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**Declarations Page**

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**NOTICE:** This policy contains third-party liability and may contain first-party loss and business interruption coverages. The third-party liability coverage is claims made and reported in writing insurance. That coverage is limited to claims that are first made against you and reported in writing to us during the policy period, according to the terms of the policy. Timing and reporting requirements for first-party loss and business interruption also apply.

Claim expenses, damages, first-party loss and business interruption loss within the applicable Retention must be paid by you and will not reduce the applicable Limits of Liability. Covered: claim expenses, damages, first-party loss, and business interruption loss that are above the applicable Retention are payable under the policy and will reduce the applicable Limits of Liability. Business interruption loss coverage is subject to your coinsurance obligation, and your coinsurance obligation will not reduce the applicable Limits of Liability.

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

Insurance Company Hudson Specialty Insurance Company (a stock company)  
100 William Street, 5th Floor, New York, NY 10038

Policy Number \_\_\_\_\_ Renewal of N/A

Item 1 **Named Insured** \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Item 2 **Policy Period** Start Date \_\_\_\_\_ End Date \_\_\_\_\_  
(12:01 a.m. standard time at the address of the **Named Insured**)

Item 3 Retroactive Date for Third-Party Liability \_\_\_\_\_

Item 4 Limits  
A. Third-Party Liability Limit \$\_\_\_\_\_ each **wrongful act**

**B. First-Party Loss Limits**

1. **breach response expenses** \$\_\_\_\_\_ aggregate
2. **content restoration expenses** \$\_\_\_\_\_ aggregate
3. **cyber extortion expenses** \$\_\_\_\_\_ aggregate
4. **PCI-DSS/PA-DSS fines and non-compliance expenses** \$\_\_\_\_\_ aggregate
5. **other (not applicable)** \$0 aggregate

C. **Business Interruption Loss** Limit \$\_\_\_\_\_ aggregate

D. Policy Aggregate Limit \$\_\_\_\_\_

Item 5 Retentions

A. Third-Party Liability Retention \$\_\_\_\_\_ each **wrongful act**  
\$\_\_\_\_\_ aggregate

B. **First-Party Loss** Retentions

1. **breach response expenses** \$\_\_\_\_\_ each **security breach**
2. **content restoration expenses** \$\_\_\_\_\_ each **security breach**
3. **cyber extortion expenses** \$\_\_\_\_\_ each **security breach**
4. **PCI-DSS/PA-DSS fines and non-compliance expenses** \$\_\_\_\_\_ each **security breach**
5. other (not applicable) \$\_\_\_\_\_ each **security breach**

C. **Business Interruption** Time Retention # Hours each **business interruption**

Item 6 **Business Interruption Loss** Coinsurance Percentage \_\_\_\_\_%

Item 7 A. **First-Party Loss** Date \_\_\_\_\_

B. **Security Event** Date \_\_\_\_\_

Item 8 Supplementary Payments Limits

A. **Disciplinary Proceedings**

1. \$\_\_\_\_\_ each **disciplinary proceeding**
2. \$\_\_\_\_\_ aggregate

B. **Loss of Earnings and Expense Reimbursement**

1. \$\_\_\_\_\_ per day
2. \$\_\_\_\_\_ aggregate

C. **Subpoena**

1. \$\_\_\_\_\_ each subpoena
2. \$\_\_\_\_\_ aggregate

D. **Catastrophe Extra Expense**

1. \$\_\_\_\_\_ each catastrophe
2. \$\_\_\_\_\_ aggregate

Item 9 Prior and Pending Proceeding Date \_\_\_\_\_

Item 10	Premium	\$ _____
	Surplus Lines Tax	\$ _____
	Fees	\$ _____
	Other ( _____ )	\$ _____
	TOTAL	\$ _____

Item 11 Forms and InsureWare<sup>SM</sup> 2.0 Insurance Services E&O with CyberInfusion® policy  
EUC1017Y001  
Representation/Warranty/Application and Related Documents

Endorsements Endt 1 -  
\_\_\_\_\_

Producer \_\_\_\_\_

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## Table of Contents

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**General Notice**

Pages 1 - 2

**Third-Party Liability (claims made against you)**

Pages 3 - 11

**First Party (your own losses)**

Pages 12 - 17

**Business Interruption (your own losses)**

Pages 18 - 23

**Supplementary Payments (your own losses)**

Pages 24 - 26

**Common Terms and Conditions**

Pages 27 - 44

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## General Notice

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Some provisions in this policy restrict coverage. Read the entire policy carefully to determine your rights and duties, and what is and what is not covered. We will not pay money or perform acts or services unless explicitly provided for in this policy. The notices in this policy, including the ones on this page, provide only a summary description; you must refer to the full policy language for the complete terms. Please contact your agent or broker with any questions.

### Third-Party Liability Coverage (claims made against you)

The Third-Party Liability section of your policy provides claims made and reported in writing liability coverage. It only applies to claims if:

1. caused by wrongful acts which happen on or after the Retroactive Date and before the end of the policy period; and
2. the claim is first made against you during the policy period and:
  - a. the claim is reported in writing to us during the policy period; or
  - b. if the claim is first made against you during the last 60 days of the policy period, we will give you extra time to report the claim, but any such claim must be reported to us in writing no later than 90 days after the end of the policy period.

Claim expenses and damages within the Third-Party Liability Retention must be paid by you and will not reduce the Third-Party Liability Limit. Covered claim expenses and damages above the Third-Party Liability Retention are payable under the policy and will reduce the Third-Party Liability Limit and the Policy Aggregate Limit.

### First Party (your own loss)

The First-Party Loss section of your policy only applies to the named insured's own loss if caused by a security breach which first happens on or after the First-Party Loss Date, you first discover the security breach during the policy period, and we receive the named insured's written description of the security breach within 60 days of your first discovery of the security breach.

First-party loss within the applicable First-Party Loss Retention must be paid by you and will not reduce the Limits. Covered first-party loss above the applicable First-Party Loss Retention is payable under the policy and will reduce the applicable First-Party Loss Limit and the Policy Aggregate Limit.

### Business Interruption (your own losses)

The Business Interruption section of your policy only applies to the named insured's own loss if caused by a security event which first happens on or after the Security

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## General Notice

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Event Date, you first discover the business interruption during the policy period, and we receive the named insured's written description of the security event or business interruption no later than 30 days after you first discover the security event or business interruption, whichever one you discover first. We must receive the named insured's proof of loss no later than 120 days from when you first discovered the business interruption.

Business interruption loss within the Time Retention must be incurred by the named insured and will not reduce the Limits. Covered business interruption loss within the business interruption period is payable under the policy, subject to your coinsurance obligation, and will reduce the applicable Business Interruption Loss Limit and the Policy Aggregate Limit.

### Supplementary Payments (your own losses)

Coverages under the Supplementary Payments section of your policy apply only as described in each coverage. The coverages are not subject to any Retention. Supplementary Payments are in addition to the Policy Aggregate Limit, but Supplementary Payments are subject to the limits set forth in item 8 of the Declarations Page, and our obligation to pay Supplementary Payments ends when the Policy Aggregate Limit has been exhausted.

## Introduction

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

The words "**you**" and "**your**" mean any **person** or entity described in the definition of "**you**" or "**your**" in Part II – Definitions of the Common Terms and Conditions section.

Except for captions and the definitions referred to above, all other words and phrases in bold type are defined in Part II – Definitions of the Common Terms and Conditions section, or in Part I. – Covered, A. Insuring Agreement of the Third Party Liability, First Party and Business Interruption sections.

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

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## Third-Party Liability (claims made against you)

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### Part I – Covered

#### A. Insuring Agreement

**We** will pay on **your** behalf money in excess of the Third-Party Liability Retention that **you** legally have to pay as **claim expenses** and **damages** because of a covered **claim** caused by:

1. a **wrongful act** in the **named insured's insurance services**; or
2. **personal injury** or **security injury** in the **named insured's** business operations.

**Wrongful act** means **error and omission, personal injury, content injury, and security injury** when allegedly or actually done by **you** or on **your** behalf.

**Error and Omission** means:

- a. error, omission or negligent act.

**Personal Injury** means:

- a. any form of the following, but only as a result of **content**: defamation, disparagement or harm to the character, reputation or feelings of any **person** or other entity, including libel, slander, product or service disparagement, trade libel, infliction of emotional distress, outrage or outrageous conduct;
- b. any form of invasion, infringement or interference with rights of privacy or publicity, including false light, public disclosure of private facts, intrusion, commercial appropriation of name or likeness, eavesdropping and wireless signal interception;
- c. wrongful entry or eviction, trespass or other invasion of the right of private occupancy; and
- d. false arrest, detention, imprisonment or malicious prosecution.

**Content Injury** means:

- a. infringement of copyright, plagiarism or misappropriation or unauthorized use of ideas under implied contract;
- b. infringement or dilution of title, slogan, trademark, trade name, trade dress, service mark or service name;
- c. piracy, but only when it directly relates to copyright or trademark infringement; and
- d. misuse of an intellectual property right in **content**, but only when it results in items a – c of the definition of **content injury**.

**Security Injury** means:

- a. failure to prevent denial of service attack;

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### Third-Party Liability

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- b. failure to prevent unauthorized access to, unauthorized use of, repudiation of access to, tampering with or introduction of malicious code into: data, software, firmware, systems or networks;
- c. failure to prevent identity theft or credit/debit card fraud;
- d. failure to prevent the theft, unauthorized or illegal exposure of a **person's** personally identifiable information or **commercial confidential information** that resides in or on **your** laptop(s), **your** device(s) or **your** other media containing **content** or that is in the care of a **trusted party**; and
- e. failure to prevent unauthorized access to or unauthorized use of **commercial confidential information**.

**Wrongful act** does not include any act, error or omission arising out of, relating to, contributing to or constituting any actual or alleged:

- 1. patent infringement or inducement to infringe a patent; misuse of a patent; patent false marking; or
- 2. theft, misappropriation, disclosure or misuse of trade secrets except as stated in items d. and e. of the definition of **security injury**.

