

General Terms and Conditions

I. Our promise to you

In consideration of the premium charged, and in reliance on the statements made and information provided to **us**, **we** will pay **covered amounts** as defined in this policy, provided **you** properly notify **us** of **claims, breaches, events, or occurrences**, and meet **your** obligations to **us** in accordance with the terms of this policy.

II. Limits of liability

Regardless of the number of Coverage Parts **you** have purchased, the maximum **we** will pay for all **covered amounts** will be as follows:

- A. Coverage part limit Each Coverage Part purchased will be subject to a **coverage part limit** (if one is stated in the Declarations), which is the maximum amount **we** will pay for all **covered amounts** under that Coverage Part, other than coverage enhancements or other items **we** have expressly agreed to pay in addition to the limit. The **coverage part limit** will be in excess of any applicable **retention**.
- B. Each claim limit The Each Claim Limit identified in the Declarations is the maximum amount **we** will pay for all **covered amounts** for each covered **claim**, unless a lower sublimit is specified, in which case the sublimit is the maximum amount **we** will pay for the type of covered **claim** to which the sublimit applies. The Each Claim Limit, or any sublimit, will be in excess of any applicable **retention** and will be a part of, and not in addition to, any applicable **coverage part limit**.
- C. Each breach limit The Each Breach Limit identified in the Declarations (if **you** have purchased a relevant Coverage Part) is the maximum amount **we** will pay for all **covered amounts** for each covered **breach**, unless a lower sublimit is specified, in which case the sublimit is the maximum amount **we** will pay for the type of covered **breach** or costs to which the sublimit applies. The Each Breach Limit, or any sublimit, will be in excess of any applicable **retention** and will be a part of, and not in addition to, any applicable **coverage part limit**.
- D. Each occurrence limit The Each Occurrence Limit identified in the Declarations (if **you** have purchased a relevant Coverage Part) is the maximum amount **we** will pay for all **covered amounts** for each covered **occurrence**, unless a lower sublimit is specified, in which case the sublimit is the maximum amount **we** will pay for the type of covered **occurrence** to which the sublimit applies. The Each Occurrence Limit, or any sublimit, will be in excess of any applicable **retention** and will be a part of, and not in addition to, any applicable **coverage part limit**.
- E. General liability coverage part limits If **you** have purchased a General Liability Coverage Part, additional rules for applying limits are contained in Section IV. Limits of liability, of that Coverage Part.
- F. Related claims All **related claims**, regardless of when made, will be treated as one **claim**, and all subsequent **related claims** will be deemed to have been made against **you** on the date the first such **claim** was made. If, by operation of this provision, the **claim** is deemed to have been made during any period when **we** insured **you**, it will be subject to only one **retention** and one Each Claim Limit regardless of the number of claimants, **insureds**, or **claims** involved.

III. Your obligations to us

- A. Named insured responsibilities It will be the responsibility of the **named insured** (or, if there is more than one **named insured**, the first one listed on the Declarations) to act on behalf of all **insureds** with respect to the following:
1. timely giving and receiving notice of cancellation or non-renewal;
 2. timely payment of premium;
 3. receipt of return premiums;
 4. timely acceptance of changes to this policy; and
 5. timely payment of **retentions**.

General Terms and Conditions

- B. Your duty to cooperate **You** must cooperate with **us** in the defense, investigation, and settlement of any **claim, potential claim, breach, event, occurrence**, or other matter notified to **us**, including but not limited to:
1. notifying **us** immediately if **you** receive any settlement demands or offers, and sending **us** copies of any demands, notices, summonses, or legal papers;
 2. submitting to examination and interrogation under oath by **our** representative and giving **us** a signed statement of **your** answers;
 3. attending hearings, depositions, and trials as **we** request;
 4. assisting in securing and giving evidence and obtaining the attendance of witnesses;
 5. providing written statements to **our** representative and meeting with such representative for the purpose of investigation and/or defense;
 6. providing all documents and information **we** may reasonably request, including authorizing **us** to obtain records; and
 7. pursuing **your** right of recovery from others.
- C. Your obligation not to incur any expense or admit liability **You** must not make any payment, incur any expense, admit any liability, or assume any obligation without **our** prior consent. If **you** do so, it will be at **your** own cost and expense.
- D. Your representations **You** warrant that all representations made and all materials submitted by **you** or on **your** behalf in connection with the **application** for this policy are true, accurate, and not misleading, and agree they were relied on by **us** and were material to **our** decision to issue this policy to **you**. If **we** learn any of the representations or materials were untrue, inaccurate, or misleading in any material respect, **we** are entitled to treat this policy as if it had never existed.

IV. Optional extension period

1. If **we** or the **named insured** cancel or non-renew this policy, then the **named insured** will have the right to purchase an optional extension period for the duration and at the percentage of the expiring premium stated in Item 5 of the Declarations. The optional extension period, if purchased, will start on the effective date of cancellation or non-renewal. However, the right to purchase an optional extension period will not apply if:
 - a. this policy is canceled by **us** for nonpayment of premium; or
 - b. the total premium for this policy has not been fully paid.
2. The optional extension period will apply only to **claims** that:
 - a. are first made against **you** and reported to **us** during the optional extension period; and
 - b. arise from **your professional services** performed, or a **breach, offense, or occurrence** that takes place, on or after the **retroactive date** but prior to the effective date of cancellation or non-renewal of this policy.
3. The additional premium will be fully earned at the inception of the optional extension period.
4. Notice of election and full payment of the additional premium for the optional extension period must be received by **us** within 30 days after the effective date of cancellation or non-renewal, otherwise any right to purchase the optional extension period will lapse.

The limits of liability applicable during any purchased optional extension period will be the remaining available **coverage part limit**. There will be no separate or additional limit of liability available for any purchased optional extension period.

