagnetism, which actually or allegedly affects the health, safety, or condition of any person or the environment, or that affects the value, marketability, condition or use of any property.
44. Based upon, arising from, or in any way involving:
- ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
 - the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
45. Based upon, arising from, or in any way involving any actual or alleged violation of the Telephone Consumer Protection Act (47 U.S.C. §227), the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. §§ 6101-6108), or the CAN-SPAM Act (15 U.S.C. §§ 7701-7713), each as amended, or any regulations

promulgated under the foregoing statutes, or any similar federal, state, local or foreign laws, whether such laws are statutory, regulatory or common law, including any anti-spam law or other law concerning the use of telephonic or electronic communications for solicitation purposes, or any allegations of invasion or violation of any rights to privacy derived therefrom. This exclusion does not apply to an otherwise covered **claim** under Named Coverage II or Named Coverage III alleging a violation of the CAN-SPAM Act, as amended, or any regulations promulgated thereunder, or any similar federal, state, local or foreign law, whether such law is statutory, regulatory or common law, but only if such violation arises out of a **security breach**.

46. With respect to Named Coverage VIII (Cyber Crime Coverage):

- a. Based upon, arising from, or in any way involving any actual or alleged unauthorized acquisition, access, use or disclosure of **private information** that is held or transmitted in any form. This exclusion does not apply to **financial fraud** which directly results from the use of **private information**.
- b. Based upon, arising from, or in any way involving the seizure, confiscation, nationalization, requisition, or destruction of an **insured telecommunications system** by, or under the order of, any government or public authority.
- c. For amounts that have been wholly or partially reversed by a credit card company or financial institution.

47. With respect to Named Coverage VIII (Cyber Crime Coverage), part A (Financial Fraud) only:

- a. Based upon, arising from, or in any way involving any fraudulent instruction, if the sender, or any person or organization acting in collusion with the sender, ever had authorized access to **your** password, PIN or other security code. This exclusion does not apply to a fraudulent instruction transmitted by **your employee** or an **executive**, if the fraudulent instruction was transmitted as a result of that **employee** or **executive** receiving intentionally misleading or deceptive telephonic or electronic communications from a **third party** falsely purporting to be **you** or **your** client, vendor, or **employee**.
- b. Based upon, arising from, or in any way involving the giving or surrendering of **money, securities, or other property** in any exchange for or purchase of goods, products or services:
 - i. That are not yet delivered, whether or not fraudulent; or
 - ii. That fail to conform to advertised quality or performance; or
 - iii. That fail to conform to the quality or performance expected from the standpoint of the **Insured**.
- c. Based upon, arising from, or in any way involving potential income, including interest and dividends, not realized by **you** or **your** customers.

9. Innocent Insured Provision

- a. Whenever coverage under this insurance would be excluded, suspended or lost because of non-compliance with Section 11, relating to the giving of notice of a **claim** to the Underwriters, with respect to which any other **Insured** becomes in default solely because of the failure to give such notice or concealment of such failure by one or more **Insured** responsible for the loss or damage otherwise insured hereunder, then such insurance as would otherwise be afforded under this Policy will apply to any **Insured** who did not personally commit, personally participate in committing, or personally acquiesce to such failure to give notice, provided that the **Insured** entitled to the benefit of this provision complies with Section 11 promptly after obtaining knowledge of the failure of any other **Insured** to comply therewith.
- b. Any insurance afforded by this provision will not apply to a **claim**, if a current **executive** failed to give notice, as required by Section 11, of a **claim** or a circumstance that could reasonably be the basis of a **claim**, which was known to such **executive**.
- c. Whenever coverage under this insurance would be excluded, suspended, or lost because of Exclusion 5, relating to a willful, deliberate, malicious, fraudulent, dishonest, or criminal act or omission by an **Insured**, then such insurance as would otherwise be afforded under this Policy will apply to those **Insureds** who did not personally commit, personally participate in committing, personally acquiesce, or remain passive after having personal knowledge of such willful, deliberate, malicious, fraudulent, dishonest, or criminal act or omission.