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

**Insurance services** means:

- 1. the following services when performed by **you** for others:
  - a. services as an insurance: general agent, agent, broker, surplus lines broker, wholesale broker, managing general agent, managing general underwriter, underwriting manager, program administrator, appraiser, claims administrator, and expert witness concerning any insurance-related subject or matter;
  - b. surety agent or broker;
  - c. services as a formal insurance: instructor, lecturer, speaker or teacher;
  - d. services as an insurance consultant including risk management, loss control and anti-fraud consulting;
  - e. services as a licensed registered representative rendered in connection with the sale and servicing of variable life and variable annuity products;
  - f. insurance premium financing;
  - g. services as a notary public; and
  - h. no additional services;
- 2. activities performed on **your** website(s);
- 3. advertisement of the **named insured's insurance services** by **you**; and



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### Third-Party Liability

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4. activities creating, maintaining and disseminating **hosted web content** of a **named insured**.

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

This policy applies to a **wrongful act** only if all of the following are met:

1. the **wrongful act** happened on or after the Retroactive Date and before the end of the **policy period**;
2. none of **you** knew prior to the Start Date of this policy of a fact or circumstance that could reasonably be expected to lead to a **claim**;
3. the **claim** caused by the **wrongful act** is first made against **you** during the **policy period**. A **claim** will be deemed to be first made against all of **you** when a written **claim** is first received by any of **you**; and
4. the **claim** caused by the **wrongful act** is reported to **us** in writing, which means that the **claim** must be received by **us** in writing:
  - a. during the **policy period**; or
  - b. if the **claim** is first made against **you** during the last 60 days of the **policy period**, **we** will give **you** extra time to report the **claim**, but any such **claim** must be reported to **us** in writing no later than 90 days after the end of the **policy period**.

All **claims** that arise from the same **wrongful act** as defined above in Part I – Covered, A. Insuring Agreement of this section and that are first made on or after the Start Date of the first policy **we** or another member of the **Hudson Insurance Group** of companies issue to **you** and before the End Date of the last policy **we** or another member of the **Hudson Insurance Group** of companies issue to **you** in an uninterrupted succession of renewed policies are considered to be one **claim**:

1. first made against all of **you** at the time the earliest of them was first made against any of **you**; and
2. first reported to **us** in writing at the time **we** first receive a written report of the **claim**.

#### C. Defense and Settlement

1. For covered **claims**, **we** have a right and duty to defend **you**. **We** and the **first named insured** have the right to select defense counsel by mutual agreement. **We** will not unreasonably withhold approval of defense counsel recommended by the **first named insured**, but such defense counsel must:
  - a. be licensed and in good standing with the bar in the jurisdiction where the **claim** has been brought and must have his or her main office within fifty (50) miles of the place where the **claim** has been brought;
  - b. agree to cooperate and communicate with **us** fully, except for privileged and confidential information regarding a coverage dispute between **you** and **us**;
  - c. charge a rate equal to or less than the rate that **we** customarily pay, or would pay, for similar cases in that venue;

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### Third-Party Liability

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- d. have malpractice insurance with limits of liability of at least \$1 million for each claim or occurrence; and
- e. have at least five (5) years of civil litigation experience including cases similar to the **claim** against **you**.

However, if the **first named insured** waives its right to mutual selection of defense counsel or if **we** and the **first named insured** cannot, in good faith, mutually agree on the selection of defense counsel, then **we** will have the right to appoint defense counsel.

- 2. **You** may settle a **claim** without **our** prior written consent only when the total cost associated with the **claim**, including both **claim expenses** and **damages**, does not exceed **your** Third-Party Liability Retention. **You** may not settle any other **claim** without **our** prior written consent; **we** have the right to settle all such **claims**, unless the **first named insured** objects as set forth below. **We** will notify the **first named insured** of any settlement recommended by **us** and acceptable to the claimant, prior to **our** settling a **claim**. If the **first named insured** disagrees with the recommended settlement, then the **first named insured** must notify **us** in writing of the disagreement prior to the settlement. Upon **our** receipt of such notice **our** duty to pay will be limited to the following amounts, subject to **your** Third-Party Liability Retention and subject to the Third-Party Liability Limit:
  - a. as to **claim expenses**, the amount of **claim expenses** incurred up to the time **we** made **our** recommendation plus fifty percent (50%) of **claim expenses** that are incurred after **our** recommendation of settlement; and
  - b. as to **damages**, the lesser of (i) actual **damages** that are incurred or (ii) the amount of **damages** which **we** would have paid under this policy if **we** could have settled the **claim** at the time **we** made **our** recommendation plus fifty percent (50%) of the difference between that amount and the actual **damages** that are incurred.

The remaining **damages** and **claim expenses** will be paid by **you** at **your** own risk and will be uninsured.

- 3. If the total of **claim expenses** and **damages** for any **claim** are within **your** Third-Party Liability Retention, **we** will have no duty to pay on that **claim**.
- 4. **We** will not be obligated to pay or reimburse any **claim expenses** or **damages** or defend any **claim** after **we** have used up the Third-Party Liability Limit by payment of **claim expenses** and/or **damages** or **we** have used up the Policy Aggregate Limit.

## Part II – Not Covered!

### Exclusions

## Third-Party Liability

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

1. any of **you**; however, this exclusion will not apply to any **claim** brought by any of **you** described in items 3., 6., 7. or 8. of the definition of **you**:
  - a. if the **claim** is brought in their capacity as a client or customer of a **named insured for insurance services**; or
  - b. if the **claim** arises from items b. - e. of the definition of **security injury** and is directly related to the maintenance of personally identifiable information or **commercial confidential information** by **you** or a **trusted party**;
2. any entity which is a parent, affiliate, **subsidiary**, joint venturer, co-venturer or other entity in which any of **you** owns an interest either individually or collectively of more than twenty five percent (25%) of the total ownership;
3. any entity in which any of **you** is a partner, proprietor, officer, receiver or trustee;
4. any entity directly or indirectly controlled, managed or operated by any of **you**;
5. any entity or **person** supplying **content**, materials or services to any of **you** when the **claim** arises from or relates to the ownership or exercise of rights in the **content**, materials or services supplied; or
6. any local, state or federal government body, subdivision or agency; any regulatory body, bureau or agency; any licensing entity that issues or administers business or professional licenses; or any entity that licenses or administers intellectual property including but not limited to ASCAP, BMI, SESAC or RIAA; or any foreign equivalent of any of the foregoing. However, this exclusion will not apply when the **claim** is brought in their capacity as a client or customer of a **named insured for insurance services** or for violation of a privacy law or regulation.

## Part III – What You Must Do if a Wrongful Act or Claim Happens

### A. Wrongful Act Happens

If any of **you** become aware during the **policy period** of a **wrongful act** or of circumstances which may reasonably be expected to give rise to a **claim** and **you** notify **us** in writing with the details described below before the end of the **policy period**, if a **claim** caused by the **wrongful act** is later made against **you**, then **we** will deem the **claim** to have been first made against **you** on the date **we** received **your** written notification.

The written notification to us must include the following details:

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

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## Third-Party Liability

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### B. Claim Happens

If a **claim** is made against **you**, **you** must as soon as practicable after knowledge of such is obtained by any **executive officer** of a **named insured**, and in compliance with Part I.B.4 of this Third Party Liability section (or, if applicable, in compliance with Part IV.1.a.iii of this Third Party Liability section):

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

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

## Part IV – Extended Reporting Period

1. If **we** or the **first named insured** cancel or nonrenew this policy, **you** will automatically be entitled to the free Basic Extended Reporting Period, unless the **first named insured** chooses to purchase the Optional Extended Reporting Period or the Optional Extended Reporting Period for Sole Proprietors or **we** cancel for nonpayment of premium, any Retention, other charge or **your** noncompliance with the terms and conditions of this policy; in such cases, the Basic Extended Reporting Period will not apply.

The Basic Extended Reporting Period, the Optional Extended Reporting Period and the Optional Extended Reporting Period for Sole Proprietors:

- a. apply to **claims** first made against **you** and reported to **us** during the applicable Extended Reporting Period, but only if all of the following are met:
  - i.) **you** have not already reported, during the **policy period**, the **wrongful act** which may give rise to a **claim** as provided for in Part III – What **You** Must Do If a **Wrongful Act** or **Claim** Happens, A. **Wrongful Act** Happens in this Third Party Liability section;
  - ii.) the **wrongful act** which results in the **claim** happens on or after the Retroactive Date and before the end of the **policy period**;

## Third-Party Liability

- iii.) **we** receive from **you** during the applicable Extended Reporting Period a written report of the **claim**; and
    - iv.) none of **you** knew before the Start Date of this policy, of either the **wrongful act** or a circumstance which could reasonably be expected to lead to a **claim**;
  - b. do not extend the **policy period** or change the scope of coverage provided by this policy;
  - c. do not increase or reinstate the Limits;
  - d. will deem a **claim** that is first made during such Extended Reporting Periods as having been made on the last day of the **policy period**, and the provisions in effect on the last day of the **policy period** will apply; and
  - e. apply in excess of any replacement policy or other insurance that also covers a **claim** first made against **you** and reported to **us** during the applicable Extended Reporting Period.
2. Basic Extended Reporting Period
- We** will automatically give **you** for free, the Basic Extended Reporting Period, if:
- a. **we** cancel this policy for reasons other than nonpayment of premium, any Retention, other charge or **your** noncompliance with the terms and conditions of this policy;
  - b. **we** nonrenew or the **first named insured** cancels or nonrenews this policy; or
  - c. **we** renew this policy with insurance that does not apply on a claims made or claims made and reported basis;
- and the **first named insured** does not purchase the Optional Extended Reporting Period or the Optional Extended Reporting Period for Sole Proprietors. If the **first named insured** purchases the Optional Extended Reporting Period or the Optional Extended Reporting Period for Sole Proprietors, the Basic Extended Reporting Period does not apply.
- The Basic Extended Reporting Period begins at the end of the **policy period** and lasts for sixty (60) days. During this time period, **you** can report to **us** in writing **claims** that are first made against **you** during this same time period. **Claims** first made against **you** or reported to **us** after the Basic Extended Reporting Period ends will not be covered.
3. Optional Extended Reporting Period
- Subject to all terms in this item 3., the **first named insured** may purchase an Optional Extended Reporting Period of up to five (5) years if:
- a. **we** cancel this policy for reasons other than nonpayment of premium, any Retention, other charge or **your** noncompliance with the terms and conditions of this policy;
  - b. **we** nonrenew or the **first named insured** cancels or nonrenews this policy; or

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### Third-Party Liability

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- c. **we** renew this policy with insurance that does not apply on a claims made or claims made and reported basis.

