



# **HDI GLOBAL INSURANCE COMPANY**

AN ILLINOIS CORPORATION  
161 NORTH CLARK STREET, 48<sup>th</sup> Floor  
CHICAGO, IL 60601  
312-580-1900

## **COMMERCIAL INSURANCE POLICY**

### **FOR**

**NORTHSTAR MEADOWS HOMEOWNERS**

**Policy # HDI55CL0481687-11**  
**Policy Period 11/01/2024 – 11/01/2025**

**Underwriting Team: Hallmark Commercial Insurance Services**

**Agency Team: SUN VALLEY INSURANCE INC #01163**

#### **Loss Notification**

**To report a claim 24 hours a day, 7 days a week, please contact us as soon as practicable for further assistance:**

**Normal Business Hours: 800-426-5119 ext. 1780**  
**After Normal Business Hours: 817-888-5664 for Casualty (Auto and GL)**  
**817-888-1955 for Property**

**POLICY JACKET, DECLARATIONS PAGE, FORMS AND ENDORSEMENTS COMPLETE THIS POLICY**

In Witness Whereof, we have caused this policy to be executed and attested, and if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

A handwritten signature in black ink, appearing to read "Michael Gooding".

Chief Legal Officer & Corporate Secretary  
Michael Gooding

A handwritten signature in black ink, appearing to read "James Clark".

CEO & President  
James Clark

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company  
161 North Clark St, CHICAGO, IL 60601  
**COMMON POLICY DECLARATIONS**  
RENEWAL DECLARATION

**POLICY NO:** HDI55CL0481687-11/000

**RENEWAL OF:** HLM51CL0481687-10

## NAMED INSURED AND MAILING ADDRESS

NORTHSTAR MEADOWS HOMEOWNERS  
ASSOCIATION  
PO BOX 3821  
HAILEY, ID 83333

## AGENCY AND MAILING ADDRESS

1163

SUN VALLEY INSURANCE INC  
PO BOX 5808  
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 11/01/2024 TO 11/01/2025 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

**THE NAMED INSURED IS:** Association

**BUSINESS DESCRIPTION:** RESIDENTIAL HOME  
ASSOCIATION

**AUDIT FREQUENCY:** Annual

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

## THIS POLICY CONSISTS OF THE COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED.

		PREMIUM
COMMERCIAL PROPERTY	\$	Not Covered
COMMERCIAL GENERAL LIABILITY	\$	1,810
COMMERCIAL CRIME AND FIDELITY	\$	226
COMMERCIAL INLAND MARINE	\$	Not Covered
COMMERCIAL AUTO	\$	Not Covered
BALANCE TO MEET MINIMUM PREMIUM		\$ 0
TOTAL PREMIUM		\$ 2,036
COMMERCIAL UMBRELLA	\$	Not Covered
POLICY PREMIUM		\$ 2,036.00

## FORMS AND ENDORSEMENTS APPLICABLE TO ALL COVERAGE PARTS

See Forms Schedule

THESE DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATION(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company  
161 North Clark St, CHICAGO, IL 60601

## GENERAL LIABILITY RENEWAL DECLARATION

**POLICY NO:** HDI55CL0481687-11/000

**RENEWAL OF:** HLM51CL0481687-10

### NAMED INSURED AND MAILING ADDRESS

NORTHSTAR MEADOWS HOMEOWNERS  
ASSOCIATION  
PO BOX 3821  
HAILEY, ID 83333

### AGENCY AND MAILING ADDRESS

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SUN VALLEY INSURANCE INC  
PO BOX 5808  
KETCHUM, ID 83340

**POLICY PERIOD:** FROM 11/01/2024 TO 11/01/2025 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

### COMMERCIAL GENERAL LIABILITY COVERAGE

LIMITS OF INSURANCE		
GENERAL AGGREGATE	\$2,000,000	
PRODUCTS – COMPLETED OPERATIONS AGGREGATE	INCLUDED	
PERSONAL INJURY & ADVERTISING INJURY	\$1,000,000	
EACH OCCURRENCE	\$1,000,000	
DAMAGE TO PREMISES RENTED TO YOU	\$100,000	ANY ONE PREMISES
MEDICAL EXPENSE	\$5,000	ANY ONE PERSON

### MISCELLANEOUS COVERAGE – POLICY

COVERAGE	PREMIUM
Condominium Directors and Officers Liability Coverage	\$796

### LOCATION OF ALL PREMISES YOU OWN, RENT OR OCCUPY:

1 Northstar Lane, Hailey, ID 83333

### DESCRIPTION OF BUSINESS

FORM OF BUSINESS:

☐ INDIVIDUAL

☐ PARTNERSHIP

☐ JOINT VENTURE

☐ TRUST



# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company  
161 North Clark St, CHICAGO, IL 60601

## GENERAL LIABILITY RENEWAL DECLARATION

**POLICY NO:** HDI55CL0481687-11/000  
**INSURED:** NORTHSTAR MEADOWS HOMEOWNERS

**EFFECTIVE DATE:** 11/01/2024  
**AGENT:** SUN VALLEY INSURANCE INC

### DESCRIPTION OF BUSINESS

- ☐ LIMITED LIABILITY COMPANY      ☐ ORGANIZATION, INCLUDING A CORPORATION (BUT NOT INCLUDING A PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY)
- ☒ OTHER

**BUSINESS DESCRIPTION:** RESIDENTIAL HOME ASSOCIATION

LOC	CLASSIFICATION	CODE	PREMIUM BASIS	EXPOSURE	PMS RATE	PDTS RATE	OTHER RATE
1	Townhouse Associations (association risk only) Products-completed operations are subject to the General Aggregate Limit	68500	Number of Units	75	10.224	0	

### ADDITIONAL INTEREST(S)

Managers or Lessors	CG 20 11	\$50
Designated Person or Org	CG 20 26	\$50

TERRORISM RISK INSURANCE ACT IS REJECTED

CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE ENDORSEMENT (CYB 008)

\$147

TOTAL GENERAL LIABILITY PREMIUM

\$1,810

### FORMS AND ENDORSEMENTS

APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:

See Forms Schedule

**NOTE: IF NO ENTRY APPEARS ON THE ABOVE ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.**

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATIONS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company  
161 North Clark St, CHICAGO, IL 60601  
**COMMERCIAL CRIME AND FIDELITY**  
RENEWAL DECLARATION

**POLICY NO:** HDI55CL0481687-11/000

RENEWAL OF: HLM51CL0481687-10

## NAMED INSURED AND MAILING ADDRESS

NORTHSTAR MEADOWS HOMEOWNERS  
ASSOCIATION  
PO BOX 3821  
HAILEY, ID 83333

## AGENCY AND MAILING ADDRESS

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**POLICY PERIOD:** FROM 11/01/2024 TO 11/01/2025 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

## INSURING AGREEMENTS

INSURING AGREEMENT	LIMIT OF INSURANCE	DEDUCTIBLE
	Per Occurrence	Per Occurrence
Employee Theft (Blanket)	\$100,000	\$500
TOTAL CRIME AND FIDELITY PREMIUM		\$ 226

## FORMS AND ENDORSEMENTS

APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:

See Forms Schedule

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## CANCELLATION OF PRIOR INSURANCE

By acceptance of this policy you give us notice cancelling prior policy or bond No(s).  
The cancellation to be effective at the time this policy becomes effective.

**THESE DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATION(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY**

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company  
161 North Clark St, CHICAGO, IL 60601  
**FORMS SCHEDULE**

**POLICY NO:** HDI55CL0481687-11

**RENEWAL OF:** HLM51CL0481687-10

**ACCOUNT NUMBER:**

**NAMED INSURED AND MAILING ADDRESS**

NORTHSTAR MEADOWS HOMEOWNERS  
PO BOX 3821  
HAILEY, ID 83333

**AGENCY AND MAILING ADDRESS**

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SUN VALLEY INSURANCE INC  
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**POLICY PERIOD:** FROM 11/01/2024 TO 11/01/2025 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

**NOTE: IF NO ENTRY APPEARS ON THE FOLLOWING ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.**

INTERLINE FORMS		APPLICABLE COVERAGE PARTS
AH0018 01-21	Disclosure and Offer of Terrorism	General Liability
AH0050 06-15	POLICYHOLDER NOTICE OF CLAIM REPORTING PROCEDURES	Crime And Fidelity, General Liability
IL SU 4003 06 24	Signature Page	Commercial Package
II 3005 01-24	Fraud Warning Notices	Crime And Fidelity, General Liability
IL0719OFAC 06-24	Advisory Notice to Policyholders OFAC Sanctions Enforcement	Crime And Fidelity, General Liability
IL0719TOES 06-24	Trade or Economic Sanctions	Crime And Fidelity, General Liability
IL0017 11-98	Common Policy Conditions	General Liability
IL0021 09-08	Nuclear Energy Liability Exclusion Endorsement (Broad Form)	General Liability
IL0204 09-08	Idaho Changes - Cancellation And Nonrenewal	General Liability
NP0014 01-21	Advisory Notice to Policyholders	General Liability
PP3000 12-23	Privacy Notice	Crime And Fidelity, General Liability

COMMERCIAL GENERAL LIABILITY FORMS	
GC4009 04-22	Exclusion - Opioids and Other Prescription Drugs
GC4010 04-22	Exclusion - Governmental Actions Related to Prescription Drugs
CG0001 04-13	Commercial General Liability Coverage Form
CG2011 12-19	Additional Insured - Managers Or Lessors Of Premises-1
CG2017 12-19	Additional Insured - Unit-Owners Of Townhouse Or Homeowner Associations
CG2026 12-19	Additional Insured - Designated Person Or Organization

# HDI GLOBAL INSURANCE COMPANY

A Stock Insurance Company  
161 North Clark St, CHICAGO, IL 60601  
**FORMS SCHEDULE**

**POLICY NO:** HDI55CL0481687-11

**RENEWAL OF:** HLM51CL0481687-10

**ACCOUNT NUMBER:**

**NAMED INSURED AND MAILING ADDRESS**

NORTHSTAR MEADOWS HOMEOWNERS  
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**AGENCY AND MAILING ADDRESS**

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**COMMERCIAL GENERAL LIABILITY FORMS**

CG2107 05-14	Exclusion - Access or Disclosure of Confidential or Personal Information and Data-Related Liability - Limited Bodily Injury Exception not Included
CG2132 05-09	Communicable Disease Exclusion
CG2147 12-07	Employment-Related Practices Exclusion
CG2167 12-04	Fungi Or Bacteria Exclusion
CG2173 01-15	Exclusion Of Certified Acts Of Terrorism
CG2426 04-13	Amendment Of Insured Contract Definition
CYB008 06-17	Cyber Liability and Data Breach Response Coverage Endorsement
CYB101 06-24	Cyber Breach Response Supplemental Declarations
CYB 201 06-24	Cyber Breach Response Endorsement
CG2196 03-05	Silica or Silica-Related Dust Exclusion
GC1110 06-18	Lead Exclusion
MP9540 03-05	Exclusion - Asbestos

**CRIME AND FIDELITY FORMS**

CR0023 05-06	Commercial Crime Policy (Loss Sustained Form)
CR0212 11-06	Idaho Changes
CR0730 03-06	Exclusion Of Terrorism
CR2021 08-07	Exclusion Of Certain Computer-Related Losses

**HDI Global Insurance Company**

Commercial Advantage Policy  
 Commercial Advantage Excess Policy  
 General Liability  
 Inland Marine  
 Commercial Property  
 Umbrella

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

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 NORTHSTAR MEADOWS HOMEOWNERS
 

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Insured's Name

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 PO BOX 3821
 

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 HAILEY, ID 83333
 

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Insured's Mailing Address

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 HDI55CL0481687-11
 

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Policy Number

**PREMIUM DUE DATE:**

Billing Notice Sent Separately

**NOTICE OF  
 DISCLOSURE OF PREMIUM AND OFFER OF COVERAGE  
 FOR CERTIFIED ACTS OF TERRORISM**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. *As defined in Section 102(1) of the Act:* The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 80% BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE

CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

#### DISCLOSURE OF PREMIUM AND SELECTION OR REJECTION OF COVERAGE

\_\_\_\_\_ I hereby elect to purchase coverage for losses arising from certified acts of terrorism. I understand that the premium due for this coverage is \$50

\_\_\_\_\_ I hereby reject coverage for losses arising from certified acts of terrorism. I understand that an **exclusion** for losses resulting from certified acts of terrorism will be made part of this policy.  
**If a premium is indicated below, this policy includes coverage in a Standard Fire Policy State.**  
I understand that I must still pay an additional premium for coverage for fire losses arising from certified acts of terrorism. I further understand that the premium due for this limited fire loss coverage is \$0

\_\_\_\_\_  
Policyholder's Signature

\_\_\_\_\_  
Date

## POLICYHOLDER NOTICE OF CLAIM REPORTING PROCEDURES

You should contact your local insurance agent to report a claim. Your agency's name and address are located at the upper right of your policy's declaration pages.

If you are unable to contact your agent and want to make a claim involving a fatality, serious injury, large property loss or a catastrophic claim, you may call and report the claim directly to Effective Claims Management, Inc. Effective Claims Management, Inc. handles claims for the HDI Global Insurance Company policy on which this notice is attached.

- To report a serious claim during normal business hours (Monday through Friday 8:00 a.m. to 5:00 p.m. CST), please call 800-426-5119 ext. 1780.
- To report a serious claim after normal business hours, call 817-888-5664 for Casualty (Auto and GL), or 817-888-1955 for Property.

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This Notice does **not** form a part of your insurance contract. The Notice is designed to provide helpful information for you to report a claim. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy and the endorsements attached to your policy carefully.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – OPIOIDS AND OTHER PRESCRIPTION DRUGS**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE FORM**

The following exclusion is added to Paragraph **2. Exclusions** of **Section I – Coverage A Bodily Injury and Property Damage Liability** and to Paragraph **2. Exclusions** of **Section I – Coverage B Personal and Advertising Injury Liability**:

#### **Opioids and Other Prescription Drugs**

This insurance does not apply to any claim, “suit”, demand, or loss that alleges “bodily injury”, “property damage”, or “personal and advertising injury” arising directly or indirectly out of or in any way related to any actual or alleged:

1. Diversion, abuse, misuse, addictive use, illicit use, overuse, or unlawful distribution of:
  - a. Codeine, fentanyl, hydrocodone, oxycontin, hydromorphone, meperidine, methadone, oxycodone, naloxone, or any other opioid or narcotic drug, medication, or substance of any type, nature, or kind; or
  - b. Any other drugs which require a prescription; or
2. Failure or inadequacy of any controls, practices, or procedures to prevent or report behavior relating to the actual or alleged diversion, abuse, misuse, addictive use, illicit use, overuse, or unlawful distribution of any substance referenced in 1.a. or 1.b. above; or
3. Failure to warn or inadequacy of warnings related to the consequences of any diversion, abuse, misuse, addictive use, illicit use, overuse, or unlawful distribution of any substance referenced in 1.a. or 1.b. above.

This exclusion applies even if the claims against any insured allege negligence, including but not limited to negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured.

We shall have no duty to defend, respond to, investigate, or indemnify any insured against any loss, claim, “suit”, or other proceeding alleging damages arising out of or related to “bodily injury”, “property damage”, or “personal and advertising injury” to which this exclusion applies. This exclusion also applies to any obligation to share damages with, repay, or indemnify anyone else against whom damages are sought because of such “bodily injury”, “property damage”, or “personal and advertising injury”.

All other terms and conditions of the policy remain unchanged.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – GOVERNMENTAL ACTIONS RELATED TO PRESCRIPTION DRUGS**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE FORM**

The following exclusion is added to Paragraph **2. Exclusions** of **Section I – Coverage A Bodily Injury and Property Damage Liability** and to Paragraph **2. Exclusions** of **Section I – Coverage B Personal and Advertising Injury Liability**:

#### **Governmental Actions Related to Prescription Drugs**

This insurance does not apply to any claim, "suit", demand, or loss brought by or on behalf of any state, municipality, or other governmental entity or agency seeking damages, fines, penalties, or any other type of relief, whether monetary or not, arising from, or in any way related to, any insured selling, distributing, or dispensing drugs which require a prescription.

This exclusion applies even if the claims against any insured allege negligence, including but not limited to negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured.

We shall have no duty to defend, respond to, investigate, or indemnify any insured against any loss, claim, "suit", or other proceeding seeking damages, fines, penalties, or any other type of relief, whether monetary or not, arising from, or in any way related to, "bodily injury", "property damage", or "personal and advertising injury" to which this exclusion applies. This exclusion also applies to any obligation to share damages with, repay, or indemnify anyone else against whom damages are sought because of such "bodily injury", "property damage", or "personal and advertising injury".

All other terms and conditions of the policy remain unchanged.

## FRAUD WARNING NOTICES

Pursuant to statutory requirements, we are required to inform you of the specific fraud warning notice that is required on all applications for insurance. Please note that the state of New York requires a signature on the fraud warning.

For all states not listed below, the following fraud warning notice applies:

**Fraud Warning Notice:** Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent act, which may subject the person to criminal and civil penalties.

### State Fraud Warning Notices

<b>Alabama</b>	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines, or confinement in prison, or any combination thereof.
<b>Arkansas</b> <b>Louisiana</b> <b>Rhode Island</b> <b>West Virginia</b>	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>California</b>	For your protection California law requires the following to appear on this form:  Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.
<b>Colorado</b>	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
<b>District of Columbia</b>	WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits, if false information materially related to a claim was provided by the applicant.
<b>Florida</b>	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
<b>Kentucky</b>	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or

	conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
<b>Maine</b>	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or denial of insurance benefits.
<b>Maryland</b>	Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>New Jersey</b>	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.
<b>New Mexico</b>	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.
<b>Ohio</b>	Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.
<b>Oklahoma</b>	WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.
<b>Oregon</b>	Fire: This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.
<b>Pennsylvania</b>	General: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.  Auto: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000."
<b>Tennessee</b> <b>Virginia</b> <b>Washington</b>	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
<b>Vermont</b>	Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

This page only applies to the state of New York.

<b>New York</b>	<p>General: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p>Auto: Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p> <p>Fire: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.</p> <p>The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.</p>
SIGNED BY THE RISK MANAGER, IN-HOUSE GENERAL COUNSEL OR SENIOR OFFICER OF THE <b>INSURED</b> ACTING AS THE AUTHORIZED REPRESENTATIVE FOR PURCHASING INSURANCE.	
SIGNATURE	
NAME & TITLE	
DATE	

## ADVISORY NOTICE TO POLICYHOLDERS

### OFAC SANCTIONS ENFORCEMENT

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TRADE OR ECONOMIC SANCTIONS**

The following is added to this policy:

### **Trade Or Economic Sanctions**

This insurance does not provide any coverage, and we (the Company) shall not make payment of any claim or provide any benefit hereunder, to the extent that the provision of such coverage, payment of such claim or provision of such benefit would expose us (the Company) to a violation of any applicable trade or economic sanctions, laws or regulations, including but not limited, to those administered and enforced by the United States Treasury Department's Office of Foreign Assets Control (OFAC).

All other terms and conditions remain unchanged.

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT**

**(Broad Form)**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

**1. The insurance does not apply:**

**A. Under any Liability Coverage, to "bodily injury" or "property damage":**

- (1)** With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2)** Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

**B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.**

**C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:**

- (1)** The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;
- (2)** The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3)** The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

**2. As used in this endorsement:**

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".



"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

- (c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **IDAHO CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 LIQUOR LIABILITY COVERAGE PART  
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
 POLLUTION LIABILITY COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**A. Paragraphs 1. and 2. of the **Cancellation** Common Policy Condition are replaced by the following:**

- 1.** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation. Cancellation will be effective on the later of the date requested by the first Named Insured or the date we receive the request.

**2. Policies In Effect**

**a. 60 Days Or Less**

If this policy has been in effect for 60 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run five days following the date of postmark; or
- (2)** 30 days before the effective date of cancellation if we cancel for any other reason.

**b. More Than 60 Days**

If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (1)** Nonpayment of premium;
- (2)** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (3)** Acts or omissions on your part which increase any hazard insured against;
- (4)** Change in the risk which materially increases the risk of loss after the policy has been issued or renewed including, but not limited to, an increase in exposure due to regulation, legislation or court decision;
- (5)** Loss of or decrease in reinsurance which provided us with coverage for all or part of the risk insured;

(6) A determination by the Director of Insurance that continuation of this policy would jeopardize our solvency or place us in violation of the insurance laws of Idaho or any other state; or

(7) Violation or breach by the insured of any policy terms or conditions other than nonpayment of premium.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run five days following the date of postmark; or

(b) 30 days before the effective date of cancellation if we cancel for any other reason stated in **2.b.** above.

**B.** The following Condition is added and supersedes any provision to the contrary:

#### **NONRENEWAL**

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured a written notice of intention not to renew at least 45 days prior to the expiration or anniversary date of the policy.
2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
3. If notice is not mailed or delivered at least 45 days before the expiration or anniversary date of this policy, this policy will remain in effect until 45 days after notice is mailed or delivered. Earned premium for the extended period of coverage will be calculated pro rata at the rates applicable to the expiring policy.
4. We need not mail or deliver this notice if:
  - a. We have offered to renew this policy;
  - b. You have obtained replacement coverage; or
  - c. You have agreed in writing to obtain replacement coverage.

5. If notice is mailed, proof of mailing will be sufficient proof of notice.

**C.** The following Condition is added:

#### **PREMIUM OR COVERAGE CHANGES AT RENEWAL**

1. If we elect to renew this policy, we will mail or deliver written notice of any total premium increase greater than ten percent (10%) which is the result of a comparable increase in premium rates, change in deductible, reduction in limits or reduction in coverage to the first Named Insured, at the last mailing address known to us.
2. Any such notice will be mailed or delivered to the first Named Insured at least 30 days before the expiration or anniversary date of the policy.
3. If notice is not mailed or delivered at least 30 days before the expiration or anniversary date of the policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until the earlier of the following:
  - a. 30 days after notice is given; or
  - b. The effective date of replacement coverage obtained by the first Named Insured.
4. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes will be effective on and after the first day of the renewal term.
5. If the first Named Insured elects not to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

## **Advisory Notice To Policyholders**

### **2019 Reauthorization of the Federal Terrorism Risk Insurance Act**

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This Notice does **not** form a part of your insurance contract. The Notice is designed to alert you to actions that you may want to take when reviewing the Notice of Disclosure of Premium and Offer of Coverage for Certified Acts of Terrorism, AH0018. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy and the endorsements attached to your policy carefully.

