In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, and the limitations, conditions, provisions and other terms of this Coverage Part, the Company and the Insureds agree as follows:

I. INSURING CLAUSES

Insuring Clause (A): Cyber Liability Coverage

(A) The Company shall pay, on behalf of an Insured, Loss on account of a Claim first made against the Insured during the Policy Period, or Extended Reporting Period if applicable.

Insuring Clause (B): Privacy Notification and Crisis Management Expenses Coverage

(B) The Company shall pay:

(1) Privacy Notification Expenses incurred by an Insured resulting from Disclosure Liability or Reputational Liability; and

(2) Crisis Management Expenses incurred by an Insured and directly arising out of a covered Wrongful Act or Expense.

Insuring Clause (C): Reward Expenses Coverage

(C) The Company shall pay Reward Expenses incurred by an Insured and directly arising out of a covered Wrongful Act or Expense.

Insuring Clause (D): E-Business Interruption and Extra Expenses Coverage

(D) The Company shall pay:

(1) The loss of Business Income an Insured incurs during the Period of Recovery of Services due to the actual impairment or denial of Operations resulting directly from Fraudulent Access or Transmission; and

(2) Extra Expenses an Insured incurs during the Period of Recovery of Services due to the actual or potential impairment or denial of Operations resulting directly from Fraudulent Access or Transmission,

when the Fraudulent Access or Transmission causes an actual or potential impairment or denial of Operations during the Policy Period.

Insuring Clause (E): E-Threat Expenses Coverage

(E) The Company shall pay E-Threat Expenses resulting directly from an Insured having surrendered any funds or property to a natural person who makes a Threat directly to an Insured during the Policy Period.

Insuring Clause (F): E-Vandalism Expenses Coverage

(F) The Company shall pay E-Vandalism Expenses an Insured incurs resulting directly from the alteration, damage, deletion, or destruction of any Data which is owned by an Insured or for which an Insured is legally liable when first discovered during the Policy Period.
II. DEFINITIONS

For purposes of this Coverage Part:

**Application** means:

(A) any portion of an application given to the Company for this Policy including any attachments, written information and materials provided to the Company by or on behalf of an **Insured** for the purposes of the Company's underwriting of this Coverage Part; and

(B) any warranty provided to the Company within the past three years in connection with any coverage part or policy of which this Coverage Part is a renewal or replacement.

**Business Income** means:

(A) net profit or loss that would have been earned or incurred before income taxes; and

(B) an **Insured's** continuing normal operating and payroll expenses;

provided that, **Business Income** does not include bank interest or investment income.

**Claim** means any:

(A) written demand first received by an **Insured** for monetary damages or non-monetary relief, including injunctive relief;

(B) civil proceeding commenced by the service of a complaint or a similar pleading;

(C) criminal proceeding commenced by: (1) an arrest, or (2) a return of an indictment, information or similar document; or

(D) arbitration or mediation proceeding commenced by receipt of a demand for arbitration, demand for mediation or similar document,

against an **Insured** for a **Wrongful Act**, including any appeal therefrom;

(E) written request first received by an **Insured** to toll or waive a statute of limitations relating to a potential **Claim** described in Subsections (A) through (D) above.

**Computer** means a device or group of devices that by manipulation of electronic, magnetic, optical or electromechanical impulses pursuant to a computer program can perform operations on **Data**.

**Conduit Liability** means loss sustained or allegedly sustained by a natural person or an entity because a **System** cannot be used, or is impaired, resulting directly from:

(A) a **Cyber-attack** into an **Insured's System**, provided such **Cyber-attack** was then received into a third party’s **System**; or

(B) a natural person or an entity who has accessed a **System** without authorization, through an **Insured's System**,

provided such transmission or access occurred on or after the **Retroactive Date** and before the end of the **Policy Period**.

**Content Liability** means loss sustained or allegedly sustained by a natural person or an entity because of the infringement of:

(A) a collective mark, service mark, or other trademarked name, slogan, symbol or title;

(B) a copyright;

(C) the name of a product, service, or entity; or

(D) the title of an artistic or literary work,
resulting directly from Cyber Activities of an Insured, provided that the Cyber Activities that caused or allegedly caused the Content Liability first occurred on or after the Retroactive Date and before the end of the Policy Period.

Crisis Management Expenses means the reasonable and necessary cost of the following activities with the prior approval of the Company:

(A) retaining, for a stipulated period of time:
   (1) an independent attorney;
   (2) an information security forensic investigator; or
   (3) a public relations consultant; and

(B) advertising and public relations media and activities.

Customer means a natural person or an entity that:

(A) is applying for, or requesting, an Organization’s products or services;

(B) has applied for, or has requested, an Organization’s products or services; or

(C) is using, or has used, an Organization’s products or services.