The right to purchase an optional extension period will apply only to Coverage Parts **you** have purchased that include coverage written on a claims-made or loss occurring and discovered basis, and not to any Coverage Parts written on an occurrence basis.

General Terms and Conditions

V. Other provisions affecting coverage

- A. Alteration and assignment No change in, modification of, or assignment of interest under this policy will be effective unless made by written endorsement to this policy signed by **our** authorized representative.
- B. Bankruptcy or insolvency **Your** bankruptcy or insolvency will not relieve **us** of any of **our** obligations under this policy.
- C. Cancellation
1. This policy may be canceled by the **named insured** by giving written notice, which must include the date the cancellation will be effective, to **us** at the address stated in the Declarations.
 2. This policy may be canceled by **us** by mailing to the **named insured** by registered, certified, or other first class-mail, at the **named insured's** address stated in Item 1 of the Declarations, written notice which must include the date the cancellation will be effective. The effective date of the cancellation will be no less than 60 days after the date of the notice of cancellation, or ten days if the cancellation is due to nonpayment of premium.
 3. The mailing of the notice will be sufficient proof of notice, and this policy will terminate at the date and hour specified in the notice.
 4. If this policy is canceled by the **named insured**, **we** will retain the customary short rate proportion of the premium.
 5. If this policy is canceled by **us**, **we** will return a pro rata proportion of the premium.
 6. Payment or tender of any unearned premium by **us** will not be a condition precedent to the cancellation, but such payment will be made as soon as possible.
- D. Change in control
- If, during the **policy period**, the **named insured** consolidates with, merges into, or sells all or substantially all of its assets to any other person or entity, or any other person or entity acquires ownership or control of the **named insured**, then the **named insured** will provide **us** written notice no later than 30 days after the effective date of such change in control, together with any other information **we** may require.
- We** will not cancel this policy solely because of a change in control, but unless **you** and **we** agree in writing otherwise, after the effective date of any change in control, this policy will cover only **claims** arising from **professional services** performed, or **breaches**, offenses, or **occurrences** that took place, prior to the change in control.
- E. Coverage territory
- This policy will apply to **your professional services** performed, and **breaches**, offenses, **events**, or **occurrences** that take place, anywhere in the world, provided that any action, arbitration, or other proceeding (if **you** have purchased a relevant Coverage Part) is brought within the United States, its territories or possessions, or Canada.
- F. Estates, heirs, legal representatives, spouses, and domestic partners
- In the event of an **employee's** death or disability, this policy will also apply to **claims** brought against the **employee's**:
1. heirs, executors, administrators, trustees in bankruptcy, assignees, and legal representatives; or
 2. lawful spouse or lawful domestic partner;
- but only:
1. for a covered **claim** arising from the scope of the **employee's** work for **you**; or
 2. in connection with their ownership interest in property which the claimant seeks as recovery in a covered **claim** arising from the scope of the **employee's** work for **you**.
- G. False or fraudulent claims
- If any **insured** commits fraud in connection with any **claim**, **potential claim**, **breach**, offense, **event**, or **occurrence**, whether regarding the amount or otherwise, this insurance will become void as to that **insured** from the date the fraud is committed.

General Terms and Conditions

- H. Other insurance
- Any payment due under this policy is specifically excess of and will not contribute with any other valid and collectible insurance, unless such other insurance is written specifically as excess insurance over this policy. However, if **you** have purchased a General Liability Coverage Part, rules for how that Coverage Part will be treated when there is other valid and collectible insurance are contained in Section V. Other provisions affecting coverage, D. Other insurance, of that Coverage Part.
- If the same **claim** or **related claims**, **breach**, **event**, or **occurrence** is covered under more than one Coverage Part, **we** will pay only under one Coverage Part, which will be the Coverage Part that provides the most favorable coverage.
- I. Subrogation
- In the event of any payment by **us** under this policy, **we** will be subrogated to all of **your** rights of recovery to that payment.
- You** will do everything necessary to secure and preserve **our** subrogation rights, including but not limited to the execution of any documents necessary to allow **us** to bring suit in **your** name.
- You** will do nothing to prejudice **our** subrogation rights without **our** prior written consent.
- Any recovery first will be paid to **you** up to the amount of any **retention you** have paid, and then to **us** up to the amount of any **covered amounts we** have paid.
- J. Titles
- Titles of sections of and endorsements to this policy are inserted solely for convenience of reference and will not be deemed to limit, expand, or otherwise affect the provisions to which they relate.

VI. Definitions applicable to all Coverage Parts

The following definitions apply to all Coverage Parts **you** have purchased. If the same term is defined here and in a Coverage Part, then the definition in the Coverage Part will govern the coverage provided under that Coverage Part.

- Application** means the signed application for the policy and any attachments and materials submitted with that application. If this policy is a renewal or replacement of a previous policy issued by **us**, **application** also includes all previous signed applications, attachments, and materials.
- Coverage part limit** means the amount stated in the Declarations as the aggregate limit applicable to each Coverage Part **you** have purchased which is subject to an aggregate limit.
- Covered amounts** means any amounts **we** have expressly agreed to pay under any Coverage Part **you** have purchased.
- Employee** means any past, present, or future:
1. employee (including any part-time, seasonal, leased, or temporary employee or any volunteer);
 2. partner, director, officer, or board member (or equivalent position); or
 3. independent contractor;
- of a **named insured**, but only while in the course of their performance of work or services on behalf of or at the direction of the **named insured**.
- Named insured** means the individual, corporation, partnership, limited liability company, limited partnership, or other entity identified in Item 1 of the Declarations.
- Policy period** means the period of time identified in Item 2 of the Declarations, and any optional extension period, if purchased.
- Professional services** means those services identified as Covered Professional Services under any Coverage Part on the Declarations containing such a description.