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The Terrorism Risk Insurance Act (TRIA) EXCLUDES Commercial Auto and Crime. Therefore, if your policy includes Commercial Auto or Crime, a terrorism exclusion applies to these lines of coverage.

For policies other than Commercial Auto and Crime, your policy contains coverage for Certified Acts of Terrorism.

- If you choose to keep this coverage, no further action is required.
- If you choose NOT to keep this coverage, you must indicate your rejection on the enclosed notice and return it to our office within 30 days. Once we have received this rejection, we will remove the coverage and the premium from your policy.

#### **SPECIAL NOTES:**

Disregard any premium due information that may show in your notice. The premium due for this coverage is payable according to the terms of your billing notice.

If your policy has been issued with a policy minimum premium, the rejection of this coverage may result in no premium change.

In states designated as Standard Fire Policy States, we are required by law to provide you with coverage for any fire losses resulting from terrorism and to charge you for that coverage.

#### **UMBRELLA AND COMMERCIAL ADVANTAGE EXCESS POLICIES:**

If you have elected to reject Certified Acts of Terrorism coverage on your underlying policies, you must also reject the coverage on this policy.

#### **REMINDER:**

To reject this coverage for lines other than Commercial Auto and Crime (it is already excluded on these lines), you must properly fill out the enclosed notice, sign, date and return it within 30 days to:

American Hallmark Insurance Services, Inc.  
5420 Lyndon B. Johnson Frwy, Suite 1100  
Dallas, TX 75240-2345

If the notice is not received within 30 days, this coverage will be removed as of the date of your signature and earned premium may be charged.

#### **REJECTION OF TERRORISM COVERAGE ON RENEWAL POLICIES:**

By signing the written rejection, you are authorizing the attachment of terrorism exclusion(s) to your policy. These exclusions will continue to attach to all subsequent renewals until you notify us of a change in your election. Refer to the Notice of Disclosure of Premium and Offer of Coverage for Certified Acts of Terrorism, AH 00 18, for the cost of this insurance.

If you have questions, please contact your agent.



# HDI GLOBAL INSURANCE COMPANY HDI SPECIALTY INSURANCE COMPANY

## PRIVACY NOTICE

We value your business and your trust in HDI. The privacy and confidentiality of your personal information is among our top priorities. This notice explains our practices and procedures for securing your personal information before, during and after your relationship with us. We will provide one copy of this Privacy Statement with each policy we issue. Additional copies of this statement are available upon request. Thank you for choosing HDI for your insurance needs.

### How We Protect Your Information

We understand the importance of securing your personal information. We utilize physical, electronic, and procedural safeguards to protect your nonpublic personal data in compliance with applicable state and federal laws. Access to customer information is strictly limited to select HDI employees, only when necessary for a business purpose.

### What Personal Information We Collect About You

We collect nonpublic personal information about you from the following sources as required in the ordinary course of business:

- Information received on applications and other forms, whether in writing, in person, by phone, electronically, or by other means, including, but not limited to: names, addresses, social security numbers, birth dates, employment information, prior policy coverage, outstanding account balances, payment history and claims history.
- Information about your transactions with us, our affiliates, or others associated with our business relationship, and information we receive from insurance agents, consumer reporting agencies, investigators connected with claims adjusting, state motor vehicle departments, inspection services, insurance support organizations or other sources as permitted or required by law.
- Information we receive in medical records or from medical professionals.
- Information otherwise obtained in the claims adjustment process, including litigation.

### What Personal Information We Disclose About You

We do not disclose customer or client nonpublic personal information to anyone, except as permitted or required by law. Permitted disclosures include information necessary to process transactions on your behalf, and information about you or about participants, beneficiaries, or claimants under your insurance policy in the ordinary course of business.

### Your Rights

You have the right to access and request correction of recorded nonpublic personal information. To access your information, please send a signed, written request to HDI Global Insurance Company, 161 N. Clark Street, 48<sup>th</sup> Floor, Chicago, IL 60601, Attn: Legal or via email at [privacy@us.hdi.global](mailto:privacy@us.hdi.global). Please include your full name, address, telephone number, and policy or claim number in your letter. We will respond within 45 days upon receipt of your request. We may request other information to validate your identity, such as a copy of your driver's license or other valid photo ID. Additionally, please indicate any desired corrections. If we agree with your request, we will correct our records. If we do not agree, you may file a written statement of dispute with us.

## COMMERCIAL CRIME POLICY (LOSS SUSTAINED FORM)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

### A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations and applies to loss that you sustain resulting directly from an "occurrence" taking place during the Policy Period shown in the Declarations, except as provided in Condition E.1.o. or E.1.p., which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition E.1.j.:

#### 1. Employee Theft

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include forgery.

#### 2. Forgery Or Alteration

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(1) Made or drawn by or drawn upon you; or

(2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

b. If you are sued for refusing to pay any instrument covered in Paragraph 2.a., on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

### 3. Inside The Premises – Theft Of Money And Securities

a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises":

(1) Resulting directly from "theft" committed by a person present inside such "premises" or "banking premises"; or

(2) Resulting directly from disappearance or destruction.

b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.

c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

### 4. Inside The Premises – Robbery Or Safe Burglary Of Other Property

a. We will pay for loss of or damage to "other property":

(1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or

(2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".

b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.

- c. We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

#### **5. Outside The Premises**

- a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
- b. We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

#### **6. Computer Fraud**

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

- a. To a person (other than a "messenger") outside those "premises"; or
- b. To a place outside those "premises".

#### **7. Funds Transfer Fraud**

We will pay for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

#### **8. Money Orders And Counterfeit Money**

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- b. "Counterfeit money" that is acquired during the regular course of business.

#### **B. Limit Of Insurance**

The most we will pay for all loss resulting directly from an "occurrence" is the applicable Limit of Insurance shown in the Declarations.

If any loss is covered under more than one Insuring Agreement or Coverage, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or Coverages.

#### **C. Deductible**

We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

#### **D. Exclusions**

##### **1. This policy does not cover:**

##### **a. Acts Committed By You, Your Partners Or Your Members**

Loss resulting from "theft" or any other dishonest act committed by:

- (1) You; or
- (2) Any of your partners or "members"; whether acting alone or in collusion with other persons.

##### **b. Acts Of Employees Learned Of By You Prior To The Policy Period**

Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.

##### **c. Acts Of Employees, Managers, Directors, Trustees Or Representatives**

Loss resulting from "theft" or any other dishonest act committed by any of your "employees", "managers", directors, trustees or authorized representatives:

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise;

except when covered under Insuring Agreement **A.1.**

##### **d. Confidential Information**

Loss resulting from:

- (1) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or
- (2) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

**e. Governmental Action**

Loss resulting from seizure or destruction of property by order of governmental authority.

**f. Indirect Loss**

Loss that is an indirect result of an "occurrence" covered by this policy including, but not limited to, loss resulting from:

- (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this policy.
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this policy.

**g. Legal Fees, Costs And Expenses**

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement **A.2.**

**h. Nuclear Hazard**

Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**i. Pollution**

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**j. War And Military Action**

Loss or damage resulting from:

- (1) War, including undeclared or 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.

**2. Insuring Agreement **A.1.** does not cover:**

**a. Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

**b. Trading**

Loss resulting from trading, whether in your name or in a genuine or fictitious account.

**c. Warehouse Receipts**

Loss resulting from the fraudulent or dishonest signing, issuing, cancelling or failing to cancel, a warehouse receipt or any papers connected with it.

**3. Insuring Agreements **A.3.**, **A.4.** and **A.5.** do not cover:**

**a. Accounting Or Arithmetical Errors Or Omissions**

Loss resulting from accounting or arithmetical errors or omissions.

**b. Exchanges Or Purchases**

Loss resulting from the giving or surrendering of property in any exchange or purchase.

**c. Fire**

Loss or damage resulting from fire, however caused, except:

- (1) Loss of or damage to "money" and "securities"; and
- (2) Loss from damage to a safe or vault.

**d. Money Operated Devices**

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

**e. Motor Vehicles Or Equipment And Accessories**

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.



#### **f. Transfer Or Surrender Of Property**

- (1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":
  - (a) On the basis of unauthorized instructions;
  - (b) As a result of a threat to do bodily harm to any person;
  - (c) As a result of a threat to do damage to any property;
  - (d) As a result of a threat to introduce a denial of service attack into your computer system;
  - (e) As a result of a threat to introduce a virus or other malicious instruction into your computer system which is designed to damage, destroy or corrupt data or computer programs stored within your computer system;
  - (f) As a result of a threat to contaminate, pollute or render substandard your products or goods; or
  - (g) As a result of a threat to disseminate, divulge or utilize:
    - (i) Your confidential information; or
    - (ii) Weaknesses in the source code within your computer system.
- (2) But, this Exclusion does not apply under Insuring Agreement **A.5.** to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:
  - (a) Had no knowledge of any threat at the time the conveyance began; or
  - (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

#### **g. Vandalism**

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

#### **h. Voluntary Parting Of Title To Or Possession Of Property**

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

#### **4. Insuring Agreement A.6. does not cover:**

##### **a. Credit Card Transactions**

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

##### **b. Funds Transfer Fraud**

Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

##### **c. Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

#### **5. Insuring Agreement A.7. does not cover:**

##### **COMPUTER FRAUD**

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".

#### **E. Conditions**

##### **1. Conditions Applicable To All Insuring Agreements**

##### **a. Additional Premises Or Employees**

If, while this policy is in force, you establish any additional "premises" or hire additional "employees", other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such "premises" and "employees" shall automatically be covered under this policy. Notice to us of an increase in the number of "premises" or "employees" need not be given and no additional premium need be paid for the remainder of the Policy Period shown in the Declarations.

##### **b. Cancellation Of Policy**

- (1) The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- (2) We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - (a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

- (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (3) We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- (4) Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- (5) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- (6) If notice is mailed, proof of mailing will be sufficient proof of notice.

**c. Changes**

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

**d. Concealment, Misrepresentation Or Fraud**

This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- (1) This policy;
- (2) The property covered under this policy;
- (3) Your interest in the property covered under this policy; or
- (4) A claim under this policy.

**e. Consolidation – Merger Or Acquisition**

If you consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:

- (1) You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this policy to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional premium; but

- (2) For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this policy shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all "occurrences" causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

**f. Cooperation**

You must cooperate with us in all matters pertaining to this policy as stated in its terms and conditions.

**g. Duties In The Event Of Loss**

After you "discover" a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement **A.1.** or **A.2.**) involves a violation of law, you must also notify the local law enforcement authorities.
- (2) Submit to examination under oath at our request and give us a signed statement of your answers.
- (3) Produce for our examination all pertinent records.
- (4) Give us a detailed, sworn proof of loss within 120 days.
- (5) Cooperate with us in the investigation and settlement of any claim.

**h. Employee Benefit Plans**

- (1) The "employee benefit plans" shown in the Declarations (hereafter referred to as Plan) are included as Insureds under Insuring Agreement **A.1.**
- (2) If any Plan is insured jointly with any other entity under this policy, you or the Plan Administrator must select a Limit of Insurance for Insuring Agreement **A.1.** that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each Plan were separately insured.

- (3) With respect to loss sustained or "discovered" by any such Plan, Insuring Agreement **A.1.** is replaced by the following:

We will pay for loss of or damage to "funds" and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

- (4) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.
- (5) If two or more Plans are insured under this policy, any payment we make for loss:
- (a) Sustained by two or more Plans; or
  - (b) Of commingled "funds" or "other property" of two or more Plans;
- resulting directly from an "occurrence" will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.
- (6) The Deductible Amount applicable to Insuring Agreement **A.1.** does not apply to loss sustained by any Plan.

**i. Examination Of Your Books And Records**

We may examine and audit your books and records as they relate to this policy at any time during the Policy Period shown in the Declarations and up to 3 years afterward.

**j. Extended Period To Discover Loss**

We will pay for loss that you sustained prior to the effective date of cancellation of this policy, which is "discovered" by you:

- (1) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this policy, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

- (2) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".

**k. Inspections And Surveys**

- (1) We have the right to:
- (a) Make inspections and surveys at any time;
  - (b) Give you reports on the conditions we find; and
  - (c) Recommend changes.
- (2) We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
- (a) Are safe or healthful; or
  - (b) Comply with laws, regulations, codes or standards.
- (3) Paragraphs **k.(1)** and **k.(2)** apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

**l. Joint Insured**

- (1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this policy. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- (2) If any Insured, or partner, "member" or officer of that Insured has knowledge of any information relevant to this policy, that knowledge is considered knowledge of every Insured.
- (3) An "employee" of any Insured is considered to be an "employee" of every Insured.

- (4) If this policy or any of its coverages is cancelled as to any Insured, loss sustained by that Insured is covered only if it is "discovered" by you:

(a) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from us or another insurer, replacing in whole or in part the coverage afforded under this policy, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

(b) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".

- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.

- (6) Payment by us to the first Named Insured for loss sustained by any Insured, other than an "employee benefit plan", shall fully release us on account of such loss.

**m. Legal Action Against Us**

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this policy;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within 2 years from the date you "discovered" the loss.

If any limitation in this Condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

**n. Liberalization**

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this policy.

**o. Loss Sustained During Prior Insurance Issued By Us Or Any Affiliate**

**(1) Loss Sustained Partly During This Policy And Partly During Prior Insurance**

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place:

- (a) Partly during the Policy Period shown in the Declarations; and
- (b) Partly during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest;

and this policy became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you sustained during this Policy Period. We will then settle the remaining amount of loss that you sustained during the Policy Period(s) of the prior insurance.

**(2) Loss Sustained Entirely During Prior Insurance**

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place entirely during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided:

- (a) This policy became effective at the time of cancellation of the prior insurance; and
- (b) The loss would have been covered under this policy had it been in effect at the time of the "occurrence".

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the Policy Period(s) of any other prior insurance.

**(3) In settling loss subject to this Condition:**

- (a) The most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this policy or was written under the prior insurance issued by us.

- (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under this policy. If no loss was sustained under this policy, we will apply the Deductible Amount shown in the Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this policy, or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

We will not apply any other Deductible Amount that may have been applicable to the loss.

- (4) The following examples demonstrate how we will settle losses subject to this Condition **E.1.o.:**

**EXAMPLE NO. 1:**

The insured sustained a covered loss of \$10,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

**POLICY A**

The current policy. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

**POLICY B**

Issued prior to Policy **A**. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

The amount of loss sustained under Policy **A** is \$2,500 and under Policy **B** is \$7,500.

The highest single Limit of Insurance applicable to this entire loss is \$50,000 written under Policy **A**. The Policy **A** Deductible Amount of \$5,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** (\$2,500) is settled first. The amount we will pay is nil (\$0.00) because the amount of loss is less than the Deductible Amount (i.e., \$2,500 loss - \$5,000 deductible = \$0.00).

2. The remaining amount of loss sustained under Policy **B** (\$7,500) is settled next. The amount recoverable is \$5,000 after the remaining Deductible Amount from Policy **A** of \$2,500 is applied to the loss (i.e., \$7,500 loss - \$2,500 deductible = \$5,000).

The most we will pay for this loss is \$5,000.

**EXAMPLE NO. 2:**

The insured sustained a covered loss of \$250,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

**POLICY A**

The current policy. Written at a Limit of Insurance of \$125,000 and a Deductible Amount of \$10,000.

**POLICY B**

Issued prior to Policy **A**. Written at a Limit of Insurance of \$150,000 and a Deductible Amount of \$25,000.

The amount of loss sustained under Policy **A** is \$175,000 and under Policy **B** is \$75,000.

The highest single Limit of Insurance applicable to this entire loss is \$150,000 written under Policy **B**. The Policy **A** Deductible Amount of \$10,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** (\$175,000) is settled first. The amount we will pay is the Policy **A** Limit of \$125,000 because \$175,000 loss - \$10,000 deductible = \$165,000 which is greater than the \$125,000 policy limit.
2. The remaining amount of loss sustained under Policy **B** (\$75,000) is settled next. The amount we will pay is \$25,000 (i.e., \$150,000 Policy **B** limit - \$125,000 paid under Policy **A** = \$25,000).

The most we will pay for this loss is \$150,000.

**EXAMPLE NO. 3:**

The insured sustained a covered loss of \$2,000,000 resulting directly from an "occurrence" taking place during the terms of Policies **A**, **B**, **C** and **D**.

### **POLICY A**

The current policy. Written at a Limit of Insurance of \$1,000,000 and a Deductible Amount of \$100,000.

### **POLICY B**

Issued prior to Policy **A**. Written at a Limit of Insurance of \$750,000 and a Deductible Amount of \$75,000.

### **POLICY C**

Issued prior to Policy **B**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

### **POLICY D**

Issued prior to Policy **C**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

The amount of loss sustained under Policy **A** is \$350,000, under Policy **B** is \$250,000, under Policy **C** is \$600,000 and under Policy **D** is \$800,000.

The highest single Limit of Insurance applicable to this entire loss is \$1,000,000 written under Policy **A**. The Policy **A** Deductible Amount of \$100,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** (\$350,000) is settled first. The amount we will pay is \$250,000 (i.e., \$350,000 loss - \$100,000 deductible = \$250,000).
2. The amount of loss sustained under Policy **B** (\$250,000) is settled next. The amount we will pay is \$250,000 (no deductible is applied).
3. The amount of loss sustained under Policy **C** (\$600,000) is settled next. The amount we will pay is \$500,000, the policy limit (no deductible is applied).
4. We will not make any further payment under Policy **D** as the maximum amount payable under the highest single Limit of Insurance applying to the loss of \$1,000,000 under Policy **A** has been satisfied.

The most we will pay for this loss is \$1,000,000.

### **p. Loss Sustained During Prior Insurance Not Issued By Us Or Any Affiliate**

- (1) If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place during the Policy Period of any prior cancelled insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this policy, provided:
  - (a) This policy became effective at the time of cancellation of the prior insurance; and
  - (b) The loss would have been covered under this policy had it been in effect at the time of the "occurrence".
- (2) In settling loss subject to this Condition:
  - (a) The most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this policy or was written under the prior cancelled insurance.
  - (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under the prior cancelled insurance.
- (3) The insurance provided under this Condition is subject to the following:
  - (a) If loss covered under this Condition is also partially covered under Condition **E.1.o.**, the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition **E.1.o.**
  - (b) For loss covered under this Condition that is not subject to Paragraph **(3)(a)**, the amount recoverable under this Condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this policy and is limited to the lesser of the amount recoverable under:
    - (i) This policy as of its effective date; or
    - (ii) The prior cancelled insurance had it remained in effect.

**q. Other Insurance**

If other valid and collectible insurance is available to you for loss covered under this policy, our obligations are limited as follows:

**(1) Primary Insurance**

When this policy is written as primary insurance, and:

- (a) You have other insurance subject to the same terms and conditions as this policy, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.
- (b) You have other insurance covering the same loss other than that described in Paragraph (1)(a), we will only pay for the amount of loss that exceeds:
  - (i) The Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not; or
  - (ii) The Deductible Amount shown in the Declarations;whichever is greater. Our payment for loss is subject to the terms and conditions of this policy.

**(2) Excess Insurance**

- (a) When this policy is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this policy.
- (b) However, if loss covered under this policy is subject to a Deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

**r. Ownership Of Property; Interests Covered**

The property covered under this policy is limited to property:

- (1) That you own or lease; or
- (2) That you hold for others whether or not you are legally liable for the loss of such property.

However, this policy is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

**s. Premiums**

The first Named Insured shown in the Declarations:

- (1) Is responsible for the payment of all premiums; and
- (2) Will be the payee for any return premiums we pay.

**t. Records**

You must keep records of all property covered under this policy so we can verify the amount of any loss.

**u. Recoveries**

- (1) Any recoveries, whether effected before or after any payment under this policy, whether made by us or you, shall be applied net of the expense of such recovery:
  - (a) First, to you in satisfaction of your covered loss in excess of the amount paid under this policy;
  - (b) Second, to us in satisfaction of amounts paid in settlement of your claim;
  - (c) Third, to you in satisfaction of any Deductible Amount; and
  - (d) Fourth, to you in satisfaction of any loss not covered under this policy.
- (2) Recoveries do not include any recovery:
  - (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
  - (b) Of original "securities" after duplicates of them have been issued.

**v. Territory**

This policy covers loss that you sustain resulting directly from an "occurrence" taking place within the United States of America (including its territories and possessions), Puerto Rico and Canada.

**w. Transfer Of Your Rights And Duties Under This Policy**

- (1) Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

- (2) If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having temporary custody of your property will have your rights and duties but only with respect to that property.

**x. Transfer Of Your Rights Of Recovery Against Others To Us**

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

**y. Valuation – Settlement**

- (1) The value of any loss for purposes of coverage under this policy shall be determined as follows:

- (a) Loss of "money" but only up to and including its face value. We will, at your option, pay for loss of "money" issued by any country other than the United States of America:

(i) At face value in the "money" issued by that country; or

(ii) In the United States of America dollar equivalent determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was "discovered".

- (b) Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:

(i) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

i. Market value of the "securities" at the close of business on the day the loss was "discovered"; or

ii. The Limit of Insurance applicable to the "securities".

- (c) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

(i) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;

(ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property; or

(iii) The Limit of Insurance applicable to the lost or damaged property.

With regard to Paragraphs **y.(1)(c)(i)** through **y.(1)(c)(iii)**, we will not pay on a replacement cost basis for any loss or damage:

i. Until the lost or damaged property is actually repaired or replaced; and

ii. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

- (2) We will, at your option, settle loss or damage to property other than "money":

(a) In the "money" of the country in which the loss or damage occurred; or

(b) In the United States of America dollar equivalent of the "money" of the country in which the loss or damage occurred determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was "discovered".