Cyber Activities means the electronic display, electronic transmission, or electronic dissemination of information through a Network or through an Insured’s System.

Cyber-attack means the transmission of fraudulent or unauthorized Data that is designed to modify, alter, damage, destroy, delete, record or transmit information within a System without authorization, including Data that is self-replicating or self-propagating and is designed to contaminate other computer programs or legitimate computer Data, consume computer resources or in some fashion usurp the normal operation of a System.

Data means a representation of information, knowledge, facts, concepts, or instructions which are being processed or have been processed in a Computer.

Defense Costs means that part of Loss consisting of reasonable costs, charges, fees (including attorneys’ fees and experts’ fees) and expenses (other than regular or overtime wages, salaries, fees or benefits of Insured Persons) incurred in investigating, defending, opposing or appealing any Claim and the premium for appeal, attachment or similar bonds.

Disclosure Liability means loss sustained or allegedly sustained by a natural person because of the potential or actual unauthorized access to such natural person’s Record when such access:

(A) occurs on or after the Retroactive Date and before the end of the Policy Period; and

(B) results directly from:
   (1) a Cyber-attack into a System owned by an Organization; or
   (2) a natural person who has gained unauthorized access to, or has exceeded authorized access to a System or System Output owned by:
      (a) an Organization; or
      (b) an entity that is authorized by an Insured through a written agreement to process, hold or store Records for an Insured.

ERISA means the Employee Retirement Income Security Act of 1974 (including amendments relating to the Consolidated Omnibus Budget Reconciliation Act of 1985, and the Health Insurance Portability and Accountability Act of 1996), the English Pension Scheme Act 1993 or the English Pensions Act 1995; all as amended; any similar statutory or common law anywhere in the world; or any rule or regulation promulgated under any such Act or law.
E-Threat Expenses means:

(A) funds or property an Insured surrenders and any of the following expenses set forth below incurred by an Insured with the Company’s prior written approval:

   (1) reasonable fees and expenses of any independent negotiator or consultant;
   (2) reasonable travel and accommodation expenses; or
   (3) any other reasonable expense; and

(B) loss resulting directly from the actual destruction, disappearance, confiscation or wrongful abstraction of funds or property intended as an extortion payment, while being held or conveyed by any natural person or entity duly authorized by an Insured to have custody of such funds or property, solely and directly as a result of a Threat which would constitute an Expense under Insuring Clause (E), E-Threat Expenses Coverage.

E-Vandalism Expenses means the cost of the blank Media and the cost of labor for the actual transcription or copying of Data or Media furnished by an Insured in order to reproduce such Data or replace such Media from others of the same kind or quality.

Exceeded Authorized Access means to access an Insured's System with authorization but to use such access to perform unauthorized fraudulent operations, including the fraudulent input of Data.

Expense means Privacy Notification Expenses, Crisis Management Expenses, Reward Expenses, Business Income and Extra Expenses, E-Threat Expenses, or E-Vandalism Expenses.

Extra Expenses means reasonable expenses an Insured incurs in an attempt to continue Operations that are over and above the expenses such Insured would have normally incurred. Extra Expenses do not include any costs of updating, upgrading or remediation of an Insured's System that are not otherwise covered under this Coverage Part.

Fraudulent Access or Transmission means that a natural person or an entity has:

(A) fraudulently accessed an Insured's System without authorization;

(B) Exceeded Authorized Access; or

(C) launched a Cyber-attack into an Insured's System.

Impaired Access Liability means loss sustained or allegedly sustained by a Customer who is authorized by an Organization to access an Insured's System, because such access has been impaired or denied, resulting directly from Fraudulent Access or Transmission, provided such Fraudulent Access or Transmission occurred on or after the Retroactive Date and before the end of the Policy Period.

Informant means any natural person or entity providing information solely in return for monetary payment paid or promised by an Insured.

Insured means any Organization and any Insured Person.

Insured Person means any natural person who is, was or will be:

(A) a duly elected or appointed director, officer, trustee, Manager, in-house general counsel, or duly constituted committee member of any Organization incorporated in the United States of America;

(B) a holder of an equivalent position to those described in Subsection (A) above in any Organization incorporated, formed or organized anywhere in the world; or

(C) an employee (other than an independent contractor) whose labor or service is engaged by and directed by the Organization, including any part-time, seasonal, leased and temporary employees as well as volunteers,

but only while active within the scope of his or her duties as such.
Intellectual Property Law or Right means any:

(A) certification mark, collective mark, copyright, patent, service mark, or trademark;

(B) right to, or judicial or statutory law recognizing an interest in, any trade secret or confidential or proprietary information;

(C) other right to, or judicial or statutory law recognizing an interest in, any expression, idea, likeness, name, slogan, style of doing business, symbol, title, trade dress or other intellectual property; or

(D) other judicial or statutory law concerning piracy or other similar practices.