If the **first named insured** purchases the Optional Extended Reporting Period, **you** are not entitled to the Basic Extended Reporting Period, and it will not apply.

The additional premium for an Optional Extended Reporting Period will be:

12 months:	100% of the full annual premium
24 months:	150% of the full annual premium
36 months:	200% of the full annual premium
48 months:	225% of the full annual premium
60 months:	250% of the full annual premium
72 months:	275% of the full annual premium

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

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

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

4. Optional Extended Reporting Period for Sole Proprietors  
If the **named insured** is a sole proprietor and cancels or fails to renew this policy due to his or her retirement from active practice as an insurance agent or insurance broker, the **named insured** will also have the option to extend the time for reporting **claims** to **us** first made against any of **you** to an unlimited period, but only for a **wrongful act** committed after the Retroactive Date stated in item 3. of the Declarations Page and before the end of the **policy period**. The additional premium for this Optional Extended Reporting Period for Sole Proprietors shall be 300% of the full annual premium, which is the premium in effect at the end of the **policy period** and includes the total of all premiums charged for this policy on an annualized basis. However, if the **named insured** is a sole proprietor and in the event of his or her death or permanent disability, **we** will waive the premium required for the unlimited period. The right to elect and purchase this coverage will lapse unless:

- a. **we** receive written notice of such election from the **named insured**; and

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### Third-Party Liability

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b. **we** receive payment of all additional premium due

within thirty (30) days of the end of the **policy period**.

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

If the **first named insured** purchases the Optional Extended Reporting Period for Sole Proprietors, **you** are not entitled to the Basic Extended Reporting Period, and it will not apply.

5. The Optional Extended Reporting Period and the Optional Extended Reporting Period for Sole Proprietors can only be purchased and will only take effect, if all of the following are met:
- a. **we** receive a request from the **first named insured** for the Optional Extended Reporting Period or Optional Extended Reporting Period for Sole Proprietors within thirty (30) days after the end of the **policy period**;
  - b. all premiums, Retentions and other charges are fully paid at the time of the **first named insured's** request for the Optional Extended Reporting Period or Optional Extended Reporting Period for Sole Proprietors and **you** are in full compliance with the terms and conditions of this policy;
  - c. **your** license or right to practice has not been revoked, suspended by or surrendered at the request of any regulating body;
  - d. **your** fraud did not cause the policy to be terminated or non-renewed; and
  - e. **we** receive full payment for the Optional Extended Reporting Period or Optional Extended Reporting Period for Sole Proprietors within thirty (30) days of the end of the **policy period**.

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## First-Party (your own losses)

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### Notice

All terms, conditions, definitions and exclusions in this section will only apply to the coverage for first-party loss provided in this section and to no other coverage provided in the policy. If there is a conflict between this First Party section and the remainder of the policy, the terms, conditions, definitions and exclusions in this First Party section will take precedence solely as respects the coverage for first-party loss provided in this section.

### Part I – Covered

#### A. Insuring Agreement

We will indemnify the **named insured** for money in excess of the applicable Retention that the **named insured** pays as **first-party loss** caused by a covered **security breach** in the **named insured's** business operations.

**First-party loss** means:

1. **Breach response expenses;**
2. **Content restoration expenses;**
3. **Cyber extortion expenses;**
4. **PCI-DSS/PA-DSS fines and non-compliance expenses;** and
5. additional expenses specified below that are incurred by the **named insured**:  
*no additional expenses.*

**Security breach** means the following:

With respect to **breach response expenses** and **PCI-DSS/PA-DSS fines and non-compliance expenses**, **security breach** means the following when allegedly or actually done by **you** or on **your** behalf:

1. failure to prevent exposure of, unauthorized access to, unauthorized use of, repudiation of access to, tampering with or introduction of malicious code into: data, software, firmware, systems or networks;
2. failure to prevent identity theft or credit/debit card fraud or to comply with PCI-DSS/PA-DSS standards;
3. failure to prevent the theft, unauthorized or illegal exposure of a **person's** personally identifiable information or **commercial confidential information** that resides in or



## First-Party

- on **your** laptop(s), **your** device(s) or **your** other media containing **content** or that is in the care of a **trusted party**; and
4. failure to prevent unauthorized access to or unauthorized use of **commercial confidential information**.

With respect to **content restoration expenses**, **security breach** means the following when allegedly or actually done by **you** or on **your** behalf:

1. failure to prevent exposure of, unauthorized access to, unauthorized use of, tampering with or introduction of malicious code into: data, software, firmware, systems or networks;
2. failure to prevent identity theft or credit/debit card fraud or to comply with PCI-DSS/PA-DSS standards;
3. failure to prevent the theft, unauthorized or illegal exposure of a **person's** personally identifiable information or **commercial confidential information** that resides in or on **your** laptop(s), **your** device(s) or **your** other media containing **content** or that is in the care of a **trusted party**; and
4. failure to prevent unauthorized access to or unauthorized use of **commercial confidential information**.

With respect to **cyber extortion expenses**, **security breach** means a credible threat or series of credible threats by a third party or parties, none of whom is a present or former officer or director of the **named insured**, and who has threatened to and demonstrated an ability to:

1. gain unauthorized access to or unauthorized use of the **named insured's**: data, software, firmware, systems or networks;
2. cause repudiation of access to, tamper with or introduce malicious code into the **named insured's**: data, software, firmware, systems or networks;
3. perpetrate identity theft or credit/debit card fraud through unauthorized access to or unauthorized use of the **named insured's**: systems or networks;
4. steal, expose or gain unauthorized access to or make unauthorized use of a **person's** personally identifiable information or **commercial confidential information** that resides in or on the **named insured's** systems or networks; or
5. cause denial or disruption of the **named insured's** service for the purpose of demanding money from the **named insured**.

All **security breaches** that result in **first-party loss** and that happen on or after the First-Party Loss Date and before the End Date of the last policy **we** or another member of the **Hudson Insurance Group** of companies issue to **you** in an uninterrupted succession of renewed policies and that are the same, continuous, repeated or in a series of interrelated **security breaches** or are temporally, logically or causally connected by facts, circumstances, situations, transactions, events, advice, dissemination, utterances or decisions are deemed to be a single **security breach** happening at the time the earliest of those **security breaches** happened during that time period.

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**First-Party**

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**Breach response expenses** means reasonable and necessary costs that are beyond the **named insured's** normal expenditures, are incurred solely as a result of a **security breach** and:

1. subject to **our** prior written consent, are incurred by the **named insured** within 12 months of **your** first discovery of the **security breach** for the following:
  - a. costs for **you** to notify:
    - (i) **persons** of a breach of the privacy of their personally identifiable information; or
    - (ii) clients of a breach of the privacy of their **commercial confidential information** that was in **your** care, custody and control or the care of a **trusted party**;
  - b. **the named insured's** public relations activities that are solely intended to mitigate a material impact to the **named insured** arising out of a **security breach** which has become substantially publicized through the news media;
  - c. costs, including forensic and investigative expenses, incurred by the **named insured** for services performed by others **you** engage to determine the origin, extent and duration of a **security breach**;
  - d. the **named insured's** costs to provide up to 2 years of credit monitoring services, including fraud alerts, to affected **persons** because of a **security breach**;
  - e. the **named insured's** costs for:
    - i.) identity restoration and
    - ii.) credit repair services
 for identity or credit injury to a **person** caused by a **security breach**;
  - f. the **named insured's** costs for a call center to manage **security breach** inquiries;
  - g. the **named insured's** costs for voluntary payment of restitution to **persons**, when no **claim** has been made by or on behalf of those **persons**, who have lost money because of a **security breach** when the payment is made in order to prevent a **claim** from being made; and
  - h. the **named insured's** legal expenses in connection with items a.-g. of this definition; or
2. subject to **our** written approval, cost of efforts within the first seventy-two (72) hours of **your** first discovery of a **security breach** to re-secure the personally identifiable information of affected **persons** and **commercial confidential information**.

**Breach response expenses** does not include legal, forensic or investigative expenses covered under **PCI-DSS/PA-DSS fines and non-compliance expenses**.

**Content restoration expenses** means reasonable and necessary costs that are extraordinary and beyond the **named insured's** normal expenditures and that are incurred by the **named insured**, subject to **our** prior written consent, to restore or recreate **content** when such **content** was:

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## First-Party

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1. maintained in **your** care or the care of a **trusted party**; and
2. damaged or destroyed as a result of a **security breach**.

If the **content** cannot be restored or recreated, the **content restoration expenses** will be the actual expenses incurred to reach that determination. The **named insured** must secure **our** written consent before incurring any **content restoration expense**.

**Content restoration expenses** does not include:

- a. the cost to restore or recreate **content** to a level greater than that which existed immediately before the **security breach**; or
- b. cost incurred by the **named insured** more than 12 months after **your** first discovery of a **security breach**.

**Cyber extortion expenses** means:

1. a reasonable and necessary amount of money, including Bitcoin, paid by the **named insured** to a party who is reasonably believed by the **named insured** to be responsible for a **security breach** when the payment is made for the purpose of terminating the **security breach**;
2. reasonable and necessary forensic and investigative expenses billed to the **named insured** by others **you** engage to determine the credibility of, feasibility of, source of and potential harm that will be caused by the **security breach**;
3. subject to **our** written consent before it is offered, a reward paid to a third party by the **named insured** to eliminate the **security breach** or to obtain information that results in the arrest and conviction of the third party responsible for the **security breach**; and
4. subject to **our** prior written consent, the **named insured's** legal expenses in connection with items 1.-3. of this definition.