10. Extended Reporting Provisions

- a. In the event of cancellation or non-renewal of this Policy, the **Named Insured** will have the right, upon payment of an additional premium, to have issued an endorsement providing an **extended reporting period**, effective from the date of cancellation, or in the event of non-renewal, effective from the expiration date of this Policy. The additional premium for the **extended reporting period** will be a percentage of the full annual policy premium in effect immediately prior to the end of the **policy period**, including any additional premium for endorsements, as set forth below:
 - i. 12 months for 100% of the full annual policy premium;
 - ii. 24 months for 150% of the full annual policy premium; or
 - iii. 36 months for 200% of the full annual policy premium.
- b. If purchased, the **extended reporting period** will extend the coverage granted by this Policy with respect to any **claim** first made during the **extended reporting period**, but only if the actual or alleged **wrongful acts** or **first party insured events** giving rise to such **claim** occur on or after the applicable **retroactive date** and prior to the end of the **policy period**. As a further condition precedent to coverage, the **claim** must be reported to the Underwriters in accordance with Section 11 of this Policy and will be subject to all other Policy terms, conditions and exclusions. In order for the **Named Insured** to purchase the **extended reporting period** endorsement, a written request for the **extended reporting period**, together with full payment of the additional premium for the **extended reporting period**, must be received by the Underwriters within thirty (30) days of the effective date of non-renewal or cancellation of this Policy.
- c. The **extended reporting period** applies only to those Named Coverage(s) purchased, as shown in the Declarations.
- d. The Limits of Liability for the **extended reporting period** are part of, and not in addition to, the Limits of Liability set forth in Item 4 of the Declarations.
- e. The quotation by the Underwriters of a different premium, **retention**, Limit of Liability, or changes in policy language for the purpose of renewal will not constitute a refusal to renew by the Underwriters.
- f. The right to an **extended reporting period** will not be available to the **Named Insured** where cancellation or non-renewal by the Underwriters is because of non-payment of premium or an **Insured's** failure to pay amounts within the applicable **retention**.
- g. All notices and premium payments with respect to the **extended reporting period** will be directed to the Underwriters through the entity named in Item 9 of the Declarations.
- h. At the commencement of an **extended reporting period**, the entire premium will be deemed fully earned, and in the event the **Named Insured** terminates an **extended reporting period** for any reason prior to its natural expiration, the Underwriters will not be liable to return any premium paid for the **extended reporting period**.

11. Notice Provisions

- a. If any **claim** under Named Coverage I, II, III or IX is made against any **Insured, you** or **your executive** must provide written notice to the Underwriters of such **claim** as soon as practicable, but no later than sixty (60) days after expiration of the **policy period**, or during the **extended reporting period**, if applicable. A **claim** under Named Coverage I, II, III or IX will be deemed to be first made when it is received by an **Insured**.
- b. If **you** have any **claim** under Named Coverage V, **you** or **your executive** must provide written notice to the Underwriters of such **claim** during the **period of indemnity**.
- c. If **you** have any **claim** under Named Coverage IV, VI, VII, or VIII, **you** or **your executive** must provide written notice to the Underwriters of such **claim** as soon as practicable, but no later than sixty (60) days after expiration of the **policy period**, or during the **extended reporting period**, if applicable.
- d. If, during the **policy period**, **you** or **your executive** becomes aware of any incidents, acts, facts or circumstances that could reasonably be a basis for a **claim, you** or **your executive** must give written notice of the following information to the Underwriters during the **policy period**:

- i. Specific details of the incidents, acts, facts or circumstances that could reasonably be the basis for a **claim**;
- ii. Possible **damages**, penalties, or other amounts potentially covered under this Policy that may result or has resulted from the facts or circumstances;
- iii. Details regarding how **you** or **your executive** first became aware of the incidents, acts, facts or circumstances; and
- iv. The **computer system** security and event logs, if applicable.

Any **claim** arising out of such reported incidents, acts, facts or circumstances will be deemed to be a **claim** first made on the date when the Underwriters first receive written notice complying with the above requirements.

- e. A **claim** will be deemed reported to the Underwriters when notice is first given to the Underwriters through persons named in Item 9 of the Declarations.

12. Loss Determination

- a. **Brand Loss.** The **brand loss** payable under Named Coverage V will be calculated by taking into account:
 - i. the prior experience of **your** business preceding the date of the **adverse media report** or **notification**, whichever applies, and **your** likely net profit, had no **adverse media report** been published or **notification** occurred;
 - ii. Income derived from substitute methods, facilities, or personnel **you** use to maintain **your** revenue stream;
 - iii. **Your** documentation of the trends in **your** business and variations in, or other circumstances affecting, **your** business before or after the **adverse media report** or **notification**, which would have affected **your** business had no **adverse media report** been published or **notification** occurred;
 - iv. Any fixed operating expenses (including ordinary payroll), but only to the extent that such operating expenses must continue during the **period of indemnity**.