- (3) Any property that we pay for or replace becomes our property.



## **2. Conditions Applicable To Insuring Agreement A.1.**

### **a. Termination As To Any Employee**

This Insuring Agreement terminates as to any "employee":

#### **(1) As soon as:**

**(a)** You; or

**(b)** Any of your partners, "members", "managers", officers, directors, or trustees not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

#### **(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.**

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

### **b. Territory**

We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory Condition **E.1.v.** for a period of not more than 90 consecutive days.

## **3. Conditions Applicable To Insuring Agreement A.2.**

### **a. Deductible Amount**

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement **A.2.**

### **b. Electronic And Mechanical Signatures**

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

### **c. Proof Of Loss**

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

### **d. Territory**

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.v.** does not apply to Insuring Agreement **A.2.**

## **4. Conditions Applicable To Insuring Agreements A.4. And A.5.**

### **a. Armored Motor Vehicle Companies**

Under Insuring Agreement **A.5.**, we will only pay for the amount of loss you cannot recover:

**(1)** Under your contract with the armored motor vehicle company; and

**(2)** From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

### **b. Special Limit Of Insurance For Specified Property**

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to:

**(1)** Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or

**(2)** Manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

## **5. Conditions Applicable To Insuring Agreement A.6.**

### **a. Special Limit Of Insurance For Specified Property**

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

### **b. Territory**

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.v.** does not apply to Insuring Agreement **A.6.**

## **F. Definitions**

**1.** "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

**2.** "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

**3.** "Custodian" means you, or any of your partners or "members", or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.

4. "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this policy has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this policy.

5. "Employee":

a. "Employee" means:

(1) Any natural person:

- (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any other dishonest act committed by the "employee";
- (b) Who you compensate directly by salary, wages or commissions; and
- (c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

- (a) To substitute for a permanent "employee" as defined in Paragraph a.(1), who is on leave; or
- (b) To meet seasonal or short-term workload conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph a.(2);

(4) Any natural person who is:

- (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and
- (b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

- (a) Performing acts within the scope of the usual duties of an "employee"; or
- (b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph 5.a.

6. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

7. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

8. "Fraudulent instruction" means:
  - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
  - b. A written instruction (other than those described in Insuring Agreement **A.2.**) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
  - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
9. "Funds" means "money" and "securities".
10. "Manager" means a person serving in a directorial capacity for a limited liability company.
11. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
12. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".
13. "Money" means:
  - a. Currency, coins and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
14. "Occurrence" means:
  - a. Under Insuring Agreement **A.1.:**
    - (1) An individual act;
    - (2) The combined total of all separate acts whether or not related; or
    - (3) A series of acts whether or not related; committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.o.** or **E.1.p.**
- b. Under Insuring Agreement **A.2.:**
  - (1) An individual act;
  - (2) The combined total of all separate acts whether or not related; or
  - (3) A series of acts whether or not related; committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.o.** or **E.1.p.**
- c. Under All Other Insuring Agreements:
  - (1) An individual act or event;
  - (2) The combined total of all separate acts or events whether or not related; or
  - (3) A series of acts or events whether or not related; committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.o.** or **E.1.p.**
15. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, electronic data or any property specifically excluded under this policy.
16. "Premises" means the interior of that portion of any building you occupy in conducting your business.
17. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
  - a. Caused or threatened to cause that person bodily harm; or
  - b. Committed an obviously unlawful act witnessed by that person.
18. "Safe burglary" means the unlawful taking of:
  - a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
  - b. A safe or vault from inside the "premises".
19. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
  - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

**20.** "Theft" means the unlawful taking of property to the deprivation of the Insured.

**21.** "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "funds":

- a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or

- b. By means of written instructions (other than those described in Insuring Agreement **A.2.**) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

**22.** "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **IDAHO CHANGES**

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY  
GOVERNMENT CRIME POLICY  
KIDNAP/RANSOM AND EXTORTION POLICY

**A. Paragraphs (1) and (2) of the Cancellation Of Policy Condition are replaced by the following:**

- (1) The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation. Cancellation will be effective on the later of the date requested by the first Named Insured or the date we receive the request.

**(2) Policies In Effect**

**(a) 60 Days Or Less**

If this policy has been in effect for 60 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (i) 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run 5 days following the date of postmark; or
- (ii) 30 days before the effective date of cancellation if we cancel for any other reason.

**(b) More Than 60 Days**

If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (i) Nonpayment of premium;
- (ii) Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (iii) Acts or omissions on your part which increase any hazard insured against;

- (iv) Change in the risk which materially increases the risk of loss after the policy has been issued or renewed including, but not limited to, an increase in exposure due to regulation, legislation or court decision;
- (v) Loss of or decrease in reinsurance which provided us with coverage for all or part of the risk insured;
- (vi) A determination by the Director of Insurance that continuation of this policy would jeopardize our solvency or place us in violation of the insurance laws of Idaho or any other state; or
- (vii) Violation or breach by the insured of any policy terms or conditions other than nonpayment of premium.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (i) 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run 5 days following the date of postmark; or
- (ii) 30 days before the effective date of cancellation if we cancel for any other reason stated in Paragraph (2)(b) above.

**B. The following are added and supersede any other provision to the contrary:**

**1. Nonrenewal**

- a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured a written notice of intention not to renew at least 45 days prior to the expiration or anniversary date of the policy.

- b. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- c. If notice is not mailed or delivered at least 45 days before the expiration or anniversary date of this policy, this policy will remain in effect until 45 days after notice is mailed or delivered. Earned premium for the extended period of coverage will be calculated pro rata at the rates applicable to the expiring policy.
- d. We need not mail or deliver this notice if:
  - (1) We have offered to renew this policy;
  - (2) You have obtained replacement coverage; or
  - (3) You have agreed in writing to obtain replacement coverage.
- e. If notice is mailed, proof of mailing will be sufficient proof of notice.

## **2. Premium Or Coverage Changes At Renewal**

- a. If we elect to renew this policy, we will mail or deliver written notice of any total premium increase greater than ten (10%) which is the result of a comparable increase in premium rates, change in deductible, reduction in limits or reduction in coverage to the first Named Insured, at the last mailing address known to us.

- b. Any such notice will be mailed or delivered to the first Named Insured at least 30 days before the expiration or anniversary date of the policy.
- c. If notice is not mailed or delivered at least 30 days before the expiration or anniversary date of the policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until the earlier of the following:
  - (1) 30 days after notice is given; or
  - (2) The effective date of replacement coverage obtained by the first Named Insured.
- d. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes will be effective on and after the first day of the renewal term.
- e. If the first Named Insured elects not to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF TERRORISM**

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY  
GOVERNMENT CRIME POLICY

- A.** The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

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

- 1.** That involve the following or preparation for the following:
  - a.** Use or threat of force or violence; or
  - b.** Commission or threat of a dangerous act; 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.

- B.** The following exclusion is added:

### **EXCLUSION OF TERRORISM**

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- 1.** The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- 2.** Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- 3.** The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- 4.** Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

5. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this Item **B.5.**, the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Policy.

#### **C. Application Of Other Exclusions**

1. When the Exclusion Of Terrorism applies in accordance with the terms of Paragraph **B.1.** or **B.2.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Policy.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY  
GOVERNMENT CRIME POLICY

- A.** We will not pay for loss or damage resulting directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.
- 1.** The failure, malfunction or inadequacy of:
    - a.** Any of the following, whether belonging to any insured or to others:
      - (1)** Computer hardware, including microprocessors;
      - (2)** Computer application software;
      - (3)** Computer operating systems and related software;
      - (4)** Computer networks;
      - (5)** Microprocessors (computer chips) not part of any computer system; or
      - (6)** Any other computerized or electronic equipment or components.
    - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded cause of loss as described in Paragraph **A.** of this endorsement results in a covered cause of loss under this insurance, we will pay only for the loss or damage.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

# COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

## SECTION I – COVERAGES

### COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

#### 1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

- (2) The "bodily injury" or "property damage" occurs during the policy period; and

- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

## 2. Exclusions

This insurance does not apply to:

### a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

### b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
  - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
  - (b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

### d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

### e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
  - (a) Employment by the insured; or
  - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

**f. Pollution**

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

**g. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 26 feet long; and
  - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
- (b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

**h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

**i. War**

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or 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.

**j. Damage To Property**

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;

- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

**k. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**l. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**m. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**n. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**o. Personal And Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury".

**p. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**q. Recording And Distribution Of Material Or Information In Violation Of Law**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

## **COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY**

### **1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:
- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

### **2. Exclusions**

This insurance does not apply to:

#### **a. Knowing Violation Of Rights Of Another**

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

#### **b. Material Published With Knowledge Of Falsity**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

#### **c. Material Published Prior To Policy Period**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

#### **d. Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

#### **e. Contractual Liability**

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

#### **f. Breach Of Contract**

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

#### **g. Quality Or Performance Of Goods – Failure To Conform To Statements**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

#### **h. Wrong Description Of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

**i. Infringement Of Copyright, Patent, Trademark Or Trade Secret**

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

**j. Insureds In Media And Internet Type Businesses**

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

**k. Electronic Chatrooms Or Bulletin Boards**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

**l. Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

**m. Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

**n. Pollution-related**

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

**o. War**

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or 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.

**p. Recording And Distribution Of Material Or Information In Violation Of Law**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.



## **COVERAGE C – MEDICAL PAYMENTS**

### **1. Insuring Agreement**

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
  - (1) On premises you own or rent;
  - (2) On ways next to premises you own or rent; or
  - (3) Because of your operations;provided that:
  - (a) The accident takes place in the "coverage territory" and during the policy period;
  - (b) The expenses are incurred and reported to us within one year of the date of the accident; and
  - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
  - (1) First aid administered at the time of an accident;
  - (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
  - (3) Necessary ambulance, hospital, professional nursing and funeral services.

### **2. Exclusions**

We will not pay expenses for "bodily injury":

#### **a. Any Insured**

To any insured, except "volunteer workers".

#### **b. Hired Person**

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

#### **c. Injury On Normally Occupied Premises**

To a person injured on that part of premises you own or rent that the person normally occupies.

### **d. Workers' Compensation And Similar Laws**

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

### **e. Athletics Activities**

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

### **f. Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

### **g. Coverage A Exclusions**

Excluded under Coverage A.

## **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**

- 1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
  - a. All expenses we incur.
  - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
  - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
  - d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
  - e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
  - f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- g.** All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2.** If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

  - a.** The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - b.** This insurance applies to such liability assumed by the insured;
  - c.** The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - d.** The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - e.** The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
  - f.** The indemnitee:

    - (1)** Agrees in writing to:

      - (a)** Cooperate with us in the investigation, settlement or defense of the "suit";
      - (b)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      - (c)** Notify any other insurer whose coverage is available to the indemnitee; and
      - (d)** Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
    - (2)** Provides us with written authorization to:

      - (a)** Obtain records and other information related to the "suit"; and
      - (b)** Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I – Coverage A – Bodily Injury And Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

## **SECTION II – WHO IS AN INSURED**

- 1.** If you are designated in the Declarations as:

  - a.** An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b.** A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - c.** A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
  - d.** An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - e.** A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

**2. Each of the following is also an insured:**

- a.** Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

**(1) "Bodily injury" or "personal and advertising injury":**

- (a)** To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b)** To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above;
- (c)** For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(1)(a)** or **(b)** above; or
- (d)** Arising out of his or her providing or failing to provide professional health care services.

**(2) "Property damage" to property:**

- (a)** Owned, occupied or used by;
- (b)** Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by; you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b.** Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c.** Any person or organization having proper temporary custody of your property if you die, but only:

- (1)** With respect to liability arising out of the maintenance or use of that property; and
- (2)** Until your legal representative has been appointed.

- d.** Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

**3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:**

- a.** Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b.** Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c.** Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

**SECTION III – LIMITS OF INSURANCE**

**1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:**

- a.** Insureds;
- b.** Claims made or "suits" brought; or
- c.** Persons or organizations making claims or bringing "suits".

**2. The General Aggregate Limit is the most we will pay for the sum of:**

- a.** Medical expenses under Coverage **C**;
- b.** Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c.** Damages under Coverage **B**.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph 2. above, the Personal And Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. Damages under Coverage **A**; and
  - b. Medical expenses under Coverage **C**
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

## **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**

### **1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

### **2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
  - (1) How, when and where the "occurrence" or offense took place;
  - (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

### **3. Legal Action Against Us**

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### 4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

##### a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

##### b. Excess Insurance

(1) This insurance is excess over:

- (a) Any of the other insurance, whether primary, excess, contingent or on any other basis:
  - (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
  - (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
  - (iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
  - (iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.
- (b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

##### c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

#### 5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

#### 6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;

- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

#### **7. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

#### **8. Transfer Of Rights Of Recovery Against Others To Us**

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

#### **9. When We Do Not Renew**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

### **SECTION V – DEFINITIONS**

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means:
  - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
  - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
  - c. All other parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
    - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication; provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
  - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

**9. "Insured contract" means:**

- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b.** A sidetrack agreement;
- c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e.** An elevator maintenance agreement;
- f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3)** Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

**10.** "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

**11.** "Loading or unloading" means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b.** While it is in or on an aircraft, watercraft or "auto"; or
- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

**12.** "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b.** Vehicles maintained for use solely on or next to premises you own or rent;
- c.** Vehicles that travel on crawler treads;
- d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
  - (1)** Power cranes, shovels, loaders, diggers or drills; or
  - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - (1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
  - (2)** Cherry pickers and similar devices used to raise or lower workers;
- f.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
  - (a) Snow removal;
  - (b) Road maintenance, but not construction or resurfacing; or
  - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

**13.** "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

**14.** "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

**15.** "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**16.** "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
  - (a) When all of the work called for in your contract has been completed.
  - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
  - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

**17.** "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.



As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**18. "Suit"** means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

**19. "Temporary worker"** means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

**20. "Volunteer worker"** means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

**21. "Your product":**

**a. Means:**

- (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
  - (a)** You;
  - (b)** Others trading under your name; or
  - (c)** A person or organization whose business or assets you have acquired; and
- (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

**b. Includes:**

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2)** The providing of or failure to provide warnings or instructions.

**c.** Does not include vending machines or other property rented to or located for the use of others but not sold.

**22. "Your work":**

**a. Means:**

- (1)** Work or operations performed by you or on your behalf; and
- (2)** Materials, parts or equipment furnished in connection with such work or operations.

**b. Includes:**

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2)** The providing of or failure to provide warnings or instructions.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL INSURED – MANAGERS OR LESSORS OF PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

<b>Designation Of Premises (Part Leased To You):</b> Northstar Lane, Hailey, ID 83333
<b>Name Of Person(s) Or Organization(s) (Additional Insured):</b> BOULDER MOUNTAIN PROPERTY MAN
<b>Additional Premium:</b> \$ 50
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by you or those acting on your behalf in connection with the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person(s) or organization(s) shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and

2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable limits of insurance;

whichever is less.

This endorsement shall not increase the applicable limits of insurance.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL INSURED – UNIT-OWNERS OF TOWNHOUSE OR HOMEOWNER ASSOCIATIONS**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**Section II – Who Is An Insured** is amended to include as an additional insured each unit-owner, but only with respect to liability as a member of the homeowner or townhouse association shown in the Declarations as a Named Insured. However, no such unit-owner is an additional insured with respect to its liability arising out of the ownership, maintenance, use or repair of:

1. The real property to which the unit-owner has title;  
or
2. That portion of the premises which is reserved for the unit-owner's exclusive use or occupancy.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

<b>Name Of Additional Insured Person(s) Or Organization(s)</b>
<b>BLAINE COUNTY SCHOOL DISTRICT #61</b> <b>118 Bullion St, Hailey, ID 83333</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following is added to

### **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
  2. Available under the applicable limits of insurance;
- whichever is less.

This endorsement shall not increase the applicable limits of insurance

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION – ACCESS OR DISCLOSURE OF  
CONFIDENTIAL OR PERSONAL INFORMATION AND  
DATA-RELATED LIABILITY – LIMITED BODILY INJURY  
EXCEPTION NOT INCLUDED**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion 2.p. of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:**

**2. Exclusions**

This insurance does not apply to:

**p. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

Damages arising out of:

- (1)** Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2)** The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

- B. The following is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Access Or Disclosure Of Confidential Or Personal Information**

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **COMMUNICABLE DISEASE EXCLUSION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

- A. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

#### **2. Exclusions**

This insurance does not apply to:

##### **Communicable Disease**

"Bodily injury" or "property damage" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a.** Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b.** Testing for a communicable disease;
- c.** Failure to prevent the spread of the disease; or
- d.** Failure to report the disease to authorities.

- B. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

#### **2. Exclusions**

This insurance does not apply to:

##### **Communicable Disease**

"Personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a.** Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b.** Testing for a communicable disease;
- c.** Failure to prevent the spread of the disease; or
- d.** Failure to report the disease to authorities.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FUNGI OR BACTERIA EXCLUSION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

- A. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Fungi Or Bacteria**

- a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

- B. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Fungi Or Bacteria**

- a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

- C. The following definition is added to the Definitions Section:**

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

**A. The following exclusion is added:**

This insurance does not apply to:

**TERRORISM**

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism".

**B. The following definitions are added:**

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.

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

a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDMENT OF INSURED CONTRACT DEFINITION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The definition of "insured contract" in the **Definitions** section is replaced by the following:

"Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. However, such part of a contract or agreement shall only be considered an "insured contract" to the extent your assumption of the tort liability is permitted by law. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

Policy Number: HDI55CL0481687-11

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE ENDORSEMENT**

**THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.  
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This Endorsement modifies insurance provided under the following Coverage Form:

**COMMERCIAL ADVANTAGE POLICY (BUSINESSOWNERS)**

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

### **NOTICE**

- EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THE COVERAGES PROVIDED UNDER INSURING AGREEMENTS 1., 3., 4., AND 5. OF THIS COVERAGE ARE LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS OR SUITS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE CYBER LIABILITY AND DATA BREACH RESPONSE COVERAGE PERIOD AND REPORTED IN WRITING TO US PURSUANT TO THE TERMS HEREIN, VARIOUS PROVISIONS IN THIS COVERAGE RESTRICT COVERAGE. PLEASE READ THE ENTIRE COVERAGE CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED.
- THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS FOR COVERAGE PROVIDED UNDER INSURING AGREEMENTS 1., 3., 4., AND 5 UNDER THIS COVERAGE SHALL BE REDUCED BY AMOUNTS INCURRED FOR CLAIMS EXPENSES. AMOUNTS INCURRED FOR CLAIMS EXPENSES SHALL BE APPLIED AGAINST THE RETENTION AMOUNT.
- EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THE COVERAGES PROVIDED UNDER INSURING AGREEMENTS 2., 6, 7., AND 8. OF THIS COVERAGE PROVIDE FIRST PARTY COVERAGE ON AN INCIDENT DISCOVERED AND REPORTED BASIS. COVERAGE UNDER INSURING AGREEMENTS 2.,6 7. AND 8. APPLIES ONLY TO INCIDENTS FIRST DISCOVERED BY THE INSURED AND REPORTED TO THE INSURER DURING THE POLICY PERIOD.

### **SCHEDULE**

**Retroactive Date:** None

**Cyber Liability and Data Breach Response Coverage Total Premium:**

**\$147**

#### **Insuring Agreements and Limits of Liability:**

**Policy Aggregate Limit of Liability**

**\$50,000**

Aggregate for all "loss" combined, including "damages", "penalties", "PCI fines, expenses and costs", "cyber extortion loss", "data protection loss", and "business interruption loss" and "claims expenses".

#### **Cyber Liability Aggregate Sublimits of Liability:**

Information Security & Privacy Liability  
(Insuring Agreement 1.)

**\$50,000**

Aggregate for all "loss" arising from "damages" including "claims expenses".

Regulatory Defense and Penalties  
(Insuring Agreement 3.)

**\$10,000**

Aggregate for all "loss" arising from "penalties" including "claims expenses"

<b>Cyber Liability Aggregate Sublimits of Liability (Continued):</b>		
Website Media Content Liability (Insuring Agreement 4.)	\$50,000	Aggregate for all "loss" arising from "damages" including "claims expenses"
PCI Fines, Expenses, and Costs (Insuring Agreement 5.)	\$5,000	Aggregate for "loss" arising from "PCI Fines, Expenses, and Costs" including "claims expenses"
Cyber Extortion (Insuring Agreement 6.)	\$10,000	Aggregate for "loss" arising from "cyber extortion loss"
First Party Data Protection (Insuring Agreement 7.)	\$10,000	Aggregate for "loss" arising from "data protection loss"
First Party Network Business Interruption (Insuring Agreement 8.)	\$10,000	Aggregate for "loss" arising from "business interruption loss"
<b>Limits Of Coverage For Privacy Breach Response Services (Insuring Agreement 2.):</b>		Coverage for all "Privacy Breach Response Services" is separate from and in addition to the "Policy Aggregate Limit of Liability"
Notification Services, Call Center Services, and Breach Resolution and Mitigation Services	5,000	"Notified Individuals" in the Aggregate
Aggregate Limit of Coverage for all "Computer Expert Services", "Legal Services", and "Public Relations and Crisis Management Expenses"	\$25,000	Aggregate for all "computer expert services", "legal services", and "public relations and crisis management expenses" combined
<b>Retentions:</b>		
<b>Cyber Liability and Data Breach Response</b> (Insuring Agreement 1., 3., 4. and 5. )		
Retention	None	Each claim
<b>Cyber Liability and Data Breach Response</b> (Insuring Agreement 6., 7. and 8.)		
Retention	\$2,500	Each Incident
<b>Privacy Breach Response Services and Retention</b> (Insuring Agreement 2.)		
"Computer Expert Services", "Legal Services", and "Public Relations and Crisis Management Expenses"	\$0	Each incident
"Notified Individuals"	0 "Notified Individuals"	Each incident
<b>Waiting Period / Retention</b> (Insuring Agreement 8.)		One retention per incident must be satisfied, whichever is greater.
"Income Loss" / "Extra Expense" Retention	\$2,500	
"Waiting Period"	12 Hours	

**Insuring Agreements 1., 3., 4., and 5. of this Endorsement provide coverage on a claims made and reported basis and apply only to “claims” first made and reported to us during the “policy period” or the optional extension period, if applicable. Amounts incurred as “claims expenses” under this policy shall reduce and may exhaust the limit of liability.**

**Insuring Agreements 2., 6., 7., and 8. of this Endorsement provide first party coverage and apply only to incidents discovered and reported to us during the “policy period”.**

This Cyber Liability and Data Breach Response Coverage Endorsement is being added to the Policy Coverage Form\_ and the terms and conditions of this Endorsement govern the scope of coverage and your and our duties.