General Terms and Conditions

Related claims

means all **claims** that are based upon, arise out of, or allege:

1. a common fact, circumstance, situation, event, service, transaction, cause, or origin;
2. a series of related facts, circumstances, situations, events, services, transactions, sources, causes, or origins;
3. a continuous or repeated act, error, or omission in the performance of **your professional services**; or
4. the same **breach, occurrence**, or offense.

The determination of whether a **claim** is related to another **claim** or **claims** will not be affected by the number of claimants or **insureds** involved, causes of action asserted, or duties involved.

Retention

means the amount or time identified as such in the Declarations.

Retroactive date

means the date identified as such in the Declarations.

We, us, or our

means the Company identified on the Declarations as issuing this policy.

You, your, or insured

means any individual or entity expressly described as an **insured** in any Coverage Part **you** have purchased.

SPECIMEN

Cyber Enhancements Coverage Part

I. What is covered

If a limit appears on the Declarations indicating **you** have purchased the coverage, **we** agree as follows:

A. Cyber business interruption

We will pay up to the Cyber Business Interruption limit stated in the Declarations for **business interruption costs** incurred as a result of a **business interruption event** lasting in excess of the **retention**, which first occurs and **you** discover during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.

Our obligation to pay **business interruption costs**:

1. is not triggered unless **you** take reasonable steps to minimize or avoid the **business interruption event**; and
2. ends at the hour after either:
 - a. the interruption to or degradation in the availability of **your** website, intranet, network, computer system, programs, or data ceases; or
 - b. the **income interruption** ceases,whichever is earlier.

B. Cyber extortion

We will pay up to the Cyber Extortion limit stated in the Declarations for **cyber extortion costs** in excess of the **retention** incurred as a result of a **cyber extortion event** that is first made against **you** during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.

C. Hacker damage

We will pay up to the Hacker Damage limit stated in the Declarations for **hacker damage costs** in excess of the **retention** incurred as a result of a **hacker damage event** that **you** first discover during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.

II. Coverage enhancements

We will also make the following payments:

Cyber business interruption consulting costs

- A. **We** will pay up to the limit stated in the Declarations for **consulting costs you** incur with **our** prior written consent in connection with a covered **business interruption event**. Any payments **we** make under this subsection A will be a part of, and not in addition to, the Cyber Business Interruption limit.

Hacker damage consulting costs

- B. **We** will pay up to the limit stated in the Declarations for **consulting costs you** incur with **our** prior written consent in connection with a covered **hacker damage event**. **You** must pay the **retention** stated in the Declarations in connection with any payment **we** make under this subsection B, and any payments **we** make will be a part of, and not in addition to, the Hacker Damage limit.

III. Who is an insured

For purposes of this Coverage Part, **you, your, or insured** means a **named insured, subsidiary, employee, executive, or acquired entity**, as defined below:

Named insured

means the individual, corporation, partnership, limited liability company, limited partnership, or other entity identified in Item 1 of the Declarations.

Subsidiary

means any entity of which the **named insured** has majority ownership before or as of the inception of the **policy period**.

Employee

means any past, present, or future person employed by the **named insured** or **subsidiary** as a permanent, part-time, seasonal, leased, or temporary employee, or any volunteer, but only

Cyber Enhancements Coverage Part

while in the course of their performance of business operations on behalf of or at the direction of such **named insured** or **subsidiary**.

Executive

means any past, present, or future partner, director, officer, or board member (or equivalent position) of the **named insured** or **subsidiary**, but only while in the course of their performance of business operations on behalf of such **named insured** or **subsidiary**.

Acquired entity

means an entity in which the **named insured**, during the **policy period**:

1. acquires substantially all of the assets;
2. acquires the majority of its voting securities, as a result of which it becomes a **subsidiary**; or
3. merges and leaves the **named insured** as the surviving entity.

With respect to an **acquired entity** whose revenues exceed 10% of the annual revenues of the **named insured** at the time of its creation or acquisition, any coverage under this policy will expire 90 days after the effective date of its creation or acquisition unless, within such 90 day period:

1. the **named insured** provides **us** with written notice of such creation or acquisition;
2. the **named insured** provides **us** with information related to such creation or acquisition as **we** may reasonably require;
3. the **named insured** accepts any special terms, conditions, exclusions, or additional premium charge as **we** may reasonably require; and
4. **we** agree by written endorsement to provide such coverage.

This policy will apply to an **acquired entity** only with respect to an **event** which first occurs and is discovered after the acquisition, merger, or creation.

IV.

[This section intentionally left blank]

V. Your obligations

Notifying us of events

You must give written notice to **us** of any **event** as soon as possible, but in any event, no later than ten days after the end of the **policy period**.

All such notifications must be in writing and include a description of the **event**, and must be submitted to **us** via the designated email address or mailing address identified in Item 6 of the Declarations.

In addition, **you** must also inform, or allow **us** to inform, the appropriate law enforcement authorities for any **event** requiring such notification.

Retention

Our obligation to make any payments under this Coverage Part is in excess of the **retention**, and **we** will not make any payment in connection with a covered **event** until the total amount of covered costs incurred or, in the case of a **business interruption event**, the length of the **event**, exceeds the **retention**.

Solely with respect to a **business interruption event**, the **retention** will not begin to run until **you** have notified the **event** to **us**.