Internet means a group of connected networks that allow access to an Insured’s System through service providers using telephone service, digital subscriber lines, integrated service digital network lines, cable modem access or similar transfer mediums.

Liquidated Damages means a sum of money stipulated by the parties to a contract as the amount of damages to be recovered for a breach of such contract.

Loss means the amount which an Insured becomes legally obligated to pay as a result of any Claim, including:

(A) compensatory damages;

(B) punitive, exemplary or multiplied damages, if and to the extent such damages are insurable under the law of the jurisdiction most favorable to the insurability of such damages, provided such jurisdiction has a substantial relationship to the Insured, the Company or to the Claim giving rise to such damages;

(C) judgments, including pre-judgment and post-judgment interest;

(D) settlements; and

(E) Defense Costs;

provided that, Loss does not include any portion of such amount that constitutes any:

(1) cost or expense incurred to replace, upgrade, update, improve, or maintain a System;

(2) amount uninsurable under the law pursuant to which this Coverage Part is construed;

(3) tax, fine or penalty imposed by law; except as provided in Subsection (B) above with respect to punitive, exemplary or multiplied damages;

(4) amount incurred by an Insured in the defense or investigation of any action, proceeding or demand that was not then a Claim even if (a) such amount also benefits the defense of a covered Claim; or (b) such action, proceeding or demand subsequently gives rise to a Claim;

(5) cost incurred in cleaning-up, removing, containing, treating, detoxifying, neutralizing, assessing the effects of, testing for, or monitoring Pollutants;

(6) return of fees, charges, commissions or other compensation paid to an Insured;

(7) cost or expense incurred to perform any obligation assumed by, on behalf of, or with the consent of any Insured;

(8) cost of compliance with any order for, grant of or agreement to provide non-monetary relief, including injunctive relief; or

(9) Liquidated Damages.

Manager means any natural person who has been, now is or shall be appointed a manager, member of the Board of Managers or equivalent executive of an Organization that is a limited liability company.

Media means objects on which Data can be stored so that it can be read, retrieved or processed by a Computer; provided that, Media does not mean paper.
Network means any services provided by or through the facilities of any electronic or computer communication system, including any shared networks, Internet access facilities, or other similar facilities for such systems, in which an Insured participates, allowing the input, output, examination, or transfer of Data or programs from one computer to an Insured’s Computer.

Operations means an Insured’s business activities.

Period of Recovery of Services means that period which:

(A) begins:
   (1) for Extra Expenses, immediately after the actual or potential impairment or denial of Operations occurs; and
   (2) for the loss of Business Income, twenty-four (24) business hours after the actual impairment or denial of Operations occurs; and

(B) will continue until the earlier of the following:
   (1) the date Operations are restored, with due diligence and dispatch, to the condition that would have existed had there been no impairment or denial; or
   (2) sixty (60) days after the date an Insured’s Services are fully restored, with due diligence and dispatch, to the level that would have existed had there been no impairment or denial;

provided that the expiration date of this Policy shall not cut short the Period of Recovery of Services.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalies, chemicals, asbestos, asbestos products or waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Privacy Notification Expenses mean reasonable and necessary costs of notifying those natural persons who may be directly affected by the potential or actual unauthorized access of a Record, and:

(A) changing such natural persons’ account numbers (including a bank account number, retirement account number or healthcare spending account number), other identification numbers and security codes; and

(B) providing such natural persons for a stipulated period of time, and with the Company’s prior consent, with credit monitoring or other similar services that may help protect them against the fraudulent use of the Record.

Record means a natural person’s first name or first initial, and last name, in combination with:

(A) his or her social security number, driver’s license number or other personal identification number (including an employee identification number or student identification number);

(B) his or her financial account number (including a bank account number, retirement account number or healthcare spending account number);

(C) his or her credit, debit or payment card number;

(D) any information related to their employment by an Organization; or

(E) any individually identifiable health information, pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), held by an Organization,

when any of the information in Subsections (A) through (E) above is intended by an Organization to be accessible only by natural persons or entities it has specifically authorized to have such access.

Reputational Liability means loss sustained or allegedly sustained by a natural person or an entity because of:

(A) disparagement of such natural person’s or entity’s goods, products or services;

(B) libel or slander of such natural person or entity; or
(C) violation of such natural person’s rights of privacy or publicity,
resulting directly from Cyber Activities of an Insured, provided that the Cyber Activities that caused or
allegedly caused the Reputational Liability first occurred on or after the Retroactive Date and before the end of
the Policy Period.

Retroactive Date means the date set forth in Item 5 of the Cyber Declarations, provided that if no date is set forth
in Item 5, then the Retroactive Date shall be the inception date of this Coverage Part.

