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General Notice

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

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:

Third-Party Liability (claims made against you)

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 business 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, malicious prosecution or mousetrapping.

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;
- 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;

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- 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.

Business services means:

1. the following services when performed by **you** for others: *fill in definition of services*;
2. activities performed on **your** website(s);
3. advertisement of the **named insured's business services** by **you**; and
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:

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**.

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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** brought within the United States of America (including its territories or possessions), Puerto Rico or Canada, **we** have the right and duty to defend **you**. **We** have the right to appoint counsel and investigate any **claim** as **we** deem necessary.
2. For covered **claims** brought outside the United States of America (including its territories or possessions), Puerto Rico or Canada, **we** have the right but not the duty to defend **you**, appoint counsel and investigate. If **we** choose not to defend **you**, appoint counsel or investigate a covered **claim**, the **first named insured**, under **our** supervision, will arrange for the investigation, appointment of counsel and defense of such **claim** as is reasonably necessary. **We** will pay **you** back for all reasonable **claim expenses** and **damages you** incur with **our** consent in excess of the Third-Party Liability Retention and subject to the Limits described in Common Terms and Conditions, Part III. – Limits and Retentions.
3. **You** may not settle any **claim**, regardless of where it is brought, without **our** prior written consent, even if the amount is within **your** Third-Party Liability Retention. **We** have the right to settle all **claims**, unless the **first named insured** objects as set forth below. **We** will notify the **first named insured** of any settlement recommended by **us** and acceptable to the claimant, prior to **our** settling a **claim**. If the **first named insured** disagrees with the recommended settlement, then the **first named insured** must notify **us** in writing of the disagreement prior to the settlement. Upon **our** receipt of such notice **our** duty to 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

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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.

4. 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**.
5. **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

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 business 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 ten percent (10%) of the total ownership;
3. any entity in which any of **you** is a partner, proprietor, director, 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 business services** or for violation of a privacy law or regulation.

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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**, **you** must notify **us** in writing as soon as practicable, but no later than the end of the **policy period**. This notification must include:

1. description of the **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).

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

B. Claim Happens

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

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

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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.

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

- a. apply to **claims** first made against **you** and reported to **us** during the applicable Extended Reporting Period, but only if:
 - i.) **you** have not already reported, during the **policy period**, the **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**;
 - iii.) **we** receive from **you** during the applicable Extended Reporting Period a written report of the **claim**;
 - iv.) none of **you** knew before the Start Date of this policy, of either the **wrongful act** or a circumstance which could reasonably be expected to lead to a **claim**; and
 - v.) **you** or a third party for **your** benefit have not purchased replacement insurance and there is no other valid and collectible insurance for the **claim**;
 - b. do not extend the **policy period** or change the scope of coverage provided by this policy;
 - c. do not increase or reinstate the Limits; and
 - d. will deem a **claim** that is first made during such Extended Reporting Periods as having been made on the last day of the **policy period**, and the provisions in effect on the last day of the **policy period** will apply.
2. Basic Extended Reporting Period
We will automatically give **you** for free, the Basic Extended Reporting Period, 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. If the **first named insured** purchases the Optional Extended Reporting Period, 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

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claims that are first made against **you** during this same time period. **Claims** reported to **us** after the Basic Extended Reporting Period ends will not be covered.

3. Optional Extended Reporting Period

The **first named insured** can request to purchase an Optional Extended Reporting Period of up to five (5) years for a maximum additional premium of two hundred percent (200%) of the full annual premium, 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.

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 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.

The Optional Extended Reporting Period can only be purchased, if:

- a. **we** receive a request from the **first named insured** for the Optional Extended Reporting Period 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 and **you** are in full compliance with the terms and conditions of this policy;
- c. **we** offer terms for the Optional Extended Reporting Period and **we** receive the **first named insured's** written acceptance of **our** offer within fifteen (15) days of the date of **our** offer; and
- d. **we** receive full payment for the Optional Extended Reporting Period within thirty (30) days of the **first named insured's** acceptance of **our** offer.

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** 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.

First-Party (your own losses)

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
5. additional expenses specified below that are incurred by the **named insured**:
no additional expenses.

Security Breach means:

For **breach response expenses**, **content restoration expenses** and **PCI-DSS/PA-DSS fines**, 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;
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**.

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For **cyber extortion expenses**, a credible threat or series of credible threats by a third party or parties, none of whom is a present or former officer, director, or employee 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; or
 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;
- 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.

Breach response expenses means reasonable and necessary costs that are extraordinary and beyond the **named insured's** normal expenditures and:

1. subject to **our** prior written consent, are incurred and paid by the **named insured** within 12 months of **your** first discovery of the **security breach** for the following:
 - a. costs, including legal fees, for **you** to notify **persons** of a breach of the privacy of their personally identifiable information that was in **your** care, custody and control or the care of a **trusted party**;
 - b. **your** 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, billed to the **named insured** 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 servicesfor identity or credit injury to a **person** caused by a **security breach**;

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- f. the **named insured's** costs for a call center to manage **security breach** inquiries; and
 - 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; or
2. subject to **our** written approval, cost of efforts within the first twenty-four (24) hours of **your** first discovery of a **security breach** to re-secure the personally identifiable information of affected **persons** and **commercial confidential information**.

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:

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 paid, by the **named insured**, to a third 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 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**; and
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**.

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 means:

a fine 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) and

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Payment Application Data Security Standards (PA-DSS) and that is 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.