Throughout this Endorsement, the words “you” and “your” refer to the “named insured(s)” shown in the Schedule and any other person(s) or organization(s) qualifying as a “named insured” under this Endorsement. The words “we”, “us” and “our” refer to the company providing this coverage. The word “insured” means any person or organization qualifying as such under **SECTION III- WHO IS AN INSURED.**

This Endorsement amends the Policy to provide cyber liability and data breach response coverage on a claims made and reported or incidents discovered and reported basis. Various provisions in this Endorsement restrict coverage. Read the entire Endorsement carefully to determine your rights and duties and what is and is not covered. The terms, conditions, exclusions, and limits of liability set forth in this Endorsement apply only to the coverage provided by this Endorsement.

Words and phrases that appear in quotation marks have special meaning. Refer to **SECTION XI – DEFINITIONS.** To the extent any words or phrases used in this Endorsement are defined elsewhere in the Policy, such definitions provided elsewhere do not apply to give meaning to the words or phrases used in this Endorsement.

The terms and conditions of the Cancellation Condition of the Policy Coverage Form and any amendment to such terms are incorporated herein and shall apply to coverage as is afforded by this Endorsement, unless specifically stated otherwise in an endorsement(s) attached hereto.

## **SECTION I – INSURING AGREEMENTS**

Coverage is provided under the following insuring agreements for which a policy aggregate limit of liability is shown in the Schedule:

### **1. Information Security and Privacy Liability**

We will pay on behalf of the insured, “damages” and “claims expenses” which the insured shall become legally obligated to pay because of any “claim”, including a “claim” for a violation of a “privacy law”, first made against any insured during the “policy period” or optional extension period, if applicable, and reported in writing to us during the “policy period” or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM** for:

- a. theft, loss, or “unauthorized disclosure” of “personally identifiable information” or “third party information” that is in the care, custody or control of the “insured organization”, or a third party for whose theft, loss or “unauthorized disclosure” of “personally identifiable information” or “third party information” the “insured organization” is legally liable (a third party shall include a business associate as defined by the Health Insurance Portability and Accountability Act (HIPAA));
- b. one or more of the following acts or incidents that directly result from a failure of “computer security” to prevent a “security breach”:

- i. the alteration, corruption, destruction, deletion, or damage to data stored on “computer systems”;
- ii. the failure to prevent transmission of “malicious code” from “computer systems” to computer or network systems that are not owned, operated or controlled by an insured; or
- iii. the participation by the “insured organization’s” “computer systems” in a “denial of service attack” directed against a computer or network systems that are not owned, operated or controlled by an insured;
- c. the “insured organization’s” failure to timely disclose an incident described in paragraphs a. or b. of this section in violation of any “breach notice law”;
- d. failure by the insured to comply with that part of a “privacy policy” that specifically:
  - i. prohibits or restricts the “insured organization’s” disclosure, sharing or selling of a person’s “personally identifiable information”;
  - ii. requires the “insured organization” to provide access to “personally identifiable information” or to correct incomplete or inaccurate “personally identifiable information” after a request is made by a person; or
  - iii. mandates procedures and requirements to prevent the loss of “personally identifiable information”;

provided the “insured organization” must, at the

time of such acts, errors or omissions, have in force a “privacy policy” that addresses those subsections d.i.-d.iii. above that are relevant to such “claim”;

- e. failure by the insured to administer:
  - i. an identity theft prevention program as required by regulations and guidelines promulgated pursuant to 15 U.S.C. §1681m(e), as amended, or
  - ii. an information disposal program required by regulations and guidelines promulgated pursuant to 15 U.S.C. §1681w, as amended.

## 2. Privacy Breach Response Services

We will provide privacy breach response services to the “insured organization” because of an incident, or a reasonably suspected incident, described in paragraphs a. or b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**, that takes place, is discovered and is reported in writing to us during the “policy period” or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**.

Privacy breach response services means the following:

- a. “computer expert services”;
- b. “legal services”;
- c. “public relations and crisis management expenses”;

paragraphs a.-c. are subject to a monetary limit as noted in the Schedule;

- d. “notification services” to provide notification to:
  - i. individuals who are required to be notified by the “insured organization” under the applicable “breach notice law”; or
  - ii. in our discretion, individuals affected by an incident in which their “personally identifiable information” has been subject to theft, loss, or “unauthorized disclosure” in a manner which compromises the security or privacy of such individual by posing a significant risk of financial, reputational or other harm to the individual;

- e. “call center services”;
- f. “breach resolution and mitigation services”;

paragraphs d.-f. are subject to a maximum notified individual limit noted in the Schedule.

## 3. Regulatory Defense and Penalties

We will pay on behalf of the insured, “claims expenses” and “penalties” which the insured shall become legally obligated to pay because of any “claim” in the form of a “regulatory proceeding” first made against any insured during the “policy period”

or the optional extension period, if applicable, and reported in writing to us during the “policy period”, or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**, for a violation of a “privacy law” and caused by an incident described in paragraphs a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**.

## 4. Website Media Content Liability

We will pay on behalf of the insured, “damages” and “claims expenses” which the insured becomes legally obligated to pay because of a “claim” first made against any insured during the “policy period” or the optional extension period, if applicable, and reported in writing to us during the “policy period”, or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**, that arises out of one or more of the following acts committed in the course of the “insured organization’s” display of “media material” on its website or on social media web pages created and maintained by or on behalf of the “insured organization”:

- a. defamation, libel, slander, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;
- b. a violation of the rights of privacy of an individual, including false light and public disclosure of private facts;
- c. invasion of or interference with an individual’s right of publicity, including commercial appropriation of name, persona, voice or likeness;
- d. plagiarism, piracy or misappropriation of ideas under implied contract;
- e. infringement of copyright;
- f. infringement of domain name, trademark, trade name, trade dress, logo, title, metatag, slogan, service mark, service name; or
- g. improper deep-linking or framing within electronic content.

## 5. PCI Fines, Expenses and Costs

We will indemnify the insured for “PCI fines, expenses, and costs” which the insured shall become legally obligated to pay because of a “claim” first made against any insured during the “policy period” or optional extension period, if applicable, and reported in writing to us during the “policy period” or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**. We have no duty to defend any “claim” or to pay any “claims expenses” associated with a “claim”

under this section.

## 6. Cyber Extortion

We will indemnify the “named insured” for “cyber extortion loss”, in excess of the retention, incurred by the “insured organization” as a direct result of an “extortion threat” first made against the “insured organization” during the “policy period” and reported in writing to us during the “policy period” or as otherwise provided **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**. We will not pay for “cyber extortion loss” which is part of a series of related threats that began prior to the “policy period”.

## 7. First Party Data Protection

We will indemnify the insured for “data protection loss”, in excess of the retention, which the insured pays as a direct result of one or more of the following:

- a. alteration, corruption, destruction, deletion or damage to a “data asset”, or
- b. inability to access a “data asset”

that is directly caused by a failure of “computer security” to prevent a “security breach”, provided such “security breach” is discovered and reported in writing to us during the “policy period” or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**. A “data protection loss” will be deemed to occur at the time such alteration, corruption, destruction, deletion or damage to or inability to access a “data asset” is first discovered by the insured.

## 8. First Party Network Business Interruption

We will indemnify the insured for “business interruption loss”, in excess of the retention, incurred by the insured during the “period of restoration” or the “extended interruption period”, if applicable, as a direct result of the actual and necessary interruption or suspension of “computer systems” that first takes place during the “policy period” and is directly caused by a failure of “computer security” to prevent a “security breach”, provided such “security breach” is discovered and reported in writing to us during the “policy period” or as otherwise provided in **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**.

## SECTION II – DEFENSE AND SETTLEMENT OF CLAIMS

1. We shall have the right and duty to defend:
  - a. any “claim” against the insured seeking “damages” even if any of the allegations of the “claim” are groundless, false or fraudulent; or

- b. under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties**, any “claim” in the form of a “regulatory proceeding”.

Selection of defense counsel shall be mutually agreed upon between the “named insured” and us; however, in the absence of such agreement, our decision shall be final.

2. With respect to any “claim” against the insured seeking “damages” or “penalties” which are payable under this Endorsement, we will pay “claims expenses” incurred with our prior written consent. The limit of liability available to pay “damages” and “penalties” shall be reduced and may be completely exhausted by payment of “claims expenses”.
3. If the insured refuses to consent to any settlement or compromise recommended by us and acceptable to the claimant and elects to contest the “claim”, our liability for any “damages”, “penalties”, and/or “claims expenses” shall not exceed the lesser of:
  - a. the amount for which the “claim” could have been settled, plus the “claims expenses” incurred up to the time of such refusal; or
  - b. the applicable limit of liability, whichever is less, and we shall have the right to withdraw from further defense by tendering control of said defense to the insured. The portion of any proposed settlement or compromise that requires the insured to cease, limit or refrain from actual or alleged infringement or otherwise injurious activity or is attributable to future royalties or other amounts that are not “damages” (or “penalties”) for “claims” covered under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties**) shall not be considered in determining the amount for which a “claim” could have been settled.

## SECTION III – WHO IS AN INSURED

Whether expressed in the singular or plural, insured shall mean:

1. The “named insured” and any “subsidiaries” of the “named insured” (together the “insured organization”);
2. A director, manager of a limited liability company (“manager”) or officer of the “insured organization”, but only with respect to the performance of their duties as such on behalf of the “insured organization”;
3. An “employee” of the “insured organization”, but only for work done while acting within the scope of their employment and related to the conduct of the “insured organization’s” business;
4. A principal if the “named insured” is a sole proprietorship, or a partner if the “named insured” is a partnership, but only with respect to the performance of their duties as such on behalf of the “insured organization”;

5. Any person previously qualified as an insured under paragraphs 2., 3. or 4. of this section prior to the termination of the required relationship with the “insured organization”, but only with respect to the performance of their duties as such on behalf of the “insured organization”;
6. The estate, heirs, executors, administrators, assigns and legal representatives of any insured in the event of such insured's death, incapacity, insolvency or bankruptcy, but only to the extent that such insured would otherwise be provided coverage under this Endorsement; and
7. The lawful spouse, or a domestic partner, of any insured, but solely by reason of any act, error or omission of an insured other than such spouse or domestic partner.

#### SECTION IV – EXCLUSIONS

This coverage does not apply to any “claim” or “loss”:

1. For, arising out of or resulting from:
  - a. physical injury, sickness, disease or death of any person, including any mental anguish or emotional distress resulting from such physical injury, sickness, disease or death; or
  - b. physical injury to or destruction of any tangible property, including the loss of use thereof; provided that electronic data shall not be considered tangible property for purposes of this exclusion;
2. For, arising out of or resulting from any employer-“employee” relations, policies, practices, acts or omissions, or any actual or alleged refusal to employ any person, or misconduct with respect to “employees”, whether such “claim” is brought by an “employee”, former “employee”, applicant for employment, or relative or domestic partner of such person; provided, that this exclusion shall not apply to an otherwise covered “claim” under paragraph a. or b. under **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** by a current or former “employee” of the “insured organization”, or to the providing of privacy breach response services involving current or former “employees” of the “insured organization”;
3. For, arising out of or resulting from any actual or alleged act, error or omission or breach of duty by any director, officer or “manager” in the discharge of their duty if the “claim” is brought by or on behalf of the “named insured”, a “subsidiary”, or any principals, directors, officers, “managers”, stockholders, members or “employees” of the “named insured” or a “subsidiary” in his or her capacity as such;
4. For, arising out of or resulting from any contractual liability or obligation or arising out of or resulting from breach of contract or agreement, either oral or written; however, this exclusion will not apply:
  - a. with respect only to the coverage provided pursuant to paragraph a. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**, to any obligation of the “insured organization” to maintain the confidentiality or security of “personally identifiable information” or of “third party information”;
  - b. with respect only to paragraph d. of **SECTION I – INSURING AGREEMENTS, 4. Website Media Content Liability**, for misappropriation of ideas under implied contract;
  - c. to “computer expert services” or “legal services” covered under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**;
  - d. to “PCI fines, expenses & costs” covered under **SECTION I – INSURING AGREEMENTS, 5. PCI Fines, Expenses and Costs**, or
  - e. to the extent the insured would have been liable in the absence of such contract or agreement;
5. For, arising out of or resulting from any actual or alleged antitrust violation, restraint of trade, unfair competition, or false, deceptive or misleading advertising or violation of the Sherman Antitrust Act, the Clayton Act, or the Robinson-Patman Act, as amended;
6. For, arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to:
  - a. any “claim” covered under paragraphs a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties**; or
  - b. the provision of privacy breach response services covered under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**; that results from a theft, loss or “unauthorized disclosure” of “personally identifiable information” provided that no member of the “control group” participated or colluded in such theft, loss or “unauthorized disclosure”;
7. For, arising out of or resulting from:
  - a. the actual or alleged unlawful collection, acquisition or retention of “personally identifiable information” (except as otherwise covered under paragraph e. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**) or other personal information by, on behalf of, or with the consent or cooperation of the “insured organization”; or the failure to comply with a legal requirement to provide individuals with the ability to assent to or withhold assent (e.g. opt-in or opt-out) from the collection, disclosure or use of “personally identifiable information”; provided that this exclusion shall not apply to the actual or alleged unlawful collection,



acquisition or retention of “personally identifiable information” by a person or entity that is not a “related party” and without the knowledge of the “insured organization”; or

- b. the distribution of unsolicited email, text messages, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping or recording is done by or on behalf of the “insured organization”;
8. For, arising out of or resulting from
- a. that which was the subject of written notice given to us or to any other insurer prior to the initial inception date of this coverage; or
  - b. which was the subject of any prior and/or pending written demand made against any insured or a civil administrative or arbitration proceeding commenced against any insured, prior to the initial inception date of this coverage, or that involved the same or substantially the same fact, circumstance or situation underlying or alleged in such prior demand or proceeding;
9. For, arising out of or resulting from any of the following:
- a. any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced and Corrupt Organizations Act or RICO), as amended;
  - b. any actual or alleged violation of any securities law, regulation or legislation, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Act of 1940, the Sarbanes-Oxley Act of 2002 or any “Blue Sky” laws;
  - c. any actual or alleged acts, errors or omissions related to any of the “insured organization’s” pension, healthcare, welfare, profit sharing, mutual or investment plans, funds of trusts, including any violation of any provision of the Employee Retirement Income Security Act of 1974 (ERISA);
  - d. any actual or alleged violation of a regulation promulgated under any of the laws described in paragraphs a., b. or c. above; or
  - e. any actual or alleged violation of a federal, state, local or foreign laws or legislation similar to the laws described in paragraphs a. b. or c. above;

however, this exclusion does not apply to any otherwise covered “claim” under paragraph a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or to providing privacy breach response services covered under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**, that results from a theft, loss or “unauthorized disclosure” of “personally identifiable information”, provided that no member of the “control group” participated or colluded in such theft, loss or “unauthorized disclosure”;

10. For, arising out of or resulting from any actual or alleged acts, errors, or omissions related to any of the “insured organization’s” pension, healthcare, welfare, profit sharing, mutual or investment plans, funds or trusts, including any violation of any provision of the Employee Retirement Income Security Act of 1974 (ERISA) or any similar federal law or legislation, or similar law or legislation of any state, province or other jurisdiction, or any amendment to ERISA or any violation of any regulation, ruling or order issued pursuant to ERISA or such similar laws or legislation; however this exclusion does not apply to any otherwise covered “claim” under paragraph a. b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or to the providing of privacy breach response services under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**, that results from a theft, loss or “unauthorized disclosure” of “personally identifiable information”, provided that no member of the “control group” participated, or is alleged to have participated or colluded, in such theft, loss or “unauthorized disclosure”;

11. Arising out of or resulting from any criminal, dishonest, fraudulent, or malicious act, error or omission, any intentional “security breach”, intentional violation of a “privacy policy”, or intentional or knowing violation of the law, if committed by such insured, or by others if the insured colluded or participated in any such conduct or activity; provided this exclusion shall not apply to:

- a. “claims expenses” incurred in defending any “claim” alleging the foregoing until such time as there is a final non-appealable adjudication, judgment, binding arbitration decision or conviction against the insured, or written admission by the insured, establishing such conduct, or a plea of nolo contendere or no contest regarding such conduct, at which time the “named insured” shall reimburse us for all “claims expenses” incurred defending the “claim” and we shall have no further liability for “claims expenses”; or
- b. a “claim” or “loss” against a natural person insured if such insured did not personally commit, participate in or know about any act, error, omission, incident or event giving rise to such “claim” or “loss”.

For purposes of this exclusion, only acts, errors, omissions or knowledge of a member of the “control group” will be imputed to the “insured organization”.

12. For, arising out of or resulting from any actual or alleged:
- a. infringement of patent or patent rights or misuse or abuse of patent or patent rights;
  - b. infringement of copyright arising from or related to software code or software products other than infringement resulting from a theft or “unauthorized disclosure”;

- alized access or use” of software code by a person who is not a “related party”;
- c. use or misappropriation of any ideas, trade secrets or third party corporate information by, or on behalf of, the “insured organization”, or by any other person or entity if such use or misappropriation is done with the knowledge, consent or acquiescence of a member of the “control group”;
  - d. disclosure, misuse or misappropriation of any ideas, trade secrets or confidential information that came into the possession of any person or entity prior to the date the person or entity became an employee, officer, director, “manager”, principal, partner or “subsidiary” of the insured; or
  - e. under paragraph b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**, theft of or “unauthorized disclosure” of a “data asset”;
13. In connection with or resulting from a “claim” brought by or on behalf of the any state, federal, local or foreign governmental entity, in such entity’s regulatory or official capacity; provided, this exclusion shall not apply to an otherwise covered “claim” under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties** or to the provision of privacy breach response services under **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** to the extent such services are legally required to comply with a “breach notice law”;
14. For, arising out of or resulting from a “claim” by or on behalf of one or more insureds under this Endorsement against any other insured or insureds under this Endorsement, provided this exclusion shall not apply to an otherwise covered “claim” under paragraphs a., b. or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** made by a current or former “employee” of the “insured organization”;
15. For, arising out of or resulting from:
- a. any “claim” made by any business enterprise in which any insured has greater than a fifteen percent (15%) ownership interest or made by any parent company or other entity which owns more than fifteen percent (15%) of the “named insured”; or
  - b. the insured’s activities as a trustee, partner, member, “manager”, officer, director or “employee” of any “employee” trust, charitable organization, corporation, company or business other than that of the “insured organization”;
16. For, arising out of or resulting from any of the following:
- a. trading losses, trading liabilities or change in value of accounts;
  - b. any loss, transfer or theft of “monies”, “securities” or tangible property of others in the care, custody or control of the “insured organization”;
  - c. the monetary value of any transactions or electronic fund transfers by or on behalf of the insured which is lost, diminished, or damaged during transfer from, into or between accounts; or
  - d. the value of coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount.
17. For, arising out of or resulting from:
- a. the actual or alleged obligation to make licensing fees or royalty payments;
  - b. any costs or expenses incurred or to be incurred by the insured or others for the reprinting, reposting, recall, removal or disposal of any “media material” or any other information, content or media, including any media or products containing such “media material”, information, content or media;
  - c. any “claim” brought by or on behalf of any intellectual property licensing bodies or organizations;
  - d. the actual or alleged inaccurate, inadequate or incomplete description of the price of goods, products or services, cost guarantees, cost representations, or contract price estimates, the authenticity of any goods, products or services, or the failure of any goods or services to conform with any represented quality or performance;
  - e. any actual or alleged gambling, contest, lottery, promotional game or other game of chance; or
  - f. any “claim” made by or on behalf of any independent contractor, joint venture or venture partner arising out of or resulting from disputes over ownership of rights in “media material” or services provided by such independent contractor, joint venture or venture partner;
18. With respect to **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion, 7. First Party Data Protection** and **8. First Party Network Business Interruption**, for, arising out of or resulting from any criminal, dishonest, fraudulent, or malicious act, error or omission, any “security breach”, “extortion threat”, or intentional or knowing violation of the law, if committed by any member of the “control group” or any person in participation or collusion with any member of the “control group”;
19. With respect to **SECTION I – INSURING AGREEMENTS, 7. First Party Data Protection** and **8. First Party Network Business Interruption**, for, arising out of or resulting from:
- a. any failure or malfunction of electrical or telecommunication infrastructure or services,

provided that this exclusion shall not apply to any otherwise covered "claim" or "loss" arising out of failure of "computer security" to prevent a "security breach" that was solely caused by a failure or malfunction of telecommunication infrastructure or services under the insured's direct operational control;

- b. fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event; or
  - c. any satellite failures;
20. With respect to **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion**, for, arising out of or resulting from:
- a. any threat to physically harm or kidnap any person; or
  - b. any threat to harm, take, or transfer property other than any "data asset", even if such threat is made in conjunction with a threat to a "data asset";
21. Arising out of or resulting from any seizure, nationalization, confiscation, or destruction of "computer systems" or "data assets" by order of any governmental or public authority;
22. Arising out of or resulting from an "extortion threat" first made against the "insured organization" during the "policy period" by any of the "insured organization's" directors, officers, principals, trustees, governors, "managers", members, management committee members, members of the management board, partners, or any person in collusion with any of the foregoing;
23. With respect to **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption**, for, arising out of or resulting from the failure to prevent a "security breach" of "computer security" that is operated by a third party service provider and used for the purpose of providing hosted computer application services to the "insured organization" or for processing, maintaining, hosting or storing the "insured organization's" electronic data, pursuant to written contract with the "insured organization" for such services, provided such coverage is subject to the sublimit of liability set forth in the Schedule;
24. For, arising out of or resulting from, directly or indirectly occasioned by, happening through or in consequence of: war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority; provided that this exclusion will not apply to cyber terrorism. For purposes of this exclusion, cyber terrorism means

the premeditated use of disruptive activities, or threat to use disruptive activities, against a computer system of network with the intention to cause harm, further social, ideological, religious, political or similar objectives, or to intimidate any person(s) in furtherance of such objectives;

25. With respect to **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion, 7. First Party Data Protection and 8. First Party Network Business Interruption**, arising out of or resulting from any related or continuing acts, errors, omissions, incidents or events, where the first such act, error, omission, incident or event was committed or occurred prior to the retroactive date;
26. Either in whole or in part, directly or indirectly arising out of or resulting from or in consequence of, or in any way involving:
- a. asbestos, or any materials containing asbestos in whatever form or quantity;
  - b. the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind; any action taken by any party in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins; and any governmental or regulatory order, requirement, directive, mandate or decree that any party take action in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins; we will have no duty or obligation to defend any insured with respect to any "claim" or governmental or regulatory order, requirement, directive, mandate or decree which either in whole or in part, directly or indirectly, arises out of or results from or in consequence of, or in any way involves the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind;
  - c. the existence, emission or discharge of any electromagnetic field, electromagnetic radiation or electromagnetism that actually or allegedly affects the health, safety or condition of any person or the environment, or that affects the value, marketability, condition or use of any property; or

- d. the actual, alleged or threatened discharge, dispersal, release or escape of pollutants; or any governmental, judicial or regulatory directive or request that the insured or anyone acting under the direction or control of the insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants. Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant including gas, acids, alkalis, chemicals, heat, smoke, vapor, soot, fumes or waste. Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed.