For purposes of calculating **brand loss**, “net profit” will include the amount of money paid or payable to **you** for goods, products, or services sold, delivered, or rendered in the normal course of **your** business.

- b. **Digital Assets Loss.** **Digital assets loss** under Named Coverage VI. A. will be determined as follows:
 - i. If the impacted **digital asset** was purchased from a **third party**, the Underwriters will pay only the lesser of the original purchase price of the **digital asset** or the reasonable and necessary **digital assets loss**.
 - ii. If it is determined that the **digital assets** cannot be replaced, restored or recreated, then Underwriters will only reimburse the actual and necessary **digital assets loss** incurred up to such determination.
- c. **Income Loss.** The **income loss** payable under Named Coverage VI.B. will be calculated as follows:
 - i. **Your** net profit, as could have been reasonably projected, but which has been lost as a direct result of a **covered cause of loss**; plus
 - ii. Any fixed operating expenses (including ordinary payroll) incurred, but only to the extent that such operating expenses must continue during the **period of restoration**.

Income loss will be calculated by taking into account:

- i. the prior experience of **your** business preceding the date of the **covered cause of loss**, and **your** likely net profit, had no **covered cause of loss** occurred;
- ii. Income derived from substitute methods, facilities, or personnel **you** use to maintain **your** revenue stream; and
- iii. **Your** documentation of the trends in **your** business and variations in, or other circumstances affecting, **your** business before or after the **covered cause of loss**, which would have affected **your** business had no **covered cause of loss** occurred.

For purposes of calculating **income loss**, “net profit” will include the amount of money paid or payable to **you** for goods, products, or services sold, delivered, or rendered in the normal course of **your** business.

13. Assistance and Cooperation

- a. The **Insureds** must cooperate with the Underwriters in all investigations. The **Insureds** must execute or cause to be executed all papers and render all assistance as reasonably requested by the Underwriters. Part of this assistance may require the **Insureds** to provide copies of a **third party's** system security and event logs.
- b. At the Underwriters' request, the **Insureds** must assist in making settlements, in the conduct of suits, and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Insured** with respect to which insurance is afforded under this Policy. The **Insureds** must attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses at the **Insureds'** own cost.
- c. No **Insured** will admit liability, make any payment, assume any obligation, incur any expense, enter into any settlement, stipulate to any judgment or award, or dispose of any **claim** without the Underwriters' written consent, unless otherwise provided under any Named Coverage. However, the prompt public admission of a **privacy breach** or **security breach** potentially impacting non-public **personally identifiable information of employees or third parties**, as required by governmental privacy legislation or credit card association operating requirements, will not be considered as an admission of liability requiring Underwriters' prior consent; however, Underwriters must be provided notice, in accordance with Section 11 of this Policy, of such public admission, if such public admission is a circumstance that could lead to a **claim**.
- d. The Underwriters have the right to investigate coverage as deemed necessary, including, but not limited to, any investigation with respect to the **application**, statements made in the **application**, and any supplemental material submitted therewith.
- e. The **Insureds** must submit to examination under oath by our representatives, if requested, in connection with all matters relating to this Policy.

14. Subrogation

If any payment is made under this Policy and there is available to the Underwriters any of the **Insureds'** rights of recovery against any **third party**, then the Underwriters will maintain all such rights of recovery. The **Insureds** will execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insureds** will do nothing to prejudice such rights. Any recoveries will be applied first to subrogation expenses, second to **damages, claim expenses**, or any other amounts paid by the Underwriters, and lastly to the **retention**. Any additional amounts recovered will be paid to the **Insured**.

15. Other Insurance

This insurance applies in excess of any other valid and collectible insurance available to the **Insureds**, including any **retention** or deductible portion thereof, unless such other insurance is written specifically to be excess insurance over the Limits of Liability of this Policy.

16. Entire Agreement

By acceptance of this Policy, the **Named Insured** agrees that this Policy embodies all agreements between the **Named Insured** and the Underwriters relating to this insurance. Notice to any agent, or knowledge possessed by any agent, or by any other person, will not affect a waiver or a change in any part of this Policy or estop the Underwriters from asserting any right under the terms of this insurance; nor will the terms of this insurance be waived or changed, except by endorsement issued to form a part of this Policy and signed by the Underwriters.

17. Assignment

The interest hereunder is not assignable by the **Named Insured** or any **Subsidiary**. If an **Insured** dies or is adjudged incompetent, this insurance will apply to such **Insured's** legal representative to the same extent it would have applied to the **Insured**.