Reward Expenses means the reasonable amount paid by an Insured, with the Company’s prior consent, to an
Informant for information not otherwise available which leads to the arrest and conviction of a natural person or
an entity responsible for a Cyber-attack, Fraudulent Access or Transmission or a Threat otherwise covered
under this Coverage Part.

Services means computer time, data processing, or storage functions or other uses of an Insured's System.

Single Expense means, with respect to Insuring Clauses (B), Privacy Notification and Crisis Management
Expenses Coverage; (C), Reward Expenses Coverage; (D), E-Business Interruption and Extra Expenses
Coverage; (E), E-Threat Expenses Coverage and (F), E-Vandalism Expenses Coverage, all covered Expense
resulting from:

(A) any one act or series of related acts on the part of any natural person or entity resulting in damage or
destruction of Data or Media;

(B) any one act or series of related acts which impairs or denies an Insured's Services;

(C) all Threats related by a common committed, attempted or threatened act or made contemporaneously
against the same Insured;

(D) all loss of property and other consideration actually surrendered as ransom and extortion payments
arising from one Threat or a series of related Threats;

(E) all expenses arising from one Threat or a series of related Threats;

(F) all acts, other than those specified in Subsections (A) through (E) above, caused by any natural person or
entity or in which such natural person or entity is implicated; or

(G) any one event not specified above.

System means a Computer; and

(A) any input, output, processing, storage and communication devices controlled, supervised or accessed by
the operating systems that are proprietary to, or licensed to, the owner of the Computer; and

(B) Media.

System Output means a tangible substance on which one or more Records are printed from a System.

Threat means a declaration made by a natural person that he or she has gained access or alleges to have gained
access to an Insured's System and intends to:

(A) cause an Insured to transfer, pay or deliver any funds or property using an Insured's System;

(B) sell or disclose a Record to another natural person or to an entity;

(C) alter, damage or destroy an Insured's Data while stored within an Insured's System;

(D) alter, damage, or destroy an Insured's Data through a Cyber-attack; or

(E) impair or deny an Insured's Services,

where there exists a demand for an extortion payment or a series of such payments as condition for the mitigation
or removal of such Threat.
Wrongful Act means any actual or alleged error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by a person or entity and resulting in Conduit Liability, Content Liability, Disclosure Liability, Impaired Access Liability or Reputational Liability.

III. EXCLUSIONS

(A) EXCLUSIONS APPLICABLE TO ALL INSURING CLAUSES

The Company shall not be liable for Loss on account of any Claim or for any Expense:

(1) Prior Notice
based upon, arising from or in consequence of any fact, circumstance, situation, transaction, event or Wrongful Act that, before the inception date set forth in Item 2(A), Policy Period, of the GTC Declarations, was the subject of any notice accepted under any policy of which this Coverage Part is a direct or indirect renewal or replacement;

(2) Bodily Injury Or Property Damage
for bodily injury, mental anguish, humiliation, emotional distress, sickness, disease or death of any natural person or damage to or destruction of any tangible property including loss of use thereof whether or not it is damaged or destroyed; provided that this Exclusion (A)(2) shall not apply to Loss for any mental anguish, humiliation or emotional distress resulting from Disclosure Liability or Reputational Liability;

(3) Pollution
based upon, arising from or in consequence of:
   (a) any discharge, emission, release, dispersal or escape of any Pollutants or any threat thereof;
   (b) any treatment, removal or disposal of any Pollutants; or
   (c) any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any Pollutants,

including any Claim for financial loss to an Organization, its securityholders or its creditors based upon, arising from or in consequence of any matter described in Subparagraphs (a), (b) or (c) of this Exclusion (A)(3);

(4) Contract
based upon, arising from or in consequence of any liability in connection with any oral or written contract or agreement to which an Organization is a party, provided that this Exclusion (A)(4) shall not apply to Loss:
   (a) to the extent that an Organization would have been liable in the absence of such contract or agreement; or
   (b) for Conduit Liability, Impaired Access Liability or Disclosure Liability; or

(5) Conduct
based upon, arising from or in consequence of:
   (a) any deliberately fraudulent act or omission or any willful violation of any statute or regulation, by an Insured, if a final, non-appealable adjudication in any underlying proceeding or action (other than a declaratory proceeding or action brought by or on behalf of the Company) establishes such an act or omission or violation; or
   (b) any electronic, oral, written, or other publication of information by, on behalf of, or with the consent of any Insured:
      (i) with the knowledge of its falsity; or
(ii) if a reasonable person in the circumstances of such Insured would have known such to be false,

provided that:

(A) no conduct pertaining to any Insured Person shall be imputed to any other Insured Person; and

(B) any conduct pertaining to any past, present, or future chief financial officer, chief executive officer, chief operating officer, chief information officer (or any equivalent position to any of the foregoing) of an Organization shall be imputed to such Organization and its Subsidiaries.