**Cyber extortion expenses** does not include payment of expenses that exceed the potential harm that would reasonably be caused by the **security breach**.

**PCI-DSS/PA-DSS fines and non-compliance expenses** means:

1. fines;
2. forensic costs including the costs of a Qualified PCI Forensic Investigator; and
3. monetary assessments for: card reissuance, card fraud monitoring and fraud losses incurred from the use of compromised account numbers

that the **named insured** is legally obligated to pay based on the **named insured's** non-compliance with Payment Card Industry Data Security Standards (PCI-DSS) or Payment Application Data Security Standards (PA-DSS) and that are assessed against the **named insured** by American Express, Discover Financial Services, JCB International, MasterCard Worldwide or Visa, Inc. or by the **named insured's** acquiring bank with which the **named insured** has a merchant account and which processes the **named insured's** payment card transactions.

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## First-Party

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**PCI-DSS/PA-DSS fines and non-compliance expenses** also means reasonable and necessary legal expenses, which are subject to **our** prior written consent, that are incurred by the **named insured** in connection with items 1.- 3. above in this definition.

**PCI-DSS/PA-DSS fines and non-compliance expenses** does not include:

- a. interchange fee, chargeback, discount fee, prospective service fee or other fee, charges or penalty other than as described in items 1. – 3. of the first paragraph in this definition;
- b. a fine assessed against any of **you** more than 12 months after the first discovery of a **security breach**;
- c. a fine assessed against any of **you** that does not arise out of a **security breach**; or
- d. legal, forensic or investigative expenses covered under **breach response expenses**.

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

This policy applies to a **first-party loss** resulting from a **security breach** only if all of the following are met:

1. the **security breach** first happened on or after the First-Party Loss Date;
2. none of **you** knew prior to the Start Date of this policy of a fact or circumstance that could reasonably be expected to lead to a **first-party loss**;
3. **you** first discover the **security breach** during the **policy period**; and
4. as soon as practicable but in no event later than 60 days after **your** first discovery of the **security breach**, **we** receive the **named insured's** written or e-mail report describing the **security breach** as required by Part III.A. of this First Party section.

A **security breach** will be deemed to be first discovered by all of **you** when any of **you** first discover the **security breach**.

### C. Payment of **First-Party Loss**

1. If the total **first-party loss** for any **security breach** is within **your** applicable Retention, **we** will have no duty to pay on that **security breach**.
2. **We** will not be obligated to pay or reimburse any **first-party loss** after **we** have used up the applicable Limits by payment of **first-party loss** or **we** have used up the Policy Aggregate Limit.
3. **We** will only pay for **first-party loss**, or any portion thereof, that is incurred during the first 12 months after **your** first discovery of the **security breach** that resulted in the **first-party loss**.
4. **We** have the right to investigate any **first-party loss** as **we** deem necessary before making any payment.

## Part II – Not Covered!

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## First-Party

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### Exclusions

A. **We** will not pay **first-party loss** arising out of or in any way related to any actual or alleged:

1. **damages, claim expenses**, or money owed arising out of any liability to third parties;
2. **claim**;
3. refund, credit, redemption, discount, coupon, offset, rebate or return including, but not limited to: licensing fees, subscription charges, access fees, royalties or any other type of fee or charge; however this exclusion A.3. does not apply to **PCI-DSS/PA-DSS fines and non-compliance expenses** levied against or charged to the **named insured**;
4. **your** cost to create a proof of loss or to document a **first-party loss**; or
5. expense **you** incur to update, upgrade, enhance or improve **content**, data, software, firmware, systems or networks to a state better than which existed prior to the **security breach**.

### Part III – When You Discover a Security Breach

A. When **you** discover a **security breach** that may reasonably be expected to result in a **first-party loss**, the **named insured** must:

1. immediately upon **your** first discovery of the **security breach** and in compliance with Part I.B.4. of this First Party section, notify **us** in writing or by email. This notification must include:
  - a. a description of the **security breach**;
  - b. a description of how, when and where the **security breach** or circumstances happened; and
  - c. copies of all available information relating to the **security breach** and its duration;
2. promptly authorize **us** to obtain records and other information; and provide **us** with records and other information;
3. promptly cooperate with and assist **us** in the investigation of the **security breach** and **first-party loss**; and
4. promptly assist **us**, upon **our** request, in enforcing all rights of contribution or indemnity that **you** or the **persons** affected may have against all **persons** or entities.

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**First-Party**

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B. Except as specifically stated below, none of **you** will, except at **your** own cost, make any payments, assume any obligation, release any other **person** or entity from liability or incur any expenses without **our** prior written consent.

**Our** written consent, but not prior consent, is required for:

1. the reasonable and necessary cost of efforts within the first seventy-two (72) hours of **your** first discovery of a **security breach** to re-secure the personally identifiable information of affected **persons** and **commercial confidential information** in **your** care, custody and control; or
2. **cyber extortion expenses** other than a reward paid to a third party by the **named insured** to eliminate the **security breach** or to obtain information that results in the arrest and conviction of the third party responsible for the **security breach**.

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## Business Interruption (your own losses)

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### Notice

All terms, conditions, definitions and exclusions in this section will only apply to the coverage for business interruption loss provided in this section and to no other coverage provided in the policy. If there is a conflict between any of the other terms, conditions, definitions and exclusions in the policy and this Business Interruption section, the terms, conditions, definitions and exclusions in this Business Interruption section will take precedence solely as respects the coverage for business interruption loss provided in this section.

This policy does not insure business interruption loss within the Time Retention. Business interruption loss within the Time Retention will not reduce the Business Interruption Limit. Covered business interruption loss above the Time Retention is subject to the coinsurance percentage which is your coinsurance obligation and we will pay the remaining percentage. Your coinsurance payment will not reduce the Business Interruption Loss Limit.

### Part I – Covered

#### A. Insuring Agreement

We will indemnify the **named insured** for money that the **named insured** incurs as **business interruption loss** caused by a covered **security event** in the **named insured's** business operations, subject to the Time Retention and **your** coinsurance obligation.

**Business interruption** means inability to access or use the **named insured's** data, software, firmware or networks, whether residing on the **named insured's** system or in the care of a **trusted party**, when such inability is caused by a **security event**, provided that **you** have taken reasonable steps and exercised due diligence to minimize or to avoid the interruption to the **named insured's** business.

**Business interruption loss** means:

1. net income before income taxes that the **named insured** is unable to realize during the **business interruption period** as a result of the **business interruption**; plus
2. normal operating expenses that the **named insured** incurs during the **business interruption period**, but only if these expenses are necessary during the **business**

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## Business Interruption

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- interruption period** and would have been incurred if no **business interruption** happened;  
plus
3. reasonable and necessary extra expenses in excess of the **named insured's** normal operating expenses that the **named insured** incurs during the **business interruption period** to:
    - a. reduce 1. above;
    - b. decrease the **business interruption period**;
    - c. restore normal business operations; and
    - d. investigate and determine the source or cause of the **security event**;provided that these extra expenses do not exceed item 1 above;  
minus
  4. any after-spike in the **named insured's** net income before income taxes which occurs after the **business interruption period** that is related to the **business interruption** and is in excess of the **named insured's** net income before income taxes for that period which would have been realized if not for the **business interruption**;  
minus
  5. any increase in the **named insured's** offline net income before income taxes which occurs during the **business interruption period** that is related to the **business interruption** and is in excess of the **named insured's** net income before income taxes for that period which would have been realized if not for the **business interruption**;  
minus
  6. any loss by the **named insured** due to economic or other unfavorable business condition or due to any cause other than a **security event**.

**Business interruption loss** shall be calculated as provided in Part V.

**Business interruption period** means the time period starting on the date and time the time retention is exceeded and ending on the date and time that (1) access and use is restored to the **named insured's**: data, software, firmware or networks or (2) the **named insured** is able to resume normal business operations, whichever comes first, but not to exceed 30 cumulative days from when the **business interruption** first happened. The expiration date of this Policy will not cut short the **business interruption period**.

**Security event** means **your** failure or the failure of a **trusted party** to prevent unauthorized access to, unauthorized use of, tampering with or introduction of malicious code into data, software, firmware, systems or networks which results in denial or disruption of the **named insured's** service or repudiation of access to the **named insured's** data, software, firmware or networks.

All **security events** that result in **business interruption loss** and that happen:

- 1 on or after the **Security Event Date**; and



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## Business Interruption

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2. before the End Date of the last policy that **we** or another member of the **Hudson Insurance Group** of companies issue to **you** in an uninterrupted succession of renewed policies and that are the same, continuous, repeated or in a series of interrelated **security events** or are temporally, logically, or causally connected by facts, circumstances, situations, transactions, events, advice, dissemination, utterances or decisions are deemed to be a single **security event** happening at the time the earliest of those **security events** happened during that time period.

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

This policy applies to a **business interruption loss** caused by a **security event** only if all of the following are met:

1. both the **security event** and the **business interruption** first happened on or after the **Security Event Date** of this policy;
2. none of **you** knew prior to the Start Date of this policy of a fact or circumstance that could reasonably be expected to lead to a **business interruption loss**;
3. **you** first discover the **business interruption** during the **policy period**;
4. as soon as practicable but in no event later than 30 days after **you** first discover the **security event** or **business interruption**, whichever one **you** discover first, we receive the **named insured's** written or e-mail report describing the **security event** or **business interruption** as described in Part IV.A. of this **Business Interruption** section; and
5. **we** receive the **named insured's** written, detailed and sworn proof of **business interruption loss** no later than 120 days from when **you** first discovered the **business interruption**.

### C. Payment of **Business interruption loss**

1. If the total **business interruption loss** for any **security event** is within the Time Retention, **we** will have no duty to pay on that **business interruption loss**.
2. **We** will not be obligated to pay or reimburse any **business interruption loss** after **we** have used up the applicable Limits by payment of **business interruption loss** or **we** have used up the Policy Aggregate Limit.
3. We have the right to investigate any **business interruption loss** as **we** deem necessary before making any payment.