VI. Exclusions – What is not covered

We will have no obligation to pay any sums under this Coverage Part for any **event**:

Cyber Enhancements Coverage Part

- Bodily injury 1. based upon or arising out of any actual or alleged **bodily injury**.
- Chargeback 2. based upon or arising out of any actual or alleged chargeback, liability, or fee incurred by **you** or **your** client as a result of a merchant service provider, including any credit card company or bank, wholly or partially reversing or preventing a payment transaction.
- Collection of data without knowledge 3. based upon or arising out of any actual or alleged:
a. collection of personally identifiable information by **you** (or others on **your** behalf) without the knowledge or permission of the person to whom the personally identifiable information relates; or
b. use of personally identifiable information by **you** (or others on **your** behalf) in violation of applicable law.
- Cramming/slamming 4. based upon or arising out of:
a. the imposition of charges for services or content in relation to telephone, cell phone, wireless data, cable television, internet, voice over internet protocol (VoIP), or other similar telecommunications services, which charges have not been adequately disclosed or which services or content have not been requested by the consumer; or
b. the unauthorized switching of telecommunications carriers, including providers of telephone, cell phone, wireless data, cable television, internet, voice over internet protocol (VoIP), or other similar services.
- Fraudulent/criminal act 5. involving an intentional, fraudulent, or criminal act committed by or in collusion with an **executive, employee, or any person to whom a ransom is entrusted**.
- Funds transfer 6. involving any actual or alleged loss, theft, or transfer of:
a. **your** funds, monies, or securities;
b. the funds, monies, or securities of others in **your** care, custody, or control; or
c. the funds, monies, or securities in the care, custody, or control of any third party for whom **you** are legally liable,
including the value of any funds, monies, or securities transferred by **you** or others on **your** behalf.
- Government investigation/enforcement 7. based upon or arising out of any actual or alleged governmental investigation or enforcement of any state or federal regulation, including but not limited to any regulation promulgated by the Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission, or ASCAP, BMI, SESAC, or other similar licensing organization.
- Infrastructure interruption 8. based upon or arising out of any actual or alleged failure or interruption of service provided by an internet service provider, telecommunications provider, utility provider, or other infrastructure provider.
- Intellectual property 9. based upon or arising out of any actual or alleged infringement, use, or disclosure of any intellectual property, including but not limited to copyright, trademark, trade dress, patent, service mark, service name, title, or slogan, or any publicity rights violations, cyber squatting violations, moral rights violations, any act of passing-off, or any misappropriation of trade secret.
- Misappropriation of funds 10. based upon or arising out of the actual or alleged theft, misappropriation, commingling, or conversion of any funds, monies, assets, or property.
- Prior acts/notice/knowledge 11. based upon or arising out of any:
a. **claim or event** that was the subject of any notice given under any other policy of which this policy is a renewal or replacement;

Cyber Enhancements Coverage Part

- b. **claim or event** that was the subject of, or is related to, any prior or pending litigation, **claim**, written demand, arbitration, administrative or regulatory proceeding or investigation, or licensing proceeding that was filed or commenced against **you** and of which **you** had notice prior to the **policy period**; or
- c. other matter **you** had knowledge of prior to the **policy period**, and **you** had a reasonable basis to believe could result in a **claim or event**.

However, if this policy is a renewal or replacement of a previous policy **we** issued that provided materially identical coverage, and is part of an unbroken chain of successive policies issued by **us**, the **policy period** referred to in paragraphs b and c, above, will be the policy period of the first such policy **we** issued.

- | | |
|---|---|
| Privacy | 12. based upon or arising out of any actual or alleged: <ul style="list-style-type: none">a. unauthorized acquisition, access, use, or disclosure of, improper collection or retention of, or failure to protect any non-public personally identifiable information or confidential corporate information that is in your care, custody, or control; orb. violation of any privacy law or consumer data protection law protecting against the use, collection, or disclosure of any information about a person or any confidential corporate information. |
| Privacy policy violations | 13. based upon or arising out of any actual or alleged: <ul style="list-style-type: none">a. failure to have or appropriately display a privacy policy;b. failure of your privacy policy to comply with any federal, state, local, or foreign statutes, ordinances, regulations, or other laws;c. breach of your privacy policy; ord. changing of the terms of your privacy policy. |
| Property damage | 14. based upon or arising out of any actual or alleged property damage ; however, this exclusion will not apply to damage to data, or destruction or loss of use of data. |
| Scareware | 15. based upon or arising out of any actual or alleged provision or transmission of Scareware, including but not limited to software that produces false or alarming warning messages. |
| Subsidiary outside control of named insured | 16. experienced by a past or present subsidiary while the named insured does not have majority ownership or management control of it. |
| Surrender of ransom | 17. involving the surrender of a ransom at the location where the illegal threat and ransom demand was first made, unless brought to such location after receipt of the ransom demand for the sole purpose of paying such ransom demand. |
| Sweepstakes/gambling/lotteries | 18. based upon or arising out of any: <ul style="list-style-type: none">a. actual or alleged provision of any sweepstakes, gambling activities, or lotteries; orb. price discounts, prizes, awards, money, or valuable consideration given in excess of a total contracted or expected amount, including but not limited to over redemption or under redemption of coupons, discounts, awards, or prizes. |
| Theft of ransom | 19. involving the theft of a ransom by way of an immediate threat of force or violence, unless the ransom has been previously negotiated. |
| Unsolicited telemarketing | 20. based upon or arising out of any actual or alleged violation of any federal, state, local, or foreign statutes, ordinances, or regulations relating to unsolicited telemarketing, solicitations, emails, faxes, text messages, or any other communications of any type or nature, including but not limited to the Telephone Consumer Protection Act, CAN-SPAM Act, or any "anti-spam" or "do-not-call" statutes, ordinances, or regulations. |

Cyber Enhancements Coverage Part

Virtual currency

21. based upon or arising out of any actual or alleged virtual currency, including but not limited to virtual goods exchanged in connection with an Internet game or virtual economy.

VII. Definitions

The following definitions apply to this Coverage Part. Additional definitions are contained in Section III. Who is an insured, and in the General Terms and Conditions, Section VI. Definitions applicable to all Coverage Parts.

Bodily injury

means physical injury, sickness, disease, death, humiliation, mental injury, mental anguish, emotional distress, suffering, or shock sustained by a person.