(B) EXCLUSIONS APPLICABLE TO INSURING CLAUSE (A), CYBER LIABILITY COVERAGE, ONLY

The Company shall not be liable for Loss on account of any Claim:

(1) Pending or Prior Proceedings
based upon, arising from or in consequence of any written demand, suit or other proceeding pending against, or order, decree or judgment entered for or against any Insured, on or prior to the Pending or Prior Proceedings Date set forth in Item 4 of the Cyber Declarations, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;

(2) ERISA
for any violation of the responsibilities, obligations or duties imposed by ERISA;

(3) Insured versus Insured
brought by or on behalf of a natural person who is a director, chairman, chief executive officer, president or chief operating officer of any Organization or who holds a similar title or position within any Organization;

(4) Antitrust
based upon, arising from or in consequence of price fixing, restraint of trade, monopolization, unfair trade practices or any violation of the Federal Trade Commission Act, the Sherman Anti-Trust Act, the Clayton Act, or any other federal statutory provision involving anti-trust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade activities, and any amendments thereto or any rules or regulations promulgated thereunder or in connection with such statutes; or any similar provision of any federal, state, or local statutory law or common law anywhere in the world; provided that this Exclusion B(4) shall not apply to Loss for Disclosure Liability;

(5) Patent or Trade Secret
based upon, arising from or in consequence of any infringement of a patent or trade secret;

(6) Intellectual Property
for Content Liability or Reputational Liability that is based upon, arising from or in consequence of any:

(a) distribution or sale of, or offer to distribute or sell, any good, product, or service; or

(b) other use of any good, product, or service,

that infringes or violates any Intellectual Property Law or Right;

(7) Regulatory
based upon, arising from or in consequence of any claim or proceeding brought by or on behalf of any:

(a) federal, state, or local government agency or authority; or

(b) licensing or regulatory entity;
(8) **Warranty**

based upon, arising from or in consequence of the failure of goods, products, or services to conform with any electronic, oral, written, or other representation or warranty with respect to durability, fitness, performance, quality, or use;

(9) **Websites**

based upon, arising from or in consequence of:

(a) controlling, creating, designing, or developing any third party’s Web site;

(b) controlling, creating, designing, developing, determining, or providing the content or material of any third party’s Web site; or

(c) controlling, facilitating, or providing, or failing to control, facilitate, or provide, access to the Internet;

(10) **Development of Content**

for **Content Liability** or **Reputational Liability** sustained by any natural person or entity that:

(a) creates, designs, develops, or provides any content, material, or services for any Insured; or

(b) is an assign or heir of any natural person or entity described in Subparagraph (10)(a) above;

provided that this Exclusion (10) applies regardless of whether such content, material, or service was jointly created, designed, developed, or provided by any Insured; or

(11) **Software and Computer Code**

based upon, arising from or in consequence of any infringement of, violation of, or assertion of, any right to or interest in any:

(a) software or its source content or material;

(b) computer code or its source content or material; or

(c) expression, method, or process designed to control or facilitate any operation or other use of a Computer or automated system.

(C) **EXCLUSIONS APPLICABLE TO INSURING CLAUSES (B), PRIVACY NOTIFICATION AND CRISIS MANAGEMENT EXPENSES COVERAGE; (C), REWARD EXPENSES COVERAGE; (D), E-BUSINESS INTERRUPTION AND EXTRA EXPENSES COVERAGE; (E), E-THREAT EXPENSES COVERAGE AND (F), E-VANDALISM EXPENSES COVERAGE, ONLY**

The Company shall not be liable for any:

(1) **Return of Payments**

return of fees, charges, commissions or other compensation paid to an Insured;

(2) **Assumed Obligations**

costs or expenses incurred to perform any obligation assumed by, on behalf of, or with the consent of any Insured; provided that this Exclusion (C)(2) shall not apply to Loss for Privacy Notification Expenses;

(3) **Investigation**

costs, fees or expenses incurred or paid by any Insured in establishing the existence of or amount of loss; provided that this Exclusion (C)(3) shall not apply to Crisis Management Expenses for the retention of an information security forensic investigator;

(4) **System Changes**

costs or expenses incurred to replace, upgrade, update, improve, or maintain a System;
(5) Non-monetary Relief
   costs of compliance with any order for, grant of or agreement to provide non-monetary relief, including injunctive relief; provided that this Exclusion (C)(5) shall not apply to Loss for Privacy Notification Expenses;

(6) Taxes, Fines and Penalties
   fine or penalty imposed by law, tax or Liquidated Damages;