## SECTION V – LIMIT OF LIABILITY AND COVERAGE

1. The policy aggregate limit of liability set forth in the Schedule is our combined total limit of liability for all “damages”, “penalties”, “PCI fines, expenses and costs”, “cyber extortion loss”, “data protection loss”, “business interruption loss” and “claims expenses” payable under this Endorsement.
2. The Regulatory Defense and Penalties sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability.
3. The PCI Fines, Expenses and Costs sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 5. PCI Fines, Expenses and Costs** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability.
4. The Cyber Extortion sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 6. Cyber Extortion** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability. Multiple related or continuing “extortion threats” shall be considered a single “extortion threat” for purposes of this insurance and shall be deemed to have occurred at the time of the first such “extortion threat”. Prior to the payment of any “extortion payment”, the “insured organization” shall make every reasonable effort to determine that the “extortion threat” is not a hoax, or otherwise not credible. The “insured organization” shall take all steps reasonable and practical to avoid or limit the payment of an “extortion payment”.
5. The First Party Data Protection sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 7. First Party Data Protection** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability. All “data protection loss” that arises out of the same or a continuing “security breach”, from related or repeated “security breaches”, or from multiple “security breaches” resulting from a failure of “computer security” shall be deemed to be a single “data protection loss”.
6. The First Party Network Business Interruption sublimit of liability stated in the Schedule is the aggregate sublimit of liability payable under **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption** of this Endorsement and is part of and not in addition to the policy aggregate limit of liability. All “business interruption loss” resulting from multiple covered interruptions or suspensions of “computer systems” that arise out of the same or a continuing “security breach”, from related or repeated “security breaches”, or from multiple “security breaches” resulting from a failure of “computer security” shall be deemed to be a single “business interruption loss”; provided, however, that a separate “waiting period” shall apply to each “period of restoration”.
7. Neither the inclusion of more than one insured under this Endorsement, nor the making of “claims” by more than one person or entity shall increase the sublimit of liability or policy aggregate limit of liability.
8. The limit of liability for the optional extension period shall be part of and not in addition to the policy aggregate limit of liability.
9. We shall not be obligated to pay any “damages”, “penalties” or “claims expenses”, or to undertake or continue defense of any suit or proceeding after the policy aggregate limit of liability has been exhausted by payment of “damages”, “penalties”, “PCI fines, expenses and costs”, “cyber extortion loss”, “data protection loss”, “business interruption loss” or “claims expenses”, or after deposit of the policy aggregate limit of liability in a court of competent jurisdiction. Upon such payment, we shall have the right to withdraw from further defense of any “claim” under this Endorsement by tendering control of said defense to the insured.
10. The “notified individuals” limit stated in the Schedule is the maximum total number of “notified individuals” to whom notification will be provided or attempted for all incidents or series of related incidents giving rise to an obligation to provide “notification services”, “call center services” or “breach resolution and mitigation services”.
11. The aggregate limit of coverage stated for “computer expert services” and “legal services” in the Schedule is the aggregate limit of coverage for all “computer expert services” and “legal services” combined. This is a separate limit, apart from and in addition to the policy aggregate limit of liability.
12. If the total number of notifications made pursuant to paragraph d. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** aggregates to more than the “notified individuals” limit of coverage stated in the Schedule, the “insured organization” will be responsible for paying for priva-

cy breach response services with respect to any excess notification, and such costs will not be covered under this Endorsement. If an incident involves notifications made pursuant to paragraph c. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** both within the “notified individuals” limit of coverage stated in the Schedule and in excess of such limit, all excess notifications will be provided by the same service provider that provides “notification services” covered under this Endorsement, and the costs will be allocated between us and the “insured organization” pro rata based on the number of covered and non-covered notifications.

13. To the extent privacy breach response services “costs” are covered pursuant to a “claim” as described in paragraph 6.d. of **SECTION XI – DEFINITIONS**, such “costs” shall be covered solely under **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**.

## **SECTION VI – RETENTION**

1. The retention amount set forth in the Schedule applies separately to each incident, event or related incidents or events, giving rise to a “claim”, “data protection loss”, “business interruption loss” or “cyber extortion loss”. The retention shall be satisfied by monetary payments by the “named insured” of “damages”, “claims expenses”, “crisis management and public relations expenses”, “penalties”, “cyber extortion loss”, “data protection loss” or “business interruption loss”.
2. In the event that a “loss” arising out of a “claim” is subject to more than one retention, the applicable retention amount shall apply to such “loss”, provided, that the sum of such retention amounts shall not exceed the largest applicable retention amount.
3. Satisfaction of the applicable retention is a condition precedent to the payment by us of any amounts or providing of any services hereunder, and we shall be liable only for the amounts in excess of such retention subject to our total liability not exceeding the policy aggregate limit of liability. The “named insured” shall make direct payments within the retention to appropriate other parties designated by us.
4. With respect to **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption**, the retention set forth in the Schedule applies separately to each “security breach”. The retention shall be satisfied by covered “business interruption loss” retained by the “insured organization”. The retention applicable to **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption** shall be reduced on a dollar-for-dollar basis by the amount of “income loss” that was sustained by the “insured organization” during the “waiting period”.

## **SECTION VII – OPTIONAL EXTENSION PERIOD**

1. We will provide an optional extension period as described below in the event of the termination of this coverage for any reason except the non-payment of premium.
2. The optional extension period does not extend the policy period or change the scope of coverage provided. The optional extension period only extends the claims reporting period.
3. A “claim” first made against any insured and reported to us during the optional extension period will be deemed to have been made on the last day of the policy period provided that the “claim” is for any act, error, or omission committed during the “policy period”.
4. The policy aggregate limit of liability for the optional extension period shall be part of, and not in addition to, the applicable policy aggregate limit of liability for the “policy period”. The purchase of the optional extension period does not in any way increase the policy aggregate limit of liability or any sublimit of liability.
5. The optional extension period does not apply to **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services, 6. Cyber Extortion, 7. First Party Data Protection or 8. First Party Network Business Interruption**.
6. You must give us a written request within thirty (30) days of your election of the optional extension period. Payment of the full additional premium for the optional extension period endorsement is due within thirty (30) days of the termination of this coverage. If notice of election and payment for the optional extension period is not given to us within such thirty (30) day period, there shall be no right to purchase the optional extension period.
7. At the commencement of the optional extension period the entire premium shall be deemed earned, and in the event the “named insured” terminates the optional extension period for any reason prior to its natural expiration, we will not be liable to return any premium paid for the optional extension period.

## **SECTION VIII – NOTICE AND DUTIES IN THE EVENT OF A CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**

1. With respect to **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability, 3. Regulatory Defense and Penalties, 4. Website Media Content Liability and 5. PCI Fines, Expenses and Costs**:
  - a. If any “claim” is made against the insured, the insured shall forward as soon as practicable to us written notice of such “claim” by facsimile, email or express or certified mail, together with every demand, notice, summons or other process received by the insured or the insured’s representative. In no event shall we be given notice of a “claim” later than the end of the “policy

period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period";

- b. If, during the "policy period", the insured becomes aware of any circumstance that could reasonably be the basis for a "claim", it may give written notice to us in the form of a facsimile, email or express or certified mail as soon as practicable during the "policy period". Such notice must include:
  - i. the specific details of the act, error, omission, or "security breach" that could reasonably be the basis for a "claim";
  - ii. the injury or damage which may result or has resulted from the circumstance; and
  - iii. the facts by which the insured first became aware of the act, error, omission or "security breach".

Any subsequent "claim" made against the insured arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to us.

- c. A "claim" or legal obligation under paragraph a. of this section shall be considered to be reported to us when written notice is first received by us in the form of a facsimile, email or express or certified mail of the "claim" or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a "claim" if provided in compliance with this paragraph.
  - d. In the event coverage is renewed by us and privacy breach response services are provided because of such incident or suspected incident that was discovered by the insured prior to the expiration of this coverage, and first reported during the sixty (60) day post "policy period" reporting period, then any subsequent "claim" arising out of such incident or suspected incident is deemed to have been made during the "policy period".
2. With respect to **SECTION I – INSURING AGREEMENT, 2. Privacy Breach Response Services** and **6. Cyber Extortion**:
- a. If any incident, or reasonably suspected incident, described in paragraphs a. or b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** occurs, or in the event of a cyber extortion threat, the insured must report such incident, or reasonably suspected incident, to us in writing by facsimile, email or express or certified mail as soon as practicable during the "policy period" after discovery by the insured. In no event shall we be given notice of such incident later than the end of the "policy period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period".

- 3. With respect to **SECTION I – INSURING AGREEMENT, 7. First Party Data Protection** and **8. First Party Network Business Interruption**:

- a. Notice of "Data Protection Loss" or "Business Interruption Loss"
  - i. With respect to **SECTION I – INSURING AGREEMENT, 7. First Party Data Protection**, the "named insured" must forward written notice by facsimile, email or express or certified mail immediately upon discovery of alteration, corruption, destruction, deletion or damage to or inability to access a "data asset" to which this Endorsement applies. In no event shall we be given notice of "data protection loss" later than the end of the "policy period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period";
  - ii. With respect to **SECTION I – INSURING AGREEMENT, 8. First Party Network Business Interruption**, the "named insured" must forward written notice by facsimile, email or express or certified mail immediately upon discovery of the interruption or suspension of "computer systems" to which this Endorsement applies. In no event shall we be given notice of "business interruption loss" later than the end of the "policy period", the end of the optional extension period, if applicable, or sixty (60) days after the expiration date of the "policy period";
- b. Proof of Loss & Appraisal
  - i. Before coverage will apply, the "named insured" must prepare and submit to us a written and detailed "proof of loss" sworn by an officer of the "named insured" within ninety (90) days after the insured discovers a "data protection loss" or the "insured organization" sustains a "business interruption loss", as applicable, but in no event later than six (6) months following the end of the "policy period" (unless such period has been extended by our written consent).
  - ii. Such proof of loss shall include a narrative with full particulars of such "data protection loss" or "business interruption loss", including, the time, place and cause of the "data protection loss" or "business interruption loss", a detailed calculation of any "data protection loss" or "business interruption loss", the "insured organization's" interest and the interest of all others in the property, the sound value thereof and the amount of "data protection loss" or "business interruption loss" or damage thereto and all other insurance thereon.
  - iii. The "named insured" must, upon our request, submit to an examination under oath

and provide copies of the underlying documents, data and materials that reasonably relate to or are part of the basis of the claim for such “data protection loss” or “business interruption loss”. The costs and expenses of preparing and submitting a proof of loss, and establishing or proving “data protection loss”, “business interruption loss” or any other “loss” under this Endorsement shall be the insured’s obligation.

- iv. If we do not agree with the “named insured” on the amount of a “data protection loss” or a “business interruption loss”, each party shall select and pay a qualified and disinterested appraiser or other qualified expert (the “Appraiser(s)”) to state the amount of the loss or reasonable expenses, and the Appraisers shall choose an umpire. If the Appraisers cannot agree on an umpire, the “named insured” or we may request a judge of a court having jurisdiction to make the selection. Each Appraiser shall submit their loss estimate to the umpire, and agreement by the umpire and at least one of the Appraisers as to the amount of a “data protection loss” or “business interruption loss” shall be binding on all “insureds” and us. The “named insured” and we will equally share the costs of the umpire and any other costs other than the cost of the Appraisers. This provision shall govern only appraisal under this section and shall not control the determination of whether such “data protection loss” or “business interruption loss” is otherwise covered by this Endorsement. We retain and do not waive our right to deny coverage or to enforce any obligation under this Endorsement.

## SECTION IX – OTHER INSURANCE

The coverage under this Endorsement shall apply in excess of any other valid and collectible insurance available to any insured, including any self-insured retention or deductible portion thereof, unless such other insurance is written, only as specific excess insurance over the policy aggregate limit of liability or any other applicable limit of liability or coverage of this Endorsement.

## SECTION X – SUBROGATION

If any payment is made under this Endorsement and there is available to us any of the insured’s rights of recovery against any other party, then we shall maintain all such rights of recovery. The insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after an incident or event giving rise to a “claim” or “loss” to prejudice such rights. Any recoveries shall be applied first to subrogation expenses, second to

“loss” paid by us and lastly to the retention. Any additional amounts recovered shall be paid to the “named insured”.

## SECTION XI – DEFINITIONS

1. “Breach notice law” means: any federal, state, local or foreign statute or regulation that requires notice to persons whose “personally identifiable information” was accessed or reasonably may have been accessed by an unauthorized person;
2. “Breach resolution and mitigation services” means a credit monitoring, identity monitoring or other solution offered to “notified individuals”. The product offered to “notified individuals” will be selected by us in consultation with the “insured organization”.
3. “Business interruption loss” means the total of:
  - a. “income loss” and
  - b. “extra expense” during the “period of restoration”, and “extended income loss” if the “income loss” during the “period of restoration” is in excess of the applicable Retention;

provided that “business interruption loss” shall not mean and **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption** shall not cover any of the following: loss arising out of any liability to any third party for whatever reason; legal costs or legal expenses of any type; loss incurred as a result of unfavorable business conditions, loss of market or any other consequential loss or costs or expenses the “insured organization” incurs to identify and remove software program errors or vulnerabilities.

4. “Call center services” means the provision of a call center to answer calls during standard business hours for a period of ninety (90) days following notification (or longer if required by applicable law or regulation) of an incident for which notice is provided pursuant to paragraph d. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services**. “Call center services” will be provided by a service provider selected by us in consultation with the “insured organization”.
5. “Claim” means:
  - a. a written demand received by any insured for money or services, including service of a suit or institution of regulatory or arbitration proceedings;
  - b. with respect to coverage provided under **SECTION I – INSURING AGREEMENTS, 3. Regulatory Defense and Penalties** only, institution of a “regulatory proceeding” against any insured;
  - c. a written request or agreement to toll or waive a statute of limitations relating to a potential “claim” described in paragraph a. above; and
  - d. with respect to coverage provided under paragraph a. of **SECTION I – INSURING AGREEMENTS**,

**MENTS, 1. Information Security and Privacy Liability** only, a demand received by any insured to fulfill the “insured organization’s” contractual obligation to provide notice of an incident, or reasonably suspected incident, described in paragraph a. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** pursuant to a “breach notice law”.

Multiple “claims” arising from the same or a series of related or repeated acts, errors, or omissions, or from any continuing acts, errors, omissions, or from multiple “security breaches” arising from a failure of “computer security” shall be considered a single “claim” for the purposes of this Endorsement, irrespective of the number of claimants or “insureds” involved in the “claim”. All such “claims” shall be deemed to have been made at the time of the first such “claim”.

**6. “Claims expenses” means:**

- a. reasonable and necessary fees charged by an attorney designated pursuant to paragraph 1. of **SECTION II – DEFENSE AND SETTLEMENT OF CLAIMS**;
- b. all other legal costs and expenses resulting from the investigation, adjustment, defense and appeal of a “claim”, suit, or proceeding arising in connection therewith, or circumstance which might lead to a “claim” if incurred by us or the insured with our prior written consent;
- c. the premium cost for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required in any “claim” against an “insured” provided that we shall have no obligation to appeal or to obtain bonds.

“Claims expenses” do not include any salary, overhead, or other charges by the insured for any time spent cooperating with the defense and investigation of any “claim”, or circumstance that might lead to a “claim”, under this Endorsement, or costs to comply with any regulatory orders, settlements or judgments.

**7. “Computer expert services” means costs for:**

- a. a computer security expert to determine the existence and cause of an actual or suspected electronic data breach which may require the “insured organization” to comply with a “breach notice law” and to determine the extent to which such information was accessed by an unauthorized person or persons; and if such breach is actively in progress on the “insured organization’s” “computer systems”, to assist in containing the existing intrusion on such systems from accessing “personally identifiable information”; and

- b. a Payment Card Industry (PCI) Forensic Investigator that is approved by the PCI Security Standards Council and is retained by the “insured organization” in order to comply with the terms of a “merchant services agreement” to investigate the existence and extent of an actual or suspected compromise of credit card data; and, in our discretion, where a computer security expert described in paragraph a. above has not been retained, for a computer security expert to provide advice and oversight in connection with the investigation conducted by the PCI Forensic Investigator; and
- c. a computer security expert to demonstrate the insured’s ability to prevent a future electronic data breach as required by a “merchant services agreement”.

“Computer expert services” will be provided by a service provider selected by us in consultation with the “insured organization”.

- 8. “Computer security” means software, computer or network hardware devices, as well as the “insured organization’s” information security policies and procedures, the function or purpose of which is to prevent “unauthorized access or use”, a “denial of service attack” against “computer systems”, infection of “computer systems” by “malicious code” or transmission of “malicious code” from “computer systems”. “Computer security” includes anti-virus and intrusion detection software, firewalls and electronic systems that provide access control to “computer systems” through the use of passwords, biometric or similar identification of authorized users.
- 9. “Computer systems” means computers, any software residing on such computers, and associated input and output devices, data storage devices, networking equipment, and back up facilities:
  - a. operated by and either owned by or leased to the “insured organization”, or
  - b. systems operated by a third party service provider and used for the purpose of providing hosted computer application services, including cloud services, to the “insured organization” or for processing, maintaining, hosting or storing the “insured organization’s” electronic data, pursuant to written contract with the “insured organization” for such services.
- 10. “Control group” means any principal, partner, corporate officer, director, “manager”, general counsel (or most senior legal counsel) or risk manager of the “insured organization” and any individual in a substantially similar position.
- 11. “Cyber extortion loss” means:
  - a. any “extortion payment” that has been made under duress by or on behalf of the “insured organization”.



nization", with our prior written consent, but solely to prevent or terminate an "extortion threat";

- b. reasonable and necessary expenses incurred by the "insured organization", with our prior written approval, that directly relate to the "insured's efforts to prevent or terminate an "extortion threat".
12. "Damages" means a monetary judgment, award or settlement. The term "damages" shall not include or mean:
- a. future profits, restitution, disgorgement of unjust enrichment or profits by an insured, or the costs of complying with orders granting injunctive or equitable relief;
  - b. return or offset of fees, charges, or commissions charged by or owed to an "insured" for goods or services already provided or contracted to be provided;
  - a. pursuant to a lease or other written contract to which the "insured organization" is a party;
  - b. a natural person volunteer who is directed and controlled by the "insured organization" while performing labor or service for the "insured organization";
  - c. a natural person who is a director, trustee, officer, administrator, "manager" or partner of the "insured organization", when performing acts coming within the scope of the usual duties of a director, trustee, officer, administrator, "manager" or partner; or
  - d. a natural person who is:
    - c. a trustee, officer, "employee", administrator, fiduciary or manager of any Employee Welfare or Pension taxes or loss of tax benefits;
  - d. fines, sanctions or penalties;
  - e. punitive or exemplary damages, or any damages which are a multiple of compensatory damages, unless insurable by law in any applicable venue that most favors coverage for such punitive, exemplary or multiple damages;
  - f. discounts, coupons, prizes, awards or other incentives offered to the insured's customers or clients;
  - g. liquidated damages, but only to the extent that such damages exceed the amount for which the insured would have been liable in the absence of such liquidated damages agreement; or
  - h. any amounts for which the insured is not liable, or for which there is no legal recourse against the insured.
13. "Data asset" means any software or electronic data that exists in computer systems and that is subject to regular back up procedures, including computer programs, applications, account information, customer information, private or personal information, marketing information, financial information, and any

other information maintained by the "named insured" in its ordinary course of business.