18. Cancellation by the Named Insured

The **Named Insured** may cancel this Policy by surrender thereof to the Underwriters, and by mailing or delivering to the Underwriters advance, written notice stating when thereafter cancellation will be effective. The mailing of such notice will be sufficient notice and the effective date of cancellation will become the end of the **policy period**. Delivery of such written notice will be equivalent to mailing. If this Policy is canceled by the **Named Insured**, the earned premium will be computed on a short rate basis subject to a minimum earned of twenty-five percent (25%) of the total annual premium. Notwithstanding the foregoing, in the event that a **claim** or potential **claim** is reported under this Policy, no return premium will be provided. Payment or tender of any unearned premium by Underwriters will not be a condition precedent to the effectiveness of cancellation.

19. Cancellation by the Underwriters

- a. The Underwriters may cancel this Policy for non-payment of premium by mailing to the **Named Insured** written notice stating when, not less than ten (10) days thereafter, such cancellation will be irrevocable. If payment is not received within the ten (10) day period, then this Policy will be cancelled ab initio, meaning coverage is null and void as of the effective date of this Policy. The mailing of such notice will be sufficient notice. Delivery of such written notice by the Underwriters by facsimile, email or private courier will be equivalent to mailing. If the foregoing notice period is in conflict with any governing law or regulation, then such period will be amended to afford the minimum notice period permitted thereunder.
- b. If the Underwriters cancel this Policy other than as set forth in paragraph a. of this section, the Underwriters will give the **Named Insured** thirty (30) days' written notice prior to cancellation. The cancellation notice will state the effective date of the cancellation, and this Policy will terminate on that date. If the foregoing notice period is in conflict with any governing law or regulation, then such period shall be amended to afford the minimum notice period permitted thereunder. If the Underwriters cancel this Policy under this paragraph b., the earned premium will be computed pro-rata.

20. Spousal or Domestic Partner Extension

The coverage afforded under this Policy will, subject to the terms, conditions, limitations and exclusions, be extended to apply to a **claim** against a person who, at the time the **claim** is made, is a lawful spouse or domestic partner of an **Insured**, but only if such spouse or domestic partner is the subject of any **claim** because of marriage or domestic partnership to such **Insured**. In no event will the coverage afforded under this provision apply to any **claim** caused by, resulting from or in any way involving the acts of an **insured's** spouse or domestic partner.

21. Coverage For Created, Acquired or Sold Entities

- a. If, after the inception of the **policy period**, the **Named Insured** acquires or creates a **Subsidiary**, then for a period of sixty (60) days after the effective date of the transaction, the **Subsidiary** will be automatically included within the definition of **Insured**, but only with respect to a **claim** for actual or alleged **wrongful acts** or **first party insured events** that occur after the creation or acquisition of such **Subsidiary**. The **Named Insured** must give the Underwriters written notice of the newly acquired or created **Subsidiary** within sixty (60) days of the effective date of the acquisition or creation thereof, together with such information as we may require.
 - i. In the event the revenues of the new **Subsidiary** exceed fifteen percent (15%) of the annual revenues of the **Named Insured** prior to the creation or acquisition, as reflected in the most recent **application** for this insurance, there may be an additional premium charged which must be paid in order for coverage for the new **Subsidiary** to continue beyond the initial sixty (60) day period. Upon payment of the additional premium, the **Subsidiary** will be included within the definition of **Insured** for the duration of the **policy period**.
 - ii. In the event the revenues of the new **Subsidiary** do not exceed fifteen percent (15%) of the annual revenues of the **Named Insured** prior to the creation or acquisition, as reflected in the most recent **application** for this insurance, the **Subsidiary** will be automatically included within the definition of **Insured** for the duration of the **policy period**.

- b. If, after the inception of the **policy period**, the **Named Insured** sells a **Subsidiary**, that **Subsidiary** will be an **Insured**, but only with respect to a **claim** for actual or alleged **wrongful acts** or **first party insured events** that occur on or after the applicable **retroactive date** and prior to the effective date of the sale. The **Named Insured** must give the Underwriters written notice of any sale within sixty (60) days of the effective date of the sale. There will be no return premium.

