

## Cyber Enhancements Coverage Part

### I. What is covered

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

A. Cyber business interruption

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

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

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

B. Cyber extortion

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

C. Hacker damage

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

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### II. Coverage enhancements

**We** will also make the following payments:

Cyber business interruption consulting costs

A. **We** will pay up to the limit stated in the Declarations for **consulting costs you** incur with **our** prior written consent in connection with a covered **business interruption event**.

Any payments **we** make under this subsection A will be a part of, and not in addition to, the Cyber Business Interruption limit.

Hacker damage consulting costs

B. **We** will pay up to the limit stated in the Declarations for **consulting costs you** incur with **our** prior written consent in connection with a covered **hacker damage event**.

**You** must pay the **retention** stated in the Declarations in connection with any payment **we** make under this subsection B, and any payments **we** make will be a part of, and not in addition to, the Hacker Damage limit.

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### III. Who is an insured

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

**Named insured**

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

**Subsidiary**

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

**Employee**

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

## Cyber Enhancements Coverage Part

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

### Executive

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

### Acquired entity

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

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

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

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

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

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IV. [This section intentionally left blank]

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## V. Your obligations

### Notifying us of events

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

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

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

### Retention

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

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

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## VI. Exclusions – What is not covered

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

## Cyber Enhancements Coverage Part

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|--------------------------------------|---|
| Bodily injury                        | 1. based upon or arising out of any actual or alleged <b>bodily injury</b> .  |
| Chargeback                           | 2. based upon or arising out of any actual or alleged chargeback, liability, or fee incurred by <b>you</b> or <b>your</b> client as a result of a merchant service provider, including any credit card company or bank, wholly or partially reversing or preventing a payment transaction.  |
| Collection of data without knowledge | 3. based upon or arising out of any actual or alleged: <ul style="list-style-type: none"> <li>a. collection of personally identifiable information by <b>you</b> (or others on <b>your</b> behalf) without the knowledge or permission of the person to whom the personally identifiable information relates; or</li> <li>b. use of personally identifiable information by <b>you</b> (or others on <b>your</b> behalf) in violation of applicable law.</li> </ul>  |
| Cramming/slamming                    | 4. based upon or arising out of: <ul style="list-style-type: none"> <li>a. the imposition of charges for services or content in relation to telephone, cell phone, wireless data, cable television, internet, voice over internet protocol (VoIP), or other similar telecommunications services, which charges have not been adequately disclosed or which services or content have not been requested by the consumer; or</li> <li>b. the unauthorized switching of telecommunications carriers, including providers of telephone, cell phone, wireless data, cable television, internet, voice over internet protocol (VoIP), or other similar services.</li> </ul> |
| Fraudulent/criminal act              | 5. involving an intentional, fraudulent, or criminal act committed by or in collusion with an <b>executive, employee</b> , or any person to whom a ransom is entrusted.   |
| Funds transfer                       | 6. involving any actual or alleged loss, theft, or transfer of: <ul style="list-style-type: none"> <li>a. <b>your</b> funds, monies, or securities;</li> <li>b. the funds, monies, or securities of others in <b>your</b> care, custody, or control; or</li> <li>c. the funds, monies, or securities in the care, custody, or control of any third party for whom <b>you</b> are legally liable,</li> </ul> including the value of any funds, monies, or securities transferred by <b>you</b> or others on <b>your</b> behalf.  |
| Government investigation/enforcement | 7. based upon or arising out of any actual or alleged governmental investigation or enforcement of any state or federal regulation, including but not limited to any regulation promulgated by the Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission, or ASCAP, BMI, SESAC, or other similar licensing organization.   |
| Infrastructure interruption          | 8. based upon or arising out of any actual or alleged failure or interruption of service provided by an internet service provider, telecommunications provider, utility provider, or other infrastructure provider.   |
| Intellectual property                | 9. based upon or arising out of any actual or alleged infringement, use, or disclosure of any intellectual property, including but not limited to copyright, trademark, trade dress, patent, service mark, service name, title, or slogan, or any publicity rights violations, cyber squatting violations, moral rights violations, any act of passing-off, or any misappropriation of trade secret.  |
| Misappropriation of funds            | 10. based upon or arising out of the actual or alleged theft, misappropriation, commingling, or conversion of any funds, monies, assets, or property.   |
| Prior acts/notice/knowledge          | 11. based upon or arising out of any: <ul style="list-style-type: none"> <li>a. <b>claim</b> or <b>event</b> that was the subject of any notice given under any other policy of which this policy is a renewal or replacement;</li> </ul>   |

## Cyber Enhancements Coverage Part

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

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

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

## Cyber Enhancements Coverage Part

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

### VII. Definitions

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

#### Bodily injury

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

#### Business interruption costs

means:

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

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

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

#### Business interruption event

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

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

#### Claim

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

#### Consulting costs

means costs for:

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

## Cyber Enhancements Coverage Part

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

### Cyber extortion costs

means:

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

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

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

### Cyber extortion event

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

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

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

### Event

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

### Hacker

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

### Hacker damage event

means a **hacker** either:

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

### Hacker damage costs

means:

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

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

## Cyber Enhancements Coverage Part

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

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

**Income interruption**

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

**Property damage**

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

**Retention**

means:

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

**You, your, or insured**

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

SPECIMEN