## Part II – Not Covered! Exclusions

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## Business Interruption

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A. **We** will not pay **business interruption loss** arising out of or in any way related to any actual or alleged:

1. act, error or omission of any kind by any **person** or entity. However this exclusion will not apply if the act, error or omission resulted in a **security event**;
2. **damages, claim expenses**, or money owed arising out of any liability to third parties;
3. **claim**;
4. refund, credit, redemption, discount, coupon, offset, rebate or return including, but not limited to: licensing fees, subscription charges, access fees, royalties or any other type of fee or charge;
5. **your** cost to create a proof of loss or to document a **business interruption loss**; or
6. expense **you** incur to update, upgrade, enhance or improve **content**, data, software, firmware, systems or networks to a state better than which existed prior to the **security event**.

### Part III – Business Interruption Time Retention and Coinsurance

#### A. Time Retention

The Time Retention stated in item 5.C. of the Declarations Page is the number of hours which must elapse before the **business interruption period** starts for each **business interruption** before **we** will pay. Any losses that occur during the Time Retention are not covered.

**You** may not insure the Time Retention. The Time Retention may not be reduced by **your** payment of any deductible or retention on any other policy or by any payment made on **your** behalf by a third party. The Time Retention will not reduce the Limits of Liability.

**You** will incur all costs and lost net income during the Time Retention.

#### B. Coinsurance

The coinsurance percentage stated in item 6 of the Declarations page is the percentage of each **business interruption loss** in excess of the Time Retention **you** must incur for each **business interruption loss**. **We** will pay the remaining percentage for each **business interruption loss**, subject to the applicable Limits.

**You** may not insure **your** coinsurance obligation. The coinsurance amount may not be reduced by **your** payment of any deductible or retention on this policy or any other policy or by any payment made on **your** behalf by a third party. The coinsurance amount will not reduce the Limits of Liability.

## Business Interruption

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

### Part IV – What You Must Do if a Security Event or Business Interruption Happens

A. When **you** discover a **security event** that may reasonably be expected to result in a **business interruption loss** or when **you** discover a **business interruption**, whichever happens first, the **named insured** must:

1. upon **your** discovery of the **security event** or **business interruption**, notify **us** in writing or by email within the time period required by Part I.B.4. of this **business interruption** section. This notification must include:
  - a. a description of the **security event** or **business interruption**;
  - b. a description of how, when and where the **security event** or circumstances happened; and
  - c. copies of all available information relating to the **security event** or **business interruption** and its duration, if known;
2. promptly authorize **us** to obtain records and other information; and provide **us** with records and other information;
3. promptly cooperate with and assist **us** in the investigation of the **security event** and **business interruption**;
4. provide **us** with the **named insured's** written, detailed and sworn proof of **business interruption loss** within the time period required by Part I.B.5. of this **business interruption** section; and
5. promptly assist **us**, upon **our** request, in enforcing all rights of contribution or indemnity that **you** or the persons affected may have against all **persons** or entities.

B. None of **you** will, except at **your** own cost, make any payments, assume any obligation, release any other **person** or entity from liability or incur any expenses without **our** prior written consent.

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## Business Interruption

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### Part V – Business Interruption Loss Calculation and Proof of Business Interruption Loss

A. **Business interruption loss** will be calculated on an hourly basis for the **business interruption period**. In determining the actual amount of net income loss incurred, consideration will be given to the **named insured's** performance during the prior 24 months, the **named insured's** probable performance during the **business interruption period**, seasonality, economic and business conditions and other factors that may impact net income.

B. Proof of **business interruption loss** includes:

1. **named insured's** written, detailed and sworn statement providing the full particulars of the **security event** and **business interruption**;
2. detailed **business interruption loss** calculation and all underlying assumptions and facts used in the calculation and all documentation supporting the calculation, including but not limited to:
  - a. current and historical audited financial statements to include income statements, balance sheets and statements of cash flow. If audited financial statements do not exist, unaudited financial statements as described above along with corresponding tax returns must be provided;
  - b. operating budgets for the two prior fiscal years, and the current and coming fiscal years;
  - c. copies of invoices for extra expenses as described in item 3. of the definition of **business interruption loss**;
  - d. copies of contracts with all vendors that were in effect at the time of the **security event** and during the Time Retention and **business interruption period**; and
3. all other documentation or information that **we** request from **you** in order to evaluate the **named insured's business interruption loss**.

C. **We** may examine and audit **your** books and records as they relate to any **security event** or **business interruption loss** at any time during the **policy period** and up to three years afterward.

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## Supplementary Payments (your own losses)

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### Part I – Covered

Supplementary Payments made pursuant to this Supplementary Payments section A.- D:

1. are not subject to any Retention; and
2. are in addition to the Policy Aggregate Limit stated in item 4.D. of the Declarations Page but shall be subject to the limits set forth in item 8 of the Declarations Page and to the Limitation set forth in Part II. of this Supplementary Payments section.

#### A. Disciplinary Proceedings Supplementary Payments

Upon submission to **us** of written proof and subject to the amounts stated in item 8.A. of the Declarations Page, **we** will reimburse **you** for legal fees and costs that you paid during the **policy period** as a result of any **disciplinary proceeding**. The amount **we** will reimburse **you** for each **disciplinary proceeding** will not exceed the amount stated in item 8.A.1. of the Declarations Page. The maximum amount **we** will pay under this policy for all **disciplinary proceedings** will not exceed the aggregate amount stated in item 8.A.2. of the Declarations Page, regardless of the number of **you** or of **disciplinary proceedings** involved. **We** will not be obligated to defend any **disciplinary proceeding** or pay any fine, penalty or award resulting from any **disciplinary proceeding**.

#### B. Loss of Earnings and Expense Reimbursement Supplementary Payments

Upon submission to **us** of written proof and subject to the amounts stated in item 8.B. of the Declarations Page, **we** will reimburse **you**, if **you** are a **person**, for **your** actual loss of earnings and **your** paid reasonable and necessary expenses when any of the foregoing are incurred for **your** attendance at a hearing, mediation, arbitration, deposition or trial, provided that all such attendance was at **our** written request. The amount **we** will reimburse **you** per day for such attendance will not exceed the per day amount stated in item 8.B.1. of the Declarations Page. The maximum amount **we** will pay under this policy for all actual loss of earnings and reasonable and necessary expenses hereunder will not exceed the aggregate amount stated in item 8.B.2. of the Declarations Page, regardless of the number of **you** or the number of written attendance requests by **us**.

#### C. Subpoena Supplementary Payments

## Supplementary Payments

If (1) **you** receive during the **policy period** a subpoena that seeks documents or testimony from **you** relating to **insurance services** performed for a **named insured** and also (2) the subpoena is not related to a **claim** that has been made against any of **you**, then **we** will, at **your** written request and upon receipt of a copy of the subpoena, retain legal counsel to advise **you** regarding document production and/or to represent **you** during testimony. The amount **we** will pay for such legal counsel's fees and expenses for each subpoena will not exceed the each subpoena amount stated in item 8.C.1. of the Declarations Page, no matter how many of **you** there are. The maximum amount **we** will pay under this policy for all subpoenas will not exceed the aggregate amount stated in item 8.C.2 of the Declarations Page regardless of the number of subpoenas reported or the number of **you** involved. Any notice to **us** of a subpoena will be deemed notice of a circumstance under Part III.A. of the Third-Party Liability section of this policy.

### D. Catastrophe Extra Expense Supplementary Payments

If a natural catastrophe as described below takes place during the **policy period**, then upon submission to **us** of written proof and subject to the amounts stated in item 8.D. of the Declarations Page, **we** will reimburse the **named insured** for actual reasonable expenses incurred by the **named insured** for assisting in the insurance claim processing needs of the **named insured's** clients who have been affected by the catastrophe, subject to all of the following terms and conditions.

To be eligible for reimbursement, such expenses incurred by the **named insured** for assisting clients in their insurance claim processing needs, the expenses must be above and beyond the **named insured's** ordinary expenses. To be eligible for reimbursement, the expenses must have been incurred within 60 consecutive calendar days after the catastrophe took place or is deemed hereunder to have taken place.

The catastrophe must be a declared catastrophe by the Insurance Services Office, Inc. ("ISO"), and it must be a natural catastrophe. If the catastrophe occurred on more than one day, the catastrophe will be deemed to have taken place on the first of such days. If a catastrophe involves more than one catastrophic event and it is related to one or more other catastrophes declared by the ISO, then all such related catastrophes which took place during the **policy period** will be deemed to be a single catastrophe that took place on the first date that any of such related catastrophes took place.

The amount **we** will reimburse **you** for each catastrophe (including multiple related catastrophes that are deemed to be one catastrophe as described herein) will not exceed the amount stated in item 8.D.1. of the Declarations Page. The maximum amount **we** will pay under this policy for all catastrophes will not exceed the aggregate amount stated in item 8.D.2. of the Declarations Page, regardless of the number of **you** or of catastrophes involved.

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## Supplementary Payments

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### Part II – Limitation

Notwithstanding any other provision of this Policy, **our** obligation to pay Supplementary Payments ends when the Policy Aggregate Limit stated in item 4.D. of the Declarations Page has been exhausted.

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## Common Terms and Conditions

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### Notice

The provisions of this Common Terms and Conditions section apply to the entire policy.