14. "Data protection loss" means:
- a. with respect to any "data asset" that is altered, corrupted, destroyed, deleted or damaged, the actual, reasonable and necessary costs and expenses incurred by the insured to restore a "data asset" from back-ups or from originals or to gather, assemble and recollect such "data asset" from other sources to the level or condition in which it existed immediately prior to its alteration, corruption, destruction, deletion or damage; or
  - b. with respect to any "data asset" that the insured is unable to access, the lesser of the actual, reasonable and necessary costs and expenses incurred by the "insured organization" to:
    - i. regain access to such "data asset"; or
    - ii. restore such "data asset" from back-ups or originals or gather, assemble and recollect such "data asset" from other sources, to the level or condition in which it existed immediately prior to the insured's inability to access it;
  - a) Provided that if such "data asset" cannot reasonably be accessed, restored, gathered, assembled or recollect, then "data protection loss" means the actual, reasonable and necessary costs and expenses incurred by the insured to reach this determination. Provided further that "data protection loss" shall not exceed, and shall not mean, any amount in excess of the amount by which the net profit before income taxes of the insured would have decreased had the insured failed to restore, gather, assemble or recollect as set forth in subparagraphs a. and b. above.
  - c. "data protection loss" shall not mean, and there shall be no coverage under **SECTION I – INSURING AGREEMENTS, 7. First Party Data Protection** for:
    - i. costs or expenses incurred by the insured to identify or remediate software program errors or vulnerabilities or update, replace, restore, gather, assemble, reproduce, recollect or enhance a "data asset" or "computer systems" to a level beyond that which existed prior to the alteration, corruption, destruction, deletion or damage of such "data asset";
    - ii. costs or expenses to research or develop any "data asset", including but not limited to trade secrets or other proprietary information;
    - iii. the monetary value of profits, royalties, or lost market share related to a "data asset", including but not limited to trade secrets or

other proprietary information or any other amount pertaining to the value of the “data asset”;

- iv. loss arising out of any liability to any third party for whatever reason; or
  - v. legal costs or legal expenses of any type.
15. “Denial of service attack” means a cyber-attack where the perpetrator seeks to make a machine or network resource unavailable to its intended users.
16. “Digital currency” means a type of digital currency that:
- a. requires cryptographic techniques to regulate the generation of units of currency and verify the transfer thereof;
  - b. is both stored and transferred electronically; and
  - c. operates independently of a central bank or other central authority.
17. “Employee” means:
- a. A natural person:
    - i. while in the regular service of the “insured organization” in the ordinary course of its business; and
    - ii. whom the “insured organization” has the right to direct and control while performing labor or service for the “insured organization”; and
    - iii. who is compensated directly by the “insured organization” through salary, wages or commissions;
    - iv. a natural person who is directed and controlled by the “insured organization” while performing labor or service for the “insured organization” Benefit Plan, as defined in Employee Retirement Income Security Act of 1974 and any amendments thereto (“ERISA”), which is or becomes solely sponsored by the “insured organization”; or
    - v. required to be bonded by Title 1 of ERISA.
18. “Extended income loss” means the “income loss” during the “extended interruption period”.
19. “Extended interruption period” means the period of time that:
- a. begins on the date and time that the “period of restoration” ends; and
  - b. terminates on the date and time the insured restores, or would have restored if the insured had exercised due diligence and dispatch, the net profit before income taxes that would have been earned by the insured directly through its business operations had the actual and necessary interruption or suspension of “computer systems” not occurred;

Provided that in no event shall the “extended interruption period” mean more than or exceed thirty (30) days.

20. “Extortion payment” means cash, “digital currency”, marketable goods or services demanded to prevent or terminate an “extortion threat”.

21. “Extortion threat” means a threat to breach “computer security” in order to:

- a. alter, destroy, damage, delete or corrupt any “data asset”;
- b. prevent access to “computer systems” or a “data asset”, including a “denial of service attack”;
- c. encrypting a “data asset” and withholding the decryption key for such “data asset”;
- d. perpetrate a theft or misuse of a “data asset” on “computer systems” through external access;
- e. introduce “malicious code” into “computer systems” or to third party computers and systems from “computer systems”; or
- f. interrupt or suspend “computer systems”;

Unless an “extortion payment” is received from or on behalf of the insured.

22. “Extra expense” means reasonable and necessary expenses that are incurred by the insured during the “period of restoration” to minimize, reduce or avoid an “income loss”, provided that such expenses:

- a. are over and above those the insured would have incurred had no interruption or suspension of the “computer systems” occurred; and
- b. do not exceed the amount by which the “income loss” in excess of the retention and covered under this insurance is thereby reduced.

Provided that “extra expense” shall not mean, and there shall be no coverage under **SECTION I – INSURING AGREEMENTS, 8. First Party Network Business Interruption**, for expenses incurred by the insured to update, upgrade, enhance or replace “computer systems” to a level beyond that which existed prior to the actual and necessary interruption or suspension of “computer systems” or the costs and expenses incurred by the insured to restore, reproduce, or regain access to any “data asset” that was altered, corrupted, destroyed, deleted, damaged or rendered inaccessible as a result of the failure of “computer security” to prevent a “security breach”.

23. “Forensic expenses” means reasonable and necessary expenses incurred by the insured to investigate the source or cause of the failure of “computer security” to prevent a “security breach”.

24. “Income loss” means:

- a. the net profit before income taxes that the insured is prevented from earning through its business operations or the net loss before income taxes that the insured is unable to avoid through its business operations as a direct result of the actual and necessary interruption or suspension of “computer systems”; and

- b. fixed operating expenses incurred by the insured (including payroll), but only to the extent that such operating expenses must necessarily continue during the "period of restoration" (or "extended interruption period", if applicable) and such expenses would have been incurred by the insured had such interruption or suspension not occurred.

"Income loss" shall be reduced to the extent the insured is able, with reasonable dispatch and due diligence, to reduce or limit such interruption or suspension of "computer systems" or conduct its business operations by other means. In determining "income loss", due consideration shall be given to the prior experience of the insured's business operations before the beginning of the "period of restoration" and to the probable business operations the "insured organization" could have performed had no actual and necessary interruption or suspension occurred as result of a failure of "computer security" to prevent a "security breach". "Income loss" will be calculated on an hourly basis based on the insured's net profit (or loss) and fixed operating expenses as set forth above.

**25.** "Insured organization" means the "named insured" and any "subsidiaries" of the "named insured".

**26.** "Legal services" means fees charged by an attorney:

- a. to determine the applicability of and actions necessary for the "insured organization" to comply with "breach notice laws" due to an actual or reasonably suspected theft, loss or "unauthorized disclosure" of "personally identifiable information";
- b. to provide necessary legal advice to the "insured organization" in responding to actual or suspected theft, loss or "unauthorized disclosure" of "personally identifiable information";
- c. to advise the "insured organization" regarding the notification of relevant governmental entities of an actual or reasonably suspected theft, loss or "unauthorized disclosure" of "personally identifiable information"; and
- d. to advise the "insured organization" in responding to credit card system operating regulation requirements for any actual or suspected compromise of credit card data that is required to be reported to the "insured organization's" merchant bank under the terms of a "merchant services agreement"; however, "legal services" do not include fees incurred in any actual or threatened legal proceeding, arbitration or mediation, or any advice in responding to credit card system operating regulation in connection with an assessment of "PCI fines, expenses, and costs".

"Legal services" will be provided in accordance with the terms and conditions set forth in this

Endorsement and will be provided by an attorney

selected by us in consultation with the "insured organization".

**27.** "Loss" means:

- a. "business interruption loss";
- b. "damages";
- c. "claims expenses";
- d. "cyber extortion loss";
- e. "data protection loss";
- f. "penalties";
- g. "PCI fines, expenses and costs";
- h. privacy breach response services.

**28.** "Malicious code" means any virus, Trojan horse, worm or any other similar software program, code or script intentionally designed to insert itself into computer memory or onto a computer disk and spread itself from one computer to another.

**29.** "Management control" means:

- a. owning, directly or indirectly, more than fifty percent (50%) of the outstanding securities, representing the present right to vote for the election of an entity's directors, members of the board of managers, management committee members or persons serving in a functionally equivalent role for such an entity operating or organization outside of the United States; or
- b. having the right, pursuant to a written contract or bylaws, charter, operating agreement or similar documents of an entity to elect, appoint or designate a majority of:
  - i. the Board of Directors of a corporation;
  - ii. the Management Committee of a joint venture or partnership;
  - iii. the Management Board of a limited liability company; or
  - iv. persons serving in a functionally equivalent role for such an entity operating or organized outside of the United States.

**30.** "Manager" means manager of a limited liability company.

**31.** "Media material" means any information in electronic form, including words, sounds, numbers, images, or graphics and shall include advertising, video, streaming content, web-casting, online forums, bulletin boards and chat room content, but does not mean computer software or the actual goods, products or services described, illustrated or displayed in such "media material".

**32.** "Merchant services agreement" means any agreement between an insured and a financial institution, credit/debit company, credit/debit card processor or independent service operator enabling an insured to accept credit card, debit card, prepaid card, or other payment cards for payments or donations.

33. "Named insured" means the individual, partnership, entity or corporation designated as such in the declarations of the Policy.
34. "Notification services" means:
- a. notification by first class mail or e-mail to United States, Canadian or Mexican residents; and
  - b. notification by first class mail or e-mail to individuals residing outside the United States, Canada or Mexico, but only to the extent reasonably practicable.
- "Notification services" will be provided by a service provider selected by us in consultation with the "insured organization".
35. "Notified individual" means an individual person to whom notice is given or attempted to be given under paragraph d. of **SECTION I – INSURING AGREEMENTS, 2. Privacy Breach Response Services** pursuant to a "breach notice law".
36. "PCI fines, expenses and costs" means the direct monetary fines, penalties, reimbursements, fraud recoveries or assessments owed by the "insured organization" under the terms of a "merchant services agreement", but only where such fines, penalties, reimbursements, fraud recoveries or assessments result both from the "insured organization's" actual or alleged noncompliance with published Payment Card Industry (PCI) Data Security Standards and from a data breach caused by an incident, or reasonably suspected incident, described in paragraphs a. and b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**; provided, that the term "PCI fines, expenses and costs" shall not include or mean any charge backs, interchangeable fees, discount fees or prospective service fees.
37. "Penalties" means:
- a. any civil fine or punitive sum of money payable to a governmental entity that was imposed in a "regulatory proceeding" by any other federal, state, local or foreign governmental entity, in such entity's regulatory or official capacity, in such entity's regulatory or official capacity, the insurability of "penalties" shall be in accordance with the law in the applicable venue that most favors coverage for such "penalties"; and
  - b. amounts which the insured is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a "regulatory proceeding"; but shall not include payments to charitable organizations or disposition of such funds other than for payment of consumer claims for losses caused by an event covered pursuant to paragraphs a., b., or c. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability**;
  - c. "Penalties" do not mean:
    - i. costs to remediate or improve "computer systems";
    - ii. costs to establish, implement, maintain, improve or remediate security or privacy practices, procedures, programs or policies;
    - iii. audit, assessment, compliance or reporting costs; or
    - iv. costs to protect the confidentiality, integrity and/or security of "personally identifiable information" from theft, loss or disclosure.
38. "Period of restoration" means the time period that:
- a. begins on the specific date and time that the actual and necessary interruption or suspension of "computer systems" first occurred; and
  - b. ends on the specific date and time that the actual and necessary interruption or suspension of "computer systems" ends, or would have ended had the insured acted with due diligence and dispatch;
- Provided that in no event shall the "period of restoration" mean more than or exceed thirty (30) days; and provided, that restoration of "computer systems" will not end the "period of restoration" if such systems are actually and necessarily interrupted or suspended again within one hour of such restoration due to the same cause as the original interruption or suspension.
39. "Personally identifiable information" means:
- a. information concerning the individual that constitutes nonpublic personal information as defined in the Gramm-Leach Bliley Act of 1999, as amended, and regulations issued pursuant to this Act;
  - b. medical or health care information concerning the individual, including protected health information as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and regulations issued pursuant to this Act.
  - c. information concerning the individual that is defined as private personal information under statutes enacted to protect such information in foreign countries, for "claims" subject to the law of such jurisdiction;
  - d. information concerning the individual that is defined as private personal information under a "breach notice law";
  - e. education records as defined by the Family Educational Rights and Privacy Act which are directly related to an individual's attendance as a student; or
  - f. the individual's drivers' license or state identification number, social security number, unpublished telephone number, and credit, debit, or other financial account numbers in combination

with associated security codes, access codes, passwords or pins; if such information allows an individual to be uniquely and reliably identified or contacted or allows access to the individual's financial account or medial record information.

"Personally identifiable information" does not include publicly available information that is lawfully made available to the general public from government records.

40. "Policy period" means the period of time between the inception date and the effective date of termination, expiration or cancellation of this coverage and specifically excludes any optional extension period or any prior policy period or renewal period.
41. "Privacy law" means a federal, state or foreign statute or regulation requiring the "insured organization" to protect the confidentiality and/or security of "personally identifiable information".
42. "Privacy policy" means the "insured organization's" public declaration of its policy for collection, use, disclosure, sharing, dissemination and correction or supplementation of, and access to "personally identifiable information".
43. "Property" means tangible property other than "money" or "securities" that has intrinsic value.
44. "Public relations and crisis management expenses" shall mean the following costs, approved in advance by us, which are directly related to mitigating harm to the "insured organization's" reputation or potential "loss" covered by this Endorsement resulting from an incident described in paragraphs a. and b. of **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** or from a "public relations event":
  - a. costs incurred by a public relations or crisis management consultant;
  - b. costs for media purchasing or for printing or mailing materials intended to inform the general public about the incident;
  - c. for incidents or events in which notifications services are not otherwise provided pursuant to **SECTION I – INSURING AGREEMENTS, 1. Information Security and Privacy Liability** and **2. Privacy Breach Response Services**, costs to provide notifications and notices via e-mail or first class mail to affected individuals where such notifications are not required by law (voluntary notifications), including non-affected customers or patients of the "insured organization";
  - d. costs to provide government mandated public notices related to breach events (including such notifications required under the Health Insurance Portability and Accountability Act of 1996 or the Health Information Technology for Economic and Clinical Health Act;

- e. costs to provide services to restore healthcare records of "notified individuals" residing in the United States whose "personally identifiable information" was compromised as a result of theft, loss or "unauthorized disclosure"; and

- f. other costs approved in advance by us.

"Public relations and crisis management expenses" must be incurred no later than twelve (12) months following the reporting of such "claim" or breach event to us and, with respect to paragraphs a. and b. above, within ninety (90) days following the first publication of such "claim" or incident. If voluntary notifications are provided, e-mail notification will be provided in lieu of first class mail to the extent practicable.

45. "Public relations event" means the publication or imminent publication in a newspaper (or other general circulation print publication) or on radio, television or a publically accessible website of a covered "claim" or incident under this Endorsement.
46. "Regulatory proceeding" means a request for information, civil investigative demand or civil proceeding commenced by service of a complaint or similar proceeding brought by or on behalf of any federal, state, local or foreign governmental entity in such entity's regulatory or official capacity in connection with such proceeding.
47. "Related party" means the "insured organization" and any past, present or future employees, directors, officers, "managers", partners or natural person independent contractors of the "insured organization".
48. "Security breach" means:
  - a. "unauthorized access or use" of "computer systems", including "unauthorized access or use" resulting from the theft of a password from a "computer system" or from any insured;
  - b. A "denial of service attack" against "computer systems" or "computer systems" that are not owned, operated or controlled by an insured; or
  - c. infection of "computer systems" by "malicious code" or transmission of "malicious code" from "computer systems".

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

49. "Subsidiary" means any corporation, limited liability company, joint venture or partnership while the "named insured" has "management control" over such entity, if the "named insured":
  - a. had "management control" over such entity on the inception date of this Endorsement or such entity was an insured under a Policy issued by us of which this Endorsement is a renewal;

- b. acquires "management control" after the inception date of this Endorsement provided the revenues of the entity do not exceed fifteen percent (15%) of the "named insured's" annual revenues for the four quarterly periods directly preceding inception of the Endorsement; or
  - c. provided that this coverage only provides coverage for acts, errors, omissions, incidents or events that take place while the "named insured" has "management control" over such entity.
50. "Third party information" means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report or other item of information of a third party not insured under this Endorsement which is not available to the general public and is provided to the insured subject to a mutually executed written confidentiality agreement or which the "insured organization" is legally required to maintain in confidence; however, "third party information" shall not include "personally identifiable information".
51. "Unauthorized access or use" means the gaining of access to or use of "computer systems" by an unauthorized person or persons or the use of "computer systems" in an unauthorized manner.
52. "Unauthorized disclosure" means the disclosure of (including disclosure resulting from phishing) or access to information in a manner that is not authorized by the "insured organization" and is without knowledge of, consent, or acquiescence of any member of the "control group".
53. "Vendor" means any entity or natural person that provides goods or services to the insured pursuant to a written agreement.
54. "Waiting period" means the period of time beginning when the "period of restoration" begins and expiring after the elapse of the number of hours set forth in the Schedule. A "waiting period" shall apply to each "period of restoration".

# CYBER BREACH RESPONSE SUPPLEMENTAL DECLARATIONS

THIS ENDORSEMENT'S LIABILITY INSURING AGREEMENTS PROVIDE COVERAGE ON A CLAIMS MADE AND REPORTED BASIS AND APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE ENDORSEMENT PERIOD OR THE OPTIONAL EXTENSION PERIOD (IF APPLICABLE) AND REPORTED TO US IN ACCORDANCE WITH THE TERMS OF THIS ENDORSEMENT. AMOUNTS INCURRED AS CLAIMS EXPENSES UNDER THIS ENDORSEMENT WILL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO RETENTIONS. CERTAIN COVERAGES REQUIRE OUR PRIOR CONSENT OR APPROVAL. PLEASE READ THIS ENDORSEMENT CAREFULLY.

**Named Insured:** NORTHSTAR MEADOWS HOMEOWNERS

**Named Insured Address:** PO BOX 3821 ,  
HAILEY, Idaho, 83333

**Endorsement Number:** 000

**Endorsement Period:** From: 11/01/2024 To: 11/01/2025  
At 12:01 a.m. Local Time at the Named Insured Address

	Aggregate Limit		Retention
<b>Endorsement Aggregate Limit of Liability:</b>	\$50,000		
<b>Breach Response Aggregate Limit of Coverage</b>			
In addition to the Endorsement Aggregate Limit of Liability			
Breach Response:	\$25,000	each incident	\$2,500
<b>First Party Loss</b>			
Business Interruption Loss:	\$10,000	each incident	\$2,500
Cyber Extortion Loss:	\$10,000	each incident	\$2,500
Data Recovery Costs:	\$10,000	each incident	\$2,500
Reputational Loss:	\$10,000	each incident	\$2,500
<b>eCrime</b>			
Fraudulent Instruction:	\$5,000	each loss	\$0
Funds Transfer Fraud:	\$5,000	each loss	\$0
Telephone Fraud:	\$5,000	each loss	\$0
Criminal Reward:	\$5,000		\$0
<b>Liability</b>			
Data & Network Liability:	\$50,000	each Claim	\$2,500
Regulatory Defense & Penalties:	\$10,000	each Claim	\$2,500
Payment Card Liabilities & Costs:	\$5,000	each Claim	\$2,500
Media Liability:	\$50,000	each Claim	\$2,500

# CYBER BREACH RESPONSE ENDORSEMENT

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This Endorsement modifies insurance provided under the following:

**COMMERCIAL ADVANTAGE POLICY  
COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**THIS ENDORSEMENT'S LIABILITY INSURING AGREEMENTS PROVIDE COVERAGE ON A CLAIMS MADE AND REPORTED BASIS AND APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE ENDORSEMENT PERIOD OR THE OPTIONAL EXTENSION PERIOD (IF APPLICABLE) AND REPORTED TO US IN ACCORDANCE WITH THE TERMS OF THIS ENDORSEMENT. AMOUNTS INCURRED AS CLAIMS EXPENSES UNDER THIS ENDORSEMENT WILL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO RETENTIONS. CERTAIN COVERAGES REQUIRE OUR PRIOR CONSENT OR APPROVAL. PLEASE READ THIS ENDORSEMENT CAREFULLY.**

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This Cyber Breach Response Endorsement is added to the Policy and the terms and conditions of this Endorsement govern the scope of coverage and your and our duties. This Endorsement amends the Policy to provide breach response coverage. Various provisions in this Endorsement restrict coverage. Read the entire Endorsement carefully to determine your rights and duties and what is and is not covered. The terms, conditions, exclusions, and limits of liability set forth in this Endorsement apply only to the coverage provided by this Endorsement.

The words **we**, **us**, and **our** refer to the company providing this coverage. The term **Policy** refers to the policy to which this Endorsement is attached. Words and phrases that appear in **bold** have special meaning. Refer to **DEFINITIONS**. To the extent any words or phrases used in this Endorsement are defined elsewhere in the Policy, such definitions provided elsewhere do not apply to give meaning to the words or phrases used in this Endorsement.

The terms and conditions of the Cancellation provision of the Policy, and any amendment to such terms, are incorporated herein and shall apply to coverage as is afforded by this Endorsement, unless specifically stated otherwise in an endorsement(s) attached hereto.

We agree with the **Named Insured**, in consideration of the payment of the premium and reliance upon the statements contained in the information and materials provided to us in connection with the underwriting and issuance of this Endorsement and subject to all the provisions, terms and conditions of this Endorsement:



## SECTION I – INSURING AGREEMENTS

### 1. Breach Response

To provide **Breach Response Services** to the **Insured Organization** because of an actual or reasonably suspected **Data Breach** or **Security Breach** that the **Insured** first discovers during the **Endorsement Period**.

### 2. First Party Loss

To indemnify the **Insured Organization** for:

#### a. *Business Interruption Loss*

**Business Interruption Loss** that the **Insured Organization** sustains as a result of a **Security Breach** that the **Insured** first discovers during the **Endorsement Period**.

#### b. *Cyber Extortion Loss*

**Cyber Extortion Loss** that the **Insured Organization** incurs as a result of an **Extortion Threat** first made against the **Insured Organization** during the **Endorsement Period**.

#### c. *Data Recovery Costs*

**Data Recovery Costs** that the **Insured Organization** incurs as a direct result of a **Security Breach** that the **Insured** first discovers during the **Endorsement Period**.

#### d. *Reputational Loss*

**Reputational Loss** that the **Insured Organization** incurs during the **Notification Period** as a result of  
 i. an actual or reasonably suspected **Data Breach** or **Security Breach** that the **Insured Organization** first discovers during the **Endorsement Period**, and  
 ii. for which individuals have been notified pursuant to part 4. of the **Breach Response Services** definition.