22. Coverage In the Event of Takeover

- a. In the event of a **takeover** during the **policy period**, coverage under this Policy will continue until its natural expiration date for any **claim** made during the **policy period**, but only if the actual or alleged **wrongful acts** or **first party insured events** giving rise to such **claim** occur on or after the applicable **retroactive date** and prior to the effective date of the **takeover**. The **Named Insured** must give the Underwriters written notice of the **takeover** as soon as practicable, but in no event later than thirty (30) days from the effective date of the **takeover**. The Policy cannot be cancelled after the effective date of the **takeover**, and the premium will be deemed fully earned on such date. The Policy cannot be renewed upon its natural expiration date.
- b. In the event of a **takeover**, the **Named Insured** will not have a right to purchase an **extended reporting period** pursuant to Section 10 of this Policy. However, the **Named Insured** will have a right to purchase a change of control **extended reporting period** pursuant to paragraphs 22.c. through 22.i. below.
- c. In the event of a **takeover**, the **Named Insured** will have the right and option to purchase a change of control **extended reporting period**, provided the **Named Insured** has otherwise complied with the terms and conditions of this Policy. The additional premium for the change of control **extended reporting period** will be a percentage of the full annual policy premium in effect immediately prior to the end of the **policy period**, including any additional premium for endorsements, as set forth below:
 - i. 12 months for 100% of the full annual policy premium;
 - ii. 24 months for 150% of the full annual policy premium; or
 - iii. 36 months for 200% of the full annual policy premium.
- d. In order to purchase the change of control **extended reporting period**, written notice of the request to purchase a change of control **extended reporting period**, together with full payment of the premium for the change of control **extended reporting period**, must be received by the Underwriters within thirty (30) days of the Policy expiration date.
- e. If purchased, the change of control **extended reporting period** will be effective from the expiration date of this Policy and will extend the coverage granted by this Policy with respect to any **claim** first made during the change of control **extended reporting period**, but only if the actual or alleged **wrongful acts** or **first party insured events** giving rise to such **claim** occur on or after the applicable **retroactive date** and prior to the effective date of the **takeover**. As a further condition precedent to coverage, the **claim** must be reported to the Underwriters in accordance with Section 11 of this Policy and will be subject to all other Policy terms, conditions and exclusions.
- f. The change of control **extended reporting period** applies only to those Named Coverage(s) purchased, as shown in the Declarations.
- g. The Limits of Liability for the change of control **extended reporting period** are part of, and not in addition to, the Limits of Liability set forth in Item 4 of the Declarations.
- h. All notices and premium payments with respect to the change of control **extended reporting period** will be directed to the Underwriters through the entity named in Item 9 of the Declarations.
- i. At the commencement of the change of control **extended reporting period**, the entire premium for the change of control **extended reporting period** will be deemed fully earned, and in the event the **Named Insured** terminates a change of control **extended reporting period** for any reason prior to its natural expiration, the Underwriters will not be liable to return any premium paid for the change of control **extended reporting period**.

23. Words and Titles of Paragraphs

The titles of paragraphs, section, provisions, or endorsements of or to this Policy are intended solely for convenience and reference and are not deemed in any way to limit or expand the provisions to which they relate and are not part of the Policy. Whenever the singular form of a word is used herein, the same will include the plural when required by context.

24. Dispute Resolution

- a. No action will lie against the Underwriters unless, as a condition precedent thereto, there has been full compliance with all of the terms of this insurance, nor until the amount of an **Insured's** obligation to pay has been finally determined either by judgment or award against the **Insured** after actual trial or arbitration or by written agreement of the **Insured**, the claimant, and the Underwriters.
- b. Any person or organization, or the legal representative thereof, who has secured such judgment, award, or written agreement will thereafter be entitled to make a **claim** under this Policy to the extent of the insurance afforded by this Policy. No person or organization has any right under this Policy to join the Underwriters as a party to an action or other proceeding against any **Insured** to determine the **Insured's** liability, nor may the Underwriters be impleaded by the **Insured** or the **Insured's** legal representative. Bankruptcy or insolvency of the **Named Insured** or of the **Named Insured's** estate will not relieve the Underwriters of their obligations hereunder.
- c. Mediation. If any dispute arises between any **Insured** and the Underwriters involving this Policy or a **claim** hereunder, the **Named Insured** and the Underwriters agree that such dispute will be referred to a qualified mediator in a good faith effort to negotiate a resolution of the dispute prior to the initiation of any arbitration or other proceedings. The party invoking the agreement to mediate will provide written notice to the other party setting forth its request to mediate and a brief statement regarding the issue to be mediated. The persons named in Item 11 of the Declarations are authorized and directed to accept the Notice of Mediation on behalf of the Underwriters. The **Named Insured** is authorized and directed to accept the Notice of Mediation on behalf of any **Insured**.
- d. Arbitration. As a condition precedent to any right of action hereunder, in the event that a good faith effort to mediate pursuant to paragraph c. above does not resolve a dispute between any **Insured** and the Underwriters involving this Policy or a **claim** or circumstance hereunder, the **Named Insured** and the Underwriters agree that such dispute will be determined by final and binding arbitration before a single arbitrator. If the parties cannot mutually select the arbitrator, the parties will refer the selection of the arbitrator to the American Arbitration Association.