Business interruption costs

means:

1. **Business Interruption Hourly Loss Amount**: the amount stated as such in the Declarations;
2. **Additional Loss Amount**: the average hourly gross profit **you** have generated in the previous six months, minus the "Business Interruption Hourly Loss Amount," provided **you** are able to:
 - a. produce evidence of such amounts; and
 - b. prove to **us** that **you** reasonably expected to earn more than the "Business Interruption Hourly Loss Amount" during the period of the covered **business interruption event**; and
3. **Extra Expense**: the reasonable and necessary expenses **you** incur to mitigate the **business interruption event** if **you** satisfy **us** such expenses are:
 - a. less than the **business interruption costs** that would have been incurred otherwise; and
 - b. in excess of the expenses **you** would have incurred if the **business interruption event** had not occurred.

We will pay covered **business interruption costs** as follows:

1. Regardless of the amount of **your** actual loss, **we** will pay the **Business Interruption Hourly Loss Amount** for each hour of the **business interruption event** which exceeds the **retention**.
2. If **your** actual loss resulting from the **business interruption event** is greater than the **Business Interruption Hourly Loss Amount**, then **we** will also pay the **Additional Loss Amount** for each hour of the **business interruption event** which exceeds the **retention**.
3. **We** will also pay **Extra Expense** if **you** meet the conditions in subpart 3 above.

Business interruption event

means the interruption to or degradation in the availability of **your** website, intranet, network, computer system, programs, or data resulting in an **income interruption** as a direct result of:

1. the activities of a third party that maliciously blocks electronic access to **your** website, intranet, network, computer system, programs, or data **you** hold electronically; or
2. a **hacker**.

Claim

means any written assertion of liability or any written demand for financial compensation or non-monetary relief.

Consulting costs

means costs for:

1. a public relations or crisis management consultant (and related costs) to:
 - a. reduce the likelihood of or costs of any **claim** that would be covered by this policy; or
 - b. to assist **you** in reestablishing **your** business reputation;

Cyber Enhancements Coverage Part

2. a computer forensic analysis conducted by outside forensic experts to confirm the identity of the **hacker** involved in the **event**; or
3. an information security assessment conducted by outside security experts to identify security improvements to prevent a similar **event**.

Cyber extortion costs

means:

1. the ransom paid or, if the demand is for goods or services, the fair market value at the time of surrender; and
2. the reasonable and necessary fees and expenses incurred by a representative appointed by **us** to provide **you** with assistance,

provided **you** can demonstrate to **us**:

1. the ransom has been surrendered under duress; and
2. before agreeing to its payment **you** have made all reasonable efforts to:
 - a. determine the threat is genuine and not a hoax; and
 - b. ensure at least one **executive** has agreed to the payment of the ransom.

Cyber extortion event

means **your** receipt, directly or indirectly, of an illegal threat from a person or entity who is not an **insured** threatening to:

1. damage, destroy, or corrupt **your** website, intranet, network, computer system, any programs **you** use, or data **you** hold electronically, including by introducing a computer virus, worm, logic bomb, or Trojan horse; or
2. disseminate, divulge, or use any confidential information for which **you** are legally responsible,

who then demands a ransom for their own benefit as a condition of not carrying out this threat.

Event

means a **business interruption event**, **cyber extortion event**, or **hacker damage event**.

Hacker

means anyone, including an **employee**, who gains unauthorized access to **your** website, intranet, network, computer system, or data **you** hold electronically via the internet or other external electronic link, solely by circumventing electronically the security systems in place to protect against such unauthorized access. **Hacker** does not include any **executive**, or any person who, while on **your** premises (other than an **employee** or a third party **you** have expressly permitted to enter the premises), directly gains unauthorized access to any computer system.

Hacker damage event

means a **hacker** either:

1. damaging, destroying, altering, corrupting, or misusing **your** website, intranet, network, computer system, programs, or data **you** hold electronically; or
2. copying or stealing any program or data **you** hold electronically.

Hacker damage costs

means:

1. the reasonable and necessary expenses **you** incur with **our** prior written consent to repair or replace **your** website, intranet, network, computer system, programs, or data **you** hold electronically to the same standard and with the same contents as before it was damaged, destroyed, altered, corrupted, copied, stolen, or misused; or
2. in the event that **your** website, intranet, network, computer system, programs, or data **you** hold electronically cannot be restored to the same standard and with the same contents as before it was damaged, destroyed, altered, corrupted, copied, stolen, or misused, **hacker damage costs** will mean the reasonable and necessary expenses **you** incur to make that determination.

Hacker damage costs includes the reasonable and necessary expenses **you** incur to mitigate the **hacker damage event** if **you** satisfy **us** such expenses are:

Cyber Enhancements Coverage Part

1. less than the **hacker damage costs** that would have been incurred otherwise; and
2. in excess of the expenses **you** would have incurred if the **hacker damage event** had not occurred.

Hacker damage costs will not mean, and **we** will not be obligated to pay, any amounts to research and/or develop the website, intranet, network, computer system, programs, or data.

Income interruption

means **your** gross profit generated on an hourly basis has been reduced to less than 75% of the average hourly gross profit for the 90-day period immediately prior to the **business interruption event**.

Property damage

means physical loss of, physical damage to, or destruction or loss of use of any tangible property.

Retention

means:

1. for a **business interruption event**, the length of time stated as such under the Cyber Business Interruption section of the Declarations;
2. for a **cyber extortion event**, the amount stated as such under the Cyber Extortion section of the Declarations; or
3. for a **hacker damage event**, the amount stated as such under the Hacker Damage section of the Declarations.

You, your, or insured

means a **named insured, subsidiary, employee, executive, or acquired entity**, as defined in Section III. Who is an insured.

SPECIMEN

Cyber Enhancements Coverage Part

I. What is covered

If a limit appears on the Declarations indicating **you** have purchased the coverage, **we** agree as follows:

A. Cyber business interruption

We will pay up to the Cyber Business Interruption limit stated in the Declarations for **business interruption costs** incurred as a result of a **business interruption event** lasting in excess of the **retention**, which first occurs and **you** discover during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.