PCI-DSS/PA-DSS fines does not include:

1. PCI-DSS or PA-DSS non-compliance fee, third-party processor fee or cost, cost of re-issuing payment cards, interchange fee, other fee or charge, chargeback, or penalty other than a fine as described in the preceding paragraph;
2. a fine assessed against any of **you** more than 12 months after the first discovery of a **security breach**;
3. a fine assessed against any of **you** that does not arise out of a **security breach**; or
4. legal fees or costs or forensic costs.

B. When We Insure

This policy applies to a **first-party loss** resulting from a **security breach** only if:

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.

First-Party

**Part II – Not Covered!
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 does not apply to **PCI-DSS/PADSS fines** against 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.

First-Party

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 twenty-four (24) 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**.

Business Interruption (your own losses)

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**, 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**

Business Interruption

- 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
2. before the End Date of the last policy

Business Interruption

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:

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

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**;

Business Interruption

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.

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

Business Interruption

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.

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**

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.

Common Terms and Conditions

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;
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; or
 - b. loss including theft of a **person's** personally identifiable information or **commercial confidential information**;
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 **business 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. direct electronic transfer of funds or money; or transaction involving any commodity, security, negotiable instrument, or other financial or investment instrument;
8.
 - a. price-fixing, unfair competition, restraint of trade, antitrust violation;
 - b. unfair or deceptive business or trade practice;
 - c. violation of any securities or corporate governance law or the Racketeer Influenced and Corrupt Organizations Act (RICO);
 - d. violation of any consumer protection law;

Common Terms and Conditions

- or violation of any similar local, state, federal or foreign equivalent law or regulation. However, this exclusion does not apply to violation of a **person's** privacy rights under a law or regulation or misuse of an intellectual property right as described in item d. of the definition of **content injury**;
9. act, error or omission by **you** related to any pension, healthcare, welfare, profit sharing, mutual or investment plan, fund, trust or any other type of employee benefit; or any 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. However, this exclusion does not apply to violation of a **person's** privacy rights under a law or regulation;
 10. 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**;
 11. harassment, misconduct or discrimination because of or relating to: race, color, national origin, creed, religion, age, sex, gender, sexual preference or orientation, marital status, military service, handicap, disability, health condition, pregnancy or any other protected class under any local, state, federal or foreign equivalent law or regulation;
 12. 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;
 13. **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;
 14. nuclear reaction, nuclear radiation or radioactive contamination;
 15. **terrorism**; this exclusion shall apply and prevent any and all coverage for **claims**, **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**;
 16. **war** or **hostile acts**; this exclusion shall apply and prevent any and all coverage for **claims**, **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**;
 17. tortious interference with the contractual or business relations of others;
 18. 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**;

Common Terms and Conditions

19. 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;
20. 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 business services** by **you**;
21. 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 business services** by **you**;
22. 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;
23. 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; or
24. 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.

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**.

C. We will not pay first-party loss, business interruption loss, claim expenses or damages or defend any of **you** for any **wrongful act, claim, security breach** or **security**

Common Terms and Conditions

event arising out of or in any way related to any actual or alleged **wrongful act, claim, security breach** or **security event** that:

1. has been reported under any other policy; or
2. is the subject of any litigation that any of **you** knew about prior to the Start Date of this policy.

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
 - f. actual loss of earnings up to \$500 per day that each of **you** personally incur at **our** request because of time off from work.
2. Except as provided for in 1.f. above, **claim expenses** do not include salaries, other compensation or expenses of **your** employees.

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

Common Terms and Conditions

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

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

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**.

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 or contract price for:
 - a. **your business services**; or
 - b. services or products provided by another party to **you** or on **your** behalf to **your** customer;
2. any type of refund, credit, redemption, discount, coupon, offset, rebate or return including, but not limited to: licensing fees, subscription charges, access fees, royalties or any other type of fee or charge;

Common Terms and Conditions

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 business 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**; or
10. any consumer redress that is made voluntarily or through a charitable or other contribution to a non-profit entity.

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

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

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**.

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**.

Common Terms and Conditions

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, but only if within sixty (60) days of the acquisition all of the following terms have been complied with:

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

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

- a. **we** decline to offer to extend coverage terms to the new acquisition or **we** offer coverage and the **first named insured** declines to accept the terms; in either event, coverage of the new acquisition shall cease at 12:01 a.m. standard time at the address of the **first 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.

Common Terms and Conditions

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

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

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**.

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War means:

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

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

1. any **named insured**;
2. any past or present:
 - 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;
6. any **person** who is an independent contractor or agent of a **named insured**, but only for **business services** performed within the scope of their **contractor agreement**;
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 **business 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**;
 - b. the limit stated in Item 4.B.2. of the Declarations Page is the most **we** will pay for **content restoration expenses**; and
 - 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**;
 - 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:

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- 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 **damages** combined for each **wrongful act** before **we** will pay.
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** 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** 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 a **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.

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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 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
2345 Grand Blvd., Suite 1150
Kansas City, MO 64108
E-mail: reportaclaim@hudsoninsgroup.com
Fax: 888.455.4715

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

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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
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

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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

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; and
6. 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.

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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.

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 misrepresentations or fails to state facts which would affect **our** acceptance of the risk, the hazard **we** assumed, **our** willingness to offer terms, the terms and conditions of this policy or the premium charged for this policy, **we** will not pay any **first-party loss, business interruption loss, claim expenses or damages** and **we** may declare the policy null and void; and

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4. if **you** report any **security breach, security event, wrongful act**, circumstance or **claim** with the knowledge that it, or any of the representations and statements concerning the **security breach, security event, wrongful act**, circumstance or **claim** are false or fraudulent, **we** will not pay any **first-party loss, business interruption loss** or any **claim expenses** or **damages** for that **claim**, and **we** may declare the policy null and void.

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

President

Secretary

Specimen