### 3. Liability

#### a. *Data & Network Liability*

To pay **Damages** and **Claims Expenses**, which the **Insured** is legally obligated to pay because of any **Claim** first made against any **Insured** during the **Endorsement Period** for:

- i. a **Data Breach**;
- ii. a **Security Breach**;
- iii. the **Insured Organization's** failure to timely disclose a **Data Breach** or **Security Breach**;
- iv. failure by the **Insured** to comply with that part of a **Privacy Policy** that specifically:
  1. prohibits or restricts the **Insured Organization's** disclosure, sharing or selling of **Personally Identifiable Information**;
  2. requires the **Insured Organization** to provide an individual access to **Personally Identifiable Information** or to correct incomplete or inaccurate **Personally Identifiable Information** after a request is made; or
  3. mandates procedures and requirements to prevent the loss of **Personally Identifiable Information**;

provided the **Insured Organization** has in force, at the time of such failure, a **Privacy Policy** that addresses those subsections above that are relevant to such **Claim**.

#### b. *Regulatory Defense & Penalties*

To pay **Penalties** and **Claims Expenses**, which the **Insured** is legally obligated to pay because of a **Regulatory Proceeding** first made against any **Insured** during the **Endorsement Period** for a **Data Breach** or a **Security Breach**.

#### c. *Payment Card Liabilities & Costs*

To indemnify the **Insured Organization** for **PCI Fines, Expenses and Costs** which it is legally obligated to pay because of a **Claim** first made against any **Insured** during the **Endorsement Period**.

#### d. *Media Liability*

To pay **Damages** and **Claims Expenses**, which the **Insured** is legally obligated to pay because of any **Claim** first made against any **Insured** during the **Endorsement Period** for **Media Liability**.

### 4. eCrime

To indemnify the **Insured Organization** for any direct financial loss sustained resulting from:

1. **Fraudulent Instruction**;
2. **Funds Transfer Fraud**; or

### 3. Telephone Fraud;

that the **Insured** first discovers during the **Endorsement Period** or to indemnify the **Insured Organization** for **Criminal Reward Funds**.

## SECTION II – DEFINITIONS

1. **Additional Insured** means any person or entity that the **Insured Organization** has agreed in writing to add as an **Additional Insured** under the Policy or Endorsement prior to the commission of any act for which such person or entity would be provided coverage under this Endorsement, but only to the extent the **Insured Organization** would have been liable and coverage would have been afforded under the terms and conditions of this Endorsement had such **Claim** been made against the **Insured Organization**.
2. **Breach Notice Law** means any statute or regulation that requires notice to persons whose personal information was accessed or reasonably may have been accessed by an unauthorized person. **Breach Notice Law** also includes any statute or regulation requiring notice of a **Data Breach** to be provided to governmental or regulatory authorities.
3. **Breach Response Services** means the following fees and costs in response to an actual or reasonably suspected **Data Breach** or **Security Breach**:
  - a. for an attorney to provide necessary legal advice to the **Insured Organization** to evaluate its obligations pursuant to **Breach Notice Laws** or a **Merchant Services Agreement** and in connection with providing the **Breach Response Services** described below;
  - b. for a computer security expert to determine the existence, cause, and scope of an actual or reasonably suspected **Data Breach**, and if such **Data Breach** is actively in progress on the **Insured Organization's Computer Systems**, to assist in containing it;
  - c. for a PCI Forensic Investigator to investigate the existence and extent of an actual or reasonably suspected **Data Breach** involving payment card data and for a Qualified Security Assessor to certify and assist in attesting to the **Insured Organization's** PCI compliance, as required by a **Merchant Services Agreement**;
  - d. to notify those individuals whose Personally Identifiable Information was potentially impacted by a **Data Breach**;
  - e. to provide a call center to respond to inquiries about a **Data Breach**;
  - f. to provide a credit monitoring, identity monitoring or other solution approved by us to individuals whose Personally Identifiable Information was potentially impacted by a **Data Breach**; and
  - g. public relations and crisis management costs directly related to mitigating harm to the **Insured Organization** which are approved in advance by us in our discretion.

**Breach Response Services** will be provided by providers chosen by us, from our panel, in consultation with the **Insured**, will be subject to the terms and conditions of this Endorsement, and will not include any internal salary or overhead expenses of the **Insured Organization**.

4. **Business Interruption Loss** means:
  - a. **Income Loss**;
  - b. **Forensic Expenses**; and
  - c. **Extra Expense**;
 actually sustained during the **Period of Restoration** as a result of the actual interruption of the **Insured Organization's** business operations caused by a **Security Breach**. Coverage for **Business Interruption Loss** will apply only after the **Waiting Period** has elapsed.  
**Business Interruption Loss** will not include:
  - i. loss arising out of any liability to any third party;
  - ii. legal costs or legal expenses;
  - iii. loss incurred as a result of unfavorable business conditions;
  - iv. loss of market or any other consequential loss; or
  - v. **Data Recovery Costs**.

5. **Claim** means:
  - a. a written demand received by any **Insured** for money or services;
  - b. with respect to coverage provided under the Regulatory Defense & Penalties insuring agreement only, institution of a **Regulatory Proceeding** against any **Insured**; and

- c. with respect to coverage provided under part 1. of the Data & Network Liability insuring agreement only, a demand received by any **Insured** to fulfill the **Insured Organization's** contractual obligation to provide notice of a **Data Breach** pursuant to a **Breach Notice Law**;

Multiple **Claims** arising from the same or a series of related, repeated, or continuing acts, errors, omissions, or events will be considered a single **Claim** for the purposes of this Endorsement. All such **Claims** will be deemed to have been made at the time of the first such **Claim**.

**6. Claims Expenses** means:

- a. all reasonable and necessary legal costs and expenses resulting from the investigation, defense, and appeal of a **Claim**, if incurred by us, or by the **Insured** with our prior written consent.; and
- b. the premium cost for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required in any **Claim** against an **Insured**; provided we will have no obligation to appeal or to obtain bonds.

**Claims Expenses** will not include any salary, overhead, or other charges by the **Insured** for any time spent in cooperating in the defense and investigation of any **Claim** or circumstance that might lead to a **Claim** notified under this Endorsement, or costs to comply with any regulatory orders, settlements, or judgments.

**7. Computer Systems** means computers, any software residing on such computers and any associated devices or equipment:

- a. operated by and either owned by or leased to the **Insured Organization**; or
- b. with respect to coverage under the Breach Response and Liability insuring agreements, operated by a third party pursuant to written contract with the **Insured Organization** and used for the purpose of providing hosted computer application services to the **Insured Organization** or for processing, maintaining, hosting, or storing the **Insured Organization's** electronic data.

**8. Control Group** means any principal, partner, corporate officer, director, general counsel (or most senior legal counsel) or risk manager of the **Insured Organization** and any individual in a substantially similar position.

**9. Criminal Reward Funds** means any amount offered and paid by the **Insured Organization** with our prior written consent for information that leads to the arrest and conviction of any individual(s) committing or trying to commit any illegal act related to any coverage under this Endorsement; but will not include any amount based upon information provided by the **Insured**, the **Insured's** auditors or any individual hired or retained to investigate the illegal acts. All **Criminal Reward Funds** offered pursuant to this Endorsement must expire no later than 6 months following the end of the **Endorsement Period**.

**10. Cyber Extortion Loss** means:

- a. any **Extortion Payment** that has been made by or on behalf of the **Insured Organization** with our prior written consent to prevent or terminate an **Extortion Threat**; and
- b. reasonable and necessary expenses incurred by the **Insured Organization** with our prior written consent to prevent or respond to an **Extortion Threat**.

**11. Damages** means a monetary judgment, award, or settlement, including any award of prejudgment or post-judgment interest; but **Damages** will not include:

- a. future profits, restitution, disgorgement of unjust enrichment or profits by an **Insured**, or the costs of complying with orders granting injunctive or equitable relief;
- b. return or offset of fees, charges or commissions charged by or owed to an **Insured** for goods or services already provided or contracted to be provided;
- c. taxes or loss of tax benefits;
- d. fines, sanctions, or penalties;
- e. **punitive** or exemplary damages or any damages which are a multiple of compensatory damages, unless insurable by law in any applicable venue that most favors coverage for such **punitive**, exemplary, or multiple damages;
- f. discounts, coupons, prizes, awards, or other incentives offered to the **Insured's** customers or clients;
- g. liquidated damages, but only to the extent that such damages exceed the amount for which the **Insured** would have been liable in the absence of such liquidated damages agreement;
- h. fines, costs, or other amounts an **Insured** is responsible to pay under a **Merchant Services Agreement**; or
- i. any amounts for which the **Insured** is not liable, or for which there is no legal recourse against the **Insured**.

- 12. Data** means any software or electronic data that exists in **Computer Systems** and that is subject to regular back-up procedures.
- 13. Data Breach** means the theft, loss, or **Unauthorized Disclosure** of **Personally Identifiable Information** or **Third Party Information** that is in the care, custody, or control of the **Insured Organization** or a third party for whose theft, loss or **Unauthorized Disclosure** of **Personally Identifiable Information** or **Third Party Information** the **Insured Organization** is liable.
- 14. Data Recovery Costs** means the reasonable and necessary costs incurred by the **Insured Organization** to regain access to, replace, or restore **Data**, or if **Data** cannot reasonably be accessed, replaced, or restored, then the reasonable and necessary costs incurred by the **Insured Organization** to reach this determination.

**Data Recovery Costs** will not include:

- i. the monetary value of profits, royalties, or lost market share related to **Data**, including but not limited to trade secrets or other proprietary information or any other amount pertaining to the value of **Data**;
  - ii. legal costs or legal expenses;
  - iii. loss arising out of any liability to any third party;
  - iv. **Cyber Extortion Loss**, or
  - v. any of the **Insured Organization's** internal salary or overhead expenses.
- 15. Digital Currency** means a type of digital currency that:
- a. requires cryptographic techniques to regulate the generation of units of currency and verify the transfer thereof;
  - b. is both stored and transferred electronically; and
  - c. operates independently of a central bank or other central authority.
- 16. Endorsement Period** means the period of time between the inception date listed in the Supplemental Declarations and the effective date of termination, expiration or cancellation of this Endorsement and specifically excludes any Optional Extension Period or any prior **Endorsement Period** or renewal period.
- 17. Extortion Payment** means **Money**, **Digital Currency**, marketable goods, or services demanded to prevent or terminate an **Extortion Threat**.
- Extortion Threat** means a threat to:
- i. alter, destroy, damage, delete or corrupt **Data**;
  - ii. perpetrate the **Unauthorized Access or Use of Computer Systems**;
  - iii. prevent access to **Computer Systems** or **Data**;
  - iv. steal, misuse or publicly disclose **Data**, **Personally Identifiable Information**, or **Third Party Information**;
  - v. introduce malicious code into **Computer Systems** or to third party computer systems from **Computer Systems**; or
  - vi. interrupt or suspend **Computer Systems**;
- unless an **Extortion Payment** is received from or on behalf of the **Insured Organization**.
- 18. Extra Expense** means reasonable and necessary expenses incurred by the **Insured Organization** during the **Period of Restoration** to minimize, reduce, or avoid **Income Loss**, over and above those expenses the **Insured Organization** would have incurred had no **Security Breach** occurred.
- 19. Financial Institution** means a bank, credit union, saving and loan association, trust company or other licensed financial service, securities broker-dealer, mutual fund, or liquid assets fund or similar investment company where the **Insured Organization** maintains a bank account.
- 20. Forensic Expenses** means reasonable and necessary expenses incurred by the **Insured Organization** to investigate the source or cause of a **Business Interruption Loss**.
- 21. Fraudulent Instruction** means the transfer, payment or delivery of **Money** or **Securities** by an **Insured** as a result of fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions provided by a third party, that is intended to mislead an **Insured** through the misrepresentation of a material fact which is relied upon in good faith by such **Insured**.

**Fraudulent Instruction** will not include loss arising out of:

- i. fraudulent instructions received by the **Insured** which are not first authenticated via a method other than the original means of request to verify the authenticity or validity of the request;

- ii. any actual or alleged use of credit, debit, charge, access, convenience, customer identification or other cards;
- iii. any transfer involving a third party who is not a natural person **Insured**, but had authorized access to the **Insured's** authentication mechanism;
- iv. the processing of, or the failure to process, credit, check, debit, personal identification number debit, electronic benefit transfers or mobile payments for merchant accounts;
- v. accounting or arithmetical errors or omissions, or the failure, malfunction, inadequacy or illegitimacy of any product or service;
- vi. any liability to any third party, or any indirect or consequential loss of any kind;
- vii. any legal costs or legal expenses; or
- viii. proving or establishing the existence of **Fraudulent Instruction**.

**22. Funds Transfer Fraud** means the loss of **Money** or **Securities** contained in a **Transfer Account** at a **Financial Institution** resulting from fraudulent written, electronic, telegraphic, cable, teletype, or telephone instructions by a third party issued to a **Financial Institution** directing such institution to transfer, pay or deliver **Money** or **Securities** from any account maintained by the **Insured Organization** at such institution, without the **Insured Organization's** knowledge or consent.

**Funds Transfer Fraud** will not include any loss arising out of:

- i. the type or kind covered by the **Insured Organization's** financial institution bond or commercial crime policy;
- ii. any actual or alleged:
  - 1. fraudulent act or omission,
  - 2. dishonest act or omission, meaning any willful perversion of truth in order to deceive, cheat, or defraud, or
  - 3. criminal act or omission, meaning any charge, guilty plea, or conviction,
 by, or involving, any natural person **Insured**;
- iii. any indirect or consequential loss of any kind;
- iv. **punitive**, exemplary, or multiplied damages of any kind or any fines, penalties, or loss of any tax benefit;
- v. any liability to any third party, except for direct compensatory damages arising directly from **Funds Transfer Fraud**;
- vi. any legal costs or legal expenses; or proving or establishing the existence of **Funds Transfer Fraud**;
- vii. the theft, disappearance, destruction of, unauthorized access to, or unauthorized use of confidential information, including a PIN or security code;
- viii. any forged, altered, or fraudulent negotiable instruments, securities, documents, or instructions; or
- ix. any actual or alleged use of credit, debit, charge, access, convenience or other cards or the information contained on such cards.

**23. Income Loss** means an amount equal to:

- a. net profit or loss before interest and tax that the **Insured Organization** would have earned or incurred; and
- b. continuing normal operating expenses incurred by the **Insured Organization** (including payroll), but only to the extent that such operating expenses must necessarily continue during the **Period of Restoration**.

**24. Individual Contractor** means any natural person who performs labor or service for the **Insured Organization** pursuant to a written contract or agreement with the **Insured Organization**. The status of an individual as an **Individual Contractor** will be determined as of the date of an alleged act, error, or omission by any such **Individual Contractor**.

**25. Insured** means:

- a. the **Insured Organization**;
- b. any director or officer of the **Insured Organization**, but only with respect to the performance of his or her duties as such on behalf of the **Insured Organization**;
- c. an employee (including a part time, temporary, leased, or seasonal employee or volunteer) or **Individual Contractor** of the **Insured Organization**, but only for work done while acting within the scope of his or her employment and related to the conduct of the **Insured Organization's** business;

- d. a principal if the **Named Insured** is a sole proprietorship, or a partner if the **Named Insured** is a partnership, but only with respect to the performance of his or her duties as such on behalf of the **Insured Organization**;
- e. any person who previously qualified as an **Insured** under parts 2. - 4., but only with respect to the performance of his or her duties as such on behalf of the **Insured Organization**;
- f. the estate, heirs, executors, administrators, assigns and legal representatives of any **Insured** in the event of such **Insured's** death, incapacity, insolvency, or bankruptcy, but only to the extent that such **Insured** would otherwise be provided coverage under this Endorsement;
- g. the lawful spouse or party to a civil union, including any natural person qualifying as a domestic partner of any **Insured**, but solely by reason of any act, error, or omission of an **Insured** other than such spouse or domestic partner; and
- h. an **Additional Insured**, but only as respects **Claims** against such person or entity for acts, errors or omissions of the **Insured Organization**.

**26. Insured Organization** means the **Named Insured** and any **Subsidiaries**.

**27. Loss** means **Breach Response Services, Business Interruption Loss, Claims Expenses, Criminal Reward Funds, Cyber Extortion Loss, Damages, Data Recovery Costs, PCI Fines, Expenses and Costs, Penalties, Reputational Loss**, loss covered under the eCrime insuring agreement and any other amounts covered under this Endorsement.

- a. Multiple **Losses** arising from the same or a series of related, repeated, or continuing acts, errors, omissions, or events will be considered a single **Loss** for the purposes of this Endorsement.
- b. With respect to the Breach Response and First Party Loss insuring agreements, all acts, errors, omissions, or events (or series of related, repeated, or continuing acts, errors, omissions, or events) giving rise to a **Loss** or multiple **Losses** in connection with such insuring agreements will be deemed to have been discovered at the time the first such act, error, omission, or event is discovered.

**28. Media Liability** means one or more of the following acts committed by, or on behalf of, the **Insured Organization** in the course of creating, displaying, broadcasting, disseminating, or releasing **Media Material** to the public:

- a. defamation, libel, slander, product disparagement, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;
- b. a violation of the rights of privacy of an individual, including false light, intrusion upon seclusion and public disclosure of private facts;
- c. invasion or interference with an individual's right of publicity, including commercial appropriation of name, persona, voice or likeness;
- d. plagiarism, piracy, or misappropriation of ideas under implied contract;
- e. infringement of copyright;
- f. infringement of domain name, trademark, trade name, trade dress, logo, title, metatag, or slogan, service mark or service name;
- g. improper deep-linking or framing;
- h. false arrest, detention or imprisonment;
- i. invasion of or interference with any right to private occupancy, including trespass, wrongful entry or eviction; or
- j. unfair competition, if alleged in conjunction with any of the acts listed in parts e. or f. above.

**29. Media Material** means any information, including words, sounds, numbers, images, or graphics, but will not include computer software or the actual goods, products or services described, illustrated, or displayed in such **Media Material**.

**30. Merchant Services Agreement** means any agreement between an **Insured** and a financial institution, credit/debit card company, credit/debit card processor or independent service operator enabling an **Insured** to accept credit card, debit card, prepaid card or other payment cards for payments or donations.

**31. Money** means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency.

**32. Named Insured** means the **Named Insured** listed in the Supplemental Declarations.

- 33. Notification Period** means the 30-day period that begins on the specific date on which notified individuals first receive notification of the incident for which notification services are provided.
- 34. PCI Fines, Expenses and Costs** means the monetary amount owed by the **Insured Organization** under the terms of a **Merchant Services Agreement** as a direct result of a suspected **Data Breach**. With our prior consent, **PCI Fines, Expenses and Costs** includes reasonable and necessary legal costs and expenses incurred by the **Insured Organization** to appeal or negotiate an assessment of such monetary amount. **PCI Fines, Expenses and Costs** will not include any charge backs, interchange fees, discount fees or other fees unrelated to a **Data Breach**.
- 35. Penalties** means:
- a. any monetary civil fine or penalty payable to a governmental entity that was imposed in a **Regulatory Proceeding**; and
  - b. amounts which the **Insured** is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a **Regulatory Proceeding** (including such amounts required to be paid into a Consumer Redress Fund);
- but will not include:
- i. costs to remediate or improve **Computer Systems**;
  - ii. costs to establish, implement, maintain, improve, or remediate security or privacy practices, procedures, programs, or policies;
  - iii. audit, assessment, compliance or reporting costs; or
  - iv. costs to protect the confidentiality, integrity and/or security of **Personally Identifiable Information** or other information.
- The insurability of **Penalties** will be in accordance with the law in the applicable venue that most favors coverage for such **Penalties**.
- 36. Period of Restoration** means the 180-day period of time that begins upon the actual and necessary interruption of the **Insured Organization's** business operations.
- 37. Personally Identifiable Information** means:
- a. any information concerning an individual that is defined as personal information under any **Breach Notice Law**; and
  - b. an individual's drivers license or state identification number, social security number, unpublished telephone number, and credit, debit, or other financial account numbers in combination with associated security codes, access codes, passwords, or PINs; if such information allows an individual to be uniquely and reliably identified or contacted or allows access to the individual's financial account or medical record information.
- but will not include information that is lawfully made available to the general public.
- 38. Privacy Policy** means the **Insured Organization's** public declaration of its policy for collection, use, disclosure, sharing, dissemination and correction or supplementation of, and access to **Personally Identifiable Information**.
- 39. Punitive Damages** means any damages imposed to punish a wrongdoer and to deter others from similar conduct.
- 40. Regulatory Proceeding** means a request for information, civil investigative demand, or civil proceeding brought by or on behalf of any federal, state, local or foreign governmental entity in such entity's regulatory or official capacity.
- 41. Reputational Income Loss** means the net profit resulting directly from the **Insured Organization's** business operations, before income taxes, that the **Insured Organization** is prevented from earning as a direct result of damage to the **Insured Organization's** reputation caused by an actual or reasonably suspected **Data Breach** or **Security Breach**. In determining **Reputational Income Loss**, due consideration shall be given to the prior experience of the **Insured Organization's** business operations before the beginning of the **Notification Period** and to the reasonable and probable business operations the **Insured Organization** could have performed had the actual or reasonably suspected **Data Breach** or **Security Breach** not occurred.
- Reputational Income Loss** does not include any internal salary, costs, or overhead expenses of the **Insured Organization**.
- 42. Reputational Loss** means the **Reputational Income Loss** during the **Notification Period**; provided that Reputational Loss shall not mean and no coverage shall be available under this endorsement for any of the following: loss arising out of any liability to any third party for whatever reason; legal costs or legal expenses of any type; loss incurred as a result of unfavorable business conditions, loss of market or any other consequential loss;

or costs or expenses the **Insured Organization** incurs to identify, investigate, respond to or remediate an actual or reasonably suspected **Data Breach** or **Security Breach**.

**43. Securities** means negotiable and non-negotiable instruments or contracts representing either **Money** or tangible property that has intrinsic value.

**44. Security Breach** means a failure of computer security to prevent:

- a. **Unauthorized Access or Use of Computer Systems**, including **Unauthorized Access or Use** resulting from the theft of a password from a **Computer System** or from any **Insured**;
- b. a denial of service attack affecting **Computer Systems**;
- c. with respect to coverage under the Liability insuring agreements, a denial of service attack affecting computer systems that are not owned, operated, or controlled by an **Insured**; or
- d. infection of **Computer Systems** by malicious code or transmission of malicious code from **Computer Systems**.