### Part I – Not Covered! Exclusions

A. **We** will not pay **first-party loss, business interruption loss, claim expenses** and/or **damages** or defend any of **you** for any **wrongful act, claim, security breach** or **security event** arising out of or in any way related to any actual or alleged:

1. bodily injury, sickness or disease and any resulting death; or humiliation, mental anguish, mental injury, pain and suffering or shock that results in or from bodily injury, sickness, disease or death. However, this exclusion does not apply to a **claim** arising directly out of: an actual or alleged **wrongful act** by any of **you** in providing **insurance services** to a **person** or entity that is not one of **you**;
2. physical damage to, loss or destruction of tangible property including any resulting loss of use. However, this exclusion does not apply to:
  - a. data, information or software if the tangible property on which it resides is not physically damaged, lost or destroyed;
  - b. loss including theft of a **person's** personally identifiable information or of **commercial confidential information**; or
  - c. a **claim** arising directly out of an actual or alleged **wrongful act** by any of **you** in providing **insurance services** to a **person** or entity that is not one of **you**;
3. breach of express or implied: warranty or guarantee;
4. breach of express or implied contract. However, this exclusion does not apply to liability that would have existed in the absence of a contract or to **claims** alleging negligent performance of **insurance services**;
5. contest, lottery, sweepstake or game of chance;
6. spike in, surge of, decrease in, disruption of, fluctuation in or failure of any infrastructure service or utility provided by a third party, including but not limited to power, water, gas, communications or connectivity;
7.
  - a. price-fixing, unfair competition, restraint of trade, antitrust violation;
  - b. unfair or deceptive business or trade practice;
  - c. violation of any securities law, investment advisors law, corporate governance law or the Racketeer Influenced and Corrupt Organizations Act (RICO);



## Common Terms and Conditions

- d. violation of any consumer protection law;  
or violation of any similar local, state, federal or foreign equivalent law or regulation. However, this exclusion does not apply to:
- (1) violation of a **person's** privacy rights under a law or regulation;
  - (2) misuse of an intellectual property right as described in item d. of the definition of **content injury**; or
  - (3) an actual or alleged **wrongful act** by any of **you** in providing **insurance services** to a **person** or entity that is not one of **you**;
8. a. act, error or omission; or  
b. violation of the Employee Retirement Income Security Act of 1974 (ERISA) or any amendment to the Act or any similar local, state, federal or foreign equivalent law or regulation
- when any of the foregoing in 8.a. or 8.b. arise from or relate to **you** in **your** capacity as an employer, participant, sponsor or Named Fiduciary related to any pension, healthcare, welfare, profit sharing, mutual or investment plan, fund, trust or any other type of employee benefit. However, this exclusion does not apply to violation of a **person's** privacy rights under a law or regulation;
9. employer-employee relations or employment practices. However this exclusion does not apply to items b. - e. of the definition of **security injury** or to a **security breach** arising from the maintenance, in **your** business operations, of personally identifiable information by **you** or a **trusted party** about **persons** described in item 3. of the definition of **you** or **your**;
10. harassment, misconduct or discrimination because of or relating to: race, color, national origin, creed, religion, age, sex, gender, sexual preference or orientation, marital status, military service, handicap, disability, health condition, pregnancy or any other protected class under any local, state, federal or foreign equivalent law or regulation. However, this exclusion shall not apply:
- a. if such discrimination is a single allegation in a **claim** that also makes other allegations that would be covered by this policy if not for this exclusion; or
  - b. an actual or alleged **wrongful act** by any of **you** in providing **insurance services** to a **person** or entity that is not one of **you**;
11. pollution or the presence of or the actual, alleged or threatened generation, contamination, discharge, dispersal, release, seepage, migration or escape of any **pollutant** or **irritant**; or the testing, monitoring, clean-up, removal, assessment, containment, treatment, detoxification or neutralization of any **pollutant** or **irritant** or the failure to do so, whether or not the pollution or condition is or was sudden, accidental, gradual, intended, expected, or preventable or whether or not any of **you** caused or contributed to the pollution or condition. However, this exclusion shall not apply to an actual or alleged **wrongful act** by any of **you** in providing **insurance services** to a **person** or entity that is not one of **you**;
12. **your** bankruptcy, insolvency, receivership or liquidation; but the bankruptcy or insolvency of **you** or **your** estate will not relieve **us** of **our** obligation under this policy;
13. nuclear reaction, nuclear radiation or radioactive contamination;

## Common Terms and Conditions

14. **terrorism**; this exclusion shall apply and prevent any and all coverage for **claims, damages, claim expenses, first-party loss or business interruption loss** arising from **terrorism**, regardless of whether any other cause or event that otherwise would be covered contributes in any way to the **wrongful act, claim, security breach or security event**. However, this exclusion shall not:
  - a. apply to an actual or alleged **wrongful act** by any of **you** in providing **insurance services** to a **person** or entity that is not one of **you**; or
  - b. apply to or prevent coverage for **claims, damages, claim expenses, first-party loss or business interruption loss** directly caused by **cyberterrorism**;
15. **war or hostile acts**; this exclusion shall apply and prevent any and all coverage for **claims, damages, claim expenses, first-party loss or business interruption loss** arising from **war or hostile acts**, regardless of whether any other cause or event that otherwise would be covered contributes in any way to the **wrongful act, claim, security breach or security event**. However, this exclusion shall not:
  - a. apply to an actual or alleged **wrongful act** by any of **you** in providing **insurance services** to a **person** or entity that is not one of **you**; or
  - b. apply to or prevent coverage for **claims, damages, claim expenses, first-party loss or business interruption loss** directly caused by **cyberterrorism**;
16. tortious interference with the contractual or business relations of others;
17. use, misuse, misappropriation, conversion or any other kind of improper treatment of any trade secret, **commercial confidential information** or any other kind of private or confidential **content** for the use, purpose, benefit or advantage of a **named insured or subsidiary**;
18. use, misuse, misappropriation, conversion or any other kind of improper treatment of any trade secret or **commercial confidential information** by, or with active cooperation, participation or assistance of, any of **you**, any of **your** former employees, subsidiaries, directors, officers, partners, trustees or any of **your** successors or assignees;
19. wrong description of the price of a product, service or goods stated in **your** advertisement; However, this exclusion only applies to **personal injury** and to advertisement of **your insurance services** by **you**;
20. failure of a product, service or goods to conform with any statement of quality or performance made in **your** advertisement; However, this exclusion only applies to **personal injury** and to advertisement of **your insurance services** by **you**;
21. seizure of or denial of access to **content**, whether permanent or temporary, or destruction of or damage to **content** by any government or public authority for whatever reason;
22. unlicensed copying or use of a third-party's software program on **your** computer or system. However, this exclusion does not apply to a **claim** alleging copyright infringement by **your** own software product;

## Common Terms and Conditions

23. violation: of the United States of America Telephone Consumer Protection Act (TCPA) of 1991 or any amendment to the TCPA, or of any similar or related local, state, federal or foreign equivalent law, rule or regulation;
24. failure to collect, pay or return any premium, commission, tax or brokerage or policy fee of any kind, if any of **you** in fact collected such premium, commission, tax or brokerage or policy fee;
25. insolvency, receivership, bankruptcy, liquidation or inability to pay of any insurance company, trust, organization or other vehicle formed for the purpose of providing insurance, with which any of **you** directly or indirectly placed or obtained insurance coverage for, or placed the funds of, a client or an account. However, this exclusion shall not apply if, at the time of the most recent placement of coverage or funds, such insurance company, trust, organization or other vehicle formed for the purpose of providing insurance was: (a) rated by A.M. Best as B+ or better; (b) guaranteed by a governmental body or bodies (including but not limited to an assigned risk plan, Joint Underwriting Association, fair plan, state insurance fund, state guarantee fund or state guarantee association); or (c) a County Mutual reinsured by carriers all rated by A.M. Best as B+ or better; or
26. notarization or other acknowledgement of a signature without:
  - a. the notary or **person** acknowledging the signature actually witnessing the signature at the time the signature is made; or
  - b. the notary or **person** who is acknowledging the signature previously personally knowing the **person** signing or obtaining documentation of such **person's** identity at the time the signature is made.

**B. We will not pay first-party loss, business interruption loss, claim expenses or damages for any wrongful act, claim, security breach or security event arising out of or in any way related to any:**

1. act or omission by **you** that is: dishonest, fraudulent or criminal;
2. act or omission committed while knowing it was wrongful, except this item 2. does not apply to items a. and b. of the definition of **personal injury**;
3. intentionally: false, fraudulent, deceptive, misleading or misrepresentative advertising or sales activity by or known by **you**;
4. dissemination of **content** if done by or at **your** direction with knowledge of its falsity, except this item 4. does not apply to items a. and b. of the definition of **personal injury**; or
5. material bug or defect known by **you** that could reasonably be expected to cause harm;

when such act, omission or knowledge is established by **your** admission or final adjudication by a jury, court or arbitrator. However, exclusions B.1. – 5. above do not apply to any of **you** who did not commit, acquiesce or participate in or remain passive after having knowledge of the actions that gave rise to the **claim, first-party loss or business interruption loss**. The knowledge, action or inaction of an **executive officer** will be imputed to the **named insured**.

## Common Terms and Conditions

C. **We** will not pay **first-party loss, business interruption loss, claim expenses or damages** or defend any of **you** for any actual or alleged **wrongful act, claim, security breach or security event** based upon, arising out of or in any way related to any prior and/or pending civil, criminal, administrative or investigative proceeding or **disciplinary proceeding** involving any of **you** as of the Prior and Pending Proceeding Date stated in item 9 of the Declarations Page, or any fact, circumstance or situation underlying or alleged in such proceeding or **disciplinary proceeding**. However, this exclusion will not apply if none of **you** had any knowledge of the civil, criminal, administrative or investigative proceeding or **disciplinary proceeding** as of the Prior and Pending Proceeding Date stated in item 9 of the Declarations Page.

## Part II – Definitions

**Claim** means a written, e-mail or other digital demand against **you** for:

1. **damages**; or
2. injunctive relief when brought in conjunction with allegations described in items a. or b. of the definition of **personal injury**, or items a. or b. of the definition of **content injury**.

A **claim** as described above may be in the form of a letter, email, lawsuit, administrative action, privacy regulatory action, arbitration or other type of alternative dispute resolution proceeding against any of **you**. **Claim** does not include any criminal charge or action brought by any federal, state or local authority or any foreign equivalent.

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

1. **Claim expenses** include:
  - a. attorney fees in defending a covered **claim** in a lawsuit, arbitration or mediation;
  - b. court costs taxed against **you** in a **claim**;
  - c. pre-judgment interest awarded against **you** on that part of the judgment **we** pay, but if **we** make an offer to pay the Third-Party Liability Limit, **we** will not pay any interest which accrues after **our** offer of payment;
  - d. interest that accrues on the covered part of a judgment after the entry of the judgment and before **we** have paid, tendered or deposited in court the part of the judgment that is within the remaining Third-Party Liability Limit;
  - e. costs of appeal bonds or bonds to release attachments, but only for bond amounts within the remaining Third-Party Liability Limit. **We** do not have to furnish these bonds; and
2. **Claim expenses** do not include salaries, other compensation or expenses of the **named insured's** employees.