Our obligation to pay **business interruption costs**:

1. is not triggered unless **you** take reasonable steps to minimize or avoid the **business interruption event**; and
2. ends at the hour after either:
 - a. the interruption to or degradation in the availability of **your** website, intranet, network, computer system, programs, or data ceases; or
 - b. the **income interruption** ceases,whichever is earlier.

B. Cyber extortion

We will pay up to the Cyber Extortion limit stated in the Declarations for **cyber extortion costs** in excess of the **retention** incurred as a result of a **cyber extortion event** that is first made against **you** during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.

C. Hacker damage

We will pay up to the Hacker Damage limit stated in the Declarations for **hacker damage costs** in excess of the **retention** incurred as a result of a **hacker damage event** that **you** first discover during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.

II. Coverage enhancements

We will also make the following payments:

Cyber business interruption consulting costs

- A. **We** will pay up to the limit stated in the Declarations for **consulting costs you** incur with **our** prior written consent in connection with a covered **business interruption event**. Any payments **we** make under this subsection A will be a part of, and not in addition to, the Cyber Business Interruption limit.

Hacker damage consulting costs

- B. **We** will pay up to the limit stated in the Declarations for **consulting costs you** incur with **our** prior written consent in connection with a covered **hacker damage event**. **You** must pay the **retention** stated in the Declarations in connection with any payment **we** make under this subsection B, and any payments **we** make will be a part of, and not in addition to, the Hacker Damage limit.

III. Who is an insured

For purposes of this Coverage Part, **you, your, or insured** means a **named insured, subsidiary, employee, executive, or acquired entity**, as defined below:

Named insured

means the individual, corporation, partnership, limited liability company, limited partnership, or other entity identified in Item 1 of the Declarations.

Subsidiary

means any entity of which the **named insured** has majority ownership before or as of the inception of the **policy period**.

Employee

means any past, present, or future person employed by the **named insured** or **subsidiary** as a permanent, part-time, seasonal, leased, or temporary employee, or any volunteer, but only

Cyber Enhancements Coverage Part

while in the course of their performance of business operations on behalf of or at the direction of such **named insured** or **subsidiary**.

Executive

means any past, present, or future partner, director, officer, or board member (or equivalent position) of the **named insured** or **subsidiary**, but only while in the course of their performance of business operations on behalf of such **named insured** or **subsidiary**.

Acquired entity

means an entity in which the **named insured**, during the **policy period**:

1. acquires substantially all of the assets;
2. acquires the majority of its voting securities, as a result of which it becomes a **subsidiary**; or
3. merges and leaves the **named insured** as the surviving entity.

With respect to an **acquired entity** whose revenues exceed 10% of the annual revenues of the **named insured** at the time of its creation or acquisition, any coverage under this policy will expire 90 days after the effective date of its creation or acquisition unless, within such 90 day period:

1. the **named insured** provides **us** with written notice of such creation or acquisition;
2. the **named insured** provides **us** with information related to such creation or acquisition as **we** may reasonably require;
3. the **named insured** accepts any special terms, conditions, exclusions, or additional premium charge as **we** may reasonably require; and
4. **we** agree by written endorsement to provide such coverage.

This policy will apply to an **acquired entity** only with respect to an **event** which first occurs and is discovered after the acquisition, merger, or creation.

IV. *[This section intentionally left blank]*

V. Your obligations

Notifying us of events

You must give written notice to **us** of any **event** as soon as possible, but in any event, no later than ten days after the end of the **policy period**.

All such notifications must be in writing and include a description of the **event**, and must be submitted to **us** via the designated email address or mailing address identified in Item 6 of the Declarations.

In addition, **you** must also inform, or allow **us** to inform, the appropriate law enforcement authorities for any **event** requiring such notification.

Retention

Our obligation to make any payments under this Coverage Part is in excess of the **retention**, and **we** will not make any payment in connection with a covered **event** until the total amount of covered costs incurred or, in the case of a **business interruption event**, the length of the **event**, exceeds the **retention**.

Solely with respect to a **business interruption event**, the **retention** will not begin to run until **you** have notified the **event** to **us**.

VI. Exclusions – What is not covered

We will have no obligation to pay any sums under this Coverage Part for any **event**:

Cyber Enhancements Coverage Part

- Bodily injury 1. based upon or arising out of any actual or alleged **bodily injury**.
- Chargeback 2. based upon or arising out of any actual or alleged chargeback, liability, or fee incurred by **you** or **your** client as a result of a merchant service provider, including any credit card company or bank, wholly or partially reversing or preventing a payment transaction.
- Collection of data without knowledge 3. based upon or arising out of any actual or alleged:
a. collection of personally identifiable information by **you** (or others on **your** behalf) without the knowledge or permission of the person to whom the personally identifiable information relates; or
b. use of personally identifiable information by **you** (or others on **your** behalf) in violation of applicable law.
- Cramming/slamming 4. based upon or arising out of:
a. the imposition of charges for services or content in relation to telephone, cell phone, wireless data, cable television, internet, voice over internet protocol (VoIP), or other similar telecommunications services, which charges have not been adequately disclosed or which services or content have not been requested by the consumer; or
b. the unauthorized switching of telecommunications carriers, including providers of telephone, cell phone, wireless data, cable television, internet, voice over internet protocol (VoIP), or other similar services.
- Fraudulent/criminal act 5. involving an intentional, fraudulent, or criminal act committed by or in collusion with an **executive, employee, or any person to whom a ransom is entrusted**.
- Funds transfer 6. involving any actual or alleged loss, theft, or transfer of:
a. **your** funds, monies, or securities;
b. the funds, monies, or securities of others in **your** care, custody, or control; or
c. the funds, monies, or securities in the care, custody, or control of any third party for whom **you** are legally liable,
including the value of any funds, monies, or securities transferred by **you** or others on **your** behalf.
- Government investigation/enforcement 7. based upon or arising out of any actual or alleged governmental investigation or enforcement of any state or federal regulation, including but not limited to any regulation promulgated by the Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission, or ASCAP, BMI, SESAC, or other similar licensing organization.
- Infrastructure interruption 8. based upon or arising out of any actual or alleged failure or interruption of service provided by an internet service provider, telecommunications provider, utility provider, or other infrastructure provider.
- Intellectual property 9. based upon or arising out of any actual or alleged infringement, use, or disclosure of any intellectual property, including but not limited to copyright, trademark, trade dress, patent, service mark, service name, title, or slogan, or any publicity rights violations, cyber squatting violations, moral rights violations, any act of passing-off, or any misappropriation of trade secret.
- Misappropriation of funds 10. based upon or arising out of the actual or alleged theft, misappropriation, commingling, or conversion of any funds, monies, assets, or property.
- Prior acts/notice/knowledge 11. based upon or arising out of any:
a. **claim or event** that was the subject of any notice given under any other policy of which this policy is a renewal or replacement;