**45. Subsidiary** means any entity:

- a. which, on or prior to the inception date of this Endorsement, the **Named Insured** owns, directly or indirectly, more than 50% of the outstanding voting securities ("Management Control"); and
- b. which the **Named Insured** acquires Management Control after the inception date of this Endorsement; provided that:
  - i. the revenues of such entity do not exceed 15% of the **Named Insured's** annual revenues; or
  - ii. if the revenues of such entity exceed 15% of the **Named Insured's** annual revenues, then coverage under this Endorsement will be afforded for a period of 60 days, but only for any **Claim** that arises out of any act, error, omission, incident, or event first occurring after the entity becomes so owned. Coverage beyond such 60 day period will only be available if the **Named Insured** gives us written notice of the acquisition, obtains our written consent to extend coverage to the entity beyond such 60 day period and agrees to pay any additional premium required by us.

This Endorsement provides coverage only for acts, errors, omissions, incidents, or events that occur while the **Named Insured** has Management Control over an entity.

**46. Telephone Fraud** means the act of a third party gaining access to and using the **Insured Organization's** telephone system in an unauthorized manner.

**47. Third Party Information** means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report, or other item of information of a third party not insured under this Endorsement which is not available to the general public.

**48. Transfer Account** means an account maintained by the **Insured Organization** at a **Financial Institution** from which the **Insured Organization** can initiate the transfer, payment or delivery of **Money** or **Securities**.

**49. Unauthorized Access or Use** means the gaining of access to or use of **Computer Systems** by an unauthorized person(s) or the use of **Computer Systems** in an unauthorized manner.

**50. Unauthorized Disclosure** means the disclosure of (including disclosure resulting from phishing) or access to information in a manner that is not authorized by the **Insured Organization** and is without knowledge of, consent or acquiescence of any member of the **Control Group**.

**51. Waiting Period** means the period of time that begins upon the actual interruption of the **Insured Organization's** business operations caused by a **Security Breach** and ends after the elapse of twelve (12) hours.

### SECTION III – EXCLUSIONS

The coverage under this Endorsement will not apply to any **Loss** arising out of:

#### 1. Bodily Injury or Property Damage

- a. Physical injury, sickness, disease, or death of any person, including any mental anguish or emotional distress resulting from such physical injury, sickness, disease, or death; or
- b. Physical injury to or destruction of any tangible property, including the loss of use thereof; but electronic data will not be considered tangible property;

#### 2. Trade Practices and Antitrust

Any actual or alleged false, deceptive, or unfair trade practices, antitrust violation, restraint of trade, unfair competition (except as provided in the Media Liability insuring agreement), or false or deceptive or misleading



advertising or violation of the Sherman Antitrust Act, the Clayton Act, or the Robinson-Patman Act; but this exclusion will not apply to:

- a. The Breach Response insuring agreement; or
- b. Coverage for a **Data Breach** or **Security Breach**, provided no member of the **Control Group** participated or colluded in such **Data Breach** or **Security Breach**;

### 3. **Gathering or Distribution of Information**

- a. The unlawful collection or retention of **Personally Identifiable Information** or other personal information by or on behalf of the **Insured Organization**; but this exclusion will not apply to **Claims Expenses** incurred in defending the **Insured** against allegations of unlawful collection of **Personally Identifiable Information**; or
- b. The distribution of unsolicited email, text messages, direct mail, facsimiles or other communications, wire tapping, audio or video recording, or telemarketing, if such distribution, wire tapping, recording or telemarketing is done by or on behalf of the **Insured Organization**; but this exclusion will not apply to **Claims Expenses** incurred in defending the **Insured** against allegations of unlawful audio or video recording;

### 4. **Prior Known Acts & Prior Noticed Claims**

- a. Any act, error, omission, incident, or event committed or occurring prior to the inception date of this Endorsement if any member of the **Control Group** on or before the inception date of this Endorsement knew or could have reasonably foreseen that such act, error or omission, incident or event might be expected to be the basis of a **Claim** or **Loss**;
- b. Any **Claim**, **Loss**, incident, or circumstance for which notice has been provided under any prior policy or endorsement of which this Endorsement is a renewal or replacement;

### 5. **Racketeering, Benefit Plans, Employment Liability & Discrimination**

- a. Any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced and Corrupt Organizations Act or RICO), as amended;
- b. Any actual or alleged acts, errors or omissions related to any of the **Insured Organization's** pension, healthcare, Welfare, profit sharing, mutual or investment plans, funds, or trusts;
- c. Any employer-employee relations, policies, practices, acts, or omissions, or any actual or alleged refusal to employ any person, or misconduct with respect to employees; or
- d. Any actual or alleged discrimination;

but this exclusion will not apply to coverage under the Breach Response insuring agreement or parts 1., 2. or 3. of the Data & Network Liability insuring agreement that results from a **Data Breach**; provided no member of the **Control Group** participated or colluded in such **Data Breach**;

### 6. **Sale or Ownership of Securities & Violation of Securities Laws**

- a. The ownership, sale, or purchase of, or the offer to sell or purchase stock or other securities; or
- b. An actual or alleged violation of a securities law or regulation;

### 7. **Criminal, Intentional, or Fraudulent Acts**

- a. Any criminal act or omission, meaning any charge, guilty plea, or conviction,
- b. Any dishonest act or omission, meaning any willful perversion of truth in order to deceive, cheat, or defraud,
- c. Any fraudulent act or omission, or
- d. Any malicious act or omission, or
- e. Any intentional or knowing violation of the law,

if committed by an Insured, or by others if the Insured colluded or participated in any such conduct or activity; but this exclusion will not apply to:

- a. **Claims Expenses** incurred in defending any **Claim** alleging the foregoing until there is a final non-appealable adjudication establishing such conduct; or
- b. With respect to a natural person Insured, if such Insured did not personally commit, participate in, or know about any act, error, omission, incident, or event giving rise to such **Claim** or **Loss**.

For purposes of this exclusion, only acts, errors, omissions, or knowledge of a member of the **Control Group** will be imputed to the **Insured Organization**;

### 2. **Patent, Software Copyright, Misappropriation of Information**

- a. Infringement, misuse or abuse of patent or patent rights;

- b. Infringement of copyright arising from or related to software code or software products other than infringement resulting from a theft or **Unauthorized Access or Use** of software code by a person who is not a past, present, or future employee, director, officer, partner, or independent contractor of the **Insured Organization**; or
- c. Use or misappropriation of any ideas, trade secrets or **Third Party Information**
  - i. By, or on behalf of, the **Insured Organization**, or
  - ii. By any other person or entity if such use or misappropriation is done with the knowledge, consent, or acquiescence of a member of the **Control Group**;

### 3. Governmental Actions

A **Claim** brought by or on behalf of any state, federal, local, or foreign governmental entity, in such entity's regulatory or official capacity; but this exclusion will not apply to the Regulatory Defense & Penalties insuring agreement;

### 4. Other Insureds & Related Enterprises

A **Claim** made by or on behalf of:

- a. Any Insured; but this exclusion will not apply to a **Claim** made by an **Additional Insured** or an individual that is not a member of the **Control Group** under the Data & Network Liability insuring agreement; or
- b. Any business enterprise in which any Insured has greater than 15% ownership interest or made by any parent company or other entity which owns more than 15% of the **Named Insured**;

### 5. Trading Losses, Loss of Money & Discounts

- a. Any trading losses, trading liabilities or change in value of accounts;
- b. Any loss, transfer or theft of monies, securities or tangible property of the Insured or others in the care, custody, or control of the Insured Organization;
- c. The monetary value of any transactions or electronic fund transfers by or on behalf of the Insured which is lost, diminished, or damaged during transfer from, into or between accounts; or
- d. The value of coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount;

but this exclusion will not apply to coverage under the eCrime insuring agreement;

### 6. Media-Related Exposures

With respect to the Media Liability insuring agreement:

- a. Any contractual liability or obligation; but this exclusion will not apply to a **Claim** for misappropriation of ideas under implied contract;
- b. The actual or alleged obligation to make licensing fee or royalty payments;
- c. Any costs or expenses incurred or to be incurred by the **Insured** or others for the reprinting, reposting, recall, removal or disposal of any **Media Material** or any other information, content, or media, including any media or products containing such **Media Material**, information, content, or media;
- d. Any **Claim** brought by or on behalf of any intellectual property licensing bodies or organizations;
- e. The actual or alleged inaccurate, inadequate, or incomplete description of the price of goods, products or services, cost guarantees, cost representations, contract price estimates, or the failure of any goods or services to conform with any represented quality or performance;
- f. Any actual or alleged gambling, contest, lottery, promotional game, or other game of chance; or
- g. Any Claim made by or on behalf of any independent contractor, joint venturer, or venture partner arising out of or resulting from disputes over ownership of rights in **Media Material** or services provided by such independent contractor, joint venturer, or venture partner;

### 7. First Party Loss

With respect to the First Party Loss insuring agreements:

- a. Seizure, nationalization, confiscation, or destruction of property or data by order of any governmental or public authority;
- b. Costs or expenses incurred by the **Insured** to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect, or enhance data or **Computer Systems** to a level beyond that which existed prior to a **Security Breach** or **Extortion Threat**;
- c. Failure or malfunction of satellites or of power, utility, mechanical or telecommunications (including internet) infrastructure or services that are not under the **Insured Organization's** direct operational control; or

d. Fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event;

#### 8. **War and Civil War**

War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority; provided, that this exclusion will not apply to **Cyber Terrorism**. For purposes of this exclusion, **Cyber Terrorism** means the premeditated use of disruptive activities, or threat to use disruptive activities, against a **Computer System** or network with the intention to cause harm, further social, ideological, religious, political, or similar objectives, or to intimidate any person(s) in furtherance of such objectives;

#### 9. **Radioactive Contamination**

Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;

#### 10. **Sanction Limitation**

Payment of a **Claim** or provision of a benefit that would expose us to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, law or regulations of the European Union, United Kingdom, or United States of America.

### SECTION IV – LIMIT OF LIABILITY AND COVERAGE

1. The Endorsement Aggregate Limit of Liability listed in the Supplemental Declarations (the “**Endorsement Aggregate Limit of Liability**”) is our combined total limit of liability for all **Loss** payable under this Endorsement, other than **Breach Response Services**.
2. The limit of liability payable under each insuring agreement will be an amount equal to the **Endorsement Aggregate Limit of Liability** unless another amount is listed in the Supplemental Declarations. Such amount is the aggregate amount payable under this Endorsement pursuant to such insuring agreement and is part of, and not in addition to, the **Endorsement Aggregate Limit of Liability**.
3. The **Breach Response Aggregate Limit of Coverage** listed in the Supplemental Declarations (the “**Breach Response Aggregate Limit of Coverage**”) is our combined total limit of coverage for all legal, forensic, public relations and crisis management, notification, call center and credit or identity monitoring services payable under this Endorsement. Coverage under the **Breach Response Aggregate Limit of Coverage** is in addition to the **Endorsement Aggregate Limit of Liability**.
4. We will not be obligated to pay any **Damages, Penalties, PCI Fines, Expenses and Costs** or **Claims Expenses**, or to defend any **Claim**, after the **Endorsement Aggregate Limit of Liability** has been exhausted, or after deposit of the **Endorsement Aggregate Limit of Liability** in a court of competent jurisdiction.

### SECTION V – RETENTIONS

1. The Retention listed in the Supplemental Declarations applies separately to each incident, event or related incidents or events giving rise to a **Claim** or **Loss**. The Retention will be satisfied by monetary payments by the **Named Insured** of covered **Loss** under each insuring agreement. If any **Loss** arising out of an incident or **Claim** is subject to more than one Retention, the Retention for each applicable insuring agreement will apply to such **Loss**, provided that the sum of such Retention amounts will not exceed the largest applicable Retention amount.
2. Coverage for **Business Interruption Loss** will apply after the **Waiting Period** has elapsed and we will then indemnify the **Named Insured** for all **Business Interruption Loss** sustained during the **Period of Restoration** in excess of the Retention.
3. Satisfaction of the applicable Retention is a condition precedent to the payment of any **Loss** under this Endorsement, and we will be liable only for the amounts in excess of such Retention.

### SECTION VI – OPTIONAL EXTENSION PERIOD

1. Upon non-renewal or cancellation of this Endorsement for any reason except the non-payment of premium, the **Named Insured** will have the right to purchase, for additional premium, an Optional Extension Period of twelve (12) months. Coverage provided by such Optional Extension Period will only apply to **Claims** first made against any

**Insured** during the Optional Extension Period and reported to us during the Optional Extension Period, and arising out of any act, error or omission committed before the end of the **Endorsement Period**. In order for the **Named Insured** to invoke the Optional Extension Period option, the payment of the additional premium for the Optional Extension Period must be paid to us within 60 days of the termination of this Endorsement.

2. The purchase of the Optional Extension Period will in no way increase the **Endorsement Aggregate Limit of Liability** or any sublimit of liability. At the commencement of the Optional Extension Period the entire premium will be deemed earned, and in the event the **Named Insured** terminates the Optional Extension Period for any reason prior to its natural expiration, we will not be liable to return any premium paid for the Optional Extension Period. Once the Optional Extension Period has gone into effect, it cannot be cancelled by us.

## SECTION VII – GENERAL CONDITIONS

### 1. Notice of Claim or Loss

- a. The **Insured** must notify us of any **Claim** as soon as practicable, but in no event later than:
  - i. 60 days after the end of the **Endorsement Period**; or
  - ii. The end of the Optional Extension Period (if applicable).
- b. With respect to **Breach Response Services**, the **Insured** must notify us of any actual or reasonably suspected **Data Breach** or **Security Breach** as soon as practicable after discovery by the **Insured**, but in no event later than 60 days after the end of the **Endorsement Period**. Notice of an actual or reasonably suspected **Data Breach** or **Security Breach** in conformance with this paragraph will also constitute notice of a circumstance that could reasonably be the basis for a **Claim**.
- c. With respect to **Cyber Extortion Loss**, the **Named Insured** must notify us as soon as practicable after discovery of an **Extortion Threat** but no later than 60 days after the end of the **Endorsement Period**. The **Named Insured** must obtain our consent prior to incurring **Cyber Extortion Loss**.
- d. With respect to **Data Recovery Costs**, **Business Interruption Loss** and **Reputational Loss**, the **Named Insured** must notify us as soon as practicable after discovery of the circumstance, incident or event giving rise to such loss. The **Named Insured** will provide us a proof of **Data Recovery Costs**, **Business Interruption Loss**, and **Reputational Loss**. All loss described in this paragraph must be reported, and all proofs of loss must be provided, to us no later than 6 months after the end of the **Endorsement Period**.
- e. The **Named Insured** must notify us of any loss covered under the eCrime insuring agreement as soon as practicable, but in no event later than 60 days after the end of the **Endorsement Period**.
- f. Any **Claim** arising out of a **Loss** that is covered under the Breach Response, First Party Loss or eCrime insuring agreements and that is reported to us in conformance with the foregoing will be considered to have been made during the **Endorsement Period**.

### 2. Notice of Circumstance

- a. With respect to any circumstance that could reasonably be the basis for a **Claim** (other than a **Data Breach** or **Security Breach** noticed under the Breach Response insuring agreement) the **Insured** may give written notice of such circumstance to us as soon as practicable during the **Endorsement Period**. Such notice must include:
  - i. the specific details of the act, error, omission, or event that could reasonably be the basis for a **Claim**;
  - ii. the injury or damage which may result or has resulted from the circumstance; and
  - iii. the facts by which the **Insured** first became aware of the act, error, omission, or event.
- b. Any subsequent **Claim** made against the **Insured** arising out of any circumstance reported to us in conformance with the foregoing will be considered to have been made at the time written notice complying with the above requirements was first given to Us during the **Endorsement Period**.

### 3. Defense of Claims

- a. Except with respect to coverage under the Payment Card Liabilities & Costs insuring agreement, we have the right and duty to defend any covered **Claim** or **Regulatory Proceeding**. Defense counsel will be mutually agreed by the **Named Insured** and us but, in the absence of such agreement, our decision will be final.
- b. With respect to the Payment Card Liabilities & Costs insuring agreement, coverage will be provided on an indemnity basis and legal counsel will be mutually agreed by the **Named Insured** and us and will be selected from one of the firms on our panel.

### 4. Settlement of Claims

- a. If the **Insured** refuses to consent to any settlement recommended by us and acceptable to the claimant, our liability for such **Claim** will not exceed:
  - i. The amount for which the **Claim** could have been settled, less the remaining Retention, plus the **Claims Expenses** incurred up to the time of such refusal; plus
  - ii. Sixty percent (60%) of any **Claims Expenses** incurred after the date such settlement or compromise was recommended to the **Insured** plus sixty percent (60%) of any **Damages, Penalties and PCI Fines, Expenses and Costs** above the amount for which the **Claim** could have been settled; and we will have the right to withdraw from the further defense of such **Claim**.
- b. The **Insured** may settle any **Claim** where the **Damages, Penalties, PCI Fines, Expenses and Costs** and **Claims Expenses** do not exceed the Retention, provided that the entire **Claim** is resolved and the **Insured** obtains a full release on behalf of all **Insureds** from all claimants.

#### 5. Assistance and Cooperation

- a. We will have the right to make any investigation we deem necessary, and the **Insured** will cooperate with us in all investigations, including investigations regarding coverage under this Endorsement and the information and materials provided to us in connection with the underwriting and issuance of this Endorsement. The **Insured** will execute or cause to be executed all papers and render all assistance as is requested by us. The **Insured** agrees not to take any action which in any way increases our exposure under this Endorsement. Expenses incurred by the **Insured** in assisting and cooperating with us do not constitute **Claims Expenses** under the Endorsement.
- b. The **Insured** will not admit liability, make any payment, assume any obligations, incur any expense, enter into any settlement, stipulate to any judgment or award or dispose of any **Claim** without our written consent, except as specifically provided in the Settlement of Claims clause above. Compliance with a **Breach Notice Law** will not be considered an admission of liability.

#### 6. Subrogation

- a. If any payment is made under this Endorsement and there is available to us any of the **Insured's** rights of recovery against any other party, then we will maintain all such rights of recovery. The **Insured** will do whatever is reasonably necessary to secure such rights and will not do anything after an incident or event giving rise to a **Claim** or **Loss** to prejudice such rights. If the **Insured** has waived its right to subrogate against a third party through written agreement made before an incident or event giving rise to a **Claim** or **Loss** has occurred, then we waive our rights to subrogation against such third party. Any recoveries will be applied first to subrogation expenses, second to **Loss** paid by us, and lastly to the Retention. Any additional amounts recovered will be paid to the **Named Insured**.

#### 7. Other Insurance

- a. The insurance under this Endorsement will apply as primary over any other valid and collectible insurance available to any **Insured**.

#### 8. Action Against Us

- a. No action will lie against us or our representatives unless and until, as a condition precedent thereto, the **Insured** has fully complied with all provisions, terms and conditions of this Endorsement and the amount of the **Insured's** obligation to pay has been finally determined either by judgment or award against the **Insured** after trial, regulatory proceeding, arbitration or by written agreement of the **Insured**, the claimant, and us.
- b. No person or organization will have the right under this Endorsement to join us as a party to an action or other proceeding against the **Insured** to determine the **Insured's** liability, nor will we be impleaded by the **Insured** or the **Insured's** legal representative.
- c. The **Insured's** bankruptcy or insolvency of the **Insured's** estate will not relieve us of our obligations hereunder.

#### 9. Entire Agreement

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

#### 10. Assignment

- a. The interest hereunder of any **Insured** is not assignable. If the **Insured** dies or is adjudged incompetent, such insurance will cover the **Insured's** legal representative as if such representative were the **Insured**, in accordance with the terms and conditions of this Endorsement.

**11. Singular Form of a Word**

- a. Whenever the singular form of a word is used herein, the same will include the plural when required by context.

**12. Headings**

- a. The titles of paragraphs, clauses, provisions, or endorsements of or to this Endorsement are intended solely for convenience and reference, and are not deemed in any way to limit or expand the provisions to which they relate and are not part of the Endorsement.

**13. Representation by the Insured**

- a. All **Insureds** agree that the statements contained in the information and materials provided to us in connection with the underwriting and issuance of this Endorsement are true, accurate and are not misleading, and that we issued this Endorsement, and assume the risks hereunder, in reliance upon the truth thereof.

**14. Named Insured as Agent**

- a. The **Named Insured** will be considered the agent of all **Insureds** and will act on behalf of all **Insureds** with respect to the giving of or receipt of all notices pertaining to this Endorsement, and the acceptance of any endorsements to this Endorsement. The **Named Insured** is responsible for the payment of all premiums and Retentions and for receiving any return premiums.

**15. Territory**

- a. This Insurance applies to **Claims** made, acts committed, or **Loss** occurring anywhere in the world.

**16. Antistacking**

- a. In the event any incident, event or related incidents or events, giving rise to a **Claim, Loss**, or an obligation to provide **Breach Response Services** triggers coverage under this Endorsement and any other endorsement issued by us, our liability under this Endorsement and such other endorsements combined shall not exceed the amount of the largest **Endorsement Aggregate Limit of Liability** or applicable sublimits of liability.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SILICA OR SILICA-RELATED DUST EXCLUSION**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Silica Or Silica-Related Dust**

- a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".
- b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
- c. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Silica Or Silica-Related Dust**

- a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
  - b. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.
- C. The following definitions are added to the Definitions Section:**
1. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
  2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LEAD EXCLUSION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Lead**

- a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected absorption, inhalation of, or ingestion of any form of lead.
- b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, any form of lead.
- c. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, any form of lead by any insured or by any other person or entity.

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Lead**

- a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any form of lead.
- b. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, lead, by any insured or by any other person or entity.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION - ASBESTOS**

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury," "property damage" or "personal and advertising injury" arising out of the actual or alleged presence or actual, alleged or threatened dispersal of asbestos, asbestos fibers or products containing asbestos, provided that the injury or damage is caused or contributed to by the hazardous properties of asbestos.

This includes:

- a.** Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; and
- b.** Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.