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## Common Terms and Conditions

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

**Commercial confidential information** means **content** of others that is not publicly available that **you** have in **your** care or the care of a **trusted party** and that was provided to **you** under a written, signed and dated: non-disclosure agreement, confidentiality agreement or confidentiality provision of a contract entered into by the **named insured** and

- a. a proprietorship or
- b. an entity that is not a **person**

and that was entered into before the **wrongful act** happens which leads to a **claim** or before the **security breach** which leads to a **first-party loss**.

**Commercial confidential information** does not include the **content** of any of **you** listed in items 1.-6. or item 8. of the definition of **you**.

**Cyberterrorism** means commission or threat of an act that interferes with or disrupts the **named insured's** electronic: data, software, firmware, systems or networks when a governmental official or governmental authority concludes that the intent is to: (a) intimidate or coerce a government, **person** or other entity, or (b) further political, ideological, religious, social or economic objectives or (c) express (or express opposition to) a philosophy or ideology.

**Damages** means a money judgment, award or settlement that **you** legally have to pay to a third party including:

- a) exemplary, punitive or multiplied damages where insurable; and
- b) consumer redress imposed in a covered privacy regulatory action, except as otherwise stated herein.

Only for the purpose of resolving any dispute or potential dispute between **you** and **us** regarding whether such exemplary, punitive or multiplied damages are insurable under this policy, the law of the jurisdiction most favorable to the insurability of such damages shall control, provided that such jurisdiction: (i) is where such damages were awarded or imposed, (ii) is the first location where the **wrongful act** that gave rise to such damages took place, (iii) is where the **first named insured** resides, is incorporated or has its principal place of business or (iv) is where **we** are incorporated or have our principal place of business.

**Damages** does not include:

1. the fee, cost, charge, commission, contingent or profit commission, or contract price for:
  - a. **your insurance services**; or
  - b. services or products provided by another party to **you** or on **your** behalf to **your** customer;

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## Common Terms and Conditions

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2. any type of refund, credit, redemption, discount, coupon, offset, rebate or return of any type of fee or charge, including, but not limited to any: premium, commission, contingent commission, licensing fee, subscription charge, access fee, royalty;
3. any gain, profit or advantage to which any of **you** or another party are not legally entitled including, but not limited to: disgorgement of profits, money, credits or any other form of unwarranted financial benefit;
4. any criminal or civil fine or penalty against any of **you**, except for civil fine or civil penalty imposed in a covered privacy regulatory action;
5. any payment **you** make without **our** prior written consent;
6. any type of expense **you** incur to comply with any non-monetary or injunctive relief;
7. any type of expense **you** incur to recall, repair, fix, correct, complete, reperform or upgrade **your insurance services** in whole or in part; or which another party incurs for such actions, if **you** had the opportunity to take any of the actions;
8. any future: use charge, licensing fee or royalty;
9. any liquidated amount of money or credit established by agreement between any of **you** and any other entity or **person**;
10. any consumer redress that is made voluntarily or through a charitable or other contribution to a non-profit entity; or
11. any taxes owed or allegedly owed by any of **you**.

**Disciplinary proceeding** means any proceeding or related group of proceedings by an administrative, disciplinary, governmental or regulatory agency, board, body or official to investigate charges of professional misconduct in the performance of or failure to perform **insurance services**. **Disciplinary proceeding** does not include any criminal proceeding.

**Executive officer** means the president, chief executive officer, managing partner, managing member, chief financial officer, chief operating officer, chief compliance officer, in-house general counsel or risk manager of a **named insured**.

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

**Hosted web content** means a blog, video log, podcast, webcast or other **content** that is under the control of a **named insured** while hosted by a third party and which meets the following criteria: the **content** is created and maintained:

1. by one or more of **you** within the scope of **your** duties on behalf of a **named insured**; and
2. for the benefit of a **named insured**.

Comments posted by third parties to the same web page as, and in response to, the **hosted web content** shall be considered to be **hosted web content**, even though they were not created by **you**.

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## Common Terms and Conditions

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**Hosted web content** does not include postings by **you** on other websites that do not meet the criteria for **hosted web content**, even if the posting is done within the scope of **your** duties on behalf of a **named insured**.

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

**Hudson Insurance Group** means Hudson Insurance Company, Hudson Specialty Insurance Company and Hudson Excess Insurance Company.

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

**Person** means a human being.

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

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

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

**Subsidiary** also includes any corporation or limited liability company in which one or more of the **named insureds** acquire during the **policy period** more than fifty percent (50%) of the issued and outstanding voting stock or membership interest and the acquisition immediately results in:

- less than a twenty-five percent (25%) increase in the **named insured's** annualized revenues; or
- a twenty-five percent (25%) or more increase in the **named insured's** annualized revenues, but only if within sixty (60) days of the acquisition all of the following terms have been complied with:

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## Common Terms and Conditions

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

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

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

An entity shall cease to be a **subsidiary** when the **named insured** owns fifty percent (50%) or less of the issued and outstanding voting stock or membership interest. No coverage exists and this policy will not apply to any **claim, first-party loss or business interruption loss** related to any **subsidiary** or new acquisition or any of **you** which are a part of such **subsidiary** or new acquisition for any **wrongful act, security breach or security event** that happens while not a **subsidiary** or before the acquisition, unless **we** issue an endorsement to this policy providing such coverage.

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

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

1. that involve the following or preparation for the following:
  - a. use or threat of force or violence; or
  - b. commission or threat of a dangerous act; and
2. when one or both of the following applies:
  - a. the effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or



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## Common Terms and Conditions

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- b. it appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

To qualify as an act of **terrorism**, both items 1. and 2. above must be satisfied, and the act must be determined by a governmental official or governmental authority to be an act of “terrorism” or that it was performed by a “terrorist.”

**Trusted party** means an entity or a **person** to whom **you** have:

1. provided the **commercial confidential information** of another entity, or
  2. provided a **person’s** personally identifiable information
- under a written or electronic agreement that is executed by signature or affirmative clickthrough by the **named insured** and the **trusted party** and that is entered into before the **wrongful act** or **security breach** happens which leads to a **claim** or **first-party loss**.

**Trusted party** also means an entity or a **person** whom **you** have engaged to host or manage all or a part of a **named insured’s** system under a written or electronic agreement that is executed by signature or affirmative clickthrough by the **named insured** and the **trusted party** and that is entered into before the **wrongful act**, **security breach** or **security event** happens which leads to a **claim**, **first-party loss** or **business interruption loss**.

**War** means:

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

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

1. any **named insured**;
2. any past or present:
  - a. **executive officer** or manager of a **named insured**, and
  - b. partner in a **named insured** when the **named insured** is a partnership but only in performing their duties in such capacity for the **named insured**;
3. any past or present employee of a **named insured**, but only in performing their duties in such capacity for the **named insured**. Employee does not include a **temporary worker**;
4. any member or stockholder of a **named insured**, but only with respect to their liability as such;
5. **your** executors, administrators or legal representatives, but only while acting in their capacity as such, in the event of **your** death, incompetency, insolvency or bankruptcy;

## Common Terms and Conditions

6. any solicitor, sub-agent, sub-producer or independent contractor, but only while performing **insurance services** on behalf of the **named insured** and only with respect to **insurance services** facilitated through the **named insured**;
7. a client whom a **named insured** is required to add as an additional insured under this policy through the execution of a written contract for the performance of **insurance services** by the **named insured**. But the client is covered under this policy only if:
  - a. the written contract is executed between a **named insured** and the client before a **wrongful act** happens which leads to a **claim**; and
  - b. there are no allegations of direct or independent misconduct by the client; or
8. one who has the legal status of domestic partner or spouse of any of **you**, but only if:
  - a. such domestic partner or spouse is named in a **claim** that is also made against one of **you** and for which **you** are covered by this policy;
  - b. such domestic partner or spouse is named in the **claim** solely because of his or her:
    - (i) status as the domestic partner or spouse of one of **you**; or
    - (ii) ownership interest in property or assets that are sought as recovery for the **claim**; and
  - c. there are no allegations of a **wrongful act** or other wrongful conduct by the domestic partner or spouse.

A domestic partner or spouse meeting all of the conditions in this item 8. will be considered to be a **you** only for purposes of that **claim**.

## Part III – Limits and Retentions

### A. Limits

1. **Third-Party Liability Limit – Each Wrongful Act**  
 Subject to A.4. below, the Each **Wrongful Act** Third-Party Liability Limit stated in item 4.A. of the Declarations Page is the most **we** will pay for **claim expenses** and **damages** combined for the total of all **claims** first made and reported during the **policy period**, including any applicable Extended Reporting Period, arising from a **wrongful act**, no matter how many:
  - a. of **you** this policy covers;
  - b. **claims** are made; or
  - c. **persons** or other entities make **claims**.
2. **First-Party Loss Limits**  
 Subject to A.4. below, the **First-Party Loss** Limits are as follows:
  - a. the limit stated in Item 4.B.1. of the Declarations Page is the most **we** will pay for **breach response expenses**;

## Common Terms and Conditions

- b. the limit stated in Item 4.B.2. of the Declarations Page is the most **we** will pay for **content restoration expenses**;
- c. the limit stated in Item 4.B.3. of the Declarations Page is the most **we** will pay for **cyber extortion expenses**;
- d. the limit stated in Item 4.B.4. of the Declarations Page is the most **we** will pay for **PCI-DSS/PA-DSS fines and non-compliance expenses**; and
- e. the limit stated in Item 4.B.5. of the Declarations Page is the most **we** will pay for: *not applicable*

for the total of all **security breaches** first discovered during the **policy period** and that are reported as described in Part I. – Covered, B. When **We** Insure of the First Party section, no matter how many of **you** this policy covers or **security breaches** happen.