Cyber Enhancements Coverage Part

- b. **claim or event** that was the subject of, or is related to, any prior or pending litigation, **claim**, written demand, arbitration, administrative or regulatory proceeding or investigation, or licensing proceeding that was filed or commenced against **you** and of which **you** had notice prior to the **policy period**; or
- c. other matter **you** had knowledge of prior to the **policy period**, and **you** had a reasonable basis to believe could result in a **claim or event**.

However, if this policy is a renewal or replacement of a previous policy **we** issued that provided materially identical coverage, and is part of an unbroken chain of successive policies issued by **us**, the **policy period** referred to in paragraphs b and c, above, will be the policy period of the first such policy **we** issued.

- | | |
|---|---|
| Privacy | 12. based upon or arising out of any actual or alleged: <ul style="list-style-type: none">a. unauthorized acquisition, access, use, or disclosure of, improper collection or retention of, or failure to protect any non-public personally identifiable information or confidential corporate information that is in your care, custody, or control; orb. violation of any privacy law or consumer data protection law protecting against the use, collection, or disclosure of any information about a person or any confidential corporate information. |
| Privacy policy violations | 13. based upon or arising out of any actual or alleged: <ul style="list-style-type: none">a. failure to have or appropriately display a privacy policy;b. failure of your privacy policy to comply with any federal, state, local, or foreign statutes, ordinances, regulations, or other laws;c. breach of your privacy policy; ord. changing of the terms of your privacy policy. |
| Property damage | 14. based upon or arising out of any actual or alleged property damage ; however, this exclusion will not apply to damage to data, or destruction or loss of use of data. |
| Scareware | 15. based upon or arising out of any actual or alleged provision or transmission of Scareware, including but not limited to software that produces false or alarming warning messages. |
| Subsidiary outside control of named insured | 16. experienced by a past or present subsidiary while the named insured does not have majority ownership or management control of it. |
| Surrender of ransom | 17. involving the surrender of a ransom at the location where the illegal threat and ransom demand was first made, unless brought to such location after receipt of the ransom demand for the sole purpose of paying such ransom demand. |
| Sweepstakes/gambling/lotteries | 18. based upon or arising out of any: <ul style="list-style-type: none">a. actual or alleged provision of any sweepstakes, gambling activities, or lotteries; orb. price discounts, prizes, awards, money, or valuable consideration given in excess of a total contracted or expected amount, including but not limited to over redemption or under redemption of coupons, discounts, awards, or prizes. |
| Theft of ransom | 19. involving the theft of a ransom by way of an immediate threat of force or violence, unless the ransom has been previously negotiated. |
| Unsolicited telemarketing | 20. based upon or arising out of any actual or alleged violation of any federal, state, local, or foreign statutes, ordinances, or regulations relating to unsolicited telemarketing, solicitations, emails, faxes, text messages, or any other communications of any type or nature, including but not limited to the Telephone Consumer Protection Act, CAN-SPAM Act, or any "anti-spam" or "do-not-call" statutes, ordinances, or regulations. |

Cyber Enhancements Coverage Part

Virtual currency

21. based upon or arising out of any actual or alleged virtual currency, including but not limited to virtual goods exchanged in connection with an Internet game or virtual economy.

VII. Definitions

The following definitions apply to this Coverage Part. Additional definitions are contained in Section III. Who is an insured, and in the General Terms and Conditions, Section VI. Definitions applicable to all Coverage Parts.

Bodily injury

means physical injury, sickness, disease, death, humiliation, mental injury, mental anguish, emotional distress, suffering, or shock sustained by a person.

Business interruption costs

means:

1. **Business Interruption Hourly Loss Amount**: the amount stated as such in the Declarations;
2. **Additional Loss Amount**: the average hourly gross profit **you** have generated in the previous six months, minus the "Business Interruption Hourly Loss Amount," provided **you** are able to:
 - a. produce evidence of such amounts; and
 - b. prove to **us** that **you** reasonably expected to earn more than the "Business Interruption Hourly Loss Amount" during the period of the covered **business interruption event**; and
3. **Extra Expense**: the reasonable and necessary expenses **you** incur to mitigate the **business interruption event** if **you** satisfy **us** such expenses are:
 - a. less than the **business interruption costs** that would have been incurred otherwise; and
 - b. in excess of the expenses **you** would have incurred if the **business interruption event** had not occurred.

We will pay covered **business interruption costs** as follows:

1. Regardless of the amount of **your** actual loss, **we** will pay the **Business Interruption Hourly Loss Amount** for each hour of the **business interruption event** which exceeds the **retention**.
2. If **your** actual loss resulting from the **business interruption event** is greater than the **Business Interruption Hourly Loss Amount**, then **we** will also pay the **Additional Loss Amount** for each hour of the **business interruption event** which exceeds the **retention**.
3. **We** will also pay **Extra Expense** if **you** meet the conditions in subpart 3 above.