(7) Potential Income
   potential income, including interest and dividends not realized by any Insured or any Customer of any Insured; provided that this Exclusion (C)(7) shall not apply to Loss for Business Income otherwise covered under Insuring Clause (D), E-Business Interruption and Extra Expenses Coverage; or

(8) UCC
   loss, costs or expenses any Insured agrees to incur or incurs on behalf of another natural person or entity when such Insured is not obligated to incur such loss, costs or expenses under the Uniform Commercial Code or any other law, statute, rule or code anywhere in the world, including the rules or codes of any clearing or similar entity; provided that this Exclusion (C)(8) does not apply to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage, (C), Reward Expenses Coverage, or (D), E-Business Interruption and Extra Expenses Coverage.

(D) EXCLUSIONS APPLICABLE TO INSURING CLAUSES (D), E-BUSINESS INTERRUPTION AND EXTRA EXPENSES COVERAGE; (E), E-THREAT EXPENSES COVERAGE AND (F), E-VANDALISM EXPENSES COVERAGE, ONLY

The Company shall not be liable for any Expense:

(1) Consequential Loss
   based upon, arising from or in consequence of an indirect or consequential loss of any nature; provided that this Exclusion (D)(1) shall not apply to Insuring Clause (D), E-Business Interruption and Extra Expenses Coverage; or

(2) Malfunction or Error
   resulting from mechanical failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, Media failure or breakdown or any malfunction or error in programming or error or omission in processing; provided that this Exclusion (D)(2) shall not apply to Expense resulting directly from Fraudulent Access or Transmission.

IV. LIMIT OF LIABILITY

(A) The Company’s maximum aggregate liability for all Loss and Expense covered under this Coverage Part, whether covered under one or more Insuring Clauses, shall be the Maximum Aggregate Limit of Liability set forth in Item 2 of the Cyber Declarations for each Policy Year.

(B) The Company’s maximum liability for Privacy Notification Expenses and Crisis Management Expenses, combined, shall be the Limit of Liability set forth in Item 3(B) of the Cyber Declarations or the unpaid portion of the Maximum Aggregate Limit of Liability set forth in Item 2 of the Cyber Declarations for each Policy Year, whichever is less.

(C) The Company’s maximum liability for each Single Expense:

(1) discovered during the Policy Year with respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage, (E), E-Threat Expenses Coverage, and (F), E-Vandalism Expenses Coverage; or

(2) incurred during the Policy Year with respect to Insuring Clause (C), Reward Expenses Coverage; or
(3) incurred during the Period of Recovery Services, with respect to Insuring Clause (D), E-Business Interruption and Extra Expenses Coverage,

shall be the applicable Limit of Liability set forth in Item 3 of the Cyber Declarations or the unpaid portion of the Maximum Aggregate Limit of Liability set forth in Item 2 of the Cyber Declarations for each Policy Year, whichever is less. If a Single Expense is covered under more than one Insuring Clause, the maximum amount payable shall not exceed the largest applicable Limit of Liability.

(D) Upon exhaustion of the Maximum Aggregate Limit of Liability for all Loss and Expense for each Policy Year set forth in Item 2 of the Cyber Declarations, the Company shall have no further liability for Loss or Expense regardless of when a Claim is made or an Expense is discovered.

V. RETENTION

(A) The Company’s liability under this Coverage Part shall apply only to that part of each Loss or Expense which is in excess of the applicable Retention for this Coverage Part set forth in Item 3 of the Cyber Declarations, and such Retention shall be borne by the Insured uninsured and at its own risk.

(B) If different parts of a single Claim or Single Expense are subject to different Retentions in different Insuring Clauses within this Coverage Part, the applicable Retentions shall be applied separately to each part of such Claim or Single Expense, but the sum of such Retentions shall not exceed the largest applicable Retention.

(C) If different parts of a single Claim or Single Expense are subject to different Retentions in different Coverage Parts, or if a Claim and a Single Expense arise from any one or a series of related facts, circumstances, situations, transactions, or events, the applicable Retentions will be applied separately to each part of such Claim or Single Expense, but the sum of such Retentions shall not exceed the largest applicable Retention.

(D) Claims and Expenses shall be subject to the Retentions applicable to the Policy Year during which such Claims are first made or first deemed to have been made, or such Expenses are deemed to have been incurred or discovered.