### 3. **Business Interruption Loss Limit**

Subject to A.4. below, the **Business Interruption Loss Limit** stated in item 4.C. of the Declarations Page is the most **we** will pay for **business interruption losses** for the total of all **security events** and **business interruptions** first discovered during the **policy period** and that are reported as described in Part 1.- B. When **We** Insure of the **Business Interruption** section, no matter how many of **you** this policy covers or **security events** or **business interruptions** happen.

### 4. **Policy Aggregate Limit**

The Policy Aggregate Limit stated in item 4.D. of the Declarations Page is the most **we** will pay for the combined total of all:

- a. **claim expenses** and **damages** combined for the total of all **claims** made during the **policy period** and that are reported as described in Part III – What You Must Do if a Wrongful Act or Claim Happens of the Third-Party Liability section, including any applicable Extended Reporting Period;
  - b. **first-party losses** combined for the total of all **security breaches** first discovered during the **policy period** and that are reported as described in Part I. – Covered, B. When **We** Insure of the First Party section; and
  - c. **business interruption losses** combined for the total of all **security events** first discovered during the **policy period** and that are reported as described in Part 1.- B. When **We** Insure of the **Business Interruption** section.
- no matter how many:
- i. of **you** this policy covers;
  - ii. **claims** are made;
  - iii. **persons** or other entities make **claims**; or
  - iv. **wrongful acts, security breaches** or **security events** happen.

### B. Retentions

1. The Each **Wrongful Act** Third-Party Liability Retention stated in item 5.A. of the Declarations Page is the amount of money **you** must pay for **claim expenses** and

## Common Terms and Conditions

**damages** combined for each **wrongful act** before **we** will pay. The Aggregate Third-Party Liability Retention stated in item 5.A. of the Declarations Page is the maximum aggregate Retention that **you** must pay for all **claims** made during the **policy period** and that are reported as described in Part I.B. and Part III. of the Third-Party Liability section, or in accordance with any applicable Extended Reporting Period enacted under Part IV. of the Third-Party Liability section.

Mediation Credit: If **we** and the **named insured** agree to use mediation and a **claim** is settled at that mediation, the Third-Party Liability Retention for that **wrongful act** will be reduced by 50% or \$25,000, whichever is less.

2. The **First-Party Loss** Retentions stated in item 5.B. of the Declarations Page are:
  - a. **breach response expenses** Retention, stated in item 5.B.1. of the Declarations Page, which is the amount of money **you** must pay for each **security breach** resulting in **breach response expenses** before **we** will pay;
  - b. **content restoration expenses** Retention, stated in item 5.B.2. of the Declarations Page, which is the amount of money **you** must pay for each **security breach** resulting in **content restoration expenses** before **we** will pay; and
  - c. **cyber extortion expenses** Retention, stated in item 5.B.3. of the Declarations Page, which is the amount of money **you** must pay for each **security breach** resulting in **cyber extortion expenses** before **we** will pay;
  - d. **PCI-DSS/PA-DSS fines and non-compliance expenses** Retention, stated in item 5.B.4. of the Declarations Page, which is the amount of money **you** must pay for each **security breach** resulting in **PCI-DSS/PA-DSS fines and non-compliance expenses** before **we** will pay; and
  - e. *not applicable* Retention stated in item 5.B.5. of the Declarations Page is the amount of money **you** must pay for each **security breach** resulting in *not applicable* before **we** will pay.

If more than one type of **first-party loss** results from the same **security breach**, **you** will only be required to pay one **First-Party Loss** Retention for the **first-party losses**, and it will be the highest of the applicable **First-Party Loss** Retentions stated in item 5.B. of the Declarations Page.

**You** may not insure any of the Retentions. None of the Retentions may be reduced by **your** payment of deductibles or retentions on other policies or by any payment made on **your** behalf by a third party. The Retentions will not reduce the Limits.

**You** will pay the Retentions as directed by **us** to appropriate parties. If **we** elect to advance all or part of a Retention, **you** will reimburse **us** within thirty (30) days of **our** notification to **you** of such advancement. If **you** fail to pay any Retention as directed by **us** or fail to reimburse **us** for all Retention advancements, **you** will owe **us** those amounts, plus interest, attorney fees and any other costs associated with **our** collection efforts. In

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## Common Terms and Conditions

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addition, **you** will be subject to cancellation as outlined in Part V - Conditions, J. Cancellation of this section.

### Part IV – Notices

#### A. Notices and Correspondence

All notices and correspondence regarding **wrongful acts, security breaches, security events, claims, first-party losses** and **business interruption losses** must be sent to:

Hudson Insurance Group  
100 William Street, 5<sup>th</sup> Floor  
New York, NY 10038  
E-mail: [HUDSONCLAIMS300@HUDSONINSGROUP.COM](mailto:HUDSONCLAIMS300@HUDSONINSGROUP.COM)

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

### Part V – Conditions

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

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

#### B. Currency

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

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

No **person** or other entity has a right under this policy:

1. to join **us** as a party or bring **us** into a suit asking for **damages** from any of **you**; or

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## Common Terms and Conditions

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2. to sue **us** under this policy, unless all of the policy's terms and conditions have been fully complied with.

A **person** or other entity may sue **us** to recover on an agreed settlement or on a final judgment against **you** obtained after an actual trial, civil proceeding, arbitration or alternative dispute resolution proceeding; but **we** will not be liable for **claim expenses** and/or **damages** that are not payable under this policy or that exceed the applicable Limit.

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

### D. Other Insurance and Compensation

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

### E. Subrogation

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

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

If during the **policy period**:

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

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

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

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## Common Terms and Conditions

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This policy contains all the agreements between **you** and **us** concerning this insurance. This policy can only be changed by a written endorsement issued by **us** and made a part of this policy.

### H. Assignment

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

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

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

1. giving and receiving notice of cancellation and nonrenewal;
2. paying of premiums and receiving any return premiums or reimbursements;
3. requesting or agreeing to any changes or endorsements to this policy;
4. arranging for the investigation of **first-party loss, business interruption loss** and **claims** and defense of **claims** under **our** supervision, when necessary;
5. purchasing the Extended Reporting Period;
6. mutual selection of defense counsel; and
7. other matters pertaining to this policy.

### J. Cancellation

1. The **first named insured** may cancel this policy by mailing to **us** advance written notification of cancellation.
2. **We** may cancel this policy by mailing to the **first named insured** written notice of cancellation at least:
  - a. ten (10) days before the effective date of cancellation if **we** cancel for nonpayment of premium, Retention or other charge; or
  - b. sixty (60) days before the effective date of cancellation if **we** cancel for any other reason.
3. **We** will mail **our** notice to the **first named insured** at the address stated in item 1 of the Declarations Page. Proof of mailing will be sufficient proof of notice.
4. **Our** notice will include the effective date of the cancellation and the **policy period** will end on that date.
5. If **we** cancel this policy, **we** will send the **first named insured** any return premiums due on a pro rata basis.
6. If the **first named insured** cancels this policy, **we** will send the **first named insured** any return premiums due at ninety percent (90%) of the pro rata unearned premium.
7. Payment or tender of a return premium is not a condition of cancellation.

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## Common Terms and Conditions

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### K. Nonrenewal

1. **We** may elect to nonrenew this policy by mailing to the **first named insured** written notice of nonrenewal at least sixty (60) days before the End Date of this policy stated in item 2 of the Declarations Page. **We** will mail **our** notice to the **first named insured** at the address stated in item 1 of the Declarations Page. Proof of mailing will be sufficient proof of notice.
2. If **we** offer to renew this policy with the same or different terms and the **first named insured** does not accept **our** offer during this **policy period**, this policy will expire on the End Date stated in item 2 of the Declarations Page.

### L. Titles

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

### M. Representations

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

1. the representations and statements in the application and all other information and **content** submitted to **us** in applying for this policy are accurate and complete and were made to induce **our** reliance upon them;
2. the representations and statements in the application and all other information and **content** submitted to **us** were made by the **named insured** on behalf of all of **you**; and:
  - a. are material to **our** decision to provide coverage;
  - b. are considered to be incorporated in and constituting a part of this policy; and
  - c. **we** have issued this policy in reliance upon them;
3. if the application and other information and **content** submitted to **us** has any misrepresentation or fails to state facts which would affect **our** acceptance of the risk, the hazard **we** assumed, **our** willingness to offer terms, the terms and conditions of this policy or the premium charged for this policy, **we** will not pay any **first-party loss, business interruption loss, claim expenses, damages** or payments as provided under the Supplementary Payments section with respect to:
  - a. any of **you** who is a **person** who:
    - (1) either made such misrepresentation or failed to state such facts; or
    - (2) is a **person** who knew, as of the Start Date stated in item 2 of the Declarations Page, of such misrepresentation or failure to state such facts; or
  - b. the **named insured** if:



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## Common Terms and Conditions

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- (1) the **person** who signed the application was, at the time of signature, the chief executive officer, chief financial officer or president of the **named insured** or holds an equivalent position; or
  - (2) the chief executive officer, chief financial officer or president of the **named insured** or a **person** holding an equivalent position knew, as of the Start Date stated in item 2 of the Declarations Page, of such misrepresentation or failure to state such facts;
- 4. if **you** report any **security breach, security event, wrongful act**, circumstance or **claim**, or request a Supplementary Payment, with the knowledge that it, or any of the representations and statements concerning the **security breach, security event, wrongful act**, circumstance, **claim** or subject of the Supplementary Payment request are false or fraudulent, **we** will not pay any **first-party loss, business interruption loss** or any **claim expenses, damages** or Supplementary Payment for that matter for the benefit of:
  - a. any of **you** who is a **person** who:
    - (1) either made such misrepresentations or statements; or
    - (2) is a **person** who knew, as of the Start Date stated in item 2 of the Declarations Page, of such misrepresentations or statements; or
  - b. the **named insured** if:
    - (1) the **person** who made such misrepresentation or statement was, at the time of such misrepresentation or statement, an **executive officer** of the **named insured**; or
    - (2) an **executive officer** of the **named insured** knew, as of the time of such misrepresentation or statement, of such misrepresentation or statement.

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

President

Secretary