Business interruption event

means the interruption to or degradation in the availability of **your** website, intranet, network, computer system, programs, or data resulting in an **income interruption** as a direct result of:

1. the activities of a third party that maliciously blocks electronic access to **your** website, intranet, network, computer system, programs, or data **you** hold electronically; or
2. a **hacker**.

Claim

means any written assertion of liability or any written demand for financial compensation or non-monetary relief.

Consulting costs

means costs for:

1. a public relations or crisis management consultant (and related costs) to:
 - a. reduce the likelihood of or costs of any **claim** that would be covered by this policy; or
 - b. to assist **you** in reestablishing **your** business reputation;

Cyber Enhancements Coverage Part

2. a computer forensic analysis conducted by outside forensic experts to confirm the identity of the **hacker** involved in the **event**; or
3. an information security assessment conducted by outside security experts to identify security improvements to prevent a similar **event**.

Cyber extortion costs

means:

1. the ransom paid or, if the demand is for goods or services, the fair market value at the time of surrender; and
2. the reasonable and necessary fees and expenses incurred by a representative appointed by **us** to provide **you** with assistance,

provided **you** can demonstrate to **us**:

1. the ransom has been surrendered under duress; and
2. before agreeing to its payment **you** have made all reasonable efforts to:
 - a. determine the threat is genuine and not a hoax; and
 - b. ensure at least one **executive** has agreed to the payment of the ransom.

Cyber extortion event

means **your** receipt, directly or indirectly, of an illegal threat from a person or entity who is not an **insured** threatening to:

1. damage, destroy, or corrupt **your** website, intranet, network, computer system, any programs **you** use, or data **you** hold electronically, including by introducing a computer virus, worm, logic bomb, or Trojan horse; or
2. disseminate, divulge, or use any confidential information for which **you** are legally responsible,

who then demands a ransom for their own benefit as a condition of not carrying out this threat.

Event

means a **business interruption event**, **cyber extortion event**, or **hacker damage event**.

Hacker

means anyone, including an **employee**, who gains unauthorized access to **your** website, intranet, network, computer system, or data **you** hold electronically via the internet or other external electronic link, solely by circumventing electronically the security systems in place to protect against such unauthorized access. **Hacker** does not include any **executive**, or any person who, while on **your** premises (other than an **employee** or a third party **you** have expressly permitted to enter the premises), directly gains unauthorized access to any computer system.

Hacker damage event

means a **hacker** either:

1. damaging, destroying, altering, corrupting, or misusing **your** website, intranet, network, computer system, programs, or data **you** hold electronically; or
2. copying or stealing any program or data **you** hold electronically.

Hacker damage costs

means:

1. the reasonable and necessary expenses **you** incur with **our** prior written consent to repair or replace **your** website, intranet, network, computer system, programs, or data **you** hold electronically to the same standard and with the same contents as before it was damaged, destroyed, altered, corrupted, copied, stolen, or misused; or
2. in the event that **your** website, intranet, network, computer system, programs, or data **you** hold electronically cannot be restored to the same standard and with the same contents as before it was damaged, destroyed, altered, corrupted, copied, stolen, or misused, **hacker damage costs** will mean the reasonable and necessary expenses **you** incur to make that determination.

Hacker damage costs includes the reasonable and necessary expenses **you** incur to mitigate the **hacker damage event** if **you** satisfy **us** such expenses are:

Cyber Enhancements Coverage Part

1. less than the **hacker damage costs** that would have been incurred otherwise; and
2. in excess of the expenses **you** would have incurred if the **hacker damage event** had not occurred.

Hacker damage costs will not mean, and **we** will not be obligated to pay, any amounts to research and/or develop the website, intranet, network, computer system, programs, or data.

Income interruption

means **your** gross profit generated on an hourly basis has been reduced to less than 75% of the average hourly gross profit for the 90-day period immediately prior to the **business interruption event**.

Property damage

means physical loss of, physical damage to, or destruction or loss of use of any tangible property.

Retention

means:

1. for a **business interruption event**, the length of time stated as such under the Cyber Business Interruption section of the Declarations;
2. for a **cyber extortion event**, the amount stated as such under the Cyber Extortion section of the Declarations; or
3. for a **hacker damage event**, the amount stated as such under the Hacker Damage section of the Declarations.

You, your, or insured

means a **named insured, subsidiary, employee, executive, or acquired entity**, as defined in Section III. Who is an insured.

SPECIMEN



NAMED INSURED:

E8637.1 Merchant Services Agreement Exclusion Endorsement

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed the <FULL NAME OF COVERAGE PART> Coverage Part is amended as follows:

The following exclusion is added to the end of Section VI. Exclusions – What is not covered:

Merchant services agreement ME-1. based upon or arising out of any actual or alleged liability arising from any merchant services agreement, payment processing agreement, or similar credit card agreement.

Endorsement Effective: XX/XX/XXXX
Endorsement No: X

Policy No.: XXXXX

By:
(Appointed Representative)

SPECIMEN

NAMED INSURED: XXXXXX

Page 1 of 1

E9999.2 Cap on Losses from Certified Acts of Terrorism Endorsement

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE FEDERAL TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

The following is hereby added to the Policy and shall apply to all coverage: With respect to any one or more "act of terrorism", the Company will not pay any amounts for which we are not responsible under the terms of the federal Terrorism Risk Insurance Act due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

The term "act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the federal Terrorism Risk Insurance Act for an "act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to the pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

All other terms and conditions remain unchanged.

Endorsement Effective: XX/XX/XXXX
Endorsement No: X

Policy No.: XXXXX

By:
(Appointed Representative)