VI. REPORTING

Solely with respect to Insuring Clause (A), Cyber Liability Coverage:

(A) An Insured shall, as a condition precedent to exercising any right to coverage under this Coverage Part, give to the Company written notice of any Claim as soon as practicable after the chief executive officer, chief financial officer, in-house general counsel, chief information officer, or any person with the responsibility for the management of insurance claims (or any equivalent position to any of the foregoing) of an Organization becomes aware of such Claim, but in no event later than:

(1) if this Coverage Part expires (or is otherwise terminated) without being renewed with the Company, ninety (90) days after the effective date of such expiration or termination; or

(2) the expiration date of the Extended Reporting Period, if applicable,

provided that if the Company sends written notice to the Parent Organization stating that this Coverage Part is being terminated for nonpayment of premium, an Insured shall give to the Company written notice of such Claim prior to the effective date of such termination.

(B) If during the Policy Period, or any applicable Extended Reporting Period, an Insured becomes aware of circumstances which could give rise to a Claim and given written notice of such circumstances to the Company, then any Claim subsequently arising from such circumstances shall be deemed made against the Insured during the Policy Year in which such circumstances were first reported to the Company, provided any such subsequent Claim is reported to the Company as soon as practicable, but in no event later than 90 days after the chief executive officer, chief financial officer, in-house general counsel, chief
information officer, or any person with the responsibility for the management of insurance claims (or any equivalent position to any of the foregoing) of an **Organization** becomes aware of such **Claim**.

(C) An **Insured** shall, as a condition precedent to exercising any right to coverage under this Coverage Part, give to the Company such information, assistance and cooperation as the Company may reasonably require, and shall include in any notice under Subsections (A) or (B) above a description of the **Claim** or circumstances, the nature of the alleged **Wrongful Act**, the nature of the alleged or potential damage, the names of the actual or potential claimants, and the manner in which such **Insured** first became aware of the **Claim**, circumstances, or alleged **Wrongful Act**.

**VII. DISCOVERY**

With respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage, (E), E-Threat Expenses Coverage, and (F), E-Vandalism Expenses Coverage, discovery occurs at the earlier of an **Organization’s** chief financial officer, chief executive officer, chief information officer, in-house general counsel, or any position responsible for the management of insurance claims (or any equivalent position to any of the foregoing) becoming aware of:

(A) circumstances which could give rise to an **Expense** of a type covered by this Coverage Part; or

(B) an actual or potential claim in which it is alleged that an **Insured** is liable to a third party,

regardless of when the act or acts causing or contributing to such **Expense** occurred, even though the amount of such **Expense** does not exceed the applicable Retention set forth in Item 3 of the Cyber Declarations, or the exact amount or details of such **Expense** may not then be known.

With respect to Insuring Clause (E), E-Threat Expenses Coverage, this Coverage Part does not cover any **Expense** arising from any **Threat** unless such **Threat** occurs or is communicated directly or indirectly to an **Insured** prior to the effective date of termination of coverage hereunder and is discovered by an **Insured** and communicated to the Company in writing prior to sixty (60) days after the effective date of the termination of this Coverage Part.

**VIII. PROOF OF LOSS AND LEGAL PROCEEDINGS**

Solely with respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage; (C), Reward Expenses Coverage; (D), E-Business Interruption and Extra Expenses Coverage; (E), E-Threat Expenses Coverage and (F), E-Vandalism Expenses Coverage:

(A) The **Parent Organization** shall, as a condition precedent to exercising any right to coverage under this Coverage Part, give to the Company written notice of any **Expense** as soon as practicable, but in no event later than sixty (60) days after discovery of an **Expense** by an **Organization’s** chief executive officer, chief financial officer, in-house general counsel, chief information officer, or any position responsible for the management of insurance claims (or any equivalent position to any of the foregoing).

(B) The **Parent Organization** shall furnish to the Company proof of loss, duly sworn to, with full particulars, within six (6) months after discovery pursuant to Subsection (A), above.

(C) Legal proceedings for the recovery of any **Expense** under this Coverage Part shall not be brought prior to the expiration of sixty (60) days after the proof of loss is filed with the Company or after the expiration of twenty-four (24) months from the discovery of such **Expense**.

(D) This Coverage Part affords coverage only in favor of an **Insured** where legally permissible. No claim, suit, action or legal proceeding shall be brought with respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage; (C), Reward Expenses Coverage; (D), E-Business Interruption and Extra Expenses Coverage; (E), E-Threat Expenses Coverage and (F), E-Vandalism Expenses Coverage, by anyone other than the **Insured**.
IX. DEFENSE AND SETTLEMENT

(A) The Company shall have the right and duty to defend any Claim covered by this Coverage Part. Coverage shall apply even if any of the allegations are groundless, false or fraudulent. The Company’s duty to defend any Claim shall cease upon exhaustion of the applicable Limit of Liability.

(B) The Company may make any investigation it deems necessary and may, with the consent of the Insureds, make any settlement of any Claim it deems appropriate.