25. Service of Suit Clause (U.S.A.)

- a. Subject to the application of Section 24, it is agreed that in the event of the Underwriters' failure to pay any amount claimed to be due under this Policy, the Underwriters herein, at the **Named Insured's** request, will submit to the jurisdiction of any court of competent jurisdiction within the United States. Nothing in this section constitutes, or should be understood to constitute, a waiver of the Underwriters' rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or any state in the United States. It is further agreed that service of process in such suit may be made upon the Underwriters' representative designated in Item 11 of the Declarations, and that in any suit instituted against any one of them upon this Policy, the Underwriters will abide by the final decision of such court or of any appellate court in the event of an appeal.
- b. The Underwriters' representative designated in Item 11 of the Declarations is authorized and directed to accept service of process on the Underwriters' behalf in any such suit or, upon the **Named Insured's** request, to give a written undertaking to the **Named Insured** that they will enter a general appearance on the Underwriters' behalf in the event such a suit is instituted.
- c. Pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, the Underwriters hereby designate the Superintendent, Commissioner, or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor in office, as their true and lawful attorney upon

whom may be served any lawful process in any action, suit, or proceeding instituted by or on the **Named Insured's** behalf or any beneficiary hereunder arising out of this Policy, and the Underwriters hereby designate the Underwriters' representative listed in Item 11 of the Declarations as the person to whom the officer is authorized to mail such process or a true copy thereof.

26. Warranty by the Named Insured

- a. By acceptance of this Policy, the **Named Insured** agrees that the statements contained in the **application** and any supplemental materials submitted therewith are their agreements and representations, which are deemed material to the risk assumed by the Underwriters, and that this Policy is issued in reliance upon the truth thereof.
- b. The misrepresentation or non-disclosure of any matter by the **Named Insured** or the **Named Insured's** agent in the **application** or any supplemental materials submitted to the Underwriters will render the Policy null and void and relieve the Underwriters from all liability under this Policy.
- c. The **application** and any supplemental materials submitted to the Underwriters are deemed incorporated into and made a part of this Policy.

27. Forfeiture

Any action or failure to act by the **Named Insured** with the intent to defraud the Underwriters, or the material misrepresentation or non-disclosure of any material fact or **claims** by the **Named Insured** in the **application** or in any supplemental materials submitted to the Underwriters, will render this Policy null and void, and all coverage hereunder shall be forfeited.

NAS INSURANCE SERVICES, LLC

By S P E C I M E N
**On behalf of the Underwriters
providing this insurance.**

© 2016 NAS Insurance Services, LLC

This Endorsement changes the Policy. Please read it carefully.

U.S.A.

NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT – E1856A-0710

For attachment to insurances of the following classifications in the U.S.A., its Territories and Possessions, Puerto Rico and Canal Zone:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability),

not being insurances or the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.

This policy* does not apply:

- I. Under any Liability Coverage, to injury, sickness, disease, death or destruction
 - (a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
- III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if
 - (a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

All other terms and conditions of the Policy remain unchanged.

- (b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
- (c) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.

IV. As used in this Endorsement:

"hazardous properties" include radioactive, toxic or explosive properties; **"nuclear material"** means source material, special nuclear material or byproduct material; **"source material"**, **"special nuclear material"**, and **"byproduct material"** have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; **"spent fuel"** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; **"waste"** means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof;

"nuclear facility" means

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; **"nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

With respect to injury to or destruction of property, the word **"injury"** or **"destruction"** includes all forms of radioactive contamination of property.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

***NOTE:** As respects policies which afford liability coverage and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

17/3/60

N.M.A. 1256

SPECIMEN

This endorsement is to take effect on «f9».

Policy No.: «f2»

Name: «f3» «f4»

Policy Effective Date: «f9»

Expiration: «f10»

Endorsement No.: 1

All other terms and conditions of the Policy remain unchanged.