(C) No Insured shall settle any Claim, incur any Defense Costs, or otherwise assume any contractual obligation or admit any liability with respect to any Claim without the Company’s written consent, which shall not be unreasonably withheld. The Company shall not be liable for any settlement, Defense Costs, assumed obligation or admission to which it has not consented.

(D) The Company shall have no obligation to pay Loss, including Defense Costs, or to defend or continue to defend any Claim after the Company’s applicable Limit of Liability for Insuring Clause (A), Cyber Liability Coverage, or the Maximum Aggregate Limit of Liability set forth in Item 2 of the Cyber Declarations, or the Combined Maximum Aggregate Limit Of Liability set forth in Item 3 of the GTC Declarations, if applicable, has been exhausted by the payment of Loss and the applicable premium shall be deemed fully earned.

(E) The Insureds agree to provide the Company with all information, assistance and cooperation which the Company reasonably requests and agrees to do nothing that may prejudice the Company’s position or its potential or actual rights of recovery.

(F) The Company shall not seek repayment from an Insured Person of any Defense Costs paid by the Company that are deemed uninsured pursuant to Exclusion III(A)(5), Conduct, unless the applicable determination standard (whether a final, non-appealable adjudication or other determination standard) set forth in such Exclusion has been met.

X. ALLOCATION

If the Insureds who are afforded coverage for a Claim incur an amount consisting of both Loss that is covered by this Coverage Part and also loss that is not covered by this Coverage Part because such Claim includes both covered and uncovered matters, then coverage shall apply as follows:

(A) Defense Costs: one hundred percent (100%) of Defense Costs incurred by such Insured on account of such Claim shall be covered Loss; provided that the foregoing shall not apply with respect to any Insured for whom coverage is excluded pursuant to Paragraph XIV(B)(2), Representations and Severability. Such Defense Costs shall be allocated between covered Loss and non-covered loss based on the relative legal exposures of the parties to such matters; and

(B) loss other than Defense Costs: all remaining loss incurred by such Insured from such Claim shall be allocated between covered Loss and uncovered loss based upon the relative legal exposures of the parties to such matters.

XI. OTHER INSURANCE

If any Loss or Expense under this Coverage Part is insured under any other valid and collectible insurance policy (other than a policy that is issued specifically as excess of the insurance afforded by this Coverage Part), this Coverage Part shall be excess of and shall not contribute with such other insurance, regardless of whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise.
XII. LIABILITY FOR PRIOR LOSSES

If before or during the Policy Period, an Organization acquires voting rights in another entity, such that the acquired entity becomes a Subsidiary as described in Section VI(A), Acquisition of Another Organization, of the General Terms and Conditions, coverage applies to such Subsidiary and its Insured Persons only for an Expense where all of the circumstances, conditions or acts causing or contributing to such Expense occur on or after such acquisition.

XIII. CESSATION OF SUBSIDIARIES

With respect to Subsection VI(B), Cessation of Subsidiaries, of the General Terms and Conditions, in the event an Organization ceases to be a Subsidiary before or during the Policy Period, coverage with respect to Insuring Clauses (B), Privacy Notification and Crisis Management Expenses Coverage; (C), Reward Expenses Coverage; (D), E-Business Interruption and Extra Expenses Coverage; (E), E-Threat Expenses Coverage and (F), E-Vandalism Expenses Coverage, for such Subsidiary shall continue until termination of this Policy, but only for Expense first incurred while such Organization was a Subsidiary.

XIV. REPRESENTATIONS AND SEVERABILITY

(A) In granting coverage to the Insureds under this Coverage Part, the Company has relied upon the declarations and statements in the Application for this Coverage Part. Such declarations and statements are the basis of the coverage under this Coverage Part and shall be considered as incorporated in and constituting part of this Coverage Part.

(B) Solely with respect to Insuring Clause (A), Cyber Liability Coverage:

(1) The Application for coverage shall be construed as a separate Application for coverage by each Insured Person. With respect to the declarations and statements in such Application, no knowledge possessed by an Insured Person shall be imputed to any other Insured Person.

(2) However, in the event that such Application contains any misrepresentations made with the actual intent to deceive or contains misrepresentations which materially affect either the acceptance of the risk or the hazard assumed by the Company under this Coverage Part, then no coverage shall be afforded for any Claim based upon, arising from or in consequence of any such misrepresentations with respect to:

(a) any Insured Person who knew of such misrepresentations (whether or not such individual knew such Application contained such misrepresentations) or any Organization to the extent it indemnifies any such Insured Person; or

(b) any Organization if any past or present chief executive officer, chief financial officer or chief information officer (or any equivalent position to any of the foregoing) of the Parent Organization knew of such misrepresentations (whether or not such individual knew such Application contained such misrepresentations).

(C) The Company shall not be entitled under any circumstances to void or rescind this Coverage Part with respect to